PROSPECTUS

SC GERMANY CONSUMER 2018-1 UG
(*HAFTUNGSBESCHRÄNKT*)

(incorporated with limited liability in the Federal Republic of Germany)

EUR 1,304,000,000 Class A Fixed Rate Notes due 2031 - Issue Price: 100%
EUR 68,000,000 Class B Fixed Rate Notes due 2031 - Issue Price: 100%
EUR 60,000,000 Class C Fixed Rate Notes due 2031 - Issue Price: 100%
EUR 20,000,000 Class D Fixed Rate Notes due 2031 - Issue Price: 100%
EUR 122,000,000 Class E Fixed Rate Notes due 2031 - Issue Price: 100%
EUR 26,000,000 Class F Fixed Rate Notes due 2031 - Issue Price: 100%

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (each such class, a "**Class**") and all Classes collectively, "**Notes**", and the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes collectively, "**Rated Notes**") of SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*) ("**Issuer**") are backed by a portfolio of receivables under general purpose consumer loans ("**Purchased Receivables**") originated by Santander Consumer Bank AG ("**Seller**"), some of which are secured by certain collateral. The obligations of the Issuer under the Notes will be secured by first-ranking security interests granted to TMF Trustee Limited ("**Transaction Security Trustee**") acting in a fiduciary capacity for the holders of the Notes pursuant to a transaction security agreement dated on or about 19 December 2018 ("**Transaction Security Agreement**") and by an English security charge dated on or about 19 December 2018 ("**English Security Deed**"). Although the Notes will share in the same security, in the event of the security being enforced, (i) the Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, (ii) the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, (iii) the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class F Notes, (iv) the Class D Notes will rank in priority to the Class E Notes and the Class F Notes and (v) the Class E Notes will rank in priority to the Class F Notes, see "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT*". The Issuer will on or before the Note Issuance Date purchase and acquire from the Seller Purchased Receivables and any Related Collateral (as defined below) constituting the portfolio ("**Portfolio**") on the Note Issuance Date. The Issuer will, subject to certain requirements, on each Payment Date during a period of twelve (12) months following the Note Issuance Date, purchase and acquire from the Seller further Receivables and Related Collateral offered by the Seller from time to time. Certain characteristics of the Purchased Receivables and the Related Collateral are described under "*DESCRIPTION OF THE PORTFOLIO*" herein.

The Notes will be issued at the issue price indicated above on 21 December 2018 ("**Note Issuance Date**").

This Prospectus constitutes a prospectus for the purpose of Article 5 (3) of Directive 2003/71/EC of the European Parliament and of the Council (as amended) ("**Prospectus Directive**") in respect of asset-backed securities within the meaning of Article 2 (5) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 and the relevant implementing provisions in Luxembourg. Application has been made to the *Commission de Surveillance du Secteur Financier* for approval of this Prospectus for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with respect to the issue of the Notes. By approving this Prospectus, the *Commission de Surveillance du Secteur Financier* does not give any undertaking as to the economical and financial soundness of the operation or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange ("**Luxembourg Stock Exchange**") for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of the 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 (as amended) ("**MiFID II**").

Banco Santander, S.A. (the "**Arranger**" and "**Lead Manager**") will purchase the Notes from the Issuer and will offer the Notes, from time to time, in negotiated transactions or otherwise, at varying prices to be determined at the time of the sale.

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

This document does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act") and are being sold pursuant to an exemption from the registration requirements of the Securities Act. The Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "*SUBSCRIPTION AND SALE*" below.

For reference to the definitions of words in capitals and phrases appearing herein, see "*SCHEDULE 1 DEFINITIONS*".

Arranger

Lead Manager

The date of this Prospectus is 20 December 2018.

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

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

Regulatory Disclosure

Under Article 405 of Regulation 2013/575/EU ("**CRR**"), an institution (*i.e.* a credit institution or an investment firm), other than when acting as an originator, a sponsor or original lender, may hold the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the institution that it will retain, on an ongoing basis, a material net economic interest which, in any event, will not be less than 5%. Pursuant to Article 405 paragraph (1)(a) of the CRR, a net economic interest may be retained by way of retention of no less than 5% of the nominal value of each of the tranches sold or transferred to the investor. With a view to support compliance with the requirements of Article 405 paragraph (1)(a) of the CRR, the Seller will retain, in its capacity as originator within the meaning of Article 405 of the CRR, on an ongoing basis until the earlier of (i) the redemption of the Notes in full and (ii) the Legal Maturity Date, no less than 5% of each Class of Notes ("**Retained Notes**"), subject always to any requirement applicable by law to it. The Seller will purchase and acquire the Retained Notes under a note subscription agreement ("**Subscription Agreement**") to be entered into by it with the Lead Manager on or about 19 December 2018. Pursuant to the Subscription Agreement, the Seller undertakes to retain the Retained Notes and not to sell and/or transfer them (whether in full or in part) to any third party until the earlier of (i) the redemption of the respective Notes in full and (ii) the Legal Maturity Date.

Article 409 of the CRR requires, *inter alia*, that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. For that purpose, materially relevant data shall be determined as at the date of the securitisation and where appropriate due to the nature of the securitisation thereafter. With a view to support compliance with Article 409 of the CRR, the Seller in its capacity as Servicer will, on a monthly basis after the Note Issuance Date, provide relevant information to investors in the form of the Detailed Investor Reports including data with regard to the Purchased Receivables and an overview of the retention of the material net economic interest. The Cash Administrator will send each Detailed Investor Report provided to it by the Servicer to Bloomberg for the intended publication on its financial information system.

In addition, investors and Noteholders should be aware of Article 17 of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFMD**") and Article 51 (1) of Chapter III, Section 5 of the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 ("**AIFMR**") which introduced risk retention and due diligence

requirements in respect of alternative investment fund managers that are required to become authorised under AIFM, and of Article 135 of the Directive (2009/138/EC) ("**Solvency II**") and Articles 254 *et seq*. of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II ("**Solvency II Delegated Regulation**"), which impose risk retention and due diligence requirements and provide for proportionate increases of the solvency capital requirements, should the risk retention rule not be complied with in respect of any relevant investment of an insurance or reinsurance undertaking.

It should be noted that there is no certainty that the references to the retention obligations of the Seller in this Prospectus will constitute explicit disclosure (on part of such Seller) or adequate due diligence (on part of the Noteholders) or sufficient self-retention for the purposes of Articles 5, 6 or 7 of the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**Securitisation Regulation**"). Each prospective Noteholder is required to independently assess and determine the sufficiency of the information described in the preceding paragraphs for the purposes of complying with Articles 405 *et seqq*. of the CRR, and similar requirements under AIFMD, AIFMR, Solvency II and the Solvency II Delegated Regulation. None of the Issuer, the Lead Manager, or the parties to the Transaction Documents makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition, if and to the extent Articles 405 *et seqq*. of the CRR or any similar requirements are relevant to any prospective investor and Noteholder, such investor and Noteholder should ensure that it complies with Articles 405 *et seqq*. of the CRR or such other applicable requirements (as relevant). Investors who are uncertain as to the requirements which apply to them in any relevant jurisdiction should seek guidance from the competent regulator.

No offer to retail investors

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

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

Volcker Rule

Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the implementing regulations adopted thereunder (collectively, the "**Volcker Rule**"), generally prohibit sponsorship of and investment in "covered funds" by "banking entities", a term that includes most internationally active banking organisations and their affiliates. A sponsor or adviser to a covered fund is prohibited from entering into certain "covered transactions" with that covered fund. Covered transactions include (among other things) entering into a swap transaction or guaranteeing notes if the swap or the guarantee would result in a credit exposure to the covered fund.

For purposes of the Volcker Rule, a "covered fund" includes any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Not all investment vehicles or funds, however, fall within the definition of a "covered fund" for purposes of the Volcker Rule. Certain banking entities may sponsor or have an ownership interest in an issuer that is organized under non-U.S. law and whose outstanding securities are offered and sold solely outside the United States and are thus not subject to the Investment Company Act (a "**Foreign Non-Covered Fund**"). The ability to sponsor or to have an ownership interest in a Foreign Non-Covered Fund is limited to a banking entity that neither is, nor is controlled by a banking entity that is, located in the United States or organized under U.S. law. The Issuer is organised outside of the United States, and its securities are only offered or sold pursuant to Regulation S to persons who are not "U.S. persons" (as defined in Regulation S). Further, its securities may not be transferred to any such U.S. persons. Accordingly, the Issuer believes it is a Foreign Non-Covered Fund.

The Issuer may, however, be considered to be a "covered fund" by any banking entity that is, or is controlled by a banking entity that is, located in the United States or organized under U.S. law (which would include non-U.S. subsidiaries of U.S.-based banks), which could restrict those entities from purchasing or dealing in the Notes and therefore negatively affect the liquidity of the Notes.

Any banking entity that is subject to the Volcker Rule and is considering an investment in the Notes should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. Each investor is responsible for analysing its own position under the Volcker Rule, and none of the Issuer, Lead Manager or Arranger makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future.

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

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

Class	**Class Principal Amount**	**Interest Rate**	**Issue Price**	**Expected Ratings (DBRS / S&P)**	**Legal Maturity Date**	**ISIN**
A	EUR 1,304,000,000	0.50% *per annum*	100%	AA(low)(sf)/ AA-(sf)	Payment Date falling in December 2031	XS1920371074
B	EUR 68,000,000	1.20% *per annum*	100%	A(sf)/ A(sf)	Payment Date falling in December 2031	XS1920371405
C	EUR 60,000,000	2.50% *per annum*	100%	BBB(sf) /BBB(sf)	Payment Date falling in December 2031	XS1920372049
D	EUR 20,000,000	3.25% *per annum*	100%	BB(high)(sf)/ BB(sf)	Payment Date falling in December 2031	XS1920372395

Class	Class Principal Amount	Interest Rate	Issue Price	Expected Ratings (DBRS / S&P)	Legal Maturity Date	ISIN
E	EUR 122,000,000	12.18% *per annum*	100%	not rated	Payment Date falling in December 2031	XS1920372551
F	EUR 26,000,000	38.50% *per annum*	100%	not rated	Payment Date falling in December 2031	XS1920372635

Interest on the Notes will accrue on the outstanding principal amount of each Note at a *per annum* rate of 0.50% in the case of the Class A Notes, at a *per annum* rate of 1.20% in the case of the Class B Notes, at a *per annum* rate of 2.50% in the case of the Class C Notes, at a *per annum* rate of 3.25% in the case of the Class D Notes, at a *per annum* rate of 12.18% in the case of the Class E Notes and at a *per annum* rate of 38.50% in the case of the Class F Notes. Interest will be payable in Euro by reference to successive interest accrual periods (each, an "**Interest Period**") monthly in arrears on the thirteenth (13th) day of each calendar month, unless such date is not a Business Day, in which case the Payment Date shall be the next succeeding Business Day (each, a "**Payment Date**"). The first Payment Date will be the Payment Date falling on 13th January 2019. "**Business Day**" shall mean a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System (Target 2) which was launched on 17 November 2007 ("**Target**") are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in London (United Kingdom), Frankfurt am Main (Germany), Düsseldorf (Germany) and Luxembourg. See "*TERMS AND CONDITIONS OF THE NOTES — Payments of Interest*".

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

Unless an Early Amortisation Event (as defined below, see "*SCHEDULE 1 DEFINITIONS – Early Amortisation Event*") occurs, amortisation of the Notes will commence on the first Payment Date falling after the expiration of the Replenishment Period (as defined below, see "*SCHEDULE 1 DEFINITIONS – Early Amortisation Event*") which period starts on the Note Issuance Date and, subject to certain restrictions, ends on (and includes) the Payment Date falling in the twelfth (12th) month after the Note Issuance Date. During the Replenishment Period, the Seller may, at its option, replenish the Portfolio underlying the Notes by offering to sell to the Issuer, on any Payment Date from time to time, additional Receivables. See "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*".

The Notes will mature on the Payment Date falling in December 2031 ("**Legal Maturity Date**"), unless previously redeemed in full. The Notes are expected to be redeemed on the Payment Date falling in December 2028 ("**Scheduled Maturity Date**") unless previously redeemed in full. In addition, the Notes will be subject to partial redemption, early redemption and/or optional redemption before the Legal Maturity Date in specific circumstances and subject to certain conditions. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption*".

The Rated Notes are expected, on issue, to be rated by DBRS Ratings Limited ("**DBRS**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**), and together with DBRS, "**Rating Agencies**". Each of DBRS and S&P is established in the European Community. According to the press release from the European Securities Markets Authority ("**ESMA**") dated 31 October 2011 and the list of registered and certified rating agencies published by ESMA on its website https://www.esma.europa.eu/supervision/credit- rating-agencies/risk, as last updated on 14 December 2018, DBRS and S&P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended

pursuant to Regulation (EU) 513/2011 of the European Parliament and the Council of 11 May 2011 and to Regulation (EU) 462/2013 of the European Parliament and of the Council of 31 May 2013. It is a condition of the issue of the Rated Notes that they are assigned the ratings indicated in the above table. No rating will be obtained for the Class E Notes and the Class F Notes.

The ratings of the Rated Notes by S&P address the likelihood of (a) timely payment of interest due on the Class A Notes and ultimate payment of interest due on the other Rated Notes by a date that is no later than the Legal Maturity Date and (b) full payment of principal on all Rated Notes by a date that is no later than the Legal Maturity Date, as described herein. The ratings assigned by DBRS address the risk of default, being the risk that the Issuer will fail to satisfy its financial obligations relating to the Rated Notes in accordance with the terms under which the Rated Notes have been issued. Each rating takes into consideration the characteristics of the Purchased Receivables and the structural, legal, tax and Issuer-related aspects associated with the Rated Notes.

However, the ratings assigned to the Rated Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Rated Notes might suffer a lower than expected yield due to prepayments or amortisation or may fail to recoup their initial investments.

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

In this Prospectus, references to "**euro**", "**Euro**" or "**EUR**" are to the single currency which was introduced in Germany as of 1 January 1999.

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

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

Responsibility for the contents of this Prospectus

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

(i) the Seller only is responsible for the information under "*OUTLINE OF THE TRANSACTION — The Portfolio and Distribution of Funds — Purchased Receivables*" on page 10, "*OUTLINE OF THE TRANSACTION — The Portfolio and Distribution of Funds — Servicing of the Portfolio*" on page 10, "*RISK FACTORS — Reliance on Administration and Collection Procedures*" on pages 54, "*CREDIT STRUCTURE — Loan Interest Rates*" on page 59, "*CREDIT STRUCTURE — Cash Collection Arrangements*" on page 59, "*EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS*" on page 131, "*DESCRIPTION OF THE PORTFOLIO" on page 132, "INFORMATION TABLES REGARDING THE PORTFOLIO*" on page 136 and "*HISTORICAL DATA*" on page 30 (except for the information under "*DESCRIPTION OF THE PORTFOLIO — Eligibility Criteria*"), "*CREDIT AND COLLECTION POLICY*" on page 145 *et seqq*., and "THE SELLER" on page 151 *et seqq*.;

(ii) the Transaction Security Trustee only is responsible for the information under "*THE TRANSACTION SECURITY TRUSTEE*" on page 156;

(iii) the Data Trustee only is responsible for the information under "*THE DATA TRUSTEE*" on page 157;

(iv) each of the Principal Paying Agent, the Account Bank and Cash Administrator only is responsible for the information under "*THE PRINCIPAL PAYING AGENT, ACCOUNT BANK AND CASH ADMINISTRATOR*" on page 154;

(v) the Corporate Administrator, Calculation Agent and the Interest Determination Agent only is responsible for the information under "*THE CORPORATE ADMINISTRATOR, CALCULATION AGENT AND INTEREST DETERMINATION AGENT*" on page 155;

(vi) each of the Luxembourg Listing Agent and Local Agent only is responsible for the information "*THE LUXEMBOURG LISTING AGENT AND LOCAL AGENT*" on page 158,

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

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

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

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

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

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

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

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

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

Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof, or, as the case may be, subsequent to the date on which this Prospectus has

been most recently amended or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer or the Seller since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or the date of the most recent financial information which is contained in this Prospectus by reference, or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

THE NOTES OFFERED BY THIS PROSPECTUS MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**") (SUCH PERSONS, "**RISK RETENTION U.S. PERSONS**"), EXCEPT WITH (I) THE PRIOR WRITTEN CONSENT OF SANTANDER CONSUMER BANK AG AND (II) WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY THE FOREIGN OFFERING EXEMPTION UNDER SECTION _.20 OF THE U.S. RISK RETENTION RULES. IN ANY CASE, THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF ANY "U.S. PERSON" AS DEFINED UNDER REGULATION S UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED ("**REGULATION S**"). PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF SANTANDER CONSUMER BANK AG), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTES; AND (3) IS NOT ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO AVOID THE 10 PER CENT RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED UNDER SECTION _.20 OF THE U.S. RISK RETENTION RULES).

With respect to the U.S. Risk Retention Rules, the Seller does not intend to retain credit risk in connection with the offer and sale of the Notes in reliance upon an exemption provided for in Section _.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. No other steps have been taken by the Seller, the Issuer, the Corporate Administrator, the Arranger or the Lead Manager or any of their affiliates or any other party to otherwise comply with the U.S. Risk Retention Rules. See "*RISK FACTORS — Legal Risks — U.S. Risk Retention*".

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

REGULATIONS, AND THE ISSUER AND THE LEAD MANAGER HAVE REPRESENTED THAT ALL OFFERS AND SALES BY THEM HAVE BEEN AND WILL BE MADE ON SUCH TERMS.

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

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

THE LEAD MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "**RELEVANT MEMBER STATE**") AND WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE "**RELEVANT IMPLEMENTATION DATE**"), IT HAS NOT AND WILL NOT MAKE AN OFFER OF NOTES TO THE PUBLIC IN THAT RELEVANT MEMBER STATE PRIOR TO THE PUBLICATION OF A PROSPECTUS IN RELATION TO THE NOTES WHICH HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE OR, WHERE APPROPRIATE, PUBLISHED IN ANOTHER RELEVANT MEMBER STATE AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE IN ACCORDANCE WITH ARTICLE 18 OF THE PROSPECTUS DIRECTIVE, EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF THE NOTES TO THE PUBLIC IN THE RELEVANT MEMBER STATE AT ANY TIME:

(a) TO ANY LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE;

(b) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE LEAD MANAGER; OR

(c) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE,

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

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

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("**SECURITIES ACT**") AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NEITHER THE ISSUER NOR THE LEAD MANAGER WILL OFFER, SELL OR DELIVER ANY NOTES AT ANY TIME WITHIN THE UNITED STATES OF AMERICA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, AND SUCH OFFEROR WILL HAVE SENT TO EACH DISTRIBUTOR, DEALER OR PERSON RECEIVING A SELLING CONCESSION, FEE OR OTHER REMUNERATION THAT PURCHASES ANY NOTES FROM IT DURING THE DISTRIBUTION COMPLIANCE PERIOD RELATING THERETO A CONFIRMATION OR OTHER NOTICE SETTING FORTH THE RESTRICTIONS ON OFFERS AND SALES OF THE NOTES WITHIN THE UNITED STATES OF AMERICA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. TERMS USED IN THIS PARAGRAPH AND THE PREVIOUS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.

THE LEAD MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT:

(a) IT HAS NOT OFFERED AND SOLD THE NOTES, AND WILL OFFER AND SELL THE NOTES UNTIL THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD OF FORTY DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING DATE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**");

(b) AT OR PRIOR TO CONFIRMATION OF SALE OF THE NOTES, IT WILL HAVE SENT TO EACH DISTRIBUTOR, DEALER OR PERSON RECEIVING A SELLING CONCESSION, FEE OR OTHER REMUNERATION THAT PURCHASES ANY NOTES FROM IT DURING THE DISTRIBUTION COMPLIANCE PERIOD A CONFIRMATION OR NOTICE TO SUBSTANTIALLY THE FOLLOWING EFFECT:

"THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("**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, (A) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (B) OTHERWISE UNTIL FORTY CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING DATE, EXCEPT IN EITHER CASE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. TERMS USED ABOVE HAVE THE MEANING GIVEN TO THEM BY REGULATION S."

(c) IT, ITS AFFILIATES AND ANY PERSON ACTING ON ITS OR THEIR BEHALF HAVE COMPLIED AND WILL COMPLY WITH THE OFFERING RESTRICTIONS REQUIREMENTS OF REGULATION S;

(d) NEITHER IT, ITS AFFILIATES NOR ANY PERSON ACTING ON ITS OR THEIR BEHALF HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITHIN THE MEANING OF RULE 902 UNDER THE SECURITIES ACT WITH RESPECT TO THE NOTES; AND

(e) IT HAS NOT ENTERED AND WILL NOT ENTER INTO ANY CONTRACTUAL ARRANGEMENT WITH RESPECT TO THE DISTRIBUTION OR DELIVERY OF THE NOTES, EXCEPT WITH ITS AFFILIATES OR WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

TERMS USED IN THE FOREGOING PARAGRAPH HAVE THE MEANING GIVEN TO THEM BY REGULATION S.

THE LEAD MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT:

(a) EXCEPT TO THE EXTENT PERMITTED UNDER UNITED STATES TREASURY REGULATION §1.163-5(C)(2)(I)(D), AS AMENDED, OR SUBSTANTIALLY IDENTICAL SUCCESSOR PROVISIONS ("**D RULES**"):

(i) IT HAS NOT OFFERED OR SOLD, AND UNTIL THE EXPIRATION OF A RESTRICTED PERIOD BEGINNING ON THE EARLIER OF THE CLOSING DATE OR THE COMMENCEMENT OF THE OFFERING AND ENDING FORTY DAYS AFTER THE CLOSING DATE WILL NOT OFFER OR SELL, ANY NOTES 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 IN DEFINITIVE FORM WITHIN THE UNITED STATES OR ITS POSSESSIONS ANY NOTES SOLD DURING THE RESTRICTED PERIOD;

(b) IT HAS, AND THROUGHOUT THE RESTRICTED PERIOD WILL HAVE, IN EFFECT PROCEDURES REASONABLY DESIGNED TO ENSURE THAT ITS EMPLOYEES OR AGENTS WHO ARE DIRECTLY ENGAGED IN SELLING NOTES ARE AWARE THAT THE 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 D RULES;

(c) IF IT IS A UNITED STATES PERSON, IT IS ACQUIRING THE NOTES FOR THE PURPOSES OF RESALE IN CONNECTION WITH THEIR ORIGINAL ISSUANCE AND, IF IT RETAINS INITIAL NOTES FOR ITS OWN ACCOUNT, IT WILL ONLY DO SO IN ACCORDANCE WITH THE REQUIREMENTS OF UNITED STATES TREASURY REGULATION §1.163-5(C)(2)(I)(D)(6) OR SUBSTANTIALLY IDENTICAL SUCCESSOR PROVISIONS;

(d) WITH RESPECT TO EACH AFFILIATE OF THE LEAD MANAGER THAT ACQUIRES ANY NOTES FROM THE LEAD MANAGER FOR THE PURPOSE OF OFFERING OR SELLING SUCH NOTES DURING THE RESTRICTED PERIOD, THE LEAD MANAGER REPEATS AND CONFIRMS FOR THE BENEFIT OF THE ISSUER THE REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS CONTAINED IN PARAGRAPHS (A), (B) AND (C) ABOVE ON SUCH AFFILIATE'S BEHALF; AND

(e) THE LEAD MANAGER REPRESENTS AND AGREES THAT IT HAS NOT ENTERED AND WILL NOT ENTER INTO ANY CONTRACTUAL ARRANGEMENT WITH A DISTRIBUTOR (AS THAT TERM IS DEFINED FOR PURPOSES OF THE D RULES) WITH RESPECT TO THE DISTRIBUTION OF NOTES, EXCEPT WITH ITS AFFILIATES OR WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

TERMS USED IN THE FOREGOING PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER, INCLUDING THE D RULES.

THE LEAD MANAGER HAS REPRESENTED, WARRANTED AND AGREED WITH THE ISSUER IN RESPECT OF THE NOTES THAT IT HAS NOT OFFERED OR SOLD THE NOTES, AND WILL NOT OFFER OR SELL THE 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 PROSPECTUS OR ANY OTHER OFFERING MATERIAL RELATING TO THE 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 2002/92/EC (AS AMENDED, THE "**INSURANCE MEDIATION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II OR (C) NOT A QUALIFIED INVESTOR AS SPECIFIED IN DIRECTIVE 2003/71/EC (AS AMENDED) AND THE TERM "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE NOTES.

FURTHER THE LEAD MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT:

(a) FINANCIAL PROMOTION: IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED, AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED, ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT

ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("**FSMA**")) RECEIVED BY IT IN CONNECTION WITH THE ISSUANCE OR SALE OF ANY NOTES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND

(b) GENERAL COMPLIANCE: IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

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

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

ALL APPLICABLE LAWS AND REGULATIONS MUST BE OBSERVED IN ANY JURISDICTION IN WHICH NOTES MAY BE OFFERED, SOLD OR DELIVERED. THE LEAD MANAGER HAS AGREED THAT IT WILL NOT OFFER, SELL OR DELIVER ANY OF THE NOTES, DIRECTLY OR INDIRECTLY, OR DISTRIBUTE THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES, IN OR FROM ANY JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL TO THE BEST KNOWLEDGE AND BELIEF OF SUCH LEAD MANAGER RESULT IN COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS THEREOF AND THAT WILL NOT IMPOSE ANY OBLIGATIONS ON THE ISSUER EXCEPT AS SET OUT IN THE SUBSCRIPTION AGREEMENT.

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

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

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

CONTENTS

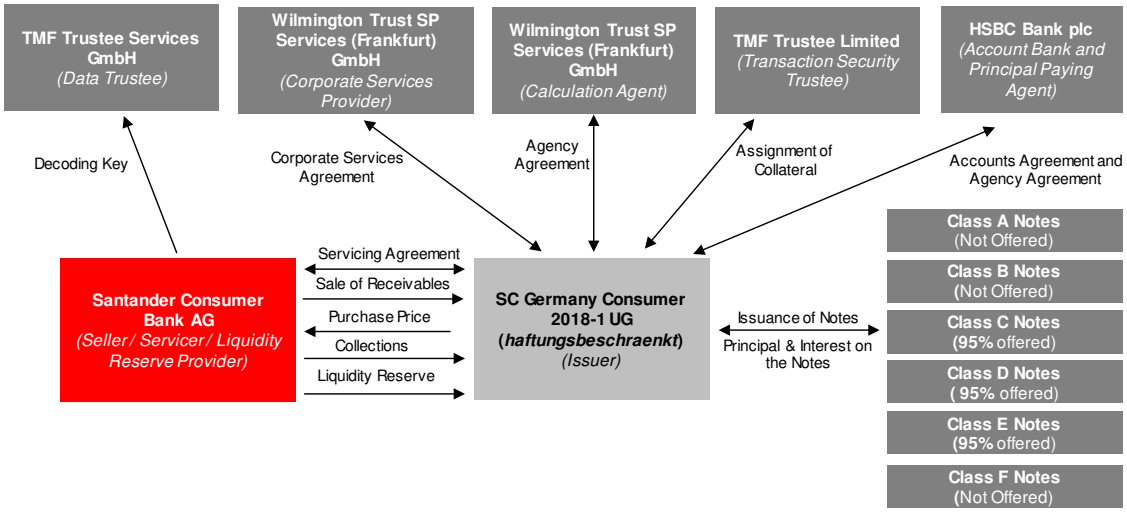
Page

OUTLINE OF THE TRANSACTION

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

DIAGRAMMATIC OVERVIEW

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



THE PARTIES

Issuer	SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*), a special purpose company incorporated with limited liability under the laws of the Federal Republic of Germany ("**Germany**") and which has its registered office at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "*THE ISSUER*" (page 167 *et seqq.*).
Corporate Administrator, Calculation Agent and Interest Determination Agent	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "*THE CORPORATE ADMINISTRATOR, CALCULATION AGENT AND INTEREST DETERMINATION AGENT*" (page 172).
Seller	Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany. See "*THE SELLER*" (page 170 *et seqq.*).
Servicer	The Loan Contracts will be serviced by the Seller (in this capacity, "**Servicer**"). See "*THE SELLER*" (page 170 *et seqq.*).
Transaction Security Trustee	TMF Trustee Limited, 6 St. Andrew Street, London EC4A 3AE, United Kingdom. See "*THE TRANSACTION SECURITY TRUSTEE*" (page 175).
Data Trustee	TMF Trustee Services GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany. See "*THE DATA TRUSTEE*" (page 176).
Principal Paying Agent, Account Bank and Cash Administrator	HSBC Bank plc, Level 28, 8 Canada Square, London E14 5HQ, United Kingdom. See "*THE PRINCIPAL PAYING AGENT, ACCOUNT BANK AND CASH ADMINISTRATOR*" (page 173).

Arranger	Banco Santander, S.A., Paseo de Pareda 9-12, 39004 Santander, Spain.
Lead Manager	Banco Santander, S.A., Paseo de Pareda 9-12, 39004 Santander, Spain. See "*SUBSCRIPTION AND SALE*" (page 184 *et seqq*.).
Luxembourg Listing Agent and Local Agent	The Banque Internationale à Luxembourg S.A., 69, Route d'Esch, L- 2953 Luxembourg. See "*THE LUXEMBOURG LISTING AGENT AND LOCAL AGENT*" (page 177).
Rating Agencies	DBRS Ratings Limited and S&P.
THE NOTES	
The Transaction	The Seller will sell and assign the Receivables to the Issuer on or before the Note Issuance Date pursuant to a receivables purchase agreement dated on or about 19 December 2018 and entered into between the Issuer and the Seller ("**Receivables Purchase Agreement**"). During the Replenishment Period the Seller may, subject to certain requirements, at its option, sell and assign Additional Receivables to the Issuer pursuant to the Receivables Purchase Agreement. Some of the Receivables are secured by collateral (all collateral and the proceeds therefrom, "**Related Collateral**"). The Seller will sell and assign and transfer such Related Collateral together with the Receivables pursuant to the Receivables Purchase Agreement, but will not give any guarantee regarding the existence or the recoverability of such Related Collateral. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*" (page 119 *et seqq*.).
Classes of Notes	The EUR 1,304,000,000 Class A Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class A Notes**"), the EUR 68,000,000 Class B Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class B Notes**"), the EUR 60,000,000 Class C Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class C Notes**"), the EUR 20,000,000 Class D Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class D Notes**"), the EUR 122,000,000 Class E Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class E Notes**") and the EUR 26,000,000 Class F Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class F Notes**") will be backed by the Portfolio. See "*TERMS AND CONDITIONS OF THE NOTES*" (page 64 *et seqq*.).
Note Issuance Date	21 December 2018.
Form and Denomination	Each of the Classes of Notes will initially be represented by a Temporary Global Note of the relevant class in bearer form, without interest coupons attached. The Global Notes will be deposited with a common safekeeper for Clearstream Luxembourg and Euroclear. The Notes will be transferred in book-entry form only. The Notes will be issued in denominations of EUR 100,000. The Global Notes will not be exchangeable for definitive securities. See "*TERMS AND CONDITIONS OF THE NOTES — Form and Denomination*" (page 64 *et seqq*.).
Status and Priority	The Notes constitute direct, secured and (subject to Condition 3.2 (*Limited Recourse*) of the terms and conditions of the Notes ("**Terms and Conditions**")) unconditional obligations of the Issuer. The Class A Notes rank *pari passu* among themselves in respect of

security. Following the occurrence of an Issuer Event of Default (as defined in Condition 3.5 (*Issuer Event of Default*)), the Class A Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The Class B Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class B Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The Class C Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class C Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The Class D Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class D Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The Class E Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class E Notes rank against all other current and future obligations of the Issuer in accordance with the Post- Enforcement Priority of Payments. The Class F Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class F Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments, see "*CREDIT STRUCTURE — Post-Enforcement Priority of Payments"* (page 60 *et seqq*.) *and "TERMS AND CONDITIONS OF THE NOTES — Status and Priority*" (page 66 *et seqq.*).

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

The Issuer's obligations to make payments of principal and interest on the Class F Notes are subordinated to the Issuer's obligations to make payments of principal and interest on the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes in accordance with the Terms and Conditions of the Notes. The Issuer's obligations to make payments of principal and interest on the Class E Notes are subordinated to the Issuer's obligations to make payments of principal and interest on the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes in accordance with the Terms and Conditions of the Notes. The Issuer's obligations to make payments of principal and interest on the Class D Notes are subordinated to the Issuer's obligations to make payments of principal and interest on the Class C Notes, the Class B Notes and the Class A Notes in accordance with the Terms and Conditions of the Notes. The Issuer's obligations to make payments of principal and interest on the Class C Notes are subordinated to the Issuer's obligations to make payments of principal and interest on the Class B Notes and the Class A Notes in accordance with the Terms and Conditions of the Notes. The Issuer's obligations to make payments of principal and interest on the Class B Notes are subordinated to the Issuer's obligations to make payments of principal and interest on the Class A Notes in accordance with the Terms and Conditions of the Notes, see "*CREDIT STRUCTURE — Pre-Enforcement Priority of Payments*"

(page 60 *et seqq.*) and "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption — Pre-Enforcement Principal Priority of Payments*" (page 78 *et seqq.*).

Limited Recourse

The Notes will be limited recourse obligations of the Issuer. See "*TERMS AND CONDITIONS OF THE NOTES — Provision of Security; Limited Payment Obligation; Issuer Event of Default*" (page 67 *et seqq.*) and "*RISK FACTORS — Liability under the Notes; Limited Recourse*" (page 25 *et seqq.*).

Replenishment

During the Replenishment Period, the Seller may, at its option, effect a replenishment of the Portfolio underlying the Notes by offering to sell additional Receivables to the Issuer in an amount not exceeding the Replenishment Available Amount pursuant to the Receivables Purchase Agreement. Pursuant to the Receivables Purchase Agreement and subject to certain requirements, the Issuer is obliged to purchase such additional Receivables from the Seller. See "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption*" (page 73 *et seqq.*) and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*" (page 119 *et seqq.*).

Replenishment Period

The Replenishment Period will start on the Note Issuance Date and will end on the Payment Date falling in the twelfth (12^{th}) month after the Note Issuance Date (inclusive) or, if earlier, on the date on which an Early Amortisation Event occurs (exclusive). See "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption*" (page 73 *et seqq.*) and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*" (page 118 *et seqq.*).

Early Amortisation Event

The occurrence of any of the following events during the Replenishment Period shall constitute an "**Early Amortisation Event**":

(a) the Cumulative Default Ratio exceeds 1.00%;

(b) on three (3) consecutive Cut-Off Dates, the amount standing to the credit of the Purchase Shortfall Account is higher than 15% of the initial aggregate Note Principal Amount of all Notes (such event a "**Purchase Shortfall Event**");

(c) a Termination Event or a Servicer Termination Event; or

(d) the Delinquency Ratio exceeds 1.5%,

provided that in the case of (a) above with respect to any Cut-Off Date following the date as of which the Early Amortisation Event occurred, no Early Amortisation Event shall be deemed to have occurred if, by the Payment Date immediately following the date as of which the Early Amortisation Event occurred, the Rating Agencies have confirmed that the occurrence of the relevant Early Amortisation Event will not result in a downgrading, qualification or withdrawal of their rating assigned to any of the Rated Notes. See "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption*" (page 73 *et seqq.*) and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*" (page 119 *et seqq.*).

Interest	Each Class A Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 0.50% *per annum* ("**Class A Note Interest Rate**") on the nominal amount of each Class A Note outstanding immediately prior to such Payment Date. Each Class B Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 1.20% *per annum* ("**Class B Note Interest Rate**") on the nominal amount of each Class B Note outstanding immediately prior to such Payment Date. Each Class C Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 2.50% *per annum (*"**Class C Note Interest Rate**") on the nominal amount of each Class C Note outstanding immediately prior to such Payment Date. Each Class D Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 3.25% *per annum* ("**Class D Note Interest Rate**") on the nominal amount of each Class D Note outstanding immediately prior to such Payment Date. Each Class E Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 12.18% *per annum* ("**Class E Note Interest Rate**") on the nominal amount of each Class E Note outstanding immediately prior to such Payment Date. Each Class F Note entitles the holder thereof to receive from the Available Interest Amount on each Payment Date interest at the rate of 38.50% *per annum* ("**Class F Note Interest Rate**") on the nominal amount of each Class E Note outstanding immediately prior to such Payment Date. See "*TERMS AND CONDITIONS OF THE NOTES — Payments of Interest*" (page 70 *et seqq.*). The Interest Period with respect to each Payment Date will be the period commencing on (and including) the Payment Date immediately preceding such Payment Date and ending on (but excluding) such Payment Date with the first Interest Period commencing on (and including) the Note Issuance Date and ending on (but excluding) the first Payment Date. See "*TERMS AND CONDITIONS OF THE NOTES — Payments of Interest*" (page 70 *et seqq.*).
Payment Dates	During the Replenishment Period, payments of interest, and following the expiration of the Replenishment Period, payments of principal and interest will be made to the Noteholders on the thirteenth (13th) day of each calendar month, unless such date is not a Business Day in which case the Payment Date shall be the next succeeding Business Day and the first Payment Date will be the Payment Date falling on 13th January 2019.
Legal Maturity Date	Unless previously redeemed as described herein, each Class of Notes will be redeemed on the Payment Date falling in December 2031, subject to the limitations set forth in Condition 3.2 (*Limited Recourse*) of the Terms and Conditions. The Issuer will be under no obligation to make any payment under the Notes after the Legal Maturity Date. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Legal Maturity Date*" (page 74 *et seqq.*).
Scheduled Maturity Date	The Payment Date falling in December 2028. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Scheduled Maturity Date* " (page 74 *et seqq.*).
Amortisation	The amortisation of the Notes will only commence after the expiration of the Replenishment Period. On each Payment Date following the expiration of the Replenishment Period, the Notes will

	be subject to redemption in accordance with the Pre-Enforcement Principal Priority of Payments sequentially in the following order: *first*, the Class A Notes until full redemption, *second*, the Class B Notes until full redemption, *third*, the Class C Notes until full redemption, *fourth*, the Class D Notes until full redemption, *fifth*, the Class E Notes until full redemption and *sixth*, the Class F Notes until full redemption. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Amortisation*" (page 74 *et seqq.*).
Early Amortisation	The Notes will be subject to redemption in part prior to the expiration of the Replenishment Period if an Early Amortisation Event occurs. See above "*OUTLINE OF THE TRANSACTION – Replenishment Period*" (page 5).
Clean-up Call	On any Payment Date on or following which the Aggregate Outstanding Principal Amount has been reduced to 10% of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date, the Seller will have, subject to certain requirements and **provided that** as long as the Rated Notes are rated by S&P, the Issuer has obtained confirmation of S&P that the then current rating of the Rated Notes will not be adversely affected or withdrawn as a result of the exercise of the Clean-Up Call, the option under the Receivables Purchase Agreement to repurchase all outstanding Purchased Receivables (together with any Related Collateral) held by the Issuer, and the Issuer shall, upon due exercise of such repurchase option, redeem all (but not some only) of the Notes on the Early Redemption Date, whereby the repurchase price to be paid by the Seller shall be applied in redemption of such Notes together with all amounts ranking prior thereto according to the Pre-Enforcement Principal Priority of Payments and Condition 7.5 (*Early Redemption*) of the Terms and Conditions and shall be equal to the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined by an Independent Appraiser) of all Purchased Receivables outstanding *plus* any interest accrued until and outstanding on the Early Redemption Date (which, for the avoidance of doubt, may be zero). See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Early Redemption*" (page 75 *et seqq.*).
Optional Redemption for Taxation Reasons and upon occurrence of a Regulatory Call Event	In the event that the Issuer is required by law to deduct or withhold certain taxes with respect to any payment under the Notes, the Issuer may redeem all (but not some only) of the Notes on the Tax Call Redemption Date, whereby the proceeds received by the Issuer from the sale of the Purchased Assets shall be applied in redemption of such Notes together with all amounts ranking prior thereto according to the Pre-Enforcement Principal Priority of Payments and Condition 7.6(a) (*Optional Redemption for Taxation Reasons and upon occurrence of a Regulatory Call Event*) of the Terms and Conditions. Such proceeds shall be equal to the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined by an Independent Appraiser and which, for the avoidance of doubt, may be zero) of all Purchased Receivables outstanding *plus* any interest accrued until and outstanding on the Cut-Off Date immediately preceding the Tax Call Redemption Date. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Optional Redemption for Taxation Reasons and upon occurrence of a Regulatory Call Event*" (page 76 *et seqq.*). In addition, the Issuer may redeem all (but not some only) of the Notes following the occurrence of a Regulatory Call Event on the

Regulatory Call Redemption Date, whereby the proceeds received by the Issuer from the sale of the Purchased Assets shall be applied in redemption of such Notes together with all amounts ranking prior thereto according to the Pre-Enforcement Principal Priority of Payments and Condition 7.6(b) (*Optional Redemption for Taxation Reasons and upon occurrence of a Regulatory Call Event*) of the Terms and Conditions, Such proceeds shall be equal to the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined by an Independent Appraiser and which, for the avoidance of doubt, may be zero) of all Purchased Receivables outstanding plus any interest accrued until and outstanding on the Cut-Off Date immediately preceding the Regulatory Call Redemption Date.

"**Regulatory Call Event**" means (a) any enactment or establishment of, or supplement or amendment to, or change in any law, regulation, rule, policy or guideline of any relevant competent international, European or national body (including the ECB or the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any other relevant competent international, European or national regulatory or supervisory authority) or the application or official interpretation of, or view expressed by any such competent body with respect to, any such law, regulation, rule, policy or guideline which becomes effective on or after the Note Issuance Date or (b) a notification by or other communication from the applicable regulatory or supervisory authority is received by the Seller with respect to the transactions contemplated by the Transaction Documents on or after the Note Issuance Date which, in each case, in the reasonable opinion of the Seller, has the effect of materially adversely affecting the rate of return on capital of the Issuer and/or the Seller or materially increasing the cost or materially reducing the benefit to the Seller of the transactions contemplated by the Transaction Documents.

For the further avoidance of doubt, the declaration of a Regulatory Call Event will not be excluded by the fact that, prior to the Note Issuance Date: (a) the event constituting any such Regulatory Call Event was: (i) announced or contained in any proposal (whether in draft or final form) for a change in the laws, regulations, applicable regulatory rules, policies or guidelines (including any accord, standard, or recommendation of the Basel Committee on Banking Supervision), as officially interpreted, implemented or applied by the Federal Republic of Germany or the European Union; or (ii) incorporated in any law or regulation approved and/or published but the effectiveness or application of which is deferred, in whole or in part, beyond the Note Issuance Date, provided that the application of the Revised Securitisation Framework shall not constitute a Regulatory Call Event, but without prejudice to the ability of a Regulatory Call Event to occur as a result of any implementing regulations, policies or guidelines in respect thereof announced or published after the Note Issuance Date; or (iii) expressed in any statement by any official of the competent authority in expert meetings or other discussions in connection with such Regulatory Call Event or (b) the competent authority has issued any notification, taken any decision or expressed any view with respect to any individual transaction, other than this transaction. Accordingly, such proposals, statements, notifications or views will not be taken into account when assessing the rate of return on capital of the Issuer and/or the Seller or an increase the cost or reduction of

benefits to the Seller of the transactions contemplated by the Transaction Documents immediately after the Note Issuance Date.

"**Revised Securitisation Framework**" for these purposes means the changes to existing law and policy set out in:

(a) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 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

(b) Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Taxation

All payments of principal of and interest on the Notes will be made free and clear of, and without any withholding or deduction for or on account of, tax (if any) applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts as a result thereof. See "*TAXATION IN GERMANY*" (page 180 *et seqq.*).

Resolution of Noteholders

In accordance with the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz*), the Notes contain provisions pursuant to which the Noteholders may agree by resolution to amend the Terms and Conditions and to decide upon certain other matters regarding the Notes including, without limitation, the appointment or removal of a common representative for the Noteholders of any Class. Resolutions of Noteholders of any Class properly adopted, by vote taken without a meeting in accordance with the Terms and Conditions, are binding upon all Noteholders of such Class. Resolutions which do not provide for identical conditions for all Noteholders of any Class are void, unless Noteholders of such Class which are disadvantaged expressly consent to their being treated disadvantageously. In no event, however, may any obligation to make any payment or render any other performance be imposed on any Noteholder of any Class by resolution. As set out in the Terms and Conditions, resolutions providing for certain material amendments to the Terms and Conditions require a majority of not less than 75% of the votes cast. Resolutions regarding other amendments are passed a simple majority of the votes cast. See "*TERMS AND CONDITIONS OF THE NOTES—Resolution of Noteholders*" (page 82 *et seq.*).

Collateral

The obligations of the Issuer under the Notes will be secured by first ranking security interests granted to the Transaction Security Trustee for the benefit of the Noteholders and other Beneficiaries in respect of (i) the Issuer's claims under the Purchased Receivables and any Related Collateral acquired by the Issuer pursuant to the Receivables Purchase Agreement and (ii) the Issuer's claims under certain Transaction Documents, all of which have been assigned and transferred by way of security or pledged to the Transaction Security Trustee pursuant to the Transaction Security Agreement, and by any other security interests regarding the rights of the Issuer under Accounts granted by the Issuer to the Transaction Security

Trustee pursuant to the English Security Deed (collectively, "**Collateral**").

Upon the occurrence of an Issuer Event of Default, the Transaction Security Trustee will enforce or will arrange for the enforcement of the Collateral and any credit in the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account (excluding certain amounts stated in Clause 23.1 of the Transaction Security Agreement) and any proceeds obtained from the enforcement of the Collateral pursuant to the Transaction Security Agreement will be applied exclusively in accordance with the Post-Enforcement Priority of Payments. See "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments*" (page 101 *et seqq.*).

THE PORTFOLIO AND DISTRIBUTION OF FUNDS

Purchased Receivables

The Portfolio underlying the Notes consists of consumer loan receivables originated by the Seller in its ordinary course of business under German law which comply with the Eligibility Criteria (see "*DESCRIPTION OF THE PORTFOLIO — ELIGIBILITY CRITERIA*" (page 133 *et seqq.*)). The Aggregate Outstanding Principal Amount as of the beginning of business (in Mönchengladbach) on 12 December 2018 was EUR 1,599,999,980.46. The Purchased Receivables constitute loan instalment claims arising under amortising general-purpose consumer loan agreements ("**Loan Contracts**") entered into between the Seller, as lender, and certain debtors ("**Debtors**"), as borrowers, for the purpose of consumption and financing the acquisition of, *inter alia*, consumer goods. The Purchased Receivables will be assigned and transferred to the Issuer on or before the Note Issuance Date and as of any Payment Date during the Replenishment Period pursuant to the Receivables Purchase Agreement. Some of the Purchased Receivables are secured by Related Collateral. The Seller will sell and assign such Related Collateral together with the Receivables pursuant to the Receivables Purchase Agreement, but will not give any guarantee regarding the existence or the recoverability of such Related Collateral. See "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT*" (page 119 *et seqq.*).

Servicing of the Portfolio

The Purchased Receivables and any Related Collateral will be administered, collected and enforced by the Seller in its capacity as Servicer under a servicing agreement ("**Servicing Agreement**") with the Issuer dated on or about 19 December 2018, and upon termination of the appointment of the Servicer following the occurrence of a Servicer Termination Event, by a substitute servicer appointed by the Issuer. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*" (page 123 *et seqq.*) and "*CREDIT AND COLLECTION POLICY*" (page 164 *et seqq.*).

Interest Collections

Subject to the Pre-Enforcement Interest Priority of Payments, the Interest Collections received on the Portfolio will be available for the payment of interest on the Notes.

"**Interest Collections**" means the element of interest comprised in each cash collection made or due to be made in respect of a Purchased Receivable (including interest, prepayment penalty, late payment or similar charges, any Interest Recoveries and any interest

component of indemnities, taxes or other amounts payable to the Issuer from any party under the Transaction Documents or any third party) received by the Servicer on behalf of the Issuer from any third party (including from insurance policies), in each case which is irrevocable and final (**provided that** any direct debit (*Lastschrifteinzug*) shall constitute an Interest Collection irrespective of any subsequent valid return thereof (*Lastschriftrückbelastung*)), but excluding Principal Collections, provided that, for the avoidance of doubt, any Interest Collection which is less than the amount then outstanding and due from the relevant Debtor shall be applied in accordance with Sections 366 *et seqq*. of the German Civil Code (*Bürgerliches Gesetzbuch*) or, with respect to consumers, pursuant to Section 497 (3) of the German Civil Code (*Bürgerliches Gesetzbuch*).

"**Interest Recoveries**" means, with respect to any Purchased Receivable which has become a Defaulted Receivable, any recoveries and other cash proceeds or amounts received or recovered in respect of such Purchased Receivable or Related Collateral (including any proceeds from the sale of Defaulted Receivables (together with the relevant Related Collateral) and any participation in extraordinary profits (*Mehrerlösbeteiligungen*) after realisation of the Related Collateral to which the Issuer is entitled under the relevant Loan Contract) in excess of the relevant Principal Recoveries.

Principal Collections

Subject to the Pre-Enforcement Principal Priority of Payments, the Principal Collections received on the Portfolio will, during the Replenishment Period, be available for the replenishment of the Portfolio (up to the Replenishment Available Amount) and, after the expiration of the Replenishment Period, for the payment of principal on the Notes.

"**Principal Collections**" means the element of principal comprised in each cash collection made or due to be made in respect of a Purchase Receivable (including any Principal Recoveries and any principal component of indemnities, taxes or other amounts payable to the Issuer from any party under the Transaction Documents or any third party) received by the Servicer on behalf of the Issuer from any third party (including from insurance policies), in each case which is irrevocable and final (**provided that** any direct debit (*Lastschrifteinzug*) shall constitute a Principal Collection irrespective of any subsequent valid return thereof (*Lastschriftrückbelastung*)), and any Deemed Collections of such Purchased Receivable less any amount previously received but required to be repaid on account of a valid return of a direct debit (*Lastschriftrückbelastung*), provided that, for the avoidance of doubt, any Principal Collection which is less than the amount then outstanding and due from the relevant Debtor shall be applied in accordance with Sections 366 *et seqq*. of the German Civil Code (*Bürgerliches Gesetzbuch*) or, with respect to consumers, pursuant to Section 497 (3) of the German Civil Code (*Bürgerliches Gesetzbuch*).

"**Principal Recoveries**" means, with respect to any Purchased Receivable which has become a Defaulted Receivable, any recoveries and other cash proceeds or amounts received or recovered in respect of such Purchased Receivable or Related Collateral (including any proceeds from the sale of Defaulted Receivables (together with the relevant Related Collateral) and any participation in extraordinary profits (*Mehrerlösbeteiligungen*) after

	realisation of the Related Collateral to which the Issuer is entitled under the relevant Loan Contract) up to an amount equal to the Outstanding Principal Amount of such Defaulted Receivable. Pursuant to the Receivables Purchase Agreement, the Seller has undertaken to pay to the Issuer any Deemed Collection which is equal to the amount of the Outstanding Principal Amount (or the affected portion thereof) of any Purchased Receivable if such Purchased Receivable becomes a Disputed Receivable, such Purchased Receivable proves not to have been an Eligible Receivable on the Purchase Date, such Purchased Receivable is deferred, redeemed or modified other than in accordance with the Servicing Agreement or certain other events occur.
Defaulted Receivables	Any Purchased Receivable (which is not a Disputed Receivable) which has been declared due and payable in full (*insgesamt fällig gestellt*) in accordance with the Credit and Collection Policy of the Servicer ("**Defaulted Receivable(s)**").
Liquidity Reserve	As of the Note Issuance Date, the Notes will have the benefit of a liquidity reserve which will provide limited protection against shortfalls in the amounts to pay costs and expenses in accordance with items *first* to *fourth* (inclusive) of the Pre-Enforcement Interest Priority of Payments and interest payable on the Class A Notes outstanding on such Payment Date under item *fifth*. See "*CREDIT STRUCTURE — Liquidity Reserve*" (page 60 *et seqq.*).
Commingling Reserve	Only following the occurrence of a Commingling Reserve Trigger Event, the Notes will have the benefit of a commingling reserve which will provide limited protection against the commingling risk in respect of the Seller acting as the Servicer. See "*CREDIT STRUCTURE — Commingling Reserve*" (page 61 *et seqq.*).
Set-Off Reserve	Only following the occurrence of a Set-Off Reserve Trigger Event, the Notes will have the benefit of a set-off reserve which will provide limited protection against the set-off risk in respect of the Seller. See "*CREDIT STRUCTURE — Set-Off Reserve*" (page 62).
Issuer's Sources of Income	The following amounts will be used by the Issuer to pay interest on and principal of the Notes and to pay any amounts due to the other creditors of the Issuer: (i) all payments of principal and interest and certain other payments and any Deemed Collections received under or with respect to the Purchased Receivables pursuant to the Receivables Purchase Agreement and/or the Servicing Agreement, (ii) all amounts of interest, if any, earned on the euro denominated interest-bearing transaction account of the Issuer ("**Transaction Account**") (iii) all amounts standing to the credit of the Liquidity Reserve Account (except interest earned on such amounts, if any), (iv) all amounts standing to the credit of the Commingling Reserve Account (except interest earned on such amounts), (v) all amounts standing to the credit of the Set-Off Reserve Account (except interest earned on such amounts), (vi) all amounts standing to the credit of the Purchase Shortfall Account (including interest earned on such amounts), (vii) all amounts paid by any third party as purchase price for Defaulted Receivables, (viii) and (ix) all other amounts which constitute the Available Principal Amount or the Available Interest Amount and which have not been mentioned in (i) to (viii) above.
Available Interest Amount	"**Available Interest Amount**" shall mean, with respect to any Cut-Off Date and the Collection Period ending on such Cut-Off Date, an

amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Corporate Administrator, the Calculation Agent, the Cash Administrator, the Principal Paying Agent and the Transaction Security Trustee not later than on the fourth (4th) Business Day after such Cut-Off Date (or, if the Servicer fails to calculate such amount, the amount calculated by the Calculation Agent with respect to such Cut-Off Date on the basis of the information available to the Calculation Agent at that time and notified to the Issuer, the Corporate Administrator, the Principal Paying Agent, the Cash Administrator and the Transaction Security Trustee not later than on the third (3rd) Business Day preceding the Payment Date following such Cut- Off Date), as the sum of:

1. any Interest Collections received by the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date;

2. any Interest Recoveries received by the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date;

3. any other interest amounts paid by the Seller to the Issuer under or with respect to the Receivables Purchase Agreement or the Purchased Receivables or any Related Collateral and any other interest amounts paid by the Servicer to the Issuer under or with respect to the Servicing Agreement, the Purchased Receivables or any Related Collateral, in each case as collected during such Collection Period;

4. any interest earned (if any) on any balance credit of any Account (other than the Commingling Reserve Account, the Set-Off Reserve Account and the Liquidity Reserve Account) during such Collection Period;

5 the amounts (if any) standing to the credit of the Commingling Reserve Account allocable to Interest Collections (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Commingling Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *sixteenth* (inclusive) of the Pre-Enforcement Interest Priority of Payments but excluding any fees and other amounts due to the Seller in its capacity as Servicer under item *fourth* of the Pre-Enforcement Interest Priority of Payments), **provided, however, that** such amounts shall only be included in the Available Interest Amount if and to the extent that the Seller or (if different) the Servicer has, as of the relevant Payment Date, failed to transfer to the Issuer any Interest Collections received or payable by the Seller or (if different) the Servicer during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding the relevant Payment Date or if the appointment of the Servicer under the Servicing Agreement has been automatically terminated pursuant to the last paragraph of Clause 9.1 of the Servicing Agreement;

6. the amounts (if any) standing to the credit of the Liquidity Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Liquidity Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *fifth* (inclusive) of the Pre-Enforcement Interest Priority of Payments but excluding any fees and other amounts due to the Seller in its capacity as Servicer under item *fourth* of the Pre-Enforcement Interest Priority of Payments), **provided, however, that** such amounts shall only be included in the Available Interest Amount if and to the extent that there would be a shortfall in these amounts when due by reason of a Liquidity Reserve Transfer Event following the application of the Available Interest Amount according to the Pre-Enforcement Interest Priority of Payments;

7. the amounts (if any) standing to the credit of the Transaction Account which would have been distributed as Available Interest Amount on any Payment Date prior to such Cut- Off Date, but were not distributed due to such Payment Date falling on a Servicer Disruption Date or the prior occurrence of a Termination Event;

8. any amounts to be transferred pursuant to item *first* of the Pre-Enforcement Principal Priority of Payments on such Payment Date;

9. any amounts to be transferred pursuant to item *fifth* of the Pre-Enforcement Principal Priority of Payments on such Payment Date;

10. any amounts to be transferred pursuant to item *seventh* of the Pre-Enforcement Principal Priority of Payments on such Payment Date;

11. any amounts to be transferred pursuant to item *ninth* of the Pre-Enforcement Principal Priority of Payments on such Payment Date; and

12. any amount (other than covered by (1) through (11) above) (if any) paid to the Issuer by any other party to any Transaction Document which according to such Transaction Document is to be allocated to the Available Interest Amount.

Available Principal Amount

"**Available Principal Amount**" shall mean, with respect to any Cut-Off Date and the Collection Period ending on such Cut-Off Date, an amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Corporate Administrator, the Calculation Agent, the Cash Administrator, the Principal Paying Agent and the Transaction Security Trustee not later than on the fourth (4^{th}) Business Day after such Cut-Off Date (or, if the Servicer fails to calculate such amount, the amount calculated by the Calculation Agent with respect to such Cut-Off Date on the basis of the information available to the Calculation Agent at that time and notified to the Issuer, the Corporate Administrator, the Principal Paying Agent, the Cash Administrator and the Transaction Security Trustee not later than

on the third (3rd) Business Day preceding the Payment Date following such Cut- Off Date), as the sum of:

1. any Principal Collections (including, for the avoidance of doubt, Deemed Collections paid by the Seller or (if different) the Servicer) received by the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date;

2. any Principal Recoveries received by the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date; and;

3. any other principal amounts paid by the Seller to the Issuer under or with respect to the Receivables Purchase Agreement or the Purchased Receivables or any Related Collateral and any other amounts paid by the Servicer to the Issuer under or with respect to the Servicing Agreement, the Purchased Receivables or any Related Collateral, in each case as collected during such Collection Period;

4. the amounts (if any) standing to the credit of the Commingling Reserve Account allocable to Principal Collections (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Commingling Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Principal Priority of Payments), **provided, however, that** such amounts shall only be included in the Available Principal Amount if and to the extent that the Seller or (if different) the Servicer has, as of the relevant Payment Date, failed to transfer to the Issuer any Principal Collections (other than Deemed Collections within the meaning of item (B) (i) of the definition of Deemed Collections) received or payable by the Seller or (if different) the Servicer during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding the relevant Payment Date or if the appointment of the Servicer under the Servicing Agreement has been automatically terminated pursuant to the last paragraph of Clause 9.1 of the Servicing Agreement;

5. the amounts (if any) standing to the credit of the Set-Off Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Set-Off Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Principal Priority of Payments), **provided, however, that** such amounts shall only be included in the Available Principal Amount if and to the extent that (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B) (i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B) (i) of the definition of Deemed Collections, and (ii) the Issuer

does not have a right of set-off against the Seller or (if different) the Servicer with respect to such amounts on the relevant Payment Date;

6. the amounts (if any) standing to the credit of the Purchase Shortfall Account;

7. the amounts (if any) standing to the credit of the Transaction Account which would have been distributed as Available Principal Amount on any Payment Date prior to such Cut- Off Date, but were not distributed due to such Payment Date falling on a Servicer Disruption Date or the prior occurrence of a Termination Event;

8. the repaid amounts (if any) received under item *seventh* of the Pre-Enforcement Interest Priority of Payments;

9. the relevant Class A Notes PDL Cure Amount;

10. the repaid amounts (if any) received under item *tenth* of the Pre-Enforcement Interest Priority of Payments

11. the repaid amounts (if any) received under item *twelfth* of the Pre-Enforcement Interest Priority of Payments;

12. the repaid amounts (if any) received under item *fourteenth* of the Pre-Enforcement Interest Priority of Payments;

13. the accumulated excess amount resulting from the non-payment of residual Principal Amounts due to rounding-off differences upon allocation to the Classes of Notes received under item *sixteenth* of the Pre-Enforcement Principal Priority of Payments; and

14. any amount (other than covered by (1) through (13) above) (if any) paid to the Issuer by any other party to any Transaction Document which according to such Transaction Document is to be allocated to the Available Principal Amount.

Principal Deficiency Ledger

The Servicer on behalf of the Issuer will establish and maintain in its internal booking systems the Principal Deficiency Ledger which shall be comprised of two Sub-Ledgers for recording on any Payment Date as calculated on the relevant Cut-off Date:

(i) as debit entries, in reverse sequential order (beginning with entries into the Junior PDL Sub-Ledger), (i) any Gross Losses and (ii) any amounts applied in accordance with items *first, fifth, seventh* and *ninth* of the Pre-Enforcement Principal Priority of Payments in respect of each Sub-Ledger up to, in respect of the Class A PDL Sub-Ledger, the Class A Principal Amount or, in respect of the Junior PDL Sub-Ledger, the aggregate of the Class B Principal Amount, the Class C Principal Amount, the Class D Principal Amount, the Class E Principal Amount and the Class F Principal Amount;

(ii) as credit entries, in sequential order (beginning with entries into the Class A PDL Sub-Ledger), (i) any Principal Recoveries and (ii) any repaid amounts (if any) received under items *seventh, tenth, twelfth* and *fourteenth* of the Pre-Enforcement Interest Priority of Payments from the

preceding Cut-off Date in respect of each Sub-Ledger until such times as the debit balance standing to the relevant Sub-Ledger is reduced to zero; and

(iii) as credit entries, in respect of the Class A PDL Sub-Ledger only, and only in the event that a debit balance remains on such Sub-Ledger after the application of paragraphs (i) and (ii) above, any amounts received (if any) under item *eighth* of the Pre-Enforcement Interest Priority of Payments until such times as the debit balance standing to the Class A PDL Sub-Ledger is reduced to zero.

Pre-Enforcement Interest Priority of Payments

On each Payment Date, prior to the occurrence of an Issuer Event of Default, the Available Interest Amount as calculated as of the Cut- Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities ("**Pre-Enforcement Interest Priority of Payments**"), in each case only to the extent payments of a higher priority have been made in full:

first, to pay any obligation of the Issuer with respect to tax under any applicable law (if any);

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

third, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the Corporate Administrator under the Corporate Administration Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, the Principal Paying Agent, the Calculation Agent and the Cash Administrator under the Agency Agreement, the Lead Manager under the Subscription Agreement (excluding any commissions and fees payable to the Lead Manager on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeeper or any other relevant party with respect to the issue of the Notes, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of the Issuer of up to EUR 500 annually and any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the directors of the Issuer (properly incurred with respect to their duties), legal advisers or auditors of the Issuer, the Rating Agencies (including any ongoing monitoring fees);

fourth, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the Servicer under the Servicing Agreement or otherwise, and any such amounts due to any substitute servicer (including any expenses, costs and fees incurred in the course of replacement) for the Purchased Receivables and any

Related Collateral which may be appointed from time to time in accordance with the Receivables Purchase Agreement or the Servicing Agreement and any such costs and expenses incurred by the Issuer itself in the event that the Issuer collects and/or services the Purchased Receivables or any Related Collateral;

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

sixth, to in or towards payment of any amounts to the Liquidity Reserve Account up to the Required Liquidity Reserve Amount;

seventh, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *first* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

eighth, to credit to the Transaction Account any Class A Notes PDL Cure Amount until such times as the debit balance standing to the Class A PDL Sub-Ledger is reduced to zero;

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

tenth, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *fifth* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

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

twelfth, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *seventh* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

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

fourteenth, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *ninth* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

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

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

seventeenth, unless the Payment Date falls on a Servicer Disruption Date, after a Commingling Reserve Trigger Event has occurred and is continuing, to credit, to the extent not paid by the Seller, the Commingling Reserve Account with effect as from such Payment Date up to the required amount of the Commingling Reserve Amount as of such Cut-Off Date;

eighteenth, unless the Payment Date falls on a Servicer Disruption Date, after a Set-Off Reserve Trigger Event has occurred and is continuing, to credit, to the extent not paid by the Seller, the Set-Off Reserve Account with effect as from such Payment Date up to the

required amount of the Set-Off Reserve Amount as of such Cut-Off Date;

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

twentieth, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Interest Collections for the Collection Period ending on such Cut-Off Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents; and

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

provided that any payment to be made by the Issuer under items *first* to *fourth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Transaction Account and, if applicable, the Liquidity Reserve Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Purchase Shortfall Account.

Pre-Enforcement Principal Priority of Payments

On each Payment Date, prior to the occurrence of an Issuer Event of Default, the Available Principal Amount as calculated as of the Cut- Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities ("**Pre-Enforcement Principal Priority of Payments**"), in each case only to the extent payments of a higher priority have been made in full:

first, to pay any amounts due under items *first*, *second*, *third*, *fourth* and *fifth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

second, during the Replenishment Period, to pay the purchase price payable in accordance with the Receivables Purchase Agreement for any Additional Receivables purchased on such Payment Date, but only up to the Replenishment Available Amount;

third, during the Replenishment Period, to credit the Purchase Shortfall Account with the Purchase Shortfall Amount occurring on such Payment Date;

fourth, after the expiration of the Replenishment Period, to pay any Class A Notes Principal as of such Cut-Off Date, *pro rata* on each

Class A Note, until the Class A Principal Amount following such payment is equal to zero;

fifth, to pay any amounts due under item *ninth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

sixth, after the expiration of the Replenishment Period and after the Class A Notes have been redeemed in full, to pay any Class B Notes Principal as of such Cut-Off Date, *pro rata* on each Class B Note, until the Class B Principal Amount following such payment is equal to zero;

seventh, to pay any amounts due under item *eleventh* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

eighth, after the expiration of the Replenishment Period and after the Class B Notes have been redeemed in full, to pay any Class C Notes Principal as of such Cut-Off Date, *pro rata* on each Class C Note, until the Class C Principal Amount following such payment is equal to zero;

ninth, to pay any amounts due under item *thirteenth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

tenth, after the expiration of the Replenishment Period and after the Class C Notes have been redeemed in full, to pay any Class D Notes Principal as of such Cut-Off Date, *pro rata* on each Class D Note, until the Class D Principal Amount following such payment is equal to zero;

eleventh, after the expiration of the Replenishment Period and after the Class D Notes have been redeemed in full, to pay any Class E Notes Principal as of such Cut-Off Date, *pro rata* on each Class E Note, until the Class E Principal Amount following such payment is equal to zero;

twelfth, after the expiration of the Replenishment Period and after the Class E Notes have been redeemed in full, to pay any Class F Notes Principal as of such Cut-Off Date, *pro rata* on each Class F Note, until the Class F Principal Amount following such payment is equal to zero;

thirteenth, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents;

fourteenth, to credit to the Transaction Account for inclusion in the Available Principal Amount any excess amount resulting from the non-payment of residual Principal Amounts due to rounding-off differences upon allocation to the Classes of Notes, and

fifteenth, to credit any remaining amount to the Transaction Account for inclusion in the Available Interest Amount.

Issuer Event of Default

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

(i) the Issuer becomes insolvent or the Issuer is wound up or an order is made or an effective resolution is passed for the winding-up of the Issuer or the Issuer initiates or consents or otherwise becomes subject to liquidation, examinership, insolvency, reorganisation or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Transaction Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets;

(ii) the Issuer defaults in the payment of any interest due and payable in respect of the Class A Notes and such default continues for a period of at least five (5) Business Days;

(iii) the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in Clause 7 (*Security Purpose*) of the Transaction Security Agreement), other than those mentioned under item *seventeenth* to *twentieth* of the Pre-Enforcement Interest Priority of Payments, in each case, to the extent that the Available Interest Amount or Available Principal Amount, as applicable, as of the Cut-Off Date immediately preceding the relevant Payment Date would have been sufficient to pay such amounts, and such default continues for a period of at least five (5) Business Days;

(iv) a distress, execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within thirty (30) calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally; or

(v) the Transaction Security Trustee ceases to have a valid and enforceable security interest in any of the Collateral or any other security interest created under any Transaction Security Document.

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

Post-Enforcement Priority of Payments

Upon the occurrence of an Issuer Event of Default, on any Payment Date any Credit (which excludes certain amounts stated in Clause 23.1 of the Transaction Security Agreement) shall be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

first, to pay any obligation of the Issuer with respect to tax under any applicable law (if any);

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

third, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the Corporate Administrator under the Corporate Administration Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, the Principal Paying Agent, the Calculation Agent and the Cash Administrator under the Agency Agreement, the Lead Manager under the Subscription Agreement (excluding any commissions and fees payable to the Lead Manager on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeeper or any other relevant party with respect to the issue of the Notes, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of the Issuer of up to EUR 500 annually and any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the directors of the Issuer (properly incurred with respect to their duties), legal advisers or auditors of the Issuer, the Rating Agencies (including any ongoing monitoring fees);

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

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

sixth, to repay to the Seller any unused portion of the Liquidity Reserve;

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

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

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

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

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

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

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

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

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

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

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

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

nineteenth, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Collections for the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents;

twentieth, to pay any remaining amount to the Seller;

	provided that any payment to be made by the Issuer under items *first* to *fourth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using the Credit.
Ratings	The Class A Notes are expected on issue to be assigned a long-term rating of AA(low)(sf) by DBRS and a long-term rating of AA-(sf) by S&P. The Class B Notes are expected on issue to be assigned a long-term rating of A(sf) by DBRS and a long-term rating of A(sf) by S&P. The Class C Notes are expected on issue to be assigned a long-term rating of BBB(sf) by DBRS and a long-term rating of BBB(sf) by S&P. The Class D Notes are expected on issue to be assigned a long-term rating of BB(high)(sf) by DBRS and a long-term rating of BB(sf) by S&P. No rating will be obtained for the Class E Notes and the Class F Notes.
Approval, Listing and Admission to trading	Application has been made to the *Commission de Surveillance du Secteur Financier*, as competent authority under the Prospectus Directive, for the prospectus to be approved for the purposes of the Prospectus Directive. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The direct cost of the admission of the Notes to be admitted to trading in the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange amounts to approximately EUR 33,000.
Clearing	Euroclear of 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Luxembourg of 42 Avenue J.F. Kennedy, L-1855 Luxembourg (together, "**Clearing Systems**", "**International Central Securities Depositaries**" or "**ICSDs**").
Governing Law	The Notes will be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.
Transaction Documents	The Receivables Purchase Agreement, the Servicing Agreement, the Transaction Security Agreement, the Master Definitions Agreement, the Corporate Administration Agreement, the Accounts Agreement, the Data Trust Agreement, the Notes, the Agency Agreement, the Subscription Agreement and any further agreement relating thereto or the transactions contemplated therein and any amendment agreement or termination agreement to those agreements. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS*" (page 118 *et seqq.*).

RISK FACTORS

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

The Notes will be solely contractual obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), the Corporate Administrator, the Transaction Security Trustee, the Data Trustee, the Interest Determination Agent, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Account Bank, the Lead Manager, the Arranger (if different), the Luxembourg Listing Agent, the Local Agent, the Common Safekeeper, or any of their respective affiliates or any affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third person or entity other than the Issuer. Furthermore, no person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer

Credit Aspects of the Transaction

Liability under the Notes, Limited Recourse

The Notes represent obligations of the Issuer only, and do not represent obligations of, and are not guaranteed by, any other person or entity. In particular, the Notes do not represent obligations of, and will not be guaranteed by, any of the Seller, the Servicer (if different), the Corporate Administrator, the Transaction Security Trustee, the Data Trustee, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Interest Determination Agent, the Lead Manager, Arranger (if different), the Luxembourg Listing Agent, the Local Agent, the Common Safekeeper, or any of their respective affiliates or any affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third person or entity other than the Issuer. No person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Notwithstanding anything to the contrary under the Notes or in any other Transaction Document to which the Issuer is expressed to be a party, all amounts payable or expressed to be payable by the Issuer hereunder shall be recoverable solely out of the Credit (as defined in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement) which shall be generated by, and limited to (i) payments made to the Issuer by the Servicer under the Servicing Agreement, (ii) payments made to the Issuer under the other Transaction Documents, (iii) proceeds from the realisation of the Collateral and (iv) interest earned, if any, on the balance credited to the Transaction Account and, if applicable, the Purchase Shortfall Account, as available on the relevant Payment Date (as defined in Condition 5.1 (*Payment Dates*)), in each case in accordance with and subject to the relevant Priorities of Payments and which shall only be settled if and to the extent that the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any current positive balance of the net assets (*anderes freies Vermögen*) of the Issuer. The Notes shall not give rise to any payment obligation in excess of the Credit and recourse shall be limited accordingly.

The Issuer shall hold all monies paid to it in the Transaction Account, except the Commingling Reserve Amount which the Issuer shall hold in the Commingling Reserve Account, the Set-Off Reserve Amount which the Issuer shall hold in the Set-Off Reserve Account, the Required Liquidity Reserve Amount which the Issuer shall hold in the Liquidity Reserve Account and the Purchase Shortfall Amount which the Issuer shall hold in the Purchase Shortfall Account. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may be performed to the fullest extent possible.

To the extent the assets of the Issuer are ultimately insufficient to satisfy the claims of all Noteholders in full, the Issuer shall notify the Noteholders that no further amounts are available and no further proceeds

can be realised from the Issuer's assets to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter. For the avoidance of doubt, nothing in this section shall limit or otherwise restrict the validity or maturity of, or constitute a waiver (*Verzicht*) of, any of the claims of the Noteholders against the Issuer under or in connection with the Notes.

The Noteholders shall not (otherwise than as contemplated herein) take steps against the Issuer, its officers or directors to recover any sum so unpaid and, in particular, the Noteholders shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer, or its officers or directors, nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets.

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

Notwithstanding the foregoing, the risk cannot be excluded that the Issuer may become subject to insolvency or similar proceedings, in particular, as the Issuer's solvency depends on the receipt of cash-flows from the Seller and the Debtors. As the Issuer has its registered office in the Federal Republic of Germany, there is a rebuttable presumption that its centre of main interest within the meaning of Article 3(1) of Regulation (EU) No. 2015/848 on insolvency proceedings (recast) is located in the Federal Republic of Germany and, consequently, it is likely that any insolvency proceedings applicable to it would be governed by German law.

Non-Existence of Purchased Receivables

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

The same applies if Debtors revoke the Loan Contract. Such revocations are legally possible even after the regular two (2) week time limit if the instruction of revocation (*Widerrufsbelehrung*) used by the Seller or the counterparty of a linked contract (*verbundene Verträge*) within the meaning of Section 358 of the German Civil Code (*Bürgerliches Gesetzbuch*) does not comply with the legal requirements. The legal requirements applicable to instructions of withdrawal are under constant review of the German courts. See "*RISK FACTORS – German Consumer Loan Legislation*".

Non-Existence of Collateral

The Purchased Receivables are generally unsecured in accordance with the customary practice of the Seller. However, in individual cases there may be an assignment or transfer of collateral to the Seller to secure an individual loan. As such, the Seller does not guarantee the existence of collateral for all Purchased Receivables. This collateral may consist especially, but not only, of the assignment and/or transfer of any

security title (*Sicherungseigentum*) to vehicles, payment protection insurance policies (*Ratenschutzversicherungen*), and/or any claims and rights in respect of wages and social security benefits (to the extent legally possible). According to the Receivables Purchase Agreement, the Issuer will on or before the Note Issuance Date purchase and acquire from the Seller the Purchased Receivables and such existing collateral, the latter to the extent that it has been validly assigned and/or transferred to the Seller. However, due to the generally unsecured character of the loan product, the Seller has not verified and does not guarantee the value of existing collateral.

Limited Resources of the Issuer

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

- payments of principal and interest and certain other payments received as Collections under the Purchased Receivables pursuant to the Servicing Agreement and the Receivables Purchase Agreement;
- Deemed Collections (if due) from the Seller;
- interest earned on the amounts credited to the Transaction Account and the Purchase Shortfall Account, if any;
- amounts paid by any third party as purchase prices for Defaulted Receivables and any relevant Related Collateral;
- proceeds of the realisation of the Collateral;
- payments (if any) under the other Transaction Documents in accordance with the terms thereof. Other than the foregoing, the Issuer will have no funds available to meet its obligations under the Notes.

The Notes

Early Redemption of the Notes and Effect on Yield; Limited Availability of Excess Spread

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

As at the Note Issuance Date, the Replenishment Period will commence on (but excluding) the Note Issuance Date and end on (i) the Payment Date falling in the twelfth (12th) month after the Note Issuance Date (inclusive) or, if earlier, (ii) the date on which an Early Amortisation Event occurs (exclusive). Following the expiration of the Replenishment Period, the Notes will be subject to redemption in accordance with the Pre-Enforcement Priority of Payment.

On any Payment Date on or following which the Aggregate Outstanding Principal Amount has been reduced to 10% of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date, the Seller may, subject to certain conditions, repurchase all Purchased Receivables (together with any Related Collateral) which have not been sold to a third party for a purchase price equal to the then current value of the Purchased Receivables and the proceeds from such repurchase shall constitute Collections and the payments of interest and principal in accordance with the relevant Pre-Enforcement Priority of Payment on such Payment Date will lead to an early redemption of the Notes in accordance with the Terms and Conditions of the Notes). This may adversely affect the yield on the then outstanding Classes of Notes.

In addition, the Issuer may, subject to certain conditions, redeem all of the Notes if under applicable law the Issuer is required to make a deduction or withholding for or on account of tax or if a Regulatory Call Event occurs (including, *inter alia*, upon the receipt by the Seller of a notification by or other communication from the applicable regulatory or supervisory authority on or after the Note Issuance Date which, in the reasonable opinion of the Seller, has the effect of materially adversely affecting the rate of return on capital of the Issuer and/or the Seller or materially increasing the cost or materially reducing the benefit to the Seller of the transactions contemplated by the Transaction Documents) (see Condition 7.6 (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms

and Conditions of the Notes). Prospective investors should note that the regulatory framework for securitisations is subject to a legislative overhaul at the moment (see "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes"* below) and that the Issuer has the ability to terminate the transaction early in the context of such regulatory changes (including those resulting from the application of the proposed Securitisation Regulation and/or the proposed CRR Amendment Regulation and notwithstanding that such changes can already be anticipated to a certain extent on the Closing Date).

To the extent the proceeds from any such sale are ultimately insufficient to satisfy the claims of all Noteholders in full, no further amounts are available and no further proceeds can be realised from the Issuer's assets to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter. This may adversely affect the yield on the then outstanding Classes of Notes.

Furthermore, excess spread will only be available to cover losses applied to the Class A Notes. The remaining Classes of Notes will not benefit from excess spread protection in case of losses. As a result of the lack of excess spread protection, any losses arising as a result of insufficiency of proceeds may negatively affect the payment of interest and principal under the Class B, Class C, Class D, Class E and Class F Notes due to reduction of the Available Distribution Amounts.

Conflicts of Interest

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

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

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

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

Wilmington Trust SP Services (Frankfurt) GmbH is acting in a number of capacities in connection with this transaction. Wilmington Trust SP Services (Frankfurt) GmbH will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. Wilmington Trust SP Services (Frankfurt) GmbH, in its various capacities in connection with this

transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

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

The Transaction Security Trustee, the Data Trustee, the Lead Manager, the Principal Paying Agent, the Cash Administrator, the Interest Determination Agent, the Calculation Agent, the Luxembourg Listing Agent and Local Agent, the Account Bank and the Arranger may engage in commercial relationships, in particular, hold assets in other securitisation transactions as security trustee, be lenders, provide investment banking and other financial services to the Debtors, the other parties to the Transaction Documents and other third parties. In such relationships the Data Trustee, the Transaction Security Trustee, the Lead Manager, the Principal Paying Agent, the Cash Administrator, the Interest Determination Agent, the Calculation Agent, the Luxembourg Listing Agent and Local Agent, the Account Bank and the Arranger are not obliged to take into account the interests of the Noteholders. Accordingly, conflicts of interest may arise in this transaction.

Ratings of the Rated Notes

Each rating assigned to the Rated Notes by the Rating Agencies takes into consideration the structural and legal aspects associated with the Rated Notes and the underlying Purchased Receivables, the credit quality of the Portfolio, the extent to which the Debtors' payments under the Purchased Receivables are adequate to make the payments required under the Rated Notes as well as other relevant features of the structure, including, *inter alia*, the credit situation of the Account Bank, the Seller and the Servicer (if different). Each Rating Agency's rating reflects only the view of that Rating Agency. In particular, the ratings assigned by DBRS address the risk of default, being the risk that the Issuer will fail to satisfy its financial obligations relating to the Rated Notes in accordance with the terms under which the Rated Notes have been issued. The ratings assigned by S&P to the Rated Notes address the likelihood of (a) timely payment of interest due on the Class A Notes and ultimate payment of interest due on the other Rated Notes by a date that is no later than the Legal Maturity Date and (b) full payment of principal on all Rated Notes by a date that is no later than the Legal Maturity Date, and takes into consideration the characteristics of the Purchased Receivables and the structural, legal, tax and Issuer-related aspects associated with the Notes. Each of DBRS and S&P is established in the European Community. According to the press release from the European Securities Markets Authority ("**ESMA**") dated 31 October 2011 and the list of registered and certified rating agencies published by ESMA on its website https://www.esma.europa.eu/supervision/credit-rating-agencies/risk, as last updated on 16 July 2017, DBRS and S&P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended pursuant to Regulation (EU) 513/2011 of the European Parliament and the Council of 11 May 2011 and to Regulation (EU) 462/2013 of the European Parliament and of the Council of 31 May 2013.

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

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organisation. The ratings assigned to the Rated Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Rated 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 Notes.

Resolutions of Noteholders

The German Act on Debt Securities (*Schuldverschreibungsgesetz*), which came into force on 5 August 2009, provides statutory rules on bondholders' meetings and decisions, including majority decisions, through which the terms and conditions of the Notes could be altered or amended. As a result, a Noteholder can be outvoted by other Noteholders and, if a Noteholders' representative is appointed, may no longer benefit from its individual right to vote on and pursue certain matters delegated to such Noteholders' representative. As resolutions properly adopted are binding on all Noteholders, certain rights of such Noteholder against the Issuer under the terms and conditions may be amended or reduced or even cancelled.

Noteholders' Representative

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

Subordination amongst Classes of Notes

To the extent set forth in the relevant Priorities of Payments, (i) the Class A Notes will rank *pari passu* between themselves but in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, (ii) the Class B Notes will rank *pari passu* amongst themselves but in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, (iii) the Class C Notes will rank *pari passu* between themselves but in priority to the Class D Notes, the Class E Notes and the Class F Notes, (iv) the Class D Notes will rank *pari passu* amongst themselves but in priority to the Class E Notes and the Class F Notes and (v) the Class E Notes will rank *pari passu* amongst themselves but in priority to the Class F Notes.

The terms on which the Collateral will be held will provide that, upon enforcement, certain payments will be made in priority to payments in respect of interest and principal (where appropriate) on the Notes. The payment of such amounts will reduce the amount available to the Issuer to make payments of interest and, as applicable, principal on the Notes. Upon acceleration of the Notes, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders, all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders, all amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders and all amounts owing to the Class E Noteholders will rank higher in priority to all amounts owing to the Class F Noteholders.

As a result of such priorities, any losses arising as a result of insufficiency of enforcement proceeds from the Trustee Collateral will be borne *first*, by the Class F Notes, *second*, by the Class E notes, *third*, by the Class D Notes, *fourth*, by the Class C Notes, *fifth*, by the Class B Notes and *sixth*, by the Class A Notes.

Forecasts and Estimates

Estimates of the weighted average lives of the Notes contained in this Prospectus, together with any other projections, forecasts and estimates in this Prospectus are forward-looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary significantly from actual results.

Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any forward-looking statements are not guarantees of performance and that investing in the Notes involves risks and uncertainties, many of which are beyond the control of the Issuer. None of the parties to the Transaction Documents has attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

Historical Data

The historical information set out in particular under the heading (see "*HISTORICAL DATA*") is based on the past experience and present procedures of the Seller. None of the Lead Manager, the Arranger, the Transaction Security Trustee or the Issuer or any other party to the Transaction Documents has undertaken or will undertake any investigation or review of, or search to verify, such historical information. In addition,

based on such historical information, there can be no assurance as to the future performance of the Receivables.

Absence of Secondary Market Liquidity and Market Value of Notes

Although application has been made to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, there is currently no secondary market for the Notes. Even if the Lead Manager could establish a secondary market for the Notes, they are not necessarily obliged to do so and any market activity which existed in the past can be easily terminated at any time without prior notice. If there is no market activity (namely, bids and offers) by the Lead Manager, it is unlikely that a liquid secondary market will be established. In view of these factors, there can be no assurance that a secondary market for the Notes will develop or that a market will develop for all Classes of Notes or if it develops, that it will provide Noteholders with liquidity of investment, or that it will continue for the whole life of the Notes. Further, the secondary markets are currently experiencing severe disruptions resulting from reduced investors demand for asset-backed securities and increased investor yield requirements for those securities. As a result, the secondary market for asset-backed securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future.

Limited liquidity in the secondary market for asset-backed securities has had a severe adverse effect on the market value of asset-backed securities. Limited liquidity in the secondary market may continue to have a severe 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 purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. The market values of the Notes are likely to fluctuate. Any such fluctuation may be significant and could result in significant losses to investors in the Notes. In addition, the forced sale into the market of asset- backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, an/or the price an investor receives for, the Notes in the secondary market.

Eurosystem Eligibility

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

In addition, on 15 December 2010 the Governing Council of the European Central Bank ("**ECB**") has decided on the establishment of loan-by-loan information requirements for asset-backed securities ("**ABS**") in the Eurosystem collateral framework. The implementation of the loan-level reporting requirements has become effective for consumer finance ABS as of 1 January 2014. The Seller has as long as the Class A Notes are outstanding the right but not the obligation to make loan level data in such a manner available as may be required to comply with the Eurosystem eligibility criteria (as set out in Annex VIII (loan level data requirements for asset-backed securities) of the Guideline of the ECB on monetary policy instruments and procedures of the Eurosystem (ECB/2014/60) (recast) as amended and applicable from time to time), subject to applicable data protection and banking requirements.

If the Class A Notes do not satisfy the criteria specified by the ECB, or if the Servicer fails to submit the required loan-level data, there is a risk that the Class A Notes will not be Eurosystem Eligible Collateral. None of the Issuer, the Lead Manager or the Arranger gives any representation, warranty, confirmation or

guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any prospective investor in the Class A Notes should make their own conclusion and seek their own advice with respect to whether or not the Class A Notes constitutes Eurosystem Eligible Collateral at any point of time during the life of the Class A Notes.

Revisions to Basel II Risk-Weighted Asset Framework

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

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

In December 2010, the Committee published proposals for further changes to the Framework ("Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer"). The proposals include new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for institutions (such as credit institutions). These include, without limitation, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the liquidity coverage ratio and net stable funding ratio, respectively). The European Parliament and the Council adopted a new set of legislation to implement these amendments in the European Union. The relevant legislation encompasses a directive, Directive 2013/36/EU ("**CRD IV**"), dated 26 June 2013, governing, amongst other things, the basic rules and requirements for the banking business and its supervision and a regulation ("**CRR**"), dated 26 June 2013, containing detailed requirements regarding liquidity, capital base, leverage and counterparty credit risks. The directive had to be transposed into national law by each of the EU Member States in general by 31 December 2013, **provided that** certain provisions may be applied after that date. The regulation has direct binding effect in the EU Member States and applies since 1 January 2014 (subject to certain exceptions and transitional provisions). On 23 November 2016, the European Commission proposed a new Regulation amending the CRR (the "**CRR II**") and a new Directive amending the CRD ("**CRD V**"). The CRD V sets out, *inter alia*, the net stable funding ratio. The CRR II and CRD V are not expected to enter into force prior to 1 January 2019.

On 28 December 2017, Regulation (EU) 2017/2401 ("**CRR Amending Regulation**") was published in the Official Journal and implements changes to the CRR on the basis of the Framework developed by the Committee to make the capital treatment of securitisation for banks and investment firms more risk-sensitive and able to properly reflect the specific features of STS Securitisations (as defined below). In particular, the changes include (i) a revised hierarchy of approaches of risk evaluation and capital assignment applicable to certain types of securitisation exposures, (ii) revised ratings based approach and modified supervisory formula approach incorporating additional risk drivers such as maturity, which are intended to create more risk-sensitive and prudent calibration and (iii) new approaches such as a simplified supervisory approach and different applications of the concentration ratio based approach. These changes will apply from 1 January 2019, subject to certain provisions which may continue until 31 December 2018 in respect of securities which are issued before 1 January 2019. The technical details of the CRR Amending Regulation will be set out in a new set of regulatory technical standards to be developed by the EBA, final drafts of which are not yet available.

Member states were also required to implement the new liquidity coverage ratio from January 2015. In January 2015 the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 regarding the liquidity coverage requirements was published in the Official Journal of the European Union ("**LCR Delegated Regulation**"). The liquidity coverage ratio under the LCR Delegated Regulation applies as from 1 October 2015. The LCR Delegated Regulation specifies that the minimum requirement will begin at 60%, rising in equal annual steps of 10 percentage points to reach 100% as from 1 January 2019. In July 2018,

the European Commission adopted a proposal of a Commission Delegated Regulation amending the LCR Delegated Regulation, pursuant to which, *inter alia*, 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 the Basel Committee, the treatment of certain reserves held with third-country central banks shall be amended and transaction exposures of securitisations which qualify as STS Securitisations (as defined below) shall qualify as Level 2B high quality liquid assets, subject to certain requirements. It is, however, at this stage unclear if and in which form the proposed amendment will enter into force and may have an effect on the Noteholders.

In addition, on 7 December 2017, the Basel Committee endorsed the outstanding Basel-III post-crisis reforms published in December 2014, commonly known as "**Basel IV**". The publication concluded the proposals and consolations which continued since 2014 in respect of credit risk credit value adjust risk, operation risk, output floors and leverage ratio. The main aim of the revisions is to reduce excessive variability of risk-weighted assets. The implementation date of such reforms is 1 January 2022 with the output floor to be phased in from 1 January 2022 to 1 January 2027. At this point it cannot be assessed how and if the revised securitisation framework will be transposed into EU and national law.

The CRR, the CRD IV or (as the case may be) the Framework and its amendments and related acts could affect the risk-based capital treatment of the Notes for investors which are subject to bank capital adequacy requirements under the CRR and relevant national legislation implementing the CRD IV and/or requirements that follow or are based on the Framework. Prospective investors should with the assistance of their professional advisors independently assess and determine the suitability of their investments in the Notes for their respective purposes.

Risk Retention and Due Diligence Requirements

In particular, the CRR provides that where an institution (i.e. a credit institution or an investment firm within the meaning of the CRR) does not meet the requirements set out in Articles 405, 406 and 409 of the CRR in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250% of the risk weight (the total risk weight being capped at 1250%) to the relevant securitisation positions. The additional risk weight shall progressively increase with each subsequent infringement of the due diligence provisions. Pursuant to Article 405 of the CRR, an institution, other than when acting as an originator, a sponsor or original lender, may hold the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the institution that it will retain, on an ongoing basis, a material net economic interest which, in any event, will not be less than 5 %. Article 406 of the CRR imposes certain due diligence requirements on investor institutions. Article 409 of the CRR requires, *inter alia*, that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting the securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. Hence, the additional risk weight does not only apply in case of a relevant non-compliance with the due diligence obligations on the part of an institution investing in the Notes. Also noncompliance of the Seller with Articles 405 and 409 of the CRR may result in such additional risk weights and hence negatively affect the price received for, and/or the ability of the Noteholders to sell, the Notes in the secondary market. In order to comply with the requirements of Article 405 paragraph (1)(d) of the CRR, the Seller will retain, on an ongoing basis until the earlier of (i) the redemption of the Class A Notes in full and (ii) the Legal Maturity Date, the Class B Notes in an aggregate principal amount equal to at least 5 % of the Aggregate Outstanding Note Principal Amount as of the Closing Date, subject always to any requirement applicable by law to it. It should be noted, however, that there is no assurance or certainty that the references to the retention obligations of the Seller in this Prospectus will constitute explicit disclosure (on part of such Seller) or adequate due diligence (on part of the Noteholders) for the purposes of Article 406 of the CRR or Articles 5 and 7 of the Securitisation Regulation or sufficient self-retention for the purposes of Article 6 of the Securitisation Regulation. Consequently, prospective investors and Noteholders should consult their professional advisers as to the consequences to and effect on them of the application of the Framework and its amendments and any relevant implementing measures. No predictions can be made as to, and the Issuer is not responsible for informing the prospective investors and Noteholders of, the effects of the changes to risk-weighting as a result of implementation of the Framework and its amendments.

Investors should also be aware of Article 17 of the AIFMD and Chapter III, Section 5 of the AIFMR, the provisions of which introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers ("**AIFMs**") that are required to become authorised under the AIFMD. While the requirements applicable to AIFMs under Chapter III, Section 5 of the AIFMR are similar to those which apply under Articles 405 to 409 of the CRR, they are not identical and, in particular, additional due diligence obligations and a requirement to take corrective action if an investment does not comply with the risk retention requirements apply to AIFMs. Additional due diligence obligations apply to relevant alternative investment fund managers especially in respect of requirements for retained interest and qualitative requirements concerning sponsors and originators, and AIFMs exposed to securitisations.

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

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

Certain aspects of the CRR and Chapter III, Section 5 of the AIFMD, the relevant provisions of Solvency II and what is required to demonstrate compliance to national regulators remain unclear. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Articles 405 to 409 or to avoid being required to take corrective action under Chapter III, Section 5 of the AIFMR or under the relevant provisions under Solvency II should seek guidance from their regulator.

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

It is reasonable to expect further amendments to the Framework, the CRD IV and the CRR in the near and medium term future, and there is no assurance that the regulatory capital treatment of the Notes for investors will not be affected by any future change to the Framework, the CRD IV or the CRR.

Securitisation Regulation and Simple, Transparent and Standardised Securitisations

In addition, the Basel Committee has developed quality criteria for simple, transparent and comparable securitisations ("**STC Criteria**") which were finalised in July 2015 in order to distinguish between high quality and other securitisation transactions. Upon request from the European Commission, the EBA finalised in July 2015 an advice to the European Commission on a framework for qualifying securitisation transactions, following which, in September 2015 the European Commission adopted a package of two legislative proposals, namely the above-mentioned CRR Amending Regulation as well as a securitisation regulation ("**Securitisation Regulation**") that include due diligence, risk retention and transparency rules together with quality criteria for simple, transparent and standardised securitisation transactions ("**STS Securitisations**") which aims at distinguishing between STS Securitisation and other securitisations. The Securitisation Regulation entered into force as Regulation (EU) 2017/2402 on 17 January 2018 and will apply from 1 January 2019 to securitisations the securities of which are issued on or after 1 January 2019. The requirements imposed under the Securitisation Regulation and CRR Amending Regulation are more

onerous and have a wider scope than those imposed under current legislation. Apart from the introduction of STS Securitisations, the new rules aim, *inter alia*, to update and streamline existing regulatory requirements surrounding securitisations, including risk retention and transparency requirements imposed on the issuer, originator, sponsor and/or original lender of a securitisation, due diligence requirements imposed on certain institutional investors in securitisations and a substantial increase of the risk weights attached to securitisation exposures. Investors should carefully consider (and, where appropriate, take independent advice) the changes introduced by the Securitisation Regulation and the CRR Amending Regulation, in particular, the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes. It should be noted that a new set of regulatory technical standards will be required to add detail to the Securitisation Regulation and the CRR Amending Regulation, the impact of which is at this point difficult to predict. In particular, the STS Criteria have been enacted very recently and need to be supplemented by regulators standards which, as of the date hereof, are only available in draft form. It is therefore unclear in many respects how the STS criteria are to be interpreted and applied, and, in the absence of an application of an STS certification (which is not planned to be filed), no assurance can be given that the Notes do comply with these criteria.

CRA III

On 31 May 2013, the finalised text of Regulation (EU) No 462/2013 ("**CRA III**") of the European Parliament and of the European Council amending Regulation (EC) No 1060/2009 ("**CRA**") on credit rating agencies was published in the Official Journal of the European Union. Most provisions of the CRA III became effective on 20 June 2013 although certain provisions will not apply until later. CRA III provides for certain additional disclosure requirements which are applicable in relation to structured finance instruments. Such disclosures will need to be made *via* a website to be set up by ESMA. The precise scope and manner of such disclosure will be subject to regulatory technical standards (the "**CRA III RTS**") prepared by ESMA. On 30 September 2014, the European Commission adopted three CRA III RTS to implement provisions of the CRA III. The CRA III RTS specify (i) the information that the issuer, originator and sponsor of a structured finance instrument established in the European Union must jointly disclose on the ESMA website, (ii) the frequency with which this information is to be updated and (iii) the presentation of this information by means of standardised disclosure templates. The disclosure obligations apply since 1 January 2017. Any structured finance instruments issued since 26 January 2015 (when the regulatory technical standards came into effect) which are still outstanding on 1 January 2017 are subject to these disclosure requirements for the remaining period. However, following an announcement by ESMA in April 2016 (indicating that it would be unlikely that the relevant website would be available to reporting entities by 1 January 2017), the reporting and information obligations under CRA3 did not come into effect on 1 January 2017, and it is currently unclear if and when the reporting and information obligations under CRA3 will finally come into force. At the date of this Prospectus, the website is not available to the reporting entities. Further, it should be noted that the information and disclosure requirements under CRA3 will be repealed by the European Securitisation Regulation for securitisations the securities of which are issued on or after 1 January 2019. Prospective investors should consult their legal advisors as to the applicability of the CRA III and/or the Securitisation Regulation and any consequences of non-compliance in respect of their investment in the Notes.

Additionally, CRA III has introduced a requirement that where an issuer or related third parties (which term includes sponsors and originators) intends to solicit a credit rating of a structured finance instrument it will appoint at least two credit rating agencies to provide ratings independently of each other and should consider appointing at least one rating agency having not more than a 10% total market share (as measured in accordance with Article 8d(3) of the CRA (as amended by CRA III)) (a small CRA), **provided that** a small CRA is capable of rating the relevant issuance or entity. Where the issuer or a related third party does not appoint at least one credit rating agency with no more than 10% market share, this must be documented. In order to give effect to those provisions of Article 8d of CRA III, ESMA is required to annually publish a list of registered CRAs, their total market share, and the types of credit rating they issue. The Seller considered the appointment of several CRAs including a CRA having a less than 10% total market share and concluded that the most appropriate CRAs to rate the Class A Notes are DBRS and S&P.

The above general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA III (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA III is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between

certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

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

U.S. Risk Retention Rules

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 % of the "credit risk" of the "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction 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 % 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 Prospectus 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 % 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 Transaction provides that the Notes may not be purchased by Risk Retention U.S. Persons except in accordance with the exemption under Section _.20 of the U.S. Risk Retention Rules and with the prior consent of Santander Consumer Bank AG. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act and that an investor could be a Risk Retention U.S. Person but not a U.S. person under Regulation S.

The consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by any such non-compliance.

Economic Conditions in the Euro-zone

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

Possible Exit of the UK from the European Union

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit Vote**") and on 29 March 2017 the United Kingdom gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on European Union (the "**Article 50**") of its intention to leave the European Union. The timing of the UK's exit from the EU remains subject to some uncertainty, but it is unlikely to be before March of 2019. Article 50 provides, subject to certain circumstances, that the EU treaties will cease to apply to the UK two years after the Article 50 Notice. The terms of the UK's exit from

the EU are also unclear and will be determined by the negotiations taking presently place between the EU and UK following the Article 50 Notice. It is possible that the UK will leave the EU with no withdrawal agreement if no agreement can be finalised within two years. In such circumstances, it is likely that a high degree of political, legal, economic and other uncertainty will result. The Brexit Vote and delivery of the Article 50 Notice have resulted in political (including UK constitutional), legal, regulatory, economic and market uncertainty – the effects of each of which could adversely affect the Transaction and the interests of Noteholders. Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions could affect obligors' willingness or ability to meet their obligations, resulting in increased defaults in the securitised portfolio and ultimately the ability of the Issuer to pay interest and repay principal to Noteholders.

The Brexit Vote may also have an adverse effect on counterparties of the transaction located in the UK, in particular on counterparties whose services include licensable activities. Depending on the terms of the exit from the EU they may become unable to perform their obligations resulting from changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, counterparties may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on Noteholders.

Finally, the Brexit Vote has resulted in downgrades of the UK sovereign and the Bank of England rating by Standard & Poor's and by Fitch. Standard & Poor's, Fitch and Moody's have all placed a negative outlook on the UK sovereign rating and that of the Bank of England, suggesting a strong possibility of further negative rating action. The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties on the Transaction meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the Transaction with others who have the required ratings on similar terms or at all.

While the extent and impact of these issues is not possible for the Issuer to predict, Noteholders should be aware that they could have an adverse impact on the Transaction and the payment of interest and repayment of principal on the Notes.

Taxation in the Federal Republic of Germany

The following should be read in conjunction with "*TAXATION — Taxation in Germany*" below.

Corporate Income Tax

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

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

Without prejudice to this analysis, following published statements of an expert committee of the German Institute of Chartered Accountants (*Institut der Wirtschaftsprüfer - IDW*), the acquisition of the Receivables by the Issuer from the Seller could be perceived, from an economic angle, as the extension of a (secured) loan by the Issuer to the Seller. From such perspective, the Issuer would receive interest income under a (secured) loan extended to the Seller rather than the actual interest payments on the Purchased Receivables.

However, the payments on such notional loan would depend on the respective Debtors under the Purchased Receivables actually paying interest on the Purchased Receivables. Even if the acquisition of the Purchased Receivables were indeed to be viewed as the extension of a (secured) loan, such re-characterisation should, in principle, not give rise to adverse corporate income tax consequences and the Issuer may still be expected to have a relatively low corporate income tax base. In this context it should be noted that the view taken by the IDW was indirectly confirmed by the German Federal Fiscal Court (*Bundesfinanzhof*). The court held in a decision dated 26 August 2010 (I R 17/09) that in respect of securitisation transactions beneficial ownership (*wirtschaftliches Eigentum*) in the receivables is not necessarily being transferred to the purchaser of the receivables. Instead, it generally remains with the seller if the risk of the inability of the debtors to pay their obligations (*Bonitätsrisiko*) has not been fully transferred to the purchaser which would, pursuant to the guiding principles (*Leitsatz*) of the decision, be the case if the purchaser - in determining the purchase price - takes into account a discount that is significantly higher than the expected default ratio, but which is adjustable depending on the actual receipt of payments under the receivables. Such transaction would rather have to be treated as a (secured) loan. The Issuer has been advised that this decision should not be applicable to the present transaction if the risk of the inability of the Debtors under the Purchased Receivables to pay their obligations (*Bonitätsrisiko*) would be fully, effectively and definitely transferred from the Seller of the Purchased Receivables to the Issuer. It should be noted that the decision of the *Bundesfinanzhof* does not elaborate in detail on the criteria of a full, effective and definite transfer. In particular, the court decision does not include any statements as to whether credit enhancement features (as, for example, the repurchase of notes by a seller) are to be taken into account when determining whether the *Bonitätsrisiko* has been fully, effectively and definitely transferred to the acquirer of the receivables. Therefore, the Issuer has been advised that it cannot be ruled out that the tax authorities would take the decision of the *Bundesfinanzhof* as a basis to argue that parts of the risk of the Debtor's inability to pay their obligations under the Purchased Receivables (*Bonitätsrisiko*) have not been fully, effectively and definitely transferred to the Issuer such that they could, consequently, treat the acquisition of the Purchased Receivables as the extension of a (secured) loan.

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

expectations, the interest stripping rules applied to the Issuer, the deductibility of interest payments would be limited in accordance with the principles described above, and any interest payments that are not deductible could be carried forward and would generally be deductible in subsequent business years, subject to limitations similar to those applicable in the business year when the non-deductible interest item accrued.

If a Debtor under a Purchased Receivable is in default with regard to payments under a Loan Contract, the Issuer is in general obliged to adjust the value of its receivables as shown in its financial statements reflecting the value of the Purchased Receivable.

The Issuer does, however, not incur a loss for tax purposes if its corresponding liability *vis-à-vis* the Noteholders as shown in its financial statements is reduced accordingly during the same fiscal year. Moreover, the Issuer does not incur a loss for tax purposes if the Purchased Receivables shown in the Issuer's financial statements (or, as the case may be, the loan receivable that the Issuer shows in its financial statements as a consequence of an economic perception of the purchase of the Purchased Receivables) form a valuation unit for accounting purposes (*Bewertungseinheit*) with the Issuer's liabilities *vis-à-vis* the Noteholders. If, contrary to the expectations of the Issuer, the corresponding liability *vis-à-vis* the Noteholders could not be reduced and/or a valuation unit would not be recognized for tax purposes, the Issuer may incur a loss in a given fiscal year. In such a case, negative tax implications could arise to the extent that such loss cannot be fully utilised to off-set taxable income of the Issuer in the relevant year of origination of such loss. It is true that the exceeding loss could be carried-forward for tax purposes ("**Tax Loss Carry-Forward**") and could be used to set-off the Issuer's taxable profits arising in subsequent business years. However, under German tax laws, such full set- off would be limited to an amount of EUR 1,000,000 whereas only 60% of the Issuer's taxable profits exceeding such threshold amount ("**Excess Profit**") could be offset by the remaining Tax Loss Carry Forward. Therefore, a tax liability of the Issuer may arise to the extent the Excess Profit cannot be set-off by the Tax Loss Carry-Forward.

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

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

Trade Tax

Since the activities of the Issuer qualify as a trade or business (*Gewerbebetrieb*) and the Issuer's statutory seat and place of effective management and control are in Germany, the Issuer will be subject to German trade tax (*Gewerbesteuer*).

In principle, the taxpayer's corporate income tax base also constitutes the tax base for German trade tax purposes. However, as a general rule, for trade tax purposes, 25% of the interest payable by the Issuer (to the extent the interest (i) is deductible under the interest stripping rules (*Zinsschranke*) and (ii) exceeds a threshold of EUR 100,000) will be "added-back" to the Issuer's tax base and, consequently, increases the trade tax burden of the Issuer. The Issuer's tax base would, however, not have to be increased accordingly if it benefits from an exception to the add-back rule, provided for by Section 19 (3) no. 2 of the German Trade Tax Application Directive (*Gewerbesteuerdurchführungsverordnung* - "**GewStDV**"). The exception

applies where a business exclusively (i) acquires certain credit receivables (*Kredite*) or (ii) assumes certain credit risks (*Kreditrisiken*) pertaining to loans originated by credit institutions (*Kreditinstitute*) within the meaning of Section 1 of the German Banking Act (*Kreditwesengesetz*) and refinances by way of issuing debt instruments (*Schuldtitel*) in the case of (i) such acquisition of the acquired receivables and in the case of (ii) the provision of a security in respect of such assumption of credit risks. Pursuant to the Transaction Documents, the acquisition of the Purchased Receivables relates to the Seller's banking business and, consequently, the Issuer acquires credit receivables (*Kredite*) within the meaning of Section 19 (3) no. 2 alternative 1 GewStDV. The Issuer issues the Notes as debt instruments in order to refinance the acquisition of the Purchased Receivables. Thus, the Issuer also fulfils the requirement of exclusively acquiring credit receivables or assuming credit risks and refinancing such acquisition by means of issuing debt instruments. On this basis, the Issuer has been advised that Section 19 (3) no. 2 alternative 1 GewStDV should be satisfied and, consequently, the 25% interest-add back for trade tax purposes should not apply to the Issuer. However, it cannot be entirely ruled out that Section 19 (3) no. 2 GewStDV might not be regarded as applicable if pursuant to HFA 8 (see section "*Corporate Income Tax*" above) the Seller was viewed as having retained beneficial ownership in the Purchased Receivables; in such a case, the 25% interest-add back for trade tax purposes would apply. Further, if, contrary to the Issuer's expectations, certain items cannot be deducted for corporate income tax purposes (as described above) this would also increase the tax basis for trade tax purposes.

VAT

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

Pursuant to administrative guidance (Section 2.4 Value Added Tax Application Ordinance (*Umsatzsteuer-Anwendungserlass* or "**UStAE**") the acquisition of receivables is considered like a factoring transaction. The principles applying to factoring transactions had been developed in a decision of the European Court of Justice on 26 June 2003 (C-305/01; *MKG-Kraftfahrzeuge-Factoring*). Consequently, according to the UStAE, (i) neither the purchaser of loan receivables supplies services that are subject (*steuerbar*) to Value Added Tax (*Umsatzsteuer* or "**VAT**") nor (ii) the activities of the seller of the receivables trigger German VAT (the services are either not subject to German VAT or exempt from German VAT (*steuerfrei*)) if the seller (or a third party appointed by the seller) of the receivables continues to service (administration, collection and enforcement) the receivables after the sale. If instead the purchaser (or a third party appointed by the purchaser) services the receivables, the purchaser would be considered as supplying such a service to the seller. Such a factoring service would not be exempt from German VAT (Section 2.4 (4) sentence 3 UStAE) if it was considered to be supplied in Germany in accordance with applicable VAT law. The Tax Court of Hesse held in two decisions dated 31 May 2007 and 26 January 2010 (6 V 1258/07 and 6 K 2933/07), respectively, that the purchaser of loan receivables supplies a VATable service to the seller if the purchaser or a third party appointed by the purchaser services the receivables and thereby indirectly confirms the current view taken by the tax authorities. Therefore, under factoring transaction principles, VAT would generally not accrue with respect to the servicing of the Purchased Receivables and the Related Collateral by the Servicer, since at present the Seller in its capacity as Servicer undertakes to service the Purchased Receivables and the Related Collateral.

However, if instead a third party appointed by the Issuer were to service the Purchased Receivables and the Related Collateral (for example, after termination of the Servicing Agreement between the Issuer (in its capacity as Purchaser) and the Seller (in its capacity as Servicer)), such replacement would change the VAT treatment described in the preceding sentence, however, this should not retroactively affect the initial analysis. As a consequence of such replacement, the Issuer would be considered as supplying a service to the Seller and such supply would generally not be exempt from German VAT. In addition, the Issuer would in this situation be liable in accordance with the relevant Pre-Enforcement Priorities of Payments for any costs, fees (including VAT) and expenses charged to it by the substitute servicer.

It should be noted that the German tax authorities' conclusions described in the preceding paragraph regarding the VAT treatment of securitisation transactions (i.e. no VAT in case of servicing being

performed by the Seller), in particular the consequences and the relevance of either the Seller or the Issuer undertaking the servicing of the acquired receivables, have not yet been confirmed by the German Federal Fiscal Court (*Bundesfinanzhof*). Therefore, these conclusions could be overruled by a decision of the German Federal Fiscal Court. Moreover, the tax authorities might change their interpretation, in particular if the German Federal Fiscal Court's conclusions in a court ruling were to deviate from those of the tax authorities. In this context it should be noted that the Tax Court Düsseldorf held in a judgement dated 15 February 2008 (1 K 3682/05 U) that the servicing of Purchased Receivables by the purchaser in its own interest - the purchaser not being a factoring company that renders services for the continuing benefit of the seller - does not constitute a supply of services. This judgment has been appealed. The German Federal Fiscal Court (V R 18/08) decided on 10 December 2009 to seek clarification from the European Court of Justice whether (and to what extent) the purchaser of a loan portfolio supplies services to the seller of such receivables. On 27 October 2011, the European Court of Justice (C-93/10) ruled that an operator who, at his own risk, purchased defaulted debts at a price below their face value does not affect a supply of services for consideration and does not carry out an economic activity when the difference between the face value of those debts and their purchase price reflects the actual economic value of the debts at the time of their assignment. In the considerations of the decision, the European Court of Justice distinguished between a factoring transaction and a mere purchase of (in the court decision: defaulted) debts. It explicitly stated that the principles developed in the *MKG-Kraftfahrzeuge- Factoring*-decision only applied to factoring transactions but not to (mere) purchases of (defaulted) debts. The German Federal Fiscal Court has adopted the principles contained in the decision of the European Court of Justice dated 27 October 2011 in its follow-up decision dated 26 January 2012 (V R 18/08) and 4 July 2013 (V R 8/10) and has explicitly confirmed that administrative practice, to the extent it was relevant in this decision, was contradictory to the view of the European Court of Justice. Pursuant to a tax circular dated 2 December 2015, the German tax authorities have adopted this view whereby the sale and transfer of defaulted receivables is not treated as a factoring service even if the servicing is assumed by the purchaser. As in the case at hand the Receivables are, in principle, not defaulted receivables, the new tax circular should not apply to the Transaction and the view of the tax authorities in respect of factoring transactions should still be applicable.

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

Withholding Tax

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

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

Potential change in tax law

Please note that – pursuant to the coalition agreement of CDU, CSU and SPD – the flat tax regime shall be abolished for certain investment income, which might also affect the taxation of income from the Notes. For example, interest income (if, contrary to the expectations of the Issuer, the Notes were recharacterised as profit participating loans or as a silent partnership) might become taxed at the progressive tax rate of up to 45% (excluding solidarity surcharge). Further, the solidarity surcharge shall be abolished **provided that** certain thresholds are not exceeded. However, there is no draft law available yet, i.e. any details and, in particular, timing remain unclear.

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

The proposed European financial transaction tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**Participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

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

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

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

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

Potential U.S. withholding tax

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 (commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be qualified as a foreign financial institution for these purposes. A number of jurisdictions (including Germany) have entered into intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the German IGA as currently in effect, a foreign financial institution in an IGA jurisdiction would generally

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

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

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

No Advance Binding Ruling

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

No Gross-Up for Taxes

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

Exchange Controls

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

No Rights after Legal Maturity Date

No Noteholder will have any rights under any Note after the Legal Maturity Date and, accordingly, may fall short with any claims *vis-à-vis* the Issuer after such date.

Legal Structure

No Right in Loan Contract

The ownership of a Note does not confer any right to, or interest in, any Loan Contract or any right against the Debtor nor any third party under or in connection with the Loan Contract or against the Seller or the Servicer.

Insolvency Law

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

Under Section 113 of the German Insolvency Code (*Insolvenzordnung*), the insolvency administrator of the principal is entitled to terminate service agreements (*Dienstleistungsverhältnisse*). Agency agreements (*Geschäftsbesorgungsverträge*), mandates (*Aufträge*) and powers of attorney (*Vollmachten*) would, according to Section 115 and 116 of the German Insolvency Code (*Insolvenzordnung*), extinguish with the opening of insolvency proceedings against the principal by operation of law. A number of the Transaction Documents, to the extent that they qualify as service agreements, agency agreements or mandates as they contain mandates or agency provisions, would be affected by the application of these provisions in an insolvency of the principal thereunder.

Section 166 of the German Insolvency Code (Insolvenzordnung)

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

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

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

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

However, such right of segregation will not apply with respect to any Related Collateral transferred to the Issuer if insolvency proceedings are instituted in respect of the relevant Debtor in Germany. In that case, the cost sharing provisions will apply.

Insolvency-Related Termination Clauses (insolvenzabhängige Lösungsklauseln)

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

In the context of termination clauses linked to the filing of a petition for the opening of insolvency proceedings, the Federal Court of Justice (*Bundesgerichtshof*) has ruled in a decision dated 15 November 2012 (IX ZR 169/11) ("**Decision**") that a clause which provided for an automatic termination of an energy supply contract in the event of an application for the opening of insolvency proceedings of a contractual counterparty is invalid on the basis that such a clause deprives the insolvency administrator from its right to select whether to continue or discontinue a relevant contract. Since the Decision has been made in connection with a supply contract in the energy sector and in relation to an automatic termination (*auflösende Bedingung*), it could be argued that it may not apply to other agreements containing termination rights (*Kündigungsrechte*) or to the occurrence of a statutory reason to open insolvency proceedings. There are contradictory court rulings in this regard (see BGH II ZR 394/12, OLG Schleswig 1 U 72/11 or OLG Celle 13 U 53/11). However, there is a risk that a court could interpret the Decision as a landmark decision of the Federal Court of Justice with regard to the ongoing dispute in relation to insolvency-related termination and expiration clauses (*insolvenzabhängige Lösungsklauseln*) such that the courts may apply the general principles set out in the Decision not only to automatic termination clauses or agreements made in the energy sector, but in relation to all termination rights and expiration clauses under any form of mutual contract which are linked to insolvency events, potentially also including statutory reasons to open insolvency proceedings.

Single Resolution Mechanism SRM - German and European Recovery and Resolution Laws such as the SAG, the BRRD and the SRM Regulation and other Restructuring and Resolution Proceedings

On 1 January 2015 the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz* - "**SAG**") came into force implementing provisions of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 ("**BRRD**") establishing a framework for the recovery and resolution of credit institutions and investment firms into German national law.

In addition, the SAG and the BRRD have been complemented by a Single Resolution Mechanism ("**SRM**") by virtue of a related European Regulation (Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended from time to time, the "**SRM Regulation**") which established a centralised power of resolution with the Single Resolution Board and the national resolution authorities of the relevant Member State (i.e. with respect to Germany, the *Bundesanstalt für Finanzmarktstabilisierung*, the "**FMSA**") which has become fully applicable in 2016.

The effect of the SRM Regulation having become applicable was the shift of most of the responsibilities of the national resolution authority in the relevant Member State (e.g. the German FMSA) from the national level to the European level, in particular to a new agency of the European Union, the resolution board (the Single Resolution Board, the "**Board**"), for the purposes of a centralised and uniform application of the resolution regime.

As of 1 July 2018, Santander Consumer Bank AG (Deutschland) is – as part of the banking group involving Banco Santander, S.A. - on the "list of significant supervised entities" in accordance with Article 6(4) of the Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions which has been produced by the European Central Bank and which are under the direct supervision of the European Central Bank and therefore, pursuant to the SRM Regulation, Santander Consumer Bank AG (Deutschland) is under the direct responsibility of the Single Resolution Board.

The legal framework for the SRM which is based *inter alia* on (i) the SRM Regulation (ii) the BRRD and (iii) SAG provides for various actions and measures that can be taken by the Board or rather by the FMSA in order to avoid systemic risks for the financial markets or the necessity of a public bail-out if a credit institution that is subject to the BRRD and/or the SRM is in financial difficulties. Amongst other things, the competent resolution authority such as the FMSA could, under certain circumstances, require creditors

of such credit institution to "bail-in" by a conversion of their claims into core capital or the reduction of the amount of such claims (Art. 27 SRM Regulation and Section 90 SAG).

Furthermore, the competent resolution authority such as the FMSA could decide to transfer certain assets and liabilities of such credit institution to another entity (Art. 24 SRM Regulation, Sections 126 *et seq*. SAG) or a bridge institution (Art. 25 SRM Regulation, Sections 128 *et seqq*. SAG) or an asset management vehicle (Art. 26 SRM Regulation, Sections 132 *et seqq*. SAG) under the control of the competent resolution authority such as the FMSA (cf. Section 107 SAG).

The SRM Regulation and the SAG therefore also apply to the Seller and, consequently, the competent resolution authority such as the FMSA could take any of the above described measures and actions with regard to the Seller **provided that** the prerequisites for the taking of reorganisation measures pursuant to the SRM Regulation and or the SAG (as applicable) are met. However, the Issuer has been advised that, even if the Seller should be in financial difficulties and measures pursuant to the SRM Regulation and/or the SAG are being taken, these measures should only have limited impact on the claims of the Issuer against the Seller for the following reasons: Claims of the Issuer against the Seller (in its capacity as Seller or Servicer) for payment of Collections received in respect of the Purchased Receivables and other claims under the Servicing Agreement are subject to a trust arrangement (*Treuhandverhältnis*) and, in principle, the Collections (unless commingled) are subject to substitute segregation (*Ersatzaussonderung*) and should therefore be excluded from any bail-in measures pursuant to (Art. 27 (3) d SRM Regulation; Section 91(2) No. 4 SAG). The Purchased Receivables should not be subject to bail-in pursuant to the SRM Regulation or SAG as long as the sale and transfer of the Purchased Receivables from the Seller to the Issuer will not be re-characterised as a secured loan. However, even if the sale and transfer of the Purchased Receivables was re-characterised as a secured loan, claims against the Seller would not become subject to bail-in to the extent these claims are secured claims within the meaning of (Art. 27 (3) b SRM Regulation; Section 91(2) No. 2 SAG). Consequently, if and to the extent the relevant claims against the Seller are secured by the Purchased Receivables and Related Collateral they should not be affected by bail-in. Finally, although the Issuer will not be in a position to prevent the transfer of any of the Seller's assets to another entity, such transfer pursuant to Section 110(1) SAG (which is based on Art. 76 ff. BRRD and referred to in Art. 28 (1) lit. b (v) SRMR) may only occur in conjunction with a transfer of the security provided therefor and *vice versa*. A separation of the Purchased Receivables from the Related Collateral should therefore not result from any such transfer (see also Section 110(3) No. 4 SAG).

In addition, the risk of loss for the Issuer with regard to its claims against the Seller due to a bail-in or other measure under the SRM Regulation or the SAG is further mitigated by the following: (i) Pursuant to Art. 17 SRMR (cf. Section 97 SAG), the claims of the Issuer against the Seller would only become subject to a bail-in after the equity and capital positions set out in Art. 27 (1) b SRMR (cf. Section 90(1) No. 1 through 3 SAG) have been exhausted and (ii) Section 147 SAG provides creditors with a compensatory claim against the restructuring fund pursuant to Section 8 of the Restructuring Fund Act (*Restrukturierungsfondsgesetz*) if and to the extent the restructuring measures under the SAG put them into a worse position than they would be in if insolvency proceedings had been opened over the assets of the relevant credit institution.

Both the BRRD as well as the SRM Regulation are currently in the legislative process of being revised. On 26 November 2016 the European Commission also published (along with the CRR2 and CRDV proposals as discussed hereabove) fundamental revisions to the BRRD and SRM-Regulation ("**BRRD2**" and "**SRMR2**" respectively). The instruments and powers available to the resolution authorities may be broadended in their scope of applicability and new instruments or powers may be introduced as a result of such legislative process.

If at any time any resolution powers would be used by the FMSA or, as applicable, the Board or any other relevant authority in relation to the Seller, the Servicer, the Account Bank, the Cash Administrator, the Principal Paying Agent or the Lead Manager pursuant to the BRRD, the SAG and/or the SRM Regulation or otherwise, this could adversely affect the proper performance by each of the Seller, the Servicer, the Account Bank, the Cash Administrator, the Principal Paying Agent or the Lead Manager under the Transaction Documents and result in losses to, or otherwise affect the rights of, the holders of the Notes and/or could affect the market value, the liquidity and/or the credit ratings assigned to the Notes.

However, absent any court rulings which explicitly confirm the above analysis, there remains legal uncertainty.

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

All these proceedings may also result in an impairment of the rights of creditors of such credit institutions such as the Issuer. In particular, if during restructuring proceedings the affected credit institution enters into new financing arrangements as a debtor, the creditors of such new financing arrangements may rank ahead of existing creditors of such credit institution in any insolvency proceedings that will be commenced in respect of the affected credit institution within a period of three (3) years after the commencement of such restructuring proceedings has been ordered. Reorganisation proceedings may, for example, result in a reduction or deferral of the claims and other rights of creditors (such as the Issuer) of the affected credit institution and resolution actions may, for example, result in the deferral or suspension of payment or delivery obligations of creditors (such as the Issuer) of the affected credit institution or in a change in the nature of the receivables or claims into equity of the affected credit institution, which may, in the worst case, have no value. If such proceedings are applied to the Seller and the Issuer has at that time claims for payments outstanding against the Seller (*e.g.* under the Servicing Agreement) such claims may be subordinated or deferred as set out above and the Issuer may not or not timely receive such amounts required to make payments under the Notes.

If such proceedings are applied to the Seller and the Issuer has at that time claims for payments outstanding against the Seller (*e.g.* under the Servicing Agreement) such claims may be subordinated or deferred as set out above and the Issuer may not or not timely receive such amounts required to make payments under the Notes.

Collateral and Transaction Security Trustee Claim

The Issuer has granted to the Transaction Security Trustee the Transaction Security Trustee Claim (*Treuhänderanspruch*) under Clause 4.2 of the Transaction Security Agreement. To secure the Transaction Security Trustee Claim (*Treuhänderanspruch*), the Issuer will assign the Assigned Security pursuant to Clause 5 of the Transaction Security Agreement and will grant a pledge (*Pfandrecht*) to the Transaction Security Trustee pursuant to Clause 6 of the Transaction Security Agreement with respect to all its present and future claims against the Transaction Security Trustee arising under the Transaction Security Agreement as well as its present and future claims regarding any account governed by German law which may be opened in replacement of the Accounts as well as its present and future claims under the Accounts Agreement, which have not been assigned or transferred for security purposes under Clause 5 of the Transaction Security Agreement. The Transaction Security Trustee Claim entitles the Transaction Security Trustee to demand, *inter alia*, that all present and future obligations of the Issuer under the Notes be fulfilled.

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

Assignability of Purchased Receivables

As a general rule under German law, receivables governed by German law are, in principle, freely assignable on the basis of Sections 398 *et seqq.* of the German Civil Code (*Bürgerliches Gesetzbuch*), unless their assignment is excluded (i) by mutual agreement, (ii) by the nature of the relevant receivable, or (iii) on the basis of legal restrictions applicable thereto. Except as stated below under the heading "Banking Secrecy", there is no published court precedent of the German Federal Court of Justice

(*Bundesgerichtshof*) or any German Higher Regional Courts (*Oberlandesgerichte*) confirming that receivables arising out of consumer loan contracts or other credit contracts are not assignable either generally or in a refinancing transaction or an asset-backed securitisation. Pursuant to the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the Loan Contracts under which the Purchased Receivables have been generated are based on certain standard forms. Such standard forms do not specifically prohibit the Seller from transferring its rights under the relevant Loan Contract to a third party for refinancing purposes. Pursuant to the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the provisions of the Loan Contracts are valid. The Seller has also warranted to the Issuer in the Receivables Purchase Agreement that the assignment of the Purchased Receivables to the Issuer is not prohibited and valid.

Notice of Assignment, Set-Off by Debtors and other Defences

The assignment of the Purchased Receivables and the assignment and transfer of Related Collateral may only be disclosed to the relevant Debtors at any time by the Purchaser or through the Servicer in accordance with the Servicing Agreement or where the Seller agrees otherwise.

Until the relevant Debtors have been notified of the assignment of the relevant Purchased Receivables, they may undertake payment with discharging effect to the Seller or enter into any other transaction with regard to such Purchased Receivables which will have binding effect on the Issuer and the Transaction Security Trustee.

According to Section 404 of the German Civil Code (*Bürgerliches Gesetzbuch*), each Debtor may further raise defences against the Issuer and the Transaction Security Trustee arising from its relationship with the Seller which are existing at the time of the assignment of the Purchased Receivables. Further, pursuant to Section 406 of the German Civil Code (*Bürgerliches Gesetzbuch*) each Debtor is entitled to set-off against the Issuer and the Transaction Security Trustee its claims, if any, against the Seller unless such Debtor has knowledge of the assignment upon acquiring such claims or such claims become due only after the Debtor acquires such knowledge and after the relevant Purchased Receivables themselves become due. The Seller has warranted that it is not aware that any Debtor has asserted any lien, right of rescission, counterclaim, set-off, right to contest or defence against it in relation to any Loan Contract. In addition, following the occurrence of a Set-Off Reserve Trigger Event, the risk of any shortfall due to certain set-off rights on the part of the Debtor is mitigated by the undertaking of the Seller in the Receivables Purchase Agreement to pay to the Issuer (in its capacity as Purchaser) Deemed Collections in the amount equal to the affected portion of the Purchased Receivable if certain events occur with respect to such Purchased Receivable (see the definition of Deemed Collection in "*SCHEDULE 1 DEFINITIONS – "Deemed Collection*"). In particular, if the amount owed by a Debtor is reduced due to set-off, the differential amount will constitute a Deemed Collection within the meaning of item (B)(i) of the definition of such term. Following the occurrence of a Set-Off Reserve Trigger Event, the risk of any shortfall due to certain set-off rights on the part of the Debtor and the Seller's inability to pay to the Issuer (in its capacity as Purchaser) the amount of Deemed Collection within the meaning of item (B)(i) of the definition of such term is further mitigated by the Set-Off Reserve Amount to be credited to the Set-Off Reserve Account. See "*CREDIT STRUCTURE —Set-Off Reserve*".

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

Banking Secrecy

On 25 May 2004, the Higher Regional Court (*Oberlandesgericht*) in Frankfurt am Main rendered a ruling with respect to the enforcement of collateral securing non-performing loan receivables. In its ruling, the court took the view that the banking secrecy duties embedded in the banking relationship create an implied restriction on the assignability of loan receivables pursuant to Section 399 of the German Civil Code

(*Bürgerliches Gesetzbuch*), if the loan agreement is not a business transaction (*Handelsgeschäft*) within the meaning of Section 343 of the German Commercial Code (*Handelsgesetzbuch*) for both the debtor and the bank (see "*– Assignability of Purchased Receivables*" above).

On 27 February 2007, the German Federal Court of Justice (*Bundesgerichtshof*) issued a ruling (docket no. XI ZR 195/05) confirming the traditional view that a breach of the banking secrecy duty by the bank does not render the sale and assignment invalid but may only give rise to defences (including damage claims) against the assignor. The ruling relates to a mortgage loan agreement which included terms allowing for the assignment of the loan receivables and collateral thereunder for refinancing purposes. However, notwithstanding those terms, the court held as a general matter that banking secrecy duties do not create an implied restriction on the assignability of loan receivables and that the General Data Protection Regulation (*Bundesdatenschutzgesetz*) (see "*– General Data Protection Regulation (Datenschutzgrundverordnung)*" below) does not constitute a statutory restriction on the assignability of loan receivables.

In addition, the Issuer has been advised that, while the aforementioned 2004 Frankfurt Higher Regional Court (*Oberlandesgericht*) decision appeared to be based on the premise that an assignment of loan receivables leads necessarily to an undue disclosure of debtor-related data, this premise is not correct as the assignment can be structured in a way that avoids the disclosure of these data to the assignee. This view has been confirmed by the German Federal Court of Justice (*Bundesgerichtshof*) in its aforementioned recent ruling. In accordance with circular 4/97 of the BaFin which was expressly referred to by the German Federal Court of Justice (*Bundesgerichtshof*) in the ruling, a breach of the banking secrecy duty may be avoided by using a data trustee who keeps all data relating to the identity and address of each debtor in safe custody and discloses such data only upon insolvency or material violation of the seller in respect of its obligations toward the purchaser. Here, the Issuer, the Seller and the Data Trustee have agreed that certain Portfolio Information including the identity and address of each Debtor and provider of Related Collateral is to be sent to the Issuer on each Purchase Date (but not to any other person) in an encrypted electronic file (the "**Encrypted Portfolio Information**"), whilst the Data Trustee will receive a decoding key required to decrypt such file. Under the Data Trust Agreement, the Data Trustee will safeguard such decoding key (the "**Decoding Key**") and may disclose the data to any substitute servicer or the Transaction Security Trustee only upon the occurrence of certain limited events. (see "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement*").

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

General Data Protection Regulation (Datenschutzgrundverordnung)

According to the General Data Protection Regulation, a transfer of a customer's personal data is permitted if (a) the data subject has given consent to the processing of his or her personal data for one or more specific purposes or (b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract or (c) processing is necessary for compliance with a legal obligation to which the controller is subject or (d) processing is necessary in order to protect the vital interests of the data subject or of another natural person or (e) processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller or (f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child provided paragraph (f) shall not apply to processing carried out by public authorities in the performance of their tasks.

The question whether in the event of the assignment of a receivable the transfer of the name and address of the relevant debtor to the assignee, even in encrypted form, is justified by the interests of the assignor, or whether the assignor must notify the debtors of such assignment, has not yet been finally answered in legal literature or case law. In addition, 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 Data Protection Amendment and Implementation Act (*Datenschutzanpassungs- und Umsetzungsgesetz*) which transposes the General Data Protection Regulation into national law. Here, the Issuer receives from the Seller on each offer date an unencrypted file containing information required to determine (*bestimmen*) the Receivables and the Related Collateral (other than Personal Data). In addition, on any Purchase Date the Purchaser (but not any other person) receives the Encrypted Portfolio Information with respect to the Receivables and the Related Collateral which are the subject of a respective offer on such Purchase Date. The Data Trustee receives from the relevant Seller, and safeguards, the Decoding Key and may release such Decoding Key only upon the occurrence of certain events. Whilst there are good arguments to support the view that the transfer of the Encrypted Portfolio Information is justified and that the Debtors do not need to be informed by the Issuer when a data trust structure is used, at this point there remains some uncertainty to predict the potential impact on the transaction.

German Consumer Loan Legislation

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

Under the above-mentioned provisions, if the borrower is a consumer (or an individual as entrepreneur who enters into the Loan Contracts to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000), the borrower has the right to withdraw his or her consent to a consumer Loan Contract for a period of fourteen (14) days commencing after the conclusion of the consumer Loan Contract and the receipt of a written notice providing certain information including information regarding such right of withdrawal (*Widerrufsrecht*) (Sections 492 (2), 495, 355, 356b of the German Civil Code (*Bürgerliches Gesetzbuch*) as applicable). In the event that a consumer is not properly notified of his or her right of withdrawal or, in some cases, has not been provided with certain information about the lender and the contractual relationship created under the consumer loan, the consumer may withdraw his or her consent at any time during the term of the consumer Loan Contract.

German courts have adopted strict standards with regard to the information and the notice to be provided to the consumer. Due to the strict standards applied by the courts, it cannot be excluded that a German court could consider the language and presentation used in certain Loan Contracts as falling short of such standards. Should a Debtor withdraw the consent to the relevant Loan Contract, the Debtor would be obliged to immediately repay the Purchased Receivable (*i.e.* prior to the contractual repayment date). Hence, the Issuer would receive interest under such Purchased Receivable for a shorter period of time than initially anticipated. In this instance, the Issuer's claims with regard to such repayment of the Purchased Receivable would not be secured by the Related Collateral granted therefor if the related security purpose agreement does not extend to such claims. In addition, depending on the specific circumstances, a Debtor may be able to successfully reduce the amount to be repaid if it can be proven that the interest he or she would have paid to another lender had the relevant Loan Contract not been made (*i.e.*, that the market interest rate was lower at that time), would have been lower than the interest paid under the relevant Loan Contract until the Debtor's withdrawal of its consent to the relevant Loan Contract (see also — "*Prepayment of Loans*" below).

If a Debtor is a consumer (or an individual as entrepreneur who enters into the Loan Contract to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000) and the relevant goods or related services are financed in whole or in part by the Loan Contract, such Loan Contract and the related purchase agreement or other agreement (as applicable) may constitute linked contracts (*verbundene Verträge*) within the meaning of Section 358 of the German Civil Code (*Bürgerliches Gesetzbuch*). As a result, if such Debtor has any defences against the supplier of goods or related services, such defences may also be raised as a defence against the Issuer's claim for payment under the relevant Loan Contract and, accordingly, the Debtor may deny the repayment of such part of the Receivable as relates to the goods or related services. Further, the withdrawal of the Debtor's consent to one of the contracts linked (*verbunden*) to the Loan Contract may also extend to such Loan Contract and such withdrawal may be raised as a defence against such Loan Contract. In addition, according to Section 360 of the German Civil Code (*Bürgerliches Gesetzbuch*) the withdrawal by the consumer of its consent to a contract extends to another contract that is not linked (*nicht verbunden*) but which qualifies as a related contract (*zusammenhängender Vertrag*). In Section 360 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*), the term "related contract" is defined as a contract which is related to the contract subject to withdrawal and under which goods or services are provided by the same contractor or by a third party on the basis of an agreement between the relevant contractor and such third party. The provision further states that a consumer loan agreement also qualifies as a related contract if (i) the loan exclusively serves to finance the goods or services under the contract subject to withdrawal and (ii) such goods or services are explicitly identified in the consumer loan agreement. Therefore, in the event the requirements of Section 360 of the German Civil Code (*Bürgerliches Gesetzbuch*) are met, the withdrawal extends also to the Loan Contract and the Debtor may raise the withdrawal of its consent to such other contract as a defence against its obligations under the Loan Contract. The notice providing information about the right of withdrawal must contain information about the aforementioned legal effects of linked and related contracts. In the event that a consumer is not properly notified of its right of withdrawal and such legal effects of linked and related contracts, the consumer may withdraw its consent to any of these contracts at any time during the term of these contracts (and may also raise such withdrawal as a defence against the relevant Loan Contract).

Moreover, Section 360 para. 2 sentence 2 of the German Civil Code states that a consumer may also withdraw from Loan Contracts where the Loan Contract is not linked (*verbunden*) but related (*zusammenhängend*) to another contract. A Loan Contract will in particular qualify as a related contract if the purpose of the loan is to finance the other contract and the relevant goods or services (as the case may be) under such other contract which is subject to a revocation are specified in the Loan Contract. Thus, the withdrawal extends then also to the Loan Contract and the Debtor may raise the withdrawal of its consent to such other contract as a defence against its obligations under the Loan Contract.

However, if the relevant Loan Contract is revoked or voided due to a revocation of a linked ore related payment protection insurance agreement, the Seller shall make a payment in form of a Deemed Collection in the amount of the Outstanding Principal Amount of such Loan Contract / Purchased Receivable. See "*SCHEDULE 1 DEFINITIONS- Deemed Collections*". As a consequence, the Issuer will, upon receipt of a Deemed Collection, pay such amounts to Noteholders on the next Payment Date in accordance with the Terms and Conditions of the Notes. See "*TERMS AND CONDITIONS OF THE NOTES - Redemption - Amortisation*".

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

In addition, it should be noted that the German Federal Court of Justice (*Bundesgerichtshof*) recently decided on the validity of clauses in general terms and conditions restricting set-off by a consumer borrower (judgment dated 20 March 2018 – XI ZR 309/16). The case deals with a clause in the general terms and conditions of a consumer loan agreement of a German savings bank (*Sparkasse*) restricting the right of the borrower to declare set-off to cases where his or her claim is either undisputed (*unbestritten*) or finally adjudicated (*rechtskräftig festgestellt*). This is in line with the scope of Section 309 no. 3 of the German

Civil Code (*Bürgerliches Gesetzbuch*). However, the German Federal Court of Justice (*Bundesgerichtshof*) ruled that such restriction needs to be interpreted as also excluding the right of the borrower to declare set-off with claims upon exercising his or her right of withdrawal (*Widerrufsrecht*) and that such restriction rendered the relevant clause invalid pursuant to Section 307 of the German Civil Code (*Bürgerliches Gesetzbuch*) as it constitutes an unreasonable disadvantage (*unangemessene Benachteiligung*) to the borrower. Accordingly, in such case a Debtor would be free to declare set-off with claims of its own against payment claims of the Issuer and, as a consequence, investors may suffer losses under the Notes.

However, in the event that any Debtor exercises a right of set-off in respect of a Purchased Receivable, the Seller will be required to pay to the Issuer Deemed Collections in the amount of the reduction by such set-off of the Outstanding Principal Amount of any Purchased Receivable. See "*SCHEDULE 1 DEFINITIONS – Deemed Collections" and "TERMS AND CONDITIONS OF THE NOTES - Redemption - Amortisation*". Consequently, in the event that any such set-off right is exercised and the corresponding Deemed Collections are not paid by the Seller, the Issuer's ability to make payments to the Noteholders may be adversely affected.

Ordinary Statutory Termination Rights of the Debtors

In respect of the Debtors' statutory right to terminate a Loan Contract it is necessary to distinguish between loan contracts with a variable rate of interest and loan contracts, in respect of which a fixed interest rate has been agreed for a specific period of time. A loan in respect of which a fixed interest rate has been agreed for a specific period of time may become a variable interest loan, if the respective Debtor and the Seller fail to agree to a fixed interest rate for a specified time upon expiry of the initial or (as applicable) the preceding fixed rate period.

Pursuant to Section 489 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*), the borrower under a variable interest loan may terminate the loan contract at any time by giving three (3) months' prior notice.

Receivables with a fixed rate of interest may be terminated by a borrower pursuant to Section 489 (1) no. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) with effect as at a date not earlier than the day on which the fixed interest period (*Zinsbindung*) ends by giving one (1) month prior notice, if (i) the fixed interest period (*Zinsbindung*) ends prior to the date as at which the loan is due for repayment and (ii) no new agreement is reached in respect of the interest rate. If an adjustment of the interest rate is agreed in intervals of up to one (1) year, then a borrower may only terminate the loan contract with effect as at the date on which the fixed interest period (*Zinsbindung*) ends. Receivables with a fixed rate of interest may be terminated by a borrower pursuant to Section 489 (1) No. 2 of the German Civil Code (*Bürgerliches Gesetzbuch*) in any case upon the expiry of ten years after the complete disbursement of the loan by giving six months prior notice. If following the disbursement of the loan a new agreement is reached on the repayment date or the interest rate, the date of this agreement will supersede the date of the disbursement of the loan.

Pursuant to Section 489 (4), sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), the statutory termination rights described above can neither be excluded nor derogated to the detriment of a borrower. In particular, the borrower is not obliged to pay a prepayment penalty (*Vorfälligkeitsentschädigung*) unless such prepayment penalty (*Vorfälligkeitsentschädigung*) is claimed by the respective creditor in accordance with Section 502 of the German Civil Code (*Bürgerliches Gesetzbuch*). However, if the borrower exercises its statutory termination right, the borrower is obliged to repay the loan within two (2) weeks after the notice of termination has become effective, failing which the notice is deemed not to have been given (Section 489 (3) of the German Civil Code (*Bürgerliches Gesetzbuch*)).

Extraordinary Termination Rights

If a material adverse change (*wesentliche Verschlechterung*) occurs in respect of the relevant borrower's assets or the value of a security interest granted in respect of the relevant loan, or such material adverse change is imminent, and thereby, the repayment of the loan (including by enforcing the security interest) is endangered, Section 490 (1) of the German Civil Code (*Bürgerliches Gesetzbuch*) grants the relevant lender an extraordinary termination right. Prior to the relevant loan's disbursement the lender is, in case of doubt, always (*im Zweifel stets*) entitled to exercise such termination right without giving prior notice (*fristlos*). Upon disbursement this only applies as a general rule.

Following the expiry of six (6) months starting from the relevant loan's disbursement and by observing a notice period of three (3) months, a borrower can terminate a fixed rate interest loan which is secured by a mortgage over a property or a ship pursuant to Section 490 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*), if the borrower's legitimate interests (*berechtigte Interessen*) justify such termination. Pursuant to Section 490 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*) such "legitimate interest" is, in particular, deemed present if the borrower needs to make use of the asset over which security is created for other purposes (for example, if due to a divorce or a relocation, the borrower would like to sell the property).

Apart from the extraordinary termination rights set forth in Section 490 of the German Civil Code (*Bürgerliches Gesetzbuch*), the general rules contained in Sections 313 and 314 of the German Civil Code (*Bürgerliches Gesetzbuch*) need to be observed. If (i) circumstances upon which a contract was based have materially changed after the conclusion of such contract, or (ii) material assumptions that have become the basis of the contract subsequently turn out to be incorrect, and (iii) the parties would not have concluded the contract or would have done so upon different terms if they had foreseen that change or the incorrectness of such material assumptions, adaptation of the contract may be claimed pursuant to Section 313 of the German Civil Code (*Bürgerliches Gesetzbuch*) in so far as, having regard to all the circumstances of the specific case, in particular the contractual or statutory allocation of risk, it cannot reasonably be expected that a party should continue to be bound by the contract in its unaltered form. If adaptation of the contract is not possible or cannot reasonably be expected of one party, the disadvantaged party may withdraw from the contract, or, in case of a contract generating continuing obligations (*Dauerschuldverhältnis*), terminate the contract. Pursuant to Section 314 of the German Civil Code (*Bürgerliches Gesetzbuch*), each party to a contract generating continuing obligations (*Dauerschuldverhältnis*) may terminate such contract without giving prior notice if there is good cause (*wichtiger Grund*) to do so. There is "good cause" if, having regard to all circumstances of the specific case and balancing the interests of both parties, the terminating party cannot reasonably be expected to continue the contractual relationship until the agreed termination date or until the end of a notice period.

Should the lender exercise its extraordinary termination right arising from Section 314 of the German Civil Code (*Bürgerliches Gesetzbuch*) described above, the lender may be entitled to claim damages, in particular, interest based on the interest rate as agreed with the borrower.

Prepayment of Loans

Pursuant to Section 500 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*), a borrower may in case of a consumer loan contract prepay the loan (*vorzeitige Rückzahlung*) in whole or in part at any time. In addition, the borrower may terminate the loan agreement at any time without observing a notice period for good cause (*aus wichtigem Grund*). Moreover, the content of a consumer loan contract is subject to certain formal minimum details, including with respect to term and termination rights or maturity date (Sections 494 *et seqq*. of the German Civil Code), lack of which may grant the borrower a right to terminate the consumer loan contract at any time. A borrower may also be entitled to terminate a consumer loan contract if the agreed interest rates are adjusted to market rates due to the lender's breach of its obligation to conduct a credit assessment with respect to the borrower (Sections 505d (1), 505a (1) of the German Civil Code). In case of a prepayment, the Issuer would receive interest on such loan for a shorter period of time than initially anticipated.

The Loan Contracts provide for an obligation of the Debtor to pay a prepayment penalty (*Vorfälligkeitsentschädigung*) pursuant to Sec. 502 of the German Civil Co*de* (*Bürgerliches Gesetzbuch*). In the event of a termination and prepayment of a loan, the Issuer would therefore only be entitled to claim compensation from the Debtor for the interest pursuant to Sec. 502 of the German Civil Co*de* (*Bürgerliches Gesetzbuch*) which would have otherwise been payable by the Debtor on the prepaid amount had such amount been outstanding for the remainder of the term of the loan as provided for under Sec. 502 of the German Civil Code (*Bürgerliches Gesetzbuch*). In accordance with Section 502 (1) sentence 2 of the German Civil Code such prepayment penalty may not exceed the following amounts: (i) 1 *per cent*. or, if the period between the prepayment and the agreed repayment date (*vereinbarte Rückzahlung*) is no longer than 1 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.

Change of Law

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

The English Security Deed is governed by English law in effect as at the date of this Prospectus as applied by the courts and other competent authorities of England and Wales or the United Kingdom. No assurance can be given as to the impact of any possible change of English law, the interpretation thereof or judicial or administrative practice after the date of this Prospectus.

Overcollateralisation of Loans

According to German law, the granting of security for a loan may be held invalid and the security or part of the security may have to be released if the loan is overcollateralised. Overcollateralisation occurs where the creditor is granted collateral the value of which excessively exceeds the value of the secured obligations or if the granting of security leads to an inappropriate disadvantage for the debtor. Although there is no direct legal authority on point, the Issuer is of the view that the Purchased Receivables are not overcollateralised; although it cannot be ruled out that a German court would hold otherwise. In the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the Related Collateral to Purchased Receivables is legal, valid, binding and enforceable.

Re-characterisation of the English law Collateral as a Floating Charge

Pursuant to the English Security Deed, the Issuer has, as a continuing security for the discharge and payment of Transaction Secured Obligations (including the Transaction Security Trustee Claim) charged to the Transaction Security Trustee by way of first fixed charge all of its right, title, interest and benefit, present and future, in, under and to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account. Whether this charge will be upheld as a fixed charge rather than as a floating charge will depend, among other things, on whether the Transaction Security Trustee has under the respective agreement actual control over the Issuer's ability to deal with the relevant assets and their proceeds and, if so, whether such control is exercised by the Transaction Security Trustee in practice. If any courts of competent jurisdiction consider that the elements required to establish the creation of a fixed charge have not been satisfied in respect of the security, the Issuer would expect that the security be re-characterised as a floating charge. The claims of the Transaction Security Trustee under any fixed charge which is re-characterised as a floating charge will be subject to matters which are given priority over a floating charge by law, including fixed charges, any expenses of winding-up and the claims of preferential creditors.

Reliance on Representations and Warranties

If the Portfolio does not correspond, in whole or in part, to the representations and warranties made by the Seller in the Receivables Purchase Agreement, the Issuer has certain rights of recourse against the Seller. These rights are not collateralised with respect to the Seller except that, in the case of a breach of certain representations and warranties, the Seller will be required to pay Deemed Collections to the Issuer (see items (ii) through (v) of the definition of Deemed Collections under "*SCHEDULE 1 DEFINITIONS — Deemed Collections*" and "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Amortisation*"). Consequently, a risk of loss exists in the event that such a representation or warranty is breached and the corresponding Deemed Collections are not paid. This could potentially cause the Issuer to default under the Notes.

Reliance on Administration and Collection Procedures

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

Accordingly, the Noteholders are relying on the business judgement and practices of the Servicer when enforcing claims against the Debtors, including taking decisions with respect to enforcement in respect of

the Purchased Receivables and any Related Collateral. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*" and "*Credit and Collection Policy*".

Replacement of the Servicer

If the appointment of the Servicer is terminated, the Issuer with the assistance of the Corporate Administrator may appoint a substitute servicer pursuant to the Servicing Agreement. Any substitute servicer which may replace the Servicer in accordance with the terms of the Servicing Agreement would have to be able to administer the Purchased Receivables in accordance with the terms of the Servicing Agreement, be duly qualified and licensed to administer finance contracts in Germany such as the Loan Contracts, be a bank or credit institution established within the European Economic Area and supervised in accordance with the relevant EU directives, and may be subject to certain residence and/or regulatory requirements. Further, it should be noted that any substitute servicer (other than a (direct or indirect) subsidiary of the Seller or of a parent of the Seller intends to outsource the servicing and collection of its receivables and related collateral of the Seller is outsourced) may charge a servicing fee on a basis different from that of the Servicer. In addition, it should be noted that the Seller intends to outsource the servicing and collection of its receivables and related collateral to a subsidiary of the Seller or of a parent of the Seller, with the consequence that upon such outsourcing, the Servicer (which is currently the Seller) will be replaced by the new (direct or indirect) subsidiary of the Seller or of a parent of the Seller in its capacity as new Servicer. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS - Receivables Purchase Agreement*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS - Servicing Agreement*".

Licence Requirement under the German Legal Services Act

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

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

No Independent Investigation and Limited Information, Reliance on Representations and Warranties

None of the Lead Manager, the Arranger (if different), the Transaction Security Trustee nor the Issuer has undertaken or will undertake any investigations, searches or other actions to verify the details of the Purchased Receivables or to establish the creditworthiness of any Debtor or any other party to the

Transaction Documents. Each such person will rely solely on the accuracy of the representations and warranties given by the Seller to the Issuer in the Receivables Purchase Agreement in respect of, *inter alia*, the Purchased Receivables, the Debtors and the Loan Contracts underlying the Purchased Receivables. The benefit of all such representations and warranties given to the Issuer will be transferred by the Issuer in favour of the Transaction Security Trustee under the Transaction Security Agreement.

The Seller is under no obligation to, and will not, provide the Lead Manager, the Arranger (if different), the Transaction Security Trustee nor the Issuer with financial or other information specific to individual Debtors and certain underlying Loan Contracts to which the Purchased Receivables relate. The Lead Manager/Arranger, the Transaction Security Trustee and the Issuer will only be supplied with general information in relation to the aggregate of the Debtors and the underlying Loan Contracts. Further, none of the Lead Manager, Arranger (if different), the Transaction Security Trustee or the Issuer will have any right to inspect the internal records of the Seller.

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

Risk of Losses on the Purchased Receivables and Exposure to Credit Risks of the Debtor

If the Seller does not receive the full amount due from the Debtors in respect of the Purchased Receivables, the Noteholders are at risk of receiving less than the face value of their Notes and interest payable thereon. Consequently, the Noteholders are exposed to the credit risk of the Debtors. Neither the Seller nor the Issuer guarantees or warrants the full and timely payment by the Debtors of any sums payable under the Purchased Receivables. The ability of any Debtor to make timely payments of amounts due under the relevant Loan Contract will mainly depend on his or her assets and liabilities as well as his or her ability to generate sufficient income to make the required payments. The Debtors' ability to generate income may be adversely affected by a large number of factors. There can be no assurance as to the future geographical distribution of the Debtors within Germany and its effect, in particular, on the rate of amortisation of the Purchased Receivables. Consequently, any deterioration in the economic condition of Germany where Debtors are located could have an adverse effect on the ability of the Debtors to repay the loans and the ability of the Transaction Security Trustee to sell any Collateral and could trigger losses in respect of the Notes or reduce their yield to maturity. Furthermore, although the Debtors are located throughout Germany, these Debtors may be concentrated in certain locations, such as densely populated or industrial areas. Any deterioration in the economic condition of the area in which the Debtors are located (or any deterioration in the economic condition of other areas) may have an adverse effect on the ability of the Debtors to make payments under the Loan Contracts. A concentration of the Debtors in such area may therefore result in a greater risk that the Noteholders will ultimately not receive the full principal amount of the Notes and interest thereon than if such concentration had not been present. Further, the rate of recovery upon a Debtor default may itself be influenced by various economic, tax, legal and other factors. Moreover, there is no assurance that the present value of the Purchased Receivables will at any time be equal to or greater than the principal amounts outstanding of the Notes.

The risk to the Class A Noteholders that they will not receive the maximum amount due to them under the Class A Notes as stated on the cover page of this Prospectus is mitigated by the subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes to the Class A Notes. However, there is no assurance that the Class A Noteholders will receive for each Class A Note the total initial Note Principal Amount *plus* interest as stated in the Terms and Conditions nor that the distributions and amortisations which are made will correspond to the monthly payments originally agreed upon in the underlying Loan Contracts.

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

Risk of Late Payment of Loan Instalments

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

Risk of Late Forwarding of Payments received by the Servicer

No assurance can be given that the Servicer will promptly forward all amounts collected from Debtors pursuant to the relevant Loan Contracts to the Issuer in respect of a particular Collection Period in accordance with the Servicing Agreement. It should be noted that no cash reserve (other than the Commingling Reserve Amount following the occurrence of a Commingling Reserve Trigger Event and, with respect to interest payable on the Class A Notes only, the Required Liquidity Reserve Amount following the occurrence of a Liquidity Reserve Transfer Event) will be established to avoid any resulting shortfall in the payments of principal and interest by the Issuer in respect of the Notes on the Payment Date immediately following such Collection Period. Consequently, any Collections that are forwarded late will only be paid to the Noteholders on the subsequent Payment Date. However, the Servicer has undertaken to transfer any Collections received during any Collection Period on the Payment Date immediately following such Collection Period to the Transaction Account. Pursuant to the Servicing Agreement, if the Servicer fails to make a payment due under the Servicing Agreement at the latest on the second (2nd) Business Day after its due date, or, in the event no due date has been determined, within three (3) Business Days after the demand for payment, the Issuer may terminate the appointment of the Servicer and appoint a substitute Servicer. Following the occurrence of a Commingling Reserve Trigger Event, the risk of any shortfall due to late forwarding of Collections received or payable by the Servicer is mitigated by the balance credited to the Commingling Reserve Account and, with respect to interest payable on the Class A Notes only, the balance credited to the Liquidity Reserve Account, however, only in case of a Liquidity Reserve Transfer Event. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Servicing Agreement – Termination of the Servicer*".

Substitution of Account Bank

In the event an Account Bank Rating Event, the Issuer (acting through the Corporate Administrator) shall enter into a new account agreement (or agreements) with the Successor Bank and the Transaction Security Trustee as contracting parties and any and all amounts credited to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account or the Purchase Shortfall Account shall be transferred to such new account, at no cost to the Issuer **provided that** such successor account bank shall have the Account Bank Required Rating.

No assurance can be given that the Successor Bank will be appointed in time and/or on terms similar to the provisions agreed on in the Account Bank Agreement. Moreover, Noteholders should be aware that the Issuer may be subject to the insolvency risk of the Account Bank should an insolvency occur before such exchange or provision of collateral is made. Accordingly, investors may be adversely affected if such risks materialise.

Reliance on Performance by Parties to the Transaction Documents

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

No assurance can be given that the creditworthiness of the parties to the Issuer under the Transaction Documents, in particular the Servicer, will not deteriorate in the future. In the case of the Servicer, in particular, the administration, collection and enforcement of the Purchased Receivables by the Servicer may be adversely affected.

The Transaction Documents contain provisions for the termination of the appointment of such counterparties and replacement thereof or termination of the respective Transaction Documents in certain circumstances. However, no assurance can be given that the relevant successor will be appointed in time and/or on terms similar to the provisions agreed on in the relevant Transaction Document. Accordingly, the

performance of such counterparty's respective services, duties, obligations and undertakings under the respective Transaction Documents may be adversely affected.

Sharing with other creditors

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

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

CREDIT STRUCTURE

Loan Interest Rates

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

Cash Collection Arrangements

Payments by the Debtors under the Purchased Receivables are due on a monthly basis, generally on the first (1st or fifteenth (15th) calendar day, interest being payable in arrears. Prior to a Servicer Termination Event, all Collections will be paid by the Servicer to the Transaction Account maintained by the Issuer with the Account Bank on the Payment Date immediately following each Collection Period unless the Issuer applies part or all of the Collections and amounts standing to the credit of the Purchase Shortfall Account (if any) to the replenishment of the Portfolio (including by way of set-off, where relevant) in accordance with the Pre- Enforcement Priority of Payments and the other terms of the Receivables Purchase Agreement. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS*" – "*Servicing Agreement*" and "*Receivables Purchase Agreement*" and "*THE ACCOUNTS AND THE ACCOUNTS AGREEMENT*".

The Servicer will identify all amounts paid into either the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account or the Purchase Shortfall Account by crediting such amounts to the respective account and ledgers established for such purpose.

If at any time (i) the Account Bank Required Rating is not met, or (ii) the Account Bank is no longer rated by any of the Rating Agencies, the Issuer will be required, in the case of (i) no earlier than thirty-one (31) but within forty-five (45) calendar days, in the case of (ii) within thirty (30) calendar days after such event as described in (i) or (ii), as the case may be, to transfer any amounts credited to any Account, at no cost to the Issuer, to an alternative bank with at least the Account Bank Required Rating.

Available Distribution Amount

The Available Distribution Amount is defined in Appendix 1 to the Terms and Conditions. See "*SCHEDULE 1 DEFINITIONS — Available Distribution Amount*" and comprises the Available Interest Amount and the Available Principal Amount. Each of the Available Interest Amount and the Available Principal Amount will be calculated as at each Cut-Off Date with respect to the Collection Period ending on such Cut-Off Date for the purpose of determining, *inter alia*, the amounts to be applied under the relevant Pre-Enforcement Priorities of Payments on the immediately following Payment Date.

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

Pre-Enforcement Priority of Payments

The Available Interest Amount will, pursuant to the Terms and Conditions and the Receivables Purchase Agreement, be applied as of each Payment Date in accordance with the Pre-Enforcement Interest Priority of Payments. The Available Principal Amount will, pursuant to the Terms and Conditions and the Receivables Purchase Agreement, be applied as of each Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments. The amount of interest and principal payable under the Notes on each Payment Date will depend notably on the amount of the respective Collections received by the Issuer during the Collection Period immediately preceding such Payment Date and certain costs and expenses of the Issuer. Other than in accordance with item *eighth* of the Pre-Enforcement Interest Priority of Payments in relation to the Class A Notes, Interest Collections will not be used to cover principal deficiencies. See "*TERMS AND CONDITIONS OF THE NOTES — Replenishment and Redemption — Pre-*

Enforcement Principal Priority of Payments" and *TERMS AND CONDITIONS OF THE NOTES — Payments of Interest — Pre-Enforcement Interest Priority of Payments*".

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

Residual Payment to the Seller

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

Post-Enforcement Priority of Payments

Upon the occurrence of an Issuer Event of Default prior to the full discharge of all Transaction Secured Obligations, any amounts payable by the Issuer or, in the case of enforcement of the Collateral, by the Transaction Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement. See "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments*".

Liquidity Reserve

On or before the Note Issuance Date, the Issuer will establish an account with the Account Bank (the "**Liquidity Reserve Account**") which shall be credited, on the Note Issuance Date, with an amount equal to the Required Liquidity Reserve Amount. The amounts standing to the credit of the Liquidity Reserve Account will serve as collateral for the occurrence of a Liquidity Reserve Transfer Event.

As of each Cut-off Date preceding a Payment Date on which a Liquidity Reserve Transfer Event is continuing, the Calculation Agent shall determine if there would be a shortfall in the amounts required to pay costs and expenses of the Issuer in accordance with items *first* to *fourth* (inclusive) of the Pre-Enforcement Interest Priority of Payments and interest payable on the Class A Notes outstanding on such Payment Date under item *fifth* when due by reason of a Liquidity Reserve Transfer Event following the application of the Available Interest Amount according to the Pre-Enforcement Interest Priority of Payments on such Payment Date. Should the Calculation Agent determine that there would be any such shortfall, an amount equal to the lower of (a) the amount standing to the credit of the Liquidity Reserve Account and (b) the relevant shortfall shall be included in the Available Interest Amount and shall be applied towards the reduction or elimination of such shortfall in accordance with the Pre-Enforcement Interest Priority of Payments on such Payment Date.

On each Payment Date prior to the occurrence of an Issuer Event of Default, subject to the availability of funds for such purpose, if the amount standing to the credit of the Liquidity Reserve Account falls below the Required Liquidity Reserve Amount, the Issuer will apply an amount equal to the Required Liquidity Reserve Amount less the amount standing to the credit of the Liquidity Reserve Account from the Available Interest Amount towards replenishment of the Liquidity Reserve Account up to the Required Liquidity Reserve Amount in accordance with the Pre-Enforcement Interest Priority of Payments.

With respect to each Payment Date, the Calculation Agent will determine if there is a Liquidity Reserve Excess Amount on such Payment Date. Any such Liquidity Reserve Excess Amount shall be returned to the Seller on such Payment Date. "**Liquidity Reserve Excess Amount**" shall mean, as of any Payment

Date, the excess of the amounts standing to the credit of the Liquidity Reserve Account over the Required Liquidity Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with payment obligations in accordance with Pre-Enforcement Interest Priority of Payments on such Payment Date.

A "**Liquidity Reserve Transfer Event**" shall mean the event that the Servicer fails to transfer Collections to the Issuer in accordance with the Servicing Agreement in the event of the occurrence of a Servicer Termination Event.

A "**Required Liquidity Reserve Amount**" shall mean, on the Note Issuance Date and subsequently as at any Payment Date during the Replenishment Period EUR 6,520,000, and as at any Payment Date after the Replenishment Period, the higher of (i) 0.5% multiplied by the Class A Principal Amount and (ii) EUR 1,000,000.

Commingling Reserve

If, at any time as long as the Seller is the Servicer, a Commingling Reserve Trigger Event occurs, the Seller will be required, within thirty (30) calendar days, to transfer the Commingling Reserve Amount to an account of the Issuer held with the Account Bank ("**Commingling Reserve Account**"). The amounts, if any, standing to the credit of the Commingling Reserve Account shall be allocated to and included in the relevant Available Distribution Amount and shall be applied on any Payment Date in accordance with the relevant Pre-Enforcement Priorities of Payments (but excluding any fees and other amounts due to the Servicer under item *fourth* of the Pre-Enforcement Interest Priority of Payments) if and to the extent that the Seller has, on such Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B) (i) of the definition of Deemed Collections) received or payable by the Seller during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date or if the appointment of the Servicer under the Servicing Agreement has been automatically terminated pursuant to the last paragraph of Clause 9.1 of the Servicing Agreement. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Issuer shall pay to the Seller any Commingling Reserve Excess Amount. "**Commingling Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with payment obligations in accordance with relevant Pre-Enforcement Priorities of Payments on such Payment Date.

A "**Commingling Reserve Trigger Event**" shall have occurred if, at any time, (i) unless the Seller has the Commingling Required Rating, Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating, (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75% of the share capital of the Seller or (iii) S&P notifies any of the Seller, the Issuer or the Transaction Security Trustee in writing that the Seller is no longer eligible under the then applicable rating criteria of S&P, unless in each case (i) and (ii), the Seller has at least the Commingling Required Rating.

A "**Commingling Reserve Amount**" shall mean, (a) as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event, an amount equal to the sum of (i) the amount of the Scheduled Interest Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2^{nd}) Collection Period after the relevant Cut-Off Date (both inclusive) and (ii) the amount of Scheduled Principal Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2^{nd}) Collection Period after the relevant Cut-Off Date (both inclusive) plus 3.6% of the Aggregate Outstanding Note Principal Amount as of the relevant Cut-Off Date or (b) if as of any Cut-Off Date no Commingling Reserve Trigger Event has occurred, zero.

A "**Commingling Required Rating**" shall mean, with respect to any entity, that the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS and BBB (or its replacement) by S&P and any such rating has not been withdrawn.

A "**Scheduled Collection**" shall mean each relevant Scheduled Interest Collection and Scheduled Principal Collection;

"**Scheduled Interest Collections**" shall mean, with respect to any Collection Period, the amount of any Interest Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period;

"**Scheduled Principal Collections**" shall mean, with respect to any Collection Period, the amount of any Principal Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period;

Set-Off Reserve

If, at any time, a Set-Off Reserve Trigger Event occurs, the Seller will be required, within thirty (30) calendar days, to transfer the Set-Off Reserve Amount to an account of the Issuer held with the Account Bank ("**Set- Off Reserve Account**"). The amounts, if any, standing to the credit of the Set-Off Reserve Account shall be included in the Available Principal Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments if and to the extent that (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B) (i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B) (i) of the definition of Deemed Collections and (ii) the Issuer does not have a right of set-off against the Seller with respect to such amounts on the relevant Payment Date. On any Payment Date following the occurrence of a Set-Off Reserve Trigger Event, the Issuer shall pay to the Seller the Set-Off Reserve Excess Amount. "**Set-Off Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with payment obligations in accordance with Pre-Enforcement Principal Priority of Payments on such Payment Date.

A "**Set-Off Reserve Trigger Event**" shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Set-Off Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75% of the share capital of the Seller, or (iii) S&P notifies any of the Seller, the Issuer or the Transaction Security Trustee in writing that the Seller is no longer eligible under the then applicable rating criteria of S&P, unless in each case (i) and (ii), the Seller has at least the Set-Off Required Rating.

A "**Set-Off Required Rating**" shall mean, with respect to any entity, that the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB (or its replacement) by S&P and BBB(low) (or its replacement) by DBRS and any such rating has not been withdrawn.

"**Set-Off Reserve Amount**" shall mean:

(A) as of the Cut-Off Date immediately preceding the occurrence of a Set-Off Reserve Trigger Event and as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event, the sum of the Seller Deposits which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the relevant Cut-Off Date, holds Seller Deposits, and are in each case equal to the lower of (i) the amount of Seller Deposits which, as of the relevant Cut-Off Date, are held with the Seller by such Debtor, and (ii) the Principal Amount of the Purchased Receivables owed by such Debtor outstanding as of the relevant Cut-Off Date; or

(B) if as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event, the Seller has at least the Set-Off Required Rating, zero.

Return of Reserves

On the Payment Date on which the Rated Notes are repaid in full, the funds then standing to the credit of the Liquidity Reserve Account, the Set-Off Reserve Account and the Commingling Reserve Account (after application of the relevant Pre-Enforcement Priorities of Payments on such Payment Date) shall be returned to the Seller. Upon the occurrence of an Issuer Event of Default, the unused portion of the funds standing to the credit of the Liquidity Reserve Account shall be returned to the Seller in accordance with the Post-Enforcement Priority of Payments. In case of an early redemption event, the unused portion of the funds standing to the credit of the Liquidity Reserve Account shall be returned to the Seller in accordance with

Condition 7.5 (*Early Redemption*) or Condition 7.6 (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions.

Credit Enhancement

As, on the Note Issuance Date, the average interest rate under the Loan Contracts exceeds the average interest rate of the Notes, it is expected that the Available Interest Amount will exceed the amounts required to meet the items ranking higher than Class A Notes Interest (item *fifth*) in the Pre-Enforcement Interest Priority of Payments.

Prior to the occurrence of an Issuer Event of Default, the Class A Notes have the benefit of credit enhancement provided through the subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, **provided that** as of any Payment Date, the payment of interest of such Classes of Notes is subordinated to the payment of interest of the Class A Notes and the payment of principal of such Classes of Notes is subordinated to the payment of principal of the Class A Notes.

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

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes are set out below. Appendix 1 to the Terms and Conditions is set out under "*SCHEDULE 1 DEFINITIONS*". Appendix 2 to the Terms and Conditions is set out under "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT*". Appendix 3 to the Terms and Conditions is set out under "*DESCRIPTION OF THE PORTFOLIO – Eligibility Criteria*". Appendix 4 to the Terms and Conditions is set out under "*CREDIT AND COLLECTION POLICY*". Each of Appendix 1, Appendix 2, Appendix 3 and Appendix 4 forms an integral part of these Terms and Conditions.

1. FORM AND DENOMINATION

(a) SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*), incorporated with limited liability (*Unternehmergesellschaft* (*haftungsbeschränkt*)) in the Federal Republic of Germany ("**Germany**") registered with the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under the registration number HRB 113098 with its registered office at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany ("**Issuer**") issues the following classes of amortising asset-backed notes in bearer form (each, a "**Class**" and collectively, "**Notes**") pursuant to these terms and conditions ("**Terms and Conditions**"):

(i) Class A Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class A Notes**") which are issued in an initial aggregate principal amount of EUR 1,304,000,000 and divided into 13,040 Notes each having a principal amount of and minimum denomination of EUR 100,000.

(ii) Class B Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class B Notes**") which are issued in the aggregate principal amount of EUR 68,000,000 and divided into 680 Notes each having a principal amount of and minimum denomination of EUR 100,000.

(iii) Class C Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class C Notes**") which are issued in the aggregate principal amount of EUR 60,000,000 and divided into 600 Notes each having a principal amount of and minimum denomination of EUR 100,000.

(iv) Class D Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class D Notes**") which are issued in the aggregate principal amount of EUR 20,000,000 and divided into 200 Notes each having a principal amount of and minimum denomination of EUR 100,000.

(v) Class E Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class E Notes**") which are issued in the aggregate principal amount of EUR 122,000,000 and divided into 1,220 Notes each having a principal amount of and minimum denomination of EUR 100,000.

(vi) Class F Fixed Rate Notes due on the Payment Date falling in December 2031 ("**Class F Notes**") which are issued in the aggregate principal amount of EUR 26,000,000 and divided into 260 Notes each having a principal amount of and minimum denomination of EUR 100,000.

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

(b) Each Class of Notes shall be initially represented by a temporary global bearer note ("**Temporary Global Note**") without interest coupons. The Temporary Global Notes shall be exchangeable, as provided in paragraph (c) below, for permanent global bearer notes which are recorded in the records of the ICSDs ("**Permanent Global Note**") without interest coupons representing each such Class. Definitive Notes and interest coupons shall not be issued. Each Permanent Global Note and each Temporary Global Note is also referred to herein as a "**Global Note**" and, together, as "**Global Notes**". Each Global Note representing the Class A Notes shall be deposited with an entity appointed as common

safekeeper ("**Class A Notes Common Safekeeper**") by the ICSDs. Each Global Note representing the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes shall be deposited with an entity appointed as common safekeeper ("**Subordinated Notes Common Safekeeper**" and together with the Class A Notes Common Safekeeper, "**Common Safekeepers**") by the ICSDs.

(c) The Temporary Global Notes shall be exchanged for the Permanent Global Notes recorded in the records of the ICSD on a date ("**Exchange Date**") not earlier than forty (40) calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant participants to the ICSDs, as relevant, and by the ICSDs to the Principal Paying Agent, of certificates in the form which forms part of the Temporary Global Notes and are available from the Principal Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a U.S. Person or are not U.S. Persons (as such term is defined in Regulation S of the under the United States Securities Act of 1933, as amended) other than certain financial institutions or certain persons holding through such financial institutions. Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall be delivered only outside of the United States.

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

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

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

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

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

(g) The provisions set out in Schedule 8 of the agency agreement ("**Agency Agreement**") between the Issuer, HSBC Bank plc as principal paying agent (or any successor or substitute appointed with such capacity, "**Principal Paying Agent**") and as cash administrator (or any successor or substitute appointed with such capacity, "**Cash**

Administrator") and Wilmington Trust SP Services (Frankfurt) GmbH as interest determination agent (or any successor or substitute appointed with such capacity, "**Interest Determination Agent**"), as calculation agent (or any successor or substitute appointed with such capacity, "**Calculation Agent**") and as Corporate Administrator dated on or about 19 December 2018 which contain primarily the procedural provisions regarding resolutions of Noteholders shall hereby be fully incorporated into these Terms and Conditions and is attached as Annex to the Prospectus. The Issuer shall specify, by means of a notification in accordance with Condition 13 (*Form of Notices*), at any time, but no later than upon publication of a convening notice for a Noteholders' meeting, a website for the purpose of publications under such procedural provisions. Such notification shall hereby be fully incorporated into these Terms and Conditions upon publication or delivery thereof in accordance with Condition 13 (*Form of Notices*).

(h) Copies of the Global Notes are available to Noteholders free of charge at the main offices of the Issuer and of the Principal Paying Agent (as defined in Condition 9(a) (*Agents; Determinations Binding*)).

(i) Certain terms not defined but used herein shall have the same meanings herein as in the Definitions Schedule attached as Appendix 1 or as in Appendix 2 or Appendix 4 to these Terms and Conditions ("**Appendix 1**", "**Appendix 2**" and "**Appendix 4**", respectively) each of which constitutes an integral part of these Terms and Conditions.

(j) The Notes are subject to the provisions of a transaction security agreement ("**Transaction Security Agreement**") between the Issuer, the Principal Paying Agent, the Cash Administrator, the Calculation Agent, the Interest Determination Agent, the Lead Manager, the Data Trustee, the Account Bank, the Seller, the Servicer and the Transaction Security Trustee dated on or about 19 December 2018. The main provisions of the Transaction Security Agreement are set out in Appendix 2 to these Terms and Conditions ("**Appendix 2**") which constitutes an integral part of these Terms and Conditions. Terms defined in the Transaction Security Agreement shall have the same meanings herein.

2. STATUS AND PRIORITY

(a) The Notes constitute direct, secured and (subject to Condition 3.2 (*Limited Recourse*)) unconditional obligations of the Issuer.

(b) The obligations of the Issuer under the Class A Notes rank *pari passu* amongst themselves without any preference among themselves in respect of security. Following an Issuer Event of Default, the obligations of the Issuer under the Class A Notes rank against all other current and future obligations of the Issuer in accordance with the post enforcement priority of payments ("**Post-Enforcement Priority of Payments**") set out in Clause 22.2 (*Post- Enforcement Priority of Payments*) of the Transaction Security Agreement (see "*Appendix 2*"). The obligations of the Issuer under the Class B Notes rank *pari passu* amongst themselves in respect of security. Following an Issuer Event of Default the obligations of the Issuer under the Class B Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The obligations of the Issuer under the Class C Notes rank *pari passu* amongst themselves in respect of security. Following an Issuer Event of Default the obligations of the Issuer under the Class C Notes rank against all other current and future obligations of the Issuer in accordance with the Post- Enforcement Priority of Payments. The obligations of the Issuer under the Class D Notes rank *pari passu* amongst themselves in respect of security. Following an Issuer Event of Default the obligations of the Issuer under the Class D Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The obligations of the Issuer under the Class E Notes rank *pari passu* amongst themselves in respect of security. Following an Issuer Event of Default the obligations of the Issuer under the Class E Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The obligations of the Issuer under the Class F Notes rank *pari passu* amongst themselves in respect of security. Following an Issuer Event of Default the obligations of the Issuer under the Class F Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments.

3. PROVISION OF SECURITY; LIMITED PAYMENT OBLIGATION; ISSUER EVENT OF DEFAULT

3.1 Security

Pursuant to (i) the Transaction Security Agreement, the Issuer has assigned, transferred or pledged to the Transaction Security Trustee its rights and claims in all Purchased Receivables and the Related Collateral transferred by the Seller to it under the Receivables Purchase Agreement, all of its rights and claims arising under certain Transaction Documents to which the Issuer is a party and certain other rights specified in the Transaction Security Agreement and (ii) an English security deed dated on or about 19 December 2018, as amended, supplemented, amended and restated or novated (including by conclusion of a security agreement under the laws of another jurisdiction) from time to time (the "**English Security Deed**"), the Issuer has granted a security interest to the Transaction Security Trustee in respect of all present and future rights, claims and interests over the Accounts and all amounts standing to the credit of the Accounts from time to time as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Transaction Security Trustee (such collateral as defined in Clause 7 (*Security Purpose*) of the Transaction Security Agreement and together with any other security interests granted by the Issuer to the Transaction Security Trustee pursuant to the English Security Deed, "**Collateral**") as security for the Notes and other obligations specified in the Transaction Security Agreement and the English Security Deed. As to the form and contents of such provision of security, reference is made to Clauses 5 (*Transfer for Security Purposes of the Assigned Security*) and 6 (*Pledge*) and the other provisions of the Transaction Security Agreement (see "*Appendix 2*").

3.2 Limited Recourse

(a) Notwithstanding anything to the contrary under the Notes or in any other Transaction Document to which the Issuer is expressed to be a party, all amounts payable or expressed to be payable by the Issuer hereunder shall be recoverable solely out of the Credit (as defined in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement) which shall be generated by, and limited to (i) payments made to the Issuer by the Servicer under the Servicing Agreement, (ii) payments made to the Issuer under the other Transaction Documents, (iii) proceeds from the realisation of the Collateral and (vi) interest earned on the balance credited to the Transaction Account and, if applicable, the Purchase Shortfall Account, as available on the relevant Payment Date (as defined in Condition 5.1 (*Payment Dates*)), in each case in accordance with and subject to the relevant Priorities of Payments and which shall only be settled if and to the extent that the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any current positive balance of the net assets (*anderes freies Vermögen*) of the Issuer. The Notes shall not give rise to any payment obligation in excess of the Credit and recourse shall be limited accordingly.

(b) The Issuer shall hold all monies paid to it in the Transaction Account, except the Commingling Reserve Amount which the Issuer shall hold in the Commingling Reserve Account, the Set-Off Reserve Amount which the Issuer shall hold in the Set-Off Reserve Account, the Required Liquidity Reserve Amount which the Issuer shall hold in the Liquidity Reserve Account and the Purchase Shortfall Amount which the Issuer shall hold in the Purchase Shortfall Account. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may be performed to the fullest extent possible.

(c) The obligations of the Issuer arising hereunder are limited recourse obligations payable solely from the proceeds of the Collateral or any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) and, following realisation of the Collateral and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement, any claims of any party to this Agreement against the Purchaser (and the obligations of the Purchaser) shall be extinguished.

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

(d) The Noteholders shall not (otherwise than as contemplated herein) take steps against the Issuer, its officers or directors to recover any sum so unpaid and, in particular, the Noteholders shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer, or its officers or directors, nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets.

3.3 **Enforcement of Payment Obligations**

The enforcement of the payment obligations under the Notes shall only be effected by the Transaction Security Trustee for the benefit of all Noteholders, **provided that** each Noteholder shall be entitled to proceed directly against the Issuer in the event that the Transaction Security Trustee, after having become obliged to enforce the Collateral and having been given notice thereof, fails to do so within a reasonable time period and such failure continues. The Transaction Security Trustee shall foreclose on the Collateral upon the occurrence of an Issuer Event of Default on the conditions and in accordance with the terms of the Transaction Security Agreement and the English Security Deed including, in particular, Clauses 19 (*Enforcement of Collateral*) and 20 (*Payments upon Occurrence of an Issuer Event of Default*) of the Transaction Security Agreement (see "*Appendix 2*").

3.4 **Obligations of the Issuer only**

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

3.5 **Issuer Event of Default**

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

(i) the Issuer becomes insolvent or the Issuer is wound up or an order is made or an effective resolution is passed for the winding-up of the Issuer or the Issuer initiates or consents or otherwise becomes subject to liquidation, examinership, insolvency, reorganisation or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Transaction Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets;

(ii) the Issuer defaults in the payment of any interest due and payable in respect of the Class A Notes and such default continues for a period of at least five (5) Business Days;

(iii) the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in Clause 7 (*Security Purpose*) of the Transaction Security Agreement), other than those mentioned under item *seventeenth* to *twentieth* of the Pre-Enforcement Interest Priority of Payments, in each case, to the extent that the Available Interest Amount or the Available Principal Amount, as applicable, as of the Cut-Off Date immediately preceding the relevant Payment Date would have been sufficient to pay such amounts, and such default continues for a period of at least five (5) Business Days;

(iv) a distress, execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within thirty (30) calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally; or

(v) the Transaction Security Trustee ceases to have a valid and enforceable security interest in any of the Collateral or any other security interest created under any Transaction Security Document.

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

4. GENERAL COVENANTS OF THE ISSUER

4.1 Restrictions on Activities

As long as any Notes are outstanding, the Issuer shall not be entitled, without the prior consent of the Transaction Security Trustee (such consent shall not be given unless each Rating Agency has been notified in writing of such action) or unless required by applicable law, to engage in or undertake any of the activities or transactions specified in Clause 39 (*Actions of the Issuer requiring Consent*) of the Transaction Security Agreement (see "*Appendix 2*").

4.2 Appointment of Transaction Security Trustee

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

5. PAYMENTS ON THE NOTES

5.1 Payment Dates

Payments of interest and, after the expiration of the Replenishment Period, in accordance with the provisions herein, principal in respect of the Notes to the Noteholders shall become due and payable monthly on the thirteenth (13th) day of each calendar month or if such day is not a Business Day, on the next succeeding day which is a Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day, commencing on 13th January 2019 (each such day, a "**Payment Date**"). "**Business Day**" shall mean a day on which all relevant parts of the Trans-European Automated Real-Time Gross Settlement Express Transfer System (Target 2) which was launched on 17 November 2007 ("**TARGET**") are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in London (United Kingdom), Frankfurt am Main (Germany), Düsseldorf (Germany) and Luxembourg.

5.2 Note Principal Amount

Payments of interest and, after the expiration of the Replenishment Period, payments of principal and interest on each Note as of any Payment Date shall be made on the Note Principal Amount of such Note. "**Note Principal Amount**" of any Note as of any date shall equal the initial note principal amount of EUR 100,000 as reduced by all amounts paid prior to such date on such Note in respect of principal. "**Class A Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class A Notes, "**Class B Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class B Notes, "**Class C Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class C Notes, "**Class D Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class D Notes, "**Class E Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class E Notes and "**Class F Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class F Notes. Each of the Class A Principal Amount, the Class B Principal Amount, the Class C Principal Amount, the Class D Principal Amount, the Class E Principal Amount and the Class F Principal Amount is referred to herein as a "**Class**

Principal Amount". The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by each Global Note and, for these purposes, a statement issued by an ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

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

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

5.3 **Payments and Discharge**

(a) Payments of interest and, after the expiration of the Replenishment Period, payments of principal and interest in respect of the Notes shall be made by the Issuer, through the Principal Paying Agent, on each Payment Date to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the Noteholders. The Cash Administrator will instruct the Account Bank on behalf of the Issuer to make all payments of interest and principal on the Notes from the Transaction Account upon receipt of the respective notifications as provided for under Condition 6.5 (*Notifications*).

(b) Payments in respect of interest on any Notes represented by the Temporary Global Note shall be made to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the relevant Noteholders upon due certification as provided in Condition 1(c) (*Form and Denomination*).

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

6. PAYMENTS OF INTEREST

6.1 **Interest Calculation**

(a) Subject to the limitations set forth in Condition 3.2 (*Limited Recourse*) and, in particular, subject to the Pre-Enforcement Interest Priority of Payments and, upon the occurrence of an Issuer Event of Default, the Post-Enforcement Priority of Payments, each Note shall bear interest on its Note Principal Amount from the Note Issuance Date until the close of the day preceding the day on which such Note has been redeemed in full (both days inclusive).

(b) The amount of interest payable by the Issuer in respect of each Note on any Payment Date ("**Interest Amount**") shall be calculated by the Calculation Agent by applying the relevant Interest Rate (Condition 6.3 (*Interest Rate*)), for the relevant Interest Period (Condition 6.2 (*Interest Period*)), to the relevant Note Principal Amount outstanding immediately prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Period divided by 360 and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards). "**Class A Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class A Notes on any date, "**Class B Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class B Notes on any date,

"**Class C Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class C Notes on any date, "**Class D Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class D Notes on any date, "**Class E Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class E Notes on any date and "**Class F Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class F Notes on any date.

6.2 **Interest Period**

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

6.3 **Interest Rate**

The interest rate payable on the Notes for each Interest Period (each, an "**Interest Rate**") for the Class A Notes shall be 0.50% *per annum* ("**Class A Note Interest Rate**"), the Interest Rate for the Class B Notes shall be 1.20% *per annum* ("**Class B Note Interest Rate**"), the Interest Rate for the Class C Notes shall be 2.50% *per annum* ("**Class C Note Interest Rate**"), the Interest Rate for the Class D Notes shall be 3.25% *per annum* ("**Class D Note Interest Rate**"), the Interest Rate for the Class E Notes shall be 12.18% *per annum* ("**Class E Note Interest Rate**") and the Interest Rate for the Class F Notes shall be 38.50% *per annum* ("**Class F Note Interest Rate**").

6.4 **Interest Shortfall**

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

6.5 **Pre-Enforcement Interest Priority of Payments**

On each Payment Date, prior to the occurrence of an Issuer Event of Default, the Available Interest Amount as calculated as of the Cut- Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities ("**Pre-Enforcement Interest Priority of Payments**"), in each case only to the extent payments of a higher priority have been made in full:

(a) *first*, to pay any obligation of the Issuer with respect to tax under any applicable law (if any);

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

(c) *third*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the Corporate Administrator under the Corporate Administration Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, the Principal Paying Agent, the Calculation Agent and the Cash Administrator under the Agency Agreement, the Lead Manager under the Subscription Agreement (excluding any commissions and fees payable to the Lead Manager on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeeper or any other relevant party with respect to the issue of the Notes, any amounts due and payable by the

Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of the Issuer of up to EUR 500 annually and any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the directors of the Issuer (properly incurred with respect to their duties), legal advisers or auditors of the Issuer, the Rating Agencies (including any ongoing monitoring fees);

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

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

(f) *sixth*, to in or towards payment of any amounts to the Liquidity Reserve Account up to the Required Liquidity Reserve Amount;

(g) *seventh*, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *first* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

(h) *eighth*, to credit to the Transaction Account any Class A Notes PDL Cure Amount until such times as the debit balance standing to the Class A PDL Sub-Ledger is reduced to zero

(i) *ninth*, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

(j) *tenth*, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *fifth* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

(k) *eleventh*, to pay Class C Notes Interest due and payable on such Payment Date *pro rata* on each Class C Note;

(l) *twelfth*, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *seventh* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

(m) *thirteenth*, to pay Class D Notes Interest due and payable on such Payment Date *pro rata* on each Class D Note;

(n) *fourteenth*, to or in repayment of any amount previously borrowed and not repaid on the previous Payment Date pursuant to item *ninth* of the Pre-Enforcement Principal Priority of Payments to be applied to the Available Principal Amount;

(o) *fifteenth*, to pay Class E Notes Interest due and payable on such Payment Date *pro rata* on each Class E Note;

(p) *sixteenth*, to pay Class F Notes Interest due and payable on such Payment Date *pro rata* on each Class F Note;

(q) *seventeenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Commingling Reserve Trigger Event has occurred and is continuing, to credit, to the extent not paid by the Seller, the Commingling Reserve Account with effect as from such

Payment Date up to the required amount of the Commingling Reserve Amount as of such Cut-Off Date;

(r) *eighteenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Set-Off Reserve Trigger Event has occurred and is continuing, to credit, to the extent not paid by the Seller, the Set-Off Reserve Account with effect as from such Payment Date up to the required amount of the Set-Off Reserve Amount as of such Cut-Off Date;

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

(t) *twentieth*, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Interest Collections for the Collection Period ending on such Cut-Off Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents; and

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

provided that any payment to be made by the Issuer under items *first* to *fourth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Transaction Account and, if applicable, the Liquidity Reserve Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Purchase Shortfall Account.

6.6 Notifications

The Calculation Agent shall, as soon as practicable but no later than by 11:00 a.m. (Frankfurt time) one (1) Business Day prior to the Interest Determination Date, determine the relevant Interest Period, Interest Amount, Interest Shortfall and Payment Date with respect to each Class of Notes and notify such information to each of the Principal Paying Agent, the Issuer, the Cash Administrator, the Corporate Administrator and the Transaction Security Trustee in writing without undue delay. Upon receipt of such information and if applicable, relevant completed forms, the Principal Paying Agent shall notify such information (i) as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange and the Local Agent as well as to the holders of such Notes in accordance with Conditions 8 (*Notifications*) and 13 (*Form of Notices*) and (ii) if any Notes are listed on any other stock exchange, to such exchange as well as to the holders of such Notes in accordance with Conditions 8 (*Notifications*) and 13 (*Form of Notices*). In the event that such notification is required to be given to the Luxembourg Stock Exchange and the Local Agent, this notification, together with any completed forms required by the Luxembourg Stock Exchange, shall be given no later than the close of the day of intended notification.

7. REPLENISHMENT AND REDEMPTION

7.1 Replenishment

No payments of principal in respect of the Notes shall become due and payable to the Noteholders during the Replenishment Period. On each Payment Date during the Replenishment Period, the Seller may, without the consent of the Issuer or the Transaction Security Trustee, sell and assign to the Issuer Additional Receivables in accordance with the provisions of the Receivables Purchase Agreement for an aggregate purchase price not exceeding the Replenishment Available Amount,

provided that the following conditions are satisfied as of such Payment Date: (a) in respect of each

Additional Receivable the Eligibility Criteria (as set out in Appendix 3) are met and (b) each Additional Receivable and the Related Collateral are assigned and transferred in accordance with the provisions of the Receivables Purchase Agreement and the Data Trust Agreement. The Issuer shall be obligated to purchase and acquire Receivables for purposes of a Replenishment only to the extent that the obligation to pay the purchase price for the Receivables offered to the Issuer by the Seller for purchase on any Purchase Date can be satisfied by the Issuer by applying the Available Principal Amount as of the Cut-Off Date immediately preceding the relevant Purchase Date in accordance with the Pre-Enforcement Principal Priority of Payments.

7.2 **Amortisation**

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

7.3 **Scheduled Maturity Date**

On the Payment Date falling in December 2028 ("**Scheduled Maturity Date**"), each Class A Note is shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class A Notes have been redeemed in full, each Class B Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class B Notes have been redeemed in full, each Class C Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class C Notes have been redeemed in full, each Class D Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class D Notes have been redeemed in full, each Class E Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class E Notes have been redeemed in full, each Class F Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount, in each case subject to the availability of funds pursuant to the Pre-Enforcement Principal Priority of Payments. In the event of insufficient funds pursuant to the Pre- Enforcement Priority of Payments, any outstanding Note shall be redeemed on the next Payment Date and on any following Payment Date in accordance with and subject to the limitations set forth in Condition 3.2 (*Limited Recourse*) until each Note has been redeemed in full, subject to the Condition 7.4 (*Legal Maturity Date*).

7.4 **Legal Maturity Date**

On the Payment Date falling in December 2031 ("**Legal Maturity Date**"), each Class A Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all the Class A Notes have been redeemed in full, each Class B

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

7.5 **Early Redemption**

(a) On any Payment Date on or following which the Aggregate Outstanding Principal Amount has been reduced to 10% of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date, the Seller will have the option under the Receivables Purchase Agreement to repurchase all Purchased Receivables (together with any Related Collateral) which have not been sold to a third party (the "**Clean-up Call**") and the proceeds from such repurchase shall constitute Principal Collections and as a result the Notes will be subject to early redemption in whole, but not in part, prior to their Scheduled Maturity Date subject to the following requirements:

(i) the proceeds distributable as a result of such repurchase on the Early Redemption Date, shall constitute the "**Final Redemption Amount**" and shall be applied towards redemption of the Aggregate Outstanding Note Principal Amount of the Notes and all amounts ranking prior thereto in accordance with the Pre-Enforcement Principal Priority of Payments;

(ii) any interest accrued on the Aggregate Outstanding Note Principal Amount of the Notes shall be paid in accordance with the Pre-Enforcement Interest Priority of Payments;

(iii) the Seller shall advise the Issuer and the Principal Paying Agent of its intention to exercise the repurchase option at least one (1) month prior to the contemplated termination date which shall be a Payment Date ("**Early Redemption Date**"); and

(iv) the repurchase price to be paid by the Seller is equal to the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined in accordance with Condition 7.5 (b) below and which, for the avoidance of doubt, may be zero) of all Purchased Receivables outstanding *plus* any interest accrued until and outstanding on the Cut-Off Date immediately preceding the Early Redemption Date minus the amount equal to the unused portion of the Liquidity Reserve,

and **provided that** as long as the Rated Notes are rated by S&P, the Issuer has obtained confirmation of S&P that the then current rating of the Rated Notes will not be adversely affected or withdrawn as a result of the exercise of the Clean-Up Call.

(b) In order to determine the repurchase price of any Purchased Receivables that are Delinquent Receivables or Defaulted Receivables in respect of which the workout will not be completed as at the Early Redemption Date, the Issuer shall appoint an Independent Appraiser in accordance with the provisions of the Transaction Security Agreement. Any determination of the repurchase price by such Independent Appraiser shall be final and binding on the Noteholders and the other Beneficiaries as provided for in the Transaction Security Agreement.

(c) Upon payment in full of the Final Redemption Amount pursuant to Condition 7.5(a)(i) to the respective Noteholders and all relevant senior ranking creditors, the Noteholders shall

not receive any further payments of interest or principal and the provisions of Condition 3.2 (*Limited Recourse*) shall apply.

7.6 **Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event**

(a) If the Issuer is or becomes at any time required by law to deduct or withhold in respect of any payment under the Notes current or future taxes, levies or governmental charges, regardless of their nature, which are imposed under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, the Issuer shall determine within twenty (20) calendar days of such circumstance occurring whether it would be practicable to arrange for the substitution of the Issuer in accordance with Condition 11 (*Substitution of the Issuer*) or to change its tax residence to another jurisdiction approved by the Transaction Security Trustee. The Transaction Security Trustee shall not give such approval unless each of the Rating Agencies has been notified in writing of such substitution or change of the tax residence of the Issuer. If the Issuer determines that any of such measures would be practicable, it shall effect such substitution in accordance with Condition 11 (*Substitution of the Issuer*) or (as relevant) such change of tax residence within sixty (60) calendar days from such determination. If, however, it determines within twenty (20) calendar days of such circumstance occurring that none of such measures would be practicable or if, having determined that any of such measures would be practicable, it is unable so to avoid such deduction or withholding within such further period of sixty (60) calendar days, then the Issuer shall be entitled at its option (but shall have no obligation) to redeem the Notes (in whole (but not in part) on the date fixed for redemption (which must be a Payment Date) (the "**Tax Call Redemption Date**"), upon not more than sixty (60) calendar days nor less than thirty (30) calendar days' notice of redemption given to the Transaction Security Trustee, to the Principal Paying Agent and, in accordance with Condition 13 (*Form of Notices*), to the Noteholders subject to the following requirements:

(i) the Issuer shall be obliged to sell all remaining Purchased Receivables which have not been sold to a third party at the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined in accordance with Condition 7.5(b) above, and which, for the avoidance of doubt, may be zero) of all Purchased Receivables outstanding *plus* any interest accrued until and outstanding on the Cut-Off Date immediately preceding the Tax Call Repurchase Date, the proceeds distributable as a result of such sale shall constitute the "**Tax Call Redemption Amount**";

(ii) the Issuer shall apply the Tax Call Redemption Amount towards redemption of the Aggregate Outstanding Note Principal Amount of the Notes plus accrued interest thereon and all amounts ranking prior thereto in accordance with the relevant Pre-Enforcement Priorities of Payments and the amount equal to the unused portion of the Liquidity Reserve shall be returned to the Seller. Any such notice of redemption shall be irrevocable, must specify the Tax Call Redemption Date and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem; and

(iii) upon payment in full of the sale proceeds equal to the Tax Call Redemption Amount in accordance with the relevant Pre-Enforcement Priorities of Payments to the respective Noteholders and all relevant senior ranking creditors, the Noteholders shall not receive any further payments of interest or principal and the provisions of Condition 3.2 (*Limited Recourse*) shall apply.

(b) The Notes will be subject to optional redemption in whole but not in part following the occurrence of a Regulatory Call Event.

"**Regulatory Call Event**" means (a) any enactment or establishment of, or supplement or amendment to, or change in any law, regulation, rule, policy or guideline of any relevant competent international, European or national body (including the ECB or the German Federal Financial Supervisory Authority (*Bundesanstalt für*

Finanzdienstleistungsaufsicht) or any other relevant competent international, European or national regulatory or supervisory authority) or the application or official interpretation of, or view expressed by any such competent body with respect to, any such law, regulation, rule, policy or guideline which becomes effective on or after the Note Issuance Date or (b) a notification by or other communication from the applicable regulatory or supervisory authority is received by the Seller with respect to the transactions contemplated by the Transaction Documents on or after the Note Issuance Date which, in each case, in the reasonable opinion of the Seller, has the effect of materially adversely affecting the rate of return on capital of the Issuer and/or the Seller or materially increasing the cost or materially reducing the benefit to the Seller of the transactions contemplated by the Transaction Documents.

For the further avoidance of doubt, the declaration of a Regulatory Call Event will not be excluded by the fact that, prior to the Note Issuance Date: (a) the event constituting any such Regulatory Call Event was: (i) announced or contained in any proposal (whether in draft or final form) for a change in the laws, regulations, applicable regulatory rules, policies or guidelines (including any accord, standard, or recommendation of the Basel Committee on Banking Supervision), as officially interpreted, implemented or applied by the Federal Republic of Germany or the European Union; or (ii) incorporated in any law or regulation approved and/or published but the effectiveness or application of which is deferred, in whole or in part, beyond the Note Issuance Date, provided that the application of the Revised Securitisation Framework shall not constitute a Regulatory Call Event, but without prejudice to the ability of a Regulatory Call Event to occur as a result of any implementing regulations, policies or guidelines in respect thereof announced or published after the Note Issuance Date; or (iii) expressed in any statement by any official of the competent authority in expert meetings or other discussions in connection with such Regulatory Call Event or (b) the competent authority has issued any notification, taken any decision or expressed any view with respect to any individual transaction, other than this transaction. Accordingly, such proposals, statements, notifications or views will not be taken into account when assessing the rate of return on capital of the Issuer and/or the Seller or an increase the cost or reduction of benefits to the Seller of the transactions contemplated by the Transaction Documents immediately after the Note Issuance Date.

"**Revised Securitisation Framework**" for these purposes means the changes to existing law and policy set out in:

(a) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 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

(b) Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

In the event that a Regulatory Call Event has occurred or continues to exist (e.g. due to a deferred application or implementation date), the Issuer shall be entitled at its option (but shall have no obligation) to redeem the Notes in whole (but not in part) on the date fixed for redemption (which must be a Payment Date) (the "**Regulatory Call Redemption Date**"), upon not more than sixty (60) calendar days nor less than thirty (30) calendar days' notice of redemption given to the Transaction Security Trustee, to the Principal Paying Agent and, in accordance with Condition 13 (*Form of Notices*), to the Noteholders, subject to the following requirements:

(i) the Issuer shall be obliged to sell all remaining Purchased Receivables which have not been sold to a third party at the then current value (which in the event of Delinquent Receivables or Defaulted Receivables shall be determined in accordance with Condition 7.5(b) above and which, for the avoidance of doubt, may be zero) of all Purchased Receivables outstanding plus any interest accrued until and outstanding on the Cut-Off Date immediately preceding the Regulatory

Call Redemption Date, the proceeds distributable as a result of such sale shall constitute the "**Regulatory Call Redemption Amount**";

(ii) the Issuer shall apply the Regulatory Call Redemption Amount towards redemption of the Aggregate Outstanding Note Principal Amount of the Notes plus accrued interest thereon and all amounts ranking prior thereto in accordance with the relevant Pre-Enforcement Priorities of Payments and the amount equal to the unused portion of the Liquidity Reserve shall be repaid to the Seller. Any such notice for redemption shall be irrevocable, must specify the Regulatory Call Redemption Date and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem; and

(iii) upon payment in full of the sale proceeds equal to the Regulatory Call Redemption Amount in accordance with the relevant Pre-Enforcement Priorities of Payments to the respective Noteholders and all relevant senior ranking creditors, the Noteholders shall not receive any further payments of interest or principal and the provisions of Condition 3.2 (*Limited Recourse*) shall apply.

7.7 **Pre-Enforcement Principal Priority of Payments**

On each Payment Date, prior to the occurrence of an Issuer Event of Default, the Available Principal Amount as calculated as of the Cut- Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities ("**Pre-Enforcement Principal Priority of Payments**"), in each case only to the extent payments of a higher priority have been made in full:

(a) *first*, to pay any amounts due under items *first*, *second*, *third*, *fourth* and *fifth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments; any obligation of the Issuer with respect to tax under any applicable law (if any);

(b) *second*, during the Replenishment Period, to pay the purchase price payable in accordance with the Receivables Purchase Agreement for any Additional Receivables purchased on such Payment Date, but only up to the Replenishment Available Amount;

(c) *third*, during the Replenishment Period, to credit the Purchase Shortfall Account with the Purchase Shortfall Amount occurring on such Payment Date;

(d) *fourth,* after the expiration of the Replenishment Period, to pay any Class A Notes Principal as of such Cut-Off Date, *pro rata* on each Class A Note, until the Class A Principal Amount following such payment is equal to zero;

(e) *fifth*, to pay any amounts due under item *ninth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

(f) *sixth*, after the expiration of the Replenishment Period and after the Class A Notes have been redeemed in full, to pay any Class B Notes Principal as of such Cut-Off Date, *pro rata* on each Class B Note, until the Class B Principal Amount following such payment is equal to zero;

(g) *seventh*, to pay any amounts due under item *eleventh* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

(h) *eighth*, after the expiration of the Replenishment Period and after the Class B Notes have been redeemed in full, to pay any Class C Notes Principal as of such Cut-Off Date, *pro rata* on each Class C Note, until the Class C Principal Amount following such payment is equal to zero;

(i) *ninth*, to pay any amounts due under item *thirteenth* under the Pre-Enforcement Interest Priority of Payments, but only to the extent such items are not paid in full after the application on such Payment Date of the Available Interest Amount in accordance with the Pre-Enforcement Interest Priority of Payments;

(j) *tenth,* after the expiration of the Replenishment Period and after the Class C Notes have been redeemed in full, to pay any Class D Notes Principal as of such Cut-Off Date, *pro rata* on each Class D Note, until the Class D Principal Amount following such payment is equal to zero;

(k) *eleventh*, after the expiration of the Replenishment Period and after the Class D Notes have been redeemed in full, to pay any Class E Notes Principal as of such Cut-Off Date, *pro rata* on each Class E Note, until the Class E Principal Amount following such payment is equal to zero;

(l) *twelfth*, after the expiration of the Replenishment Period and after the Class E Notes have been redeemed in full, to pay any Class F Notes Principal as of such Cut-Off Date, *pro rata* on each Class F Note, until the Class F Principal Amount following such payment is equal to zero;

(m) *thirteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents;

(n) *fourteenth,* to credit to the Transaction Account for inclusion in the Available Principal Amount any excess amount resulting from the non-payment of residual Principal Amounts due to rounding-off differences upon allocation to the Classes of Notes, and

(o) *fifteenth*, to credit any remaining amount to the Transaction Account for inclusion in the Available Interest Amount.

7.8 **Post-Enforcement Priority of Payments**

Upon the occurrence of an Issuer Event of Default, on any Payment Date any Credit (as defined in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement) shall be applied in the order towards fulfilling the payment obligations of the Issuer, in each case to the extent payments of a higher priority have been made in full as set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement.

8. **NOTIFICATIONS**

The Principal Paying Agent shall notify the Issuer, the Corporate Administrator, the Transaction Security Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 13 (*Form of Notices*), the Noteholders, and so long as any of the Notes are admitted to trading on the regulated market on, and listed on the official list of, the Luxembourg Stock Exchange.

(a) with respect to each Payment Date, of the Interest Amount pursuant to Condition 6.1 (*Interest Calculation*);

(b) with respect to each Payment Date, of the amount of Interest Shortfall pursuant to Condition 6.4 (*Interest Shortfall*), if any;

(c) with respect to each Payment Date falling on a date after the expiration of the Replenishment Period, of the Note Principal Amount of each Class of Notes and the Class A Notes Principal, the Class B Notes Principal, the Class C Notes Principal, the Class D Notes Principal, the Class E Notes Principal and the Class F Notes Principal pursuant to Condition 7 (*Replenishment and Redemption*) to be paid on such Payment Date; and

(d) in the event the payments to be made on a Payment Date constitute the final payment with respect to Notes pursuant to Condition 7.4 (*Legal Maturity Date*), Condition 7.5 (*Early Redemption*) or Condition 7.6 (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*), of the fact that such is the final payment; and

(e) of the occurrence of a Servicer Disruption Date,

in each case, as notified by the Calculation Agent.

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

9. AGENTS; DETERMINATIONS BINDING

(a) The Issuer has appointed HSBC Bank plc as paying agent (in such capacity, or any successor or substitute appointed with such capacity, the "**Principal Paying Agent**") and as cash administrator (in such capacity, "**Cash Administrator**") and Wilmington Trust SP Services (Frankfurt) GmbH as calculation agent (in such capacity, or any successor or substitute appointed with such capacity, the "**Calculation Agent**") and as interest determination agent (in such capacity, or any successor or substitute appointed with such capacity, the "**Interest Determination Agent**"), each of the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the Interest Determination Agent an "**Agent**".

(b) The Issuer shall procure that for as long as any Notes are outstanding there shall always be a Principal Paying Agent, a Cash Administrator and a Calculation Agent and an Interest Determination Agent to perform the functions assigned to it in these Terms and Conditions. The Issuer may at any time, by giving not less than thirty (30) calendar days' notice by publication in accordance with Condition 13 (*Form of Notices*), replace any of the Agents by one or more other banks or other financial institutions which assume such functions, **provided that** (i) the Issuer shall maintain at all times a paying agent having a specified office in the European Union for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and (ii) no paying agent located in the United States of America will be appointed. Each of the Agents shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders. The Issuer shall procure that for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange, there shall be a Luxembourg Listing Agent.

(c) All Interest Amounts determined and other calculations and determinations made by the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the Interest Determination Agent (as applicable) for the purposes of these Terms and Conditions shall, in the absence of manifest error, be final and binding.

10. TAXES

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

11. SUBSTITUTION OF THE ISSUER

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

implementation or application of such laws that becomes effective on or after the Note Issuance Date:

(i) any of the Issuer, the Seller or the Servicer would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), be materially restricted from performing any of its obligations under the Notes or the other Transaction Documents to which it is a party; or

(ii) any of the Issuer, the Seller or the Servicer would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), (x) be required to make any tax withholding or deduction in respect of any payments on the Notes and/or the other Transaction Documents to which it is a party or (y) would not be entitled to relief for tax purposes for any amount which it is obliged to pay, or would be treated as receiving for tax purposes an amount which it is not entitled to receive, in each case under the Notes or the other Transaction Documents; then the Issuer shall inform the Transaction Security Trustee accordingly and shall, in order to avoid the relevant event described in paragraph (i) or (ii) above, use its reasonable endeavours to arrange the substitution of the Issuer with a company incorporated in another jurisdiction in accordance with Condition 11 (b) below or to effect any other measure suitable to avoid the relevant event described in paragraph (i) above or this (ii).

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

(i) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Notes and the Transaction Documents by means of an agreement with the Issuer and or the other parties to the Transaction Documents, and that the Collateral created in accordance with Condition 3.1 (*Security*) is held by the Transaction Security Trustee for the purpose of securing the obligations of the New Issuer upon the Issuer's substitution;

(ii) no additional expenses or legal disadvantages of any kind arise for the Noteholders from such assumption of debt and the Issuer has obtained a tax opinion to this effect from a reputable tax lawyer in the relevant jurisdiction which can be examined at the offices of the Principal Paying Agent;

(iii) the New Issuer provides proof satisfactory to the Transaction Security Trustee that it has obtained all of the necessary governmental approvals in the jurisdiction in which it has its registered address and that it is permitted to fulfil all of the obligations arising under or in connection with the Notes without discrimination against the Noteholders in their entirety;

(iv) the Issuer and the New Issuer enter into such agreements and execute such documents necessary and provide such information as the Principal Paying Agent, the Account Bank and the Cash Administrator may require for the effectiveness of the substitution (including without limitation satisfying the Principal Agent's, the Account Bank's and the Cash Administrator's know your client requirements); and

(v) the Rating Agencies have been notified of such substitution. Upon fulfilment of the aforementioned conditions, the New Issuer shall in every respect substitute the Issuer and the Issuer shall, *vis-à-vis* the Noteholders, be released from all obligations relating to the function of Issuer under or in connection with the Notes.

(c) Notice of such substitution of the Issuer shall be given in accordance with Condition 13 (*Form of Notices*).

(d) In the event of such substitution of the Issuer, each reference to the Issuer in these Terms and Conditions shall be deemed to be a reference to the New Issuer.

12. RESOLUTION OF NOTEHOLDERS

(a) The Noteholders of any Class may agree by majority resolution to amend these Terms and Conditions, **provided that** no obligation to make any payment or render any other performance shall be imposed on any Noteholder by majority resolution.

(b) Majority resolutions shall be binding on all Noteholders of the relevant Class. Resolutions which do not provide for identical conditions for all Noteholders of relevant Class are void, unless the Noteholders of such Class who are disadvantaged have expressly consented to their being treated disadvantageously. No amendment of the Terms and Conditions (including the Transaction Security Agreement) passed by a resolution of the Noteholders of a Class shall be effective and the Transaction Security Trustee shall not be bound by a direction of the Noteholders passed by a resolution of a Class unless:

(i) resolutions of all other outstanding Classes have been cast in favour of such amendment or direction;

(ii) such other Classes are not affected thereby; or

(iii) if any other Class is affected thereby, the Noteholders of such other Class have expressly consented to such amendment or direction by way of resolution,

in each case, in accordance with these Terms and Conditions and the German Act on Debt Securities (*Schuldverschreibungsgesetz*).

(c) Noteholders of any Class may in particular agree by majority resolution in relation to such Class to the following:

(i) the change of the due date for payment of interest, the reduction, or the cancellation, of interest;

(ii) the change of the due date for payment of principal;

(iii) the reduction of principal;

(iv) the subordination of claims arising from the Notes of such Class in insolvency proceedings of the Issuer;

(v) the conversion of the Notes of such Class into, or the exchange of the Notes of such Class for, shares, other securities or obligations;

(vi) the exchange or release of security;

(vii) the change of the currency of the Notes of such Class;

(viii) the waiver or restriction of Noteholders' rights to terminate the Notes of such Class;

(ix) the substitution of the Issuer;

(x) the appointment or removal of a common representative for the Noteholders of such Class; and

(xi) the amendment or rescission of ancillary provisions of the Notes.

(d) Resolutions shall be passed by simple majority of the votes cast. Resolutions relating to material amendments to these Terms and Conditions, in particular to provisions relating to the matters specified in Condition 12 (*Resolution of the Noteholders*) items (c)(i)

through (x) above, require a majority of not less than 75% of the votes cast (a "**qualified majority**").[1]

(e) Noteholders of the relevant Class may pass resolutions by vote taken without a meeting.

(f) Each Noteholder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes of the relevant Class. As long as the entitlement to the Notes of the relevant Class lies with, or the Notes of the relevant Class are held for the account of, the Issuer or any of its affiliates (Section 271 (2) of the German Commercial Code (*Handelsgesetzbuch*)), the right to vote in respect of such Notes shall be suspended. The Issuer may not transfer Notes, of which the voting rights are so suspended, to another person for the purpose of exercising such voting rights in the place of the Issuer; this shall also apply to any affiliate of the Issuer. No person shall be permitted to exercise such voting right for the purpose stipulated in sentence 3, first half sentence, herein above.

(g) No person shall be permitted to offer, promise or grant any benefit or advantage to another person entitled to vote in consideration of such person abstaining from voting or voting a certain way.

(h) A person entitled to vote may not demand, accept or accept a promise of, any benefit, advantage or consideration for abstaining from voting or voting in a certain way.

(i) The Noteholders of any Class may by qualified majority resolution appoint a common representative (*gemeinsamer Vertreter*) ("**Noteholders' Representative**") to exercise rights of the Noteholders of such Class on behalf of each Noteholder. Any natural person having legal capacity or any qualified legal person may act as Noteholders' Representative. Any person who:

(i) is a member of the management board, the supervisory board, the board of directors or any similar body, or an officer or employee, of the Issuer or any of its affiliates;

(ii) holds an interest of at least 20% in the share capital of the Issuer or of any of its affiliates;

(iii) is a financial creditor of the Issuer or any of its affiliates, holding a claim in the amount of at least 20% of the outstanding Notes of such Class, or is a member of a corporate body, an officer or other employee of such financial creditor; or

(iv) is subject to the control of any of the persons set forth in sub-paragraphs (i) to (iii) above by reason of a special personal relationship with such person,

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

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

(j) The Noteholders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Noteholders of the relevant Class. The Noteholders' Representative shall comply with the instructions of the Noteholders of the relevant Class. To the extent that the Noteholders' Representative has been authorised to assert certain rights of the Noteholders of the relevant Class, the Noteholders of such Class shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant

[1] The list of matters specified in Condition 12 (c) (i) through (ix) corresponds to the statutory list set out in Section 5 (3) nos. 1-9 of the German Act on Debt Securities (*Schuldverschreibungsgesetz*). For all of the matters specified in Section 5 (3) nos. 1-9 of the German Act on Debt Securities (*Schuldverschreibungsgesetz*) only a majority of 75% or more is permitted.

majority resolution. The Noteholders' Representative shall provide reports to the Noteholders of the relevant Class on its activities.

(k) The Noteholders' Representative shall be liable for the performance of its duties towards the Noteholders of the relevant Class who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Noteholders' Representative may be limited by a resolution passed by the Noteholders of the relevant Class. The Noteholders of the relevant Class shall decide upon the assertion of claims for compensation of the Noteholders of such Class against the Noteholders' Representative.

(l) Each Noteholders' Representative may be removed from office at any time by the Noteholders of the relevant Class without specifying any reasons. Each Noteholders' Representative may demand from the Issuer to furnish all information required for the performance of the duties entrusted to it. The Issuer shall bear the costs and expenses arising from the appointment of each Noteholders' Representative, including reasonable remuneration of such Noteholders' Representative.

13. FORM OF NOTICES

(a) All notices to the Noteholders hereunder shall be either (i) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Noteholders or (ii) made available for a period of not less than thirty (30) calendar days but in a case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange on the following website: www.bourse.lu.

(b) Any notice referred to under Condition 13 (a)(i) above shall be deemed to have been given to all Noteholders on the seventh (7th) calendar day after the day on which such notice was delivered to Euroclear and Clearstream Luxembourg. Any notice referred to under Condition 13 (a)(ii) above shall be deemed to have been given to all Noteholders on the day on which it is made available on the website, **provided that** if so made available after 4:00 p.m. (Frankfurt time) it shall be deemed to have been given on the immediately following calendar day.

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

14. MISCELLANEOUS

14.1 Presentation Period

The presentation period for the Global Notes provided in Section 801(1), first sentence, of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to five (5) years after the date on which the last payment in respect of the Notes represented by such Global Note was due.

14.2 Replacement of Global Notes

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

14.3 **Governing Law**

The form and content of the Notes and all of the rights and obligations of the Noteholders and the Issuer under the Notes shall be governed in all respects by the laws of the Federal Republic of Germany.

14.4 **Jurisdiction**

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

14.5 **Judicial Assertion**

Subject to the limitations set forth in Condition 3.2 (*Limited Recourse*), any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name its rights arising under such Notes on the basis of:

(a) a statement issued by the Custodian Bank with whom such Noteholder maintains a securities account in respect of the Notes (i) stating the full name and address of the Noteholder, (ii) specifying the aggregate Note Principal Amount of Notes credited to such securities account on the date of such statement and (iii) confirming that the Custodian Bank has given written notice to the Clearing Systems containing the information set out under items (i) and (ii) which has been confirmed by the Clearing Systems; and

(b) a copy of the Global Notes representing the Notes, certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the original Global Notes representing the Notes.

For the purposes of this Condition 14.5 (*Judicial Assertion*), "**Custodian Bank**" means any bank or other financial institution of recognised standing authorised to engage in security custody business (*Wertpapierverwahrungsgeschäft*) with which a Noteholder maintains a securities account in respect of the Notes and which maintains an account with the Clearing Systems, including the Clearing Systems. Each Noteholder may, without prejudice to the foregoing, protect or enforce its rights and claims arising from the Notes in any other way legally permitted in proceedings pursuant to the laws of the country in which proceedings take place. Section 797 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall not apply.

OVERVIEW OF RULES REGARDING RESOLUTION OF NOTEHOLDERS

Pursuant to the Terms and Conditions of the Notes, the Noteholders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed by taking votes without a meeting.

In addition to the provisions included in the Terms and Conditions of the Notes, the rules regarding the solicitation of votes and the conduct of the voting by Noteholders, the passing and publication of resolutions as well as their implementation and challenge before German courts are set out in Schedule 8 to the Agency Agreement which is incorporated by reference into the Terms and Conditions. Under the German Act on Debt Securities (*Schuldverschreibungsgesetz*), these rules are largely mandatory, although they permit in limited circumstances supplementary provisions set out in or incorporated into the Terms and Conditions.

Specific rules on the taking of votes without a meeting

The following is a brief summary of some of the statutory rules regarding the solicitation and conduct of the voting, the passing and publication of resolutions as well as their implementation and challenge before German courts.

The voting shall be conducted by the person presiding over the taking of votes ("**Chairperson**") who shall be (i) a notary appointed by the Issuer, (ii) the Noteholders' Representative if such a representative has been appointed and has solicitated the taking of votes, or (iii) a person appointed by the competent court.

The notice for the solicitation of the votes shall specify the period within which votes may be cast. Such period shall not be less than twenty-seven (72) hours. During such period, the Noteholders may cast their votes to the Chairperson. The notice for the solicitation of votes shall give details as to the prerequisites which must be met for votes to qualify for being counted.

The Chairperson shall determine each Noteholders' entitlement to vote on the basis of evidence presented and shall prepare a roster of the Noteholders' meeting. Each Noteholder who has taken part in the vote may request from the Issuer, for up to one year following the end of the voting period, a copy of the minutes for such vote and any annexes thereto.

Each Noteholder who has taken part in the vote may object in writing to the result of the vote within two (2) weeks following the publication of the resolutions passed. The objection shall be decided upon by the Chairperson. If the Chairperson does not remedy the objection, the Chairperson shall promptly inform the objecting Noteholder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting or appointed or removed the Chairperson, also the costs of such proceedings.

Rules on Noteholders' Meetings under the German Act on Debt Securities

In addition to the aforementioned rules, the statutory rules applicable to Noteholders' meetings apply *mutatis mutandis* to any taking of votes by Noteholders without a meeting. The following summarises some of such rules.

Meetings of Noteholders may be convened by the Issuer and the Noteholders' Representative if such a representative has been appointed. Meetings of Noteholders must be convened if one or more Noteholders holding 5 per cent. or more of the outstanding Notes so require for specified reasons permitted by statute.

Meetings may be convened not less than fourteen (14) calendar days before the date of the meeting. Attendance and voting at the meeting may be made subject to prior registration of Noteholders. The convening notice will provide what proof will be required for attendance and voting at the meeting. The place of the meeting in respect of a German Issuer is the place of the Issuer's registered office, **provided, however, that** where the relevant notes are listed on a stock exchange within European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice must include relevant particulars and must be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Noteholder may represented by proxy. A quorum exists if Noteholders representing by value not less than 50% of the outstanding Notes are present or represented at the meeting. If the quorum is not reached,

a second meeting may be called at which quorum will be required, **provided that** where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25% of the principal amount of outstanding Notes.

All resolutions adopted must be properly published. Resolutions which amend or supplement the Terms and Conditions of Notes certificated by one or more global notes must be implemented by supplementing or amending the relevant global note(s).

In insolvency proceedings instituted in Germany against the Issuer, the Noteholders' Representative, if appointed, is obliged and exclusively entitled to assert the Noteholders' rights under the Notes. Any resolutions passed by the Noteholders are subject to the provisions of the German Insolvency Code (*Insolvenzverordnung*).

If a resolution constitutes a breach of the statute or the Terms and Conditions of the Notes, Noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

DEFINITIONS

Defined terms in this Prospectus and in the Transaction Documents are written in capital letters. The definitions can be found in "*SCHEDULE 1 DEFINITIONS*" to this Prospectus. Special defined terms for single agreements of the Transaction Documents or the Prospectus are defined in the single agreement or in the Prospectus respectively.

THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT

The following sets out the main provisions of the Transaction Security Agreement. The full text of the Transaction Security Agreement (excluding any Schedules thereto) constitutes Appendix 2 to the Terms and Conditions and forms an integral part of the Terms and Conditions. The text of the recitals, Clause 1 (*Definitions and Construction*), Clause 40.2 (*Notices*) and Clause 47 (*Counterparts*), of the Transaction Security Agreement have been omitted from the following.

1. **(OMITTED)**

2. **DUTIES OF THE TRANSACTION SECURITY TRUSTEE**

This Agreement sets out the general rights and obligations of the Transaction Security Trustee which govern the performance of its functions under this Agreement. The Transaction Security Trustee shall perform the activities and services set out in this Agreement or contemplated to be performed by the Transaction Security Trustee pursuant to the terms of any other Transaction Document to which the Transaction Security Trustee is a party. Unless otherwise stated herein or in the other Transaction Documents to which the Transaction Security Trustee is a party, the Transaction Security Trustee is not obliged to supervise the discharge by the Issuer of its payment and other obligations arising from the Notes or any other relevant Transaction Documents or to carry out duties which are the responsibility of the Issuer.

3. **POSITION OF TRANSACTION SECURITY TRUSTEE IN RELATION TO THE BENEFICIARIES**

3.1 The Transaction Security Trustee shall acquire and hold the security granted to it under this Agreement and exercise its rights (other than its rights under Clauses 27 to 30 of this Agreement) and discharge its duties under the Transaction Documents as a trustee (*Treuhänder*) (for the avoidance of doubt, with the exception of the Transaction Security Trustee Claim) for the benefit of the Beneficiaries. Without prejudice to the Post-Enforcement Priority of Payments as set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) ("**Post-Enforcement Priority of Payments**"), the Transaction Security Trustee shall exercise its duties under this Agreement with regard (i) as long as any of the Class A Notes are outstanding, only to the interests of the Class A Noteholders and (ii) if no Class A Notes remain outstanding, only to the interests of the Class B Noteholders and (iii) if no Class B Notes remain outstanding, only to the interests of the Class C Noteholders and (iv) if no Class C Notes remain outstanding, only to the interests of the Class D Noteholders and (v) if no Class D Notes remain outstanding, only to the interests of the Class E Noteholders and (vi) if no Class E Notes remain outstanding, only to the interests of the Class F Noteholders and (vii) if no Notes remain outstanding, only to the interests of the Beneficiary ranking highest in the Post- Enforcement Priority of Payments to whom any amounts are owed.

3.2 This Agreement constitutes a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) pursuant to Section 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) in respect of the obligations of the Transaction Security Trustee contained herein to act as trustee (*Treuhänder*) for the benefit of present and future Beneficiaries. The rights of the Issuer pursuant to Clause 4.2 (*Transaction Security Trustee Claim*) in the event of an enforcement of the Transaction Security Trustee Claim shall remain unaffected.

4. **POSITION OF TRANSACTION SECURITY TRUSTEE IN RELATION TO THE ISSUER**

4.1 Transaction Security Trustee as Secured Party / Insolvency of Transaction Security Trustee

With respect to its own claims against the Issuer under this Agreement or otherwise, in particular with respect to any fees, and with respect to the Transaction Security Trustee Claim (as set out in Clause 4.2 below) the Transaction Security Trustee shall, in addition to the Beneficiaries be a secured party (*Sicherungsnehmer)* with respect to the Collateral (as defined in Clause 7 (*Security Purpose*) below).

To the extent that the Assigned Security (as defined in Clause 5.1 below) will be transferred to the Transaction Security Trustee for security purposes in accordance with Clause 5 (*Transfer for Security Purposes of the Assigned Security*), in the event of insolvency proceedings being commenced in respect of the Transaction Security Trustee, any Collateral held by the Transaction

Security Trustee shall be transferred by the Transaction Security Trustee to the relevant new Transaction Security Trustee appointed in accordance with this Agreement. The Issuer and each Beneficiary hereby undertakes to assign any claim for segregation it may have in an insolvency of the Transaction Security Trustee with respect to this Agreement and the Collateral to the relevant new Transaction Security Trustee appointed in accordance with this Agreement for the purposes set out herein.

4.2 **Transaction Security Trustee Claim**

(a) The Issuer hereby irrevocably and unconditionally, by way of an independent promise to perform obligations (*abstraktes Schuldversprechen*) promises to pay the Transaction Security Trustee an amount equal to:

(i) any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note when due; and

(ii) any present or future, actual or contingent obligation of the Issuer in relation to any other Beneficiary under any other Transaction Document to which the Issuer is a party when due;

(i) and (ii) together the "**Transaction Security Trustee Claim**".

(b) The obligation of the Issuer to make payments to the relevant Beneficiary shall remain unaffected by the provisions of paragraph (a) above. The Transaction Security Trustee Claim may be enforced separately from the Beneficiary's claim in respect of the same payment obligation of the Issuer. The Transaction Security Trustee agrees to the Issuer and the other Beneficiaries to pay any sums received from the Issuer pursuant to this Clause 4.2 to the relevant Beneficiaries in accordance with the Post-Enforcement Priority of Payments (as such term is defined in Clause 22.2 (*Post-Enforcement Priority of Payments*) upon the occurrence of an Issuer Event of Default; the relevant Transaction Secured Obligation shall only be deemed fulfilled when the payment due has been made by the Transaction Security Trustee to the relevant Beneficiary.

5. **TRANSFER FOR SECURITY PURPOSES OF THE ASSIGNED SECURITY**

5.1 **Assignment and Transfer**

The Issuer hereby assigns and transfers the following rights and claims (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) (together, the "**Assigned Security**") to the Transaction Security Trustee for the security purposes set out in Clause 7 (*Security Purpose*):

(a) all Purchased Receivables together with any assignable Related Collateral and all rights, claims and interests relating thereto;

(b) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Seller or the Servicer and/or any other party pursuant to or in respect of the Receivables Purchase Agreement or the Servicing Agreement, including all rights of the Issuer relating to any additional security;

(c) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Lead Manager and or any other party pursuant to or in respect of the Subscription Agreement;

(d) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to a third party pursuant to or in respect of the sale to such third party of Defaulted Receivables;

(e) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Account Bank and/or the Cash Administrator and/or any other party pursuant to or in respect of the Accounts Agreement;

(f) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Data Trustee and/or any other party pursuant to or in respect of the Data Trust Agreement;

(g) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Principal Paying Agent and/or the Calculation Agent and/or the Interest Determination Agent pursuant to the Agency Agreement;

(h) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Corporate Administrator and/or any other party pursuant to or in respect of the Corporate Administration Agreement; and

(i) all present and future rights, claims and interests in or in relation to any amounts standing to the credit of any accounts of the Issuer governed by German law which may be opened in replacement of any of the Accounts,

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

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

5.2 The Transaction Security Trustee hereby accepts the assignment and the transfer of the Assigned Security and any security related thereto and the covenants of the Issuer hereunder.

5.3 The existing Assigned Security shall pass over to the Transaction Security Trustee on the date on which this Agreement becomes effective, and any future Assigned Security shall directly pass over to the Transaction Security Trustee at the date on which such Assigned Security arises, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the Assigned Security consists.

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

The Issuer shall create security over the Accounts and all amounts standing to the credit of the Accounts from time to time pursuant to the English Security Deed in accordance with English law (or such other law as may be necessary from time to time).

5.4 To the extent that title to the Assigned Security cannot be transferred by mere agreement between the Issuer and the Transaction Security Trustee as effected in the foregoing Clauses 5.1 to 5.3, the Issuer and the Transaction Security Trustee hereby agree with respect to all Purchased Receivables that:

(a) the delivery (*Übergabe*) necessary to effect the transfer of title for security purposes with regard to any movable Related Collateral with regard to any subsequently inserted parts thereof or with regard to any subsequently arising co-owner's interest, is hereby replaced in that the Issuer and the Transaction Security Trustee hereby agree that the Issuer hereby assigns to the Transaction Security Trustee all claims, present or future, to request transfer of possession (*Abtretung aller Herausgabeansprüche gemäß § 931 Bürgerliches Gesetzbuch*) against any third party (including any Debtors, Seller or (if different) Servicer) which is in the direct possession (*unmittelbarer Besitz*) or indirect possession (*mittelbarer Besitz*) of the movable Related Collateral. In addition to the foregoing it is hereby agreed that the Issuer shall, in the event that (but only in the event that) the movable Related Collateral is in the Issuer's direct possession (*unmittelbarer Besitz*), hold possession on

behalf of the Transaction Security Trustee and shall grant the Transaction Security Trustee indirect possession (*mittelbarer Besitz*) of the Related Collateral by keeping it with due care free of charge (*als Verwahrer*) for the Transaction Security Trustee until revoked (*Besitzkonstitut*);

(b) any notice to be given in order to effect transfer of title in the Assigned Security shall immediately be given by the Issuer in such form as the Transaction Security Trustee requires and the Issuer hereby agrees that if it fails to give such notice, the Transaction Security Trustee is hereby irrevocably authorised to give such notice on behalf of the Issuer;

(c) any other thing to be done or form or registration to be effected to perfect a first priority security interest in the Assigned Security for the Transaction Security Trustee in favour of the Beneficiaries shall be immediately done and effected by the Issuer at its own costs; and

(d) the Issuer shall provide any and all necessary details in order to identify the movable Related Collateral title to which has been transferred hereunder from the Issuer to the Transaction Security Trustee as contemplated herein in respect of the initial purchase of Receivables at the latest on the date on which this Agreement becomes effective and, in the case of any Related Collateral transferred on each subsequent Purchase Date, at the latest on the date on which the purchase of the relevant Receivable becomes effective.

The Transaction Security Trustee hereby accepts the assignment and transfer.

5.5 **Assignment of Claims under Account Relationship**

If an express or implied current account relationship (*echtes oder unechtes Kontokorrentverhältnis*) exists or is later established between the Issuer and a third party, the Issuer hereby assigns to the Transaction Security Trustee (without prejudice to the generality of the provisions in Clauses 5.1(a) to (i) (*Assignment and Transfer*)) the right to receive a periodic account statement and the right to receive payment of present or future balances and the right to demand the drawing of a balance (including a final net balance determined upon the institution of any insolvency proceedings in respect of the assets of the Issuer), as well as the right to terminate the current account relationship and the right to receive payment of the closing net balance upon termination. The Issuer shall notify the Transaction Security Trustee of any future current account relationship it enters into in accordance with the Transaction Documents.

5.6 **Acknowledgement of Assignment/Transfer**

All parties to this Agreement hereby acknowledge that the rights and claims of the Issuer which constitute the assignable Related Collateral and which have arisen under contracts and agreements between the Issuer and the parties hereto and which are owed by such parties, are assigned and/or transferred to the Transaction Security Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with the provisions of and subject to the restrictions contained in this Agreement. For the avoidance of doubt, upon notification to any party hereto by the Transaction Security Trustee in respect of the occurrence of an Issuer Event of Default, the Transaction Security Trustee shall be entitled to exercise the rights of the Issuer under the Transaction Documents referred to in Clauses 5.1(a) to 5.1(i), including, without limitation, (i) the right to receive itself or to its order Encrypted Portfolio Documentation and (ii) the right to give instructions to each such party pursuant to the relevant Transaction Document and each party hereto agrees to be bound by such instructions of the Transaction Security Trustee given pursuant to the relevant Transaction Document to which such party is a party.

5.7 **Non-transferable Related Collateral**

If and to the extent that a Related Collateral is not assignable and transferrable for what reason so ever, such Related Collateral is held fiducially (*treuhänderisch*) for account and on behalf of the Issuer by the Seller and shall be held for account and on behalf of the Transaction Security Trustee by the Seller for the security purposes set out in Clause 7 (*Security Purpose*) with the priority effect against the Issuer. The regulations of the Agreement which refer to the assignment and transfer of

Related Collateral apply to such non-transferable and assignable Related Collateral correspondingly. The Issuer, the Seller and the Transaction Security Trustee agree to the agreement relating to non- transferable Related Collateral.

6. PLEDGE

The Issuer hereby pledges (*Verpfändung*) to the Transaction Security Trustee all its present and future claims against the Transaction Security Trustee arising under this Agreement. The Issuer hereby gives notice to the Transaction Security Trustee of such pledge and the Transaction Security Trustee hereby confirms receipt of such notice. The Transaction Security Trustee is under no obligation to enforce any claims of the Issuer against the Transaction Security Trustee pledged to the Transaction Security Trustee pursuant to this Clause 6.

7. SECURITY PURPOSE

The assignment and transfer for security purposes of rights and claims pursuant to Clause 5 (*Transfer for Security Purposes of the Assigned Security*) and the pledge pursuant to Clause 6 (*Pledge*) (and the Assigned Security together with such pledges are referred to herein and any other security interests granted by the Issuer to the Transaction Security Trustee pursuant to the English Security Deed, such security interests collectively, the "**Collateral**") serve to secure the Transaction Security Trustee Claim.

In addition, the assignment, transfer and pledge for security purposes of the Collateral is made for the purpose of securing the due payment and performance by the Issuer of any and all obligations (present and future, actual and contingent) which are (or are expressed to be) or become owing by the Issuer to the Noteholders under the Notes and the other Beneficiaries or any of them (including any future Beneficiary following a transfer or assignment, accession, assumption of contract (*Vertragsübernahme*) or novation of certain rights and obligations in accordance with the relevant provision of the relevant current or future Transaction Documents) under or in connection with any of the Transaction Documents, as each may be amended, novated, supplemented or extended from time to time ("**Transaction Secured Obligations**"), and which Transaction Secured Obligations shall, for the avoidance of doubt, include, without limitation, (i) any fees to be paid by the Issuer to any Beneficiary in connection with the Transaction Documents irrespective of whether such fees are agreed or determined in such Transaction Documents or in any fee arrangement relating thereto, (ii) any obligations incurred by the Issuer on, as a consequence of or after the opening of any insolvency proceedings and (iii) any potential obligations on the grounds of any invalidity or unenforceability of any of the Transaction Documents, in particular claims on the grounds of unjustified enrichment (*ungerechtfertigter Bereicherung*).

8. COLLECTION AUTHORISATION; FURTHER TRANSFER

8.1 Collection Authorisation

(a) The Issuer shall be authorised (*ermächtigt*) to collect or, have collected in the ordinary course of business or otherwise exercise or deal with (which term shall, for the avoidance of doubt, include the enforcement of any security) the rights transferred for security purposes under Clause 5 (*Transfer for Security Purposes of the Assigned Security*) and the rights pledged pursuant to Clause 6 (*Pledge*).

(b) Without affecting the generality of paragraph (a), it is hereby agreed that the Transaction Security Trustee consents to the assignments, transfers and/or releases by the Issuer (or by the Servicer on behalf of the Issuer) of Purchased Receivables and Related Collateral to any third party in accordance with the Credit and Collection Policy and the release by the Servicer of any Related Collateral in accordance with the Receivables Purchase Agreement and/or the Servicing Agreement.

(c) The authority and consents provided in paragraphs (a) and (b) above, are deemed to be granted only to the extent that the Transaction Security Trustee procures that the obligations of the Issuer are fulfilled in accordance with the applicable Pre-Enforcement Priorities of Payments, Condition 7.2 (*Amortisation*) of the Terms and Conditions and the requirements under this Agreement.

(d) The authority and consents contained in paragraphs (a) and (b) may be revoked by the Transaction Security Trustee if, in the Transaction Security Trustee's opinion, such revocation is necessary in order to avoid an adverse effect on the Collateral or their value which the Transaction Security Trustee considers material, and the Transaction Security Trustee gives notice thereof to the Issuer and the Seller. The authority and consents contained in paragraphs (a) and (b) shall automatically terminate upon the occurrence of an Issuer Event of Default, but with respect to the Servicer and the Seller only upon notice thereof to the Seller and the Servicer (as the case may be).

8.2 **Transfer Authorisation**

The Transaction Security Trustee shall be authorised to transfer the Assigned Security in the event that the Transaction Security Trustee is replaced and the Collateral is to be transferred to the new Transaction Security Trustee pursuant to Clauses 31.1 (*Resignation*) and 33.1 (*Transfer of Collateral*). In any event the Issuer shall be entitled to retain an amount of up to EUR 500 in each calendar year for its free disposal from the Collateral.

9. ENFORCEMENT AND ENFORCEABILITY

The Parties further agree that the Transaction Security Trustee may, where data is processed on behalf of a relevant controller, enter into, and act in accordance with, an appropriate data processing agreement compliant with the Data Protection Standards and any applicable requirements on data protection under foreign law and implement appropriate technical and organisational measures to such manner that processing of any data is performed in accordance with, and meets the requirements of, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 and ensures the protection of the respective data subjects (as defined in such Regulation). Each Party shall review such measures and may also make arrangements if and to the extent necessary to comply with any applicable other data protection law.

The Collateral shall be enforced upon an Issuer Event of Default in accordance with Clause 18 (*Enforcement of Collateral*).

10. RELEASE OF COLLATERAL; DETERMINATION OF FINAL REDEMPTION AMOUNT UPON REPURCHASE OPTION OR OPTIONAL REDEMPTION

10.1 As soon as the Transaction Security Trustee is satisfied that the Issuer has fully performed all obligations secured by this Agreement and to the extent the Collateral has not been previously released pursuant to this Agreement, the Transaction Security Trustee shall promptly transfer back to the Issuer or to the Issuer's order the Collateral transferred to it under this Agreement. The Transaction Security Trustee will however comply with mandatory statutory collateral release obligations.

10.2 In the event that (i) on any Payment Date on or following which the Aggregate Outstanding Principal Amount has been reduced to 10 per cent of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date, the Seller wishes to exercise the Clean-Up Call and has given notice thereof to the Issuer or (ii) the Issuer wishes to exercise the optional redemption for taxation reasons pursuant to Condition 7.6(a) or the optional redemption upon occurrence of a Regulatory Call Event pursuant to Condition 7.6(b) on any Payment Date and has given notice thereof to the Transaction Security Trustee, the following shall apply:

(a) the Issuer shall, if any of the outstanding Purchased Receivables are Delinquent Receivables or Defaulted Receivables (i) at the time of exercise of the repurchase option by the Seller, without undue delay (*unverzüglich*) upon receipt of such notice or (ii) at the time of exercise of the optional redemption by the Issuer without undue delay (*unverzüglich*) upon giving notice to the Transaction Security Trustee, appoint a disinterested third party expert who shall be an internationally recognised auditor which is located in Germany but is not an affiliate of the Issuer or the Seller (an "**Independent Appraiser**") to determine the current value of such Delinquent Receivables or Defaulted Receivable which shall constitute the repurchase price of such Delinquent Receivables or Defaulted Receivable;

(b) the Independent Appraiser shall determine the current value of such Delinquent Receivables or Defaulted Receivable in accordance with standard market practice, taking into account expected recoveries to be obtained from the Debtor and expected proceeds from the enforcement of Related Collateral;

(c) the Servicer and the Issuer shall, subject to applicable banking secrecy and data protection laws, provide such Independent Appraiser with such information and documents regarding the relevant Delinquent Receivables or Defaulted Receivables as such Independent Appraiser may reasonably require for determination of the current market value thereof and the Issuer and the Servicer shall procure that the Independent Appraisers undertakes to comply with applicable banking secrecy and data protection laws and any confidentiality restrictions applicable to the Issuer and the Seller;

(d) any determination by way of a written certificate signed by the Independent Appraiser shall be final and binding on each of the parties hereto and the Noteholders. The Issuer shall procure that the Independent Appraiser delivers such written certificate to the Issuer and the Seller, with copies to the Transaction Security Trustee and each of the Rating Agencies, and

(e) the Transaction Security Trustee shall be entitled to promptly transfer back to the Issuer or to the Issuer's order the Collateral transferred to it under this Agreement subject to the Issuer applying the Final Redemption Amount towards its obligations as specified in Condition 7.5(a), the Tax Call Redemption Amount towards its obligations as specified in Condition 7.6(a)(ii) and the Regulatory Call Redemption Amount towards its obligations as specified in Condition 7.6(b)(ii), as applicable.

11. REPRESENTATIONS OF THE ISSUER WITH RESPECT TO COLLATERAL, COVENANTS

11.1 The Issuer hereby represents and warrants to and covenants with the Transaction Security Trustee that it has (and will have, insofar as future rights and claims are concerned) full and unaffected title to the Collateral and any related security thereto which is assigned, transferred or pledged hereby and that such Collateral and such related security is (and will be insofar as future rights and claims are concerned) free and clear from any encumbrances and adverse rights and claims of any third parties, always subject only to the rights and encumbrances created under this Agreement.

11.2 The Issuer shall be liable (without prejudice to Clause 43 (*No Liability and No Right to Petition and Limitation on Payments*)) to pay damages (*Schadensersatz wegen Nichterfüllung*) in the event that any Collateral transferred for security purposes in accordance with this Agreement proves to be invalid or if the transfer itself proves to be invalid.

11.3 The Issuer hereby covenants with the Transaction Security Trustee to notify the Transaction Security Trustee of the issue of any Notes within ten (10) Business Days from the date of issue thereof by way of notice in substantially the form set out in Schedule 1 (*Form of Note Identification Notice*) to this Agreement.

11.4 All parties to the Agreement shall obtain and keep all required licenses, approvals, authorisations and consents which are necessary or desirable in connection with the performance of the Agreement and procure that any of their agents obtains and maintain any such license.

12. REPRESENTATIONS AND WARRANTIES OF THE BENEFICIARIES

12.1 The Transaction Security Trustee hereby represents to the Issuer that it has the legal capacity, is in a position to perform and has obtained all authorisations and licences required for the performance of its duties and obligations hereunder in accordance with the provisions of this Agreement and the other Transaction Security Documents and that, at the time of concluding this Agreement, it does not, to the best of its knowledge, see actual or foreseeable grounds for terminating this Agreement pursuant to Clauses 31 (*Resignation*) or 32 (*Replacement of Transaction Security Trustee*).

12.2 It is hereby agreed (without prejudice to the other provisions of this Agreement, and in particular Clauses 32 (*Replacement of Transaction Security Trustee*) and 33.1 (*Transfer of Collateral*) hereof) that, in the event that any grounds for terminating the appointment of the Transaction Security

Trustee under this Agreement pursuant to Clauses 31 (*Resignation*) or 32 (*Replacement of Transaction Security Trustee*) exist or come into existence, or if the Transaction Security Trustee does not possess any authorisation, registration or licence which is required for the performance of its duties and obligations hereunder, the Transaction Security Trustee shall, without undue delay remedy any such grounds, obtain such authorisations, registrations and licences and any other obligations of the Transaction Security Trustee and the other provisions of this Agreement shall not be affected by the Transaction Security Trustee failing to remedy such grounds or to have obtained such authorisations, registrations or licences.

12.3 Each Beneficiary who is a party to this Agreement hereby represents and warrants, that, as of the date of execution of this Agreement, it has the corporate power and the authority to enter into this Agreement and that all necessary corporate action has been taken and the validity and enforceability of this Agreement is not subject to any restriction of any kind, consent or other requirement or condition, that has not been satisfied as of the date of execution of this Agreement.

13. RECEIPT AND CUSTODY OF DOCUMENTS; NOTICES

13.1 The Transaction Security Trustee shall take delivery of and keep in custody the documents which are delivered to it under the Transaction Documents (if any) and shall:

(a) keep such documents for one year after the termination of this Agreement; or

(b) forward the documents to the new Transaction Security Trustee if the Transaction Security Trustee is replaced in accordance with Clauses 32 (*Replacement of Transaction Security Trustee*) and 33 (*Transfer of Collateral*) hereof.

13.2 In the event that the Transaction Security Trustee becomes aware of any variations in writing of the Transaction Documents, it shall immediately give notice thereof to the Rating Agencies.

14. CONSENT OF THE TRANSACTION SECURITY TRUSTEE

If the Issuer requests that the Transaction Security Trustee grants its consent pursuant to Clause 38 (*Actions of the Issuer Requiring Consent*) hereof, the Transaction Security Trustee may grant or withhold the requested consent at its discretion taking into account what the Transaction Security Trustee believes to be the interests of the Beneficiaries, giving due regard to the provisions of Clause 3.1 (*Security*). In any event, the Transaction Security Trustee shall give such consent if (regardless of whether the relevant action could, in the professional judgement of the Transaction Security Trustee, be materially prejudicial (*wesentlich nachteilig*) to the Beneficiaries) (i) the Transaction Security Trustee or the Issuer has notified each Rating Agency of such proposed action and (ii) one or more Noteholders representing at least 662/3 per cent. of the then outstanding Class Principal Amount of the most senior outstanding Class of Notes (or, if no Notes remain outstanding, one or more Beneficiaries representing 51 per cent. of the then outstanding aggregate amount owed to all Beneficiaries) have given their consent to such action, it being understood that the Transaction Security Trustee shall have no obligation to request such confirmation nor to make such notification.

15. BREACH OF OBLIGATIONS BY THE ISSUER

15.1 If the Transaction Security Trustee in the course of its activities obtains knowledge that the existence or the value of the Collateral is at risk due to any failure of the Issuer properly to discharge its obligations under this Agreement or the other Transaction Documents to which it is a party, the Transaction Security Trustee shall be authorised, at its discretion and subject to Clause 15.2 below, to take or initiate all actions which in the opinion of the Transaction Security Trustee are desirable or expedient to avert such risk. To the extent that the Issuer, in the opinion of the Transaction Security Trustee, does not duly discharge its obligations pursuant to Clause 33 (*Transfer of Collateral*) in respect of the Collateral, the Transaction Security Trustee shall in particular be authorised and obliged to exercise all rights arising under the relevant Transaction Documents on behalf of the Issuer.

15.2 The Transaction Security Trustee shall only be obliged to intervene in accordance with Clause 15.1 if, and to the extent that, it is satisfied that it will be fully indemnified and/or secured or pre-funded (either by reimbursement of costs, its ranking under the Pre-Enforcement Interest Priority of

Payments or the Post-Enforcement Priority of Payments (as applicable) or in any other way it deems appropriate) against all costs and expenses resulting from its activities (including fees for retaining counsel, banks, auditors or other experts as well as the expenses of retaining third parties to perform certain duties) and against all liabilities (except for liabilities which arise from its own negligence, wilful misconduct or fraud), obligations and attempts to bring any action in or outside court. Clause 34 (*Standard of Care for Liability*) shall remain unaffected.

16. FURTHER OBLIGATIONS

16.1 The Transaction Security Trustee shall perform its tasks and obligations under the other Transaction Documents to which it is a party in accordance with this Agreement.

16.2 The Transaction Security Trustee shall, unless otherwise provided for under this Agreement, decide on any consents or approvals to be given by it pursuant to the other Transaction Documents in its reasonable discretion in accordance with this Agreement (in particular Clause 35 (*General*) hereof).

16.3 The Transaction Security Trustee hereby authorises the Issuer to re-assign any Purchased Receivables (or the affected portion thereof) and any Related Collateral relating thereto to the Seller in relation to which the Purchaser has received a Deemed Collection pursuant to Clause 15.1 (*Deemed Collections*) of the Receivables Purchase Agreement.

17. POWER OF ATTORNEY

The Issuer hereby grants the Transaction Security Trustee power of attorney, waiving the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents to which it is a party (except for the rights *vis-à-vis* the Transaction Security Trustee). Such power of attorney shall be irrevocable. It shall expire as soon as a new Transaction Security Trustee has been appointed pursuant to Clauses 31 (*Resignation*) and 32 (*Replacement of Transaction Security Trustee*) and the Issuer has issued a power of attorney to such new Transaction Security Trustee having the same contents as the power of attorney previously granted in accordance with the provisions of this Clause 17. The Transaction Security Trustee shall only act under this power of attorney in relation to the exercise of its rights and obligations under this Agreement.

18. ENFORCEMENT OF COLLATERAL

18.1 Issuer Event of Default

The Collateral shall be subject to enforcement upon the occurrence of an Issuer Event of Default. The Transaction Security Trustee shall promptly, upon obtaining knowledge of an Issuer Event of Default, give notice thereof to the Noteholders pursuant to Clause 18.3 (*Notifications*) and the Rating Agencies pursuant to Clause 40 (*Notices*).

18.2 Enforcement of Collateral

Upon being notified by any person of the occurrence of an Issuer Event of Default, the Transaction Security Trustee shall subject to it being indemnified and/or secured or pre-funded to its satisfaction enforce or cause enforcement of the Collateral in a manner determined at its reasonable discretion, subject to Clause 18.3 (*Notification*) and Clause 29 (*Right to Indemnification*).

18.3 Notification

Within fifteen (15) calendar days of the Transaction Security Trustee's obtaining knowledge of the occurrence of an Issuer Event of Default, the Transaction Security Trustee shall give notice to the Noteholders and the other Beneficiaries pursuant to Clause 40.3 (*Notices*), specifying the manner in which it intends to enforce the Collateral (in particular, whether it intends to sell the Collateral) and apply the proceeds from such enforcement to satisfy the obligations of the Issuer, subject to the Post- Enforcement Priority of Payments (as such term is defined in Clause 22.2 (*Post-Enforcement Priority of Payments*)). If, within thirty (30) calendar days of the publication of such

notice, the Transaction Security Trustee receives written notice (i) from one or more Class A Noteholders representing at least 51 per cent. of the outstanding Class A Principal Amount, (ii) if no Class A Notes are outstanding from one or more Class B Noteholders representing at least 51 per cent. of the outstanding Class B Principal Amount, (iii) if no Class B Notes are outstanding from one or more Class C Noteholders representing at least 51 per cent. of the outstanding Class C Principal Amount, (iv) if no Class C Notes are outstanding from one or more Class D Noteholders representing at least 51 per cent. of the outstanding Class D Principal Amount, (v) if no Class D Notes are outstanding from one or more Class E Noteholders representing at least 51 per cent. of the outstanding Class E Principal Amount, (vi) if no Class E Notes are outstanding from one or more Class F Noteholders representing at least 51 per cent. of the outstanding Class F Principal Amount or (vii) if no Notes remain outstanding, from any other Beneficiary or Beneficiaries representing at least 51 per cent. of the aggregate outstanding amount owed to all Beneficiaries, objecting to the action proposed in the Transaction Security Trustee's notice, the Transaction Security Trustee shall not undertake such action. In the event that (i) the Class A Noteholders, (ii) if no Class A Notes are outstanding, the Class B Noteholders, (iii) if no Class B Notes are outstanding, the Class C Noteholders, (iv) if no Class C Notes are outstanding, the Class D Noteholders, (v) if no Class D Notes are outstanding, the Class E Noteholders, (vi) if no Class E Notes are outstanding, the Class F Noteholders or (vii) if no Notes remain outstanding, the other Beneficiaries representing at least 51 per cent. of the aggregate outstanding amount owed to all Beneficiaries have notified such objection to the Transaction Security Trustee, and (i) one or more Class A Noteholders representing at least 51 per cent. of the outstanding Class A Principal Amount, (ii) if no Class A Notes are outstanding, one or more Class B Noteholders representing at least 51 per cent. of the outstanding Class B Principal Amount, (iii) if no Class B Notes are outstanding, one or more Class C Noteholders representing at least 51 per cent. of the outstanding Class C Principal Amount, (iv) if no Class C Notes are outstanding, one or more Class D Noteholders representing at least 51 per cent. of the outstanding Class D Principal Amount, (v) if no Class D Notes are outstanding, one or more Class E Noteholders representing at least 51 per cent. of the outstanding Class E Principal Amount, (vi) if no Class E Notes are outstanding, one or more Class F Noteholders representing at least 51 per cent. of the outstanding Class F Principal Amount or (vii) if no Notes remain outstanding, any other Beneficiary or Beneficiaries representing at least 51 per cent. of the aggregate outstanding amount owed to all Beneficiaries, have not proposed (either together with such objection or within thirty (30) calendar days thereafter) to the Transaction Security Trustee an alternative action or have instructed the Transaction Security Trustee to propose alternative action, the Transaction Security Trustee shall be free to decide in its own discretion whether and what action to take **provided that** such action has not previously been objected to as herein contemplated. If the Transaction Security Trustee receives a written notice (i) from one or more Class A Noteholders representing at least 51 per cent. of the Class A Principal Amount, (ii) if no Class A Notes are outstanding, from one or more Class B Noteholders representing at least 51 per cent. of the Class B Principal Amount, (iii) if no Class B Notes are outstanding, from one or more Class C Noteholders representing at least 51 per cent. of the Class C Principal Amount, (iv) if no Class C Notes are outstanding, one or more Class D Noteholders representing at least 51 per cent. of the Class D Principal Amount, (v) if no Class D Notes are outstanding, one or more Class E Noteholders representing at least 51 per cent. of the Class E Principal Amount, (vi) if no Class E Notes are outstanding, one or more Class F Noteholders representing at least 51 per cent. of the Class F Principal Amount or (vii) if no Notes remain outstanding, from any other Beneficiary or Beneficiaries representing at least 51 per cent. of the aggregate outstanding amount owed to all Beneficiaries, proposing a manner to enforce the Collateral, the Transaction Security Trustee shall undertake such action. The Transaction Security Trustee shall, however, not be obliged to undertake any action under this Clause 18.3 other than notification of the Noteholders of the occurrence of an Issuer Event of Default if (and as long as) it has requested from the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders or the other Beneficiaries (as the case may be) requesting such action an undertaking for full indemnification of the Transaction Security Trustee against any damages, losses, costs and expenses which might arise from such action and no such undertaking has been granted to it.

18.4 **Indemnification**

For the avoidance of doubt, the Transaction Security Trustee shall not be obliged to undertake any action required to be taken in accordance with an Enforcement Instruction (other than notification

thereof pursuant to clause 18.3 (*Notification, Instruction*) unless it is fully indemnified or secured or pre-funded to its satisfaction in accordance with Clause 29.2 (*Right to Indemnification*).

19. PAYMENTS UPON OCCURRENCE OF AN ISSUER EVENT OF DEFAULT

Upon the occurrence of an Issuer Event of Default:

(a) The Collateral may be exercised, collected, claimed and enforced exclusively by the Transaction Security Trustee.

(b) The Transaction Security Trustee shall deposit the proceeds of any enforcement which it receives in the Transaction Account held in the name of the Issuer (but only to the extent the rights and claims arising from or with respect to the Transaction Account have been validly assigned to it under the English Security Deed or this Agreement, as applicable) or, in the event that the Transaction Security Trustee has opened a Transaction Account in its own name in accordance with the Accounts Agreement which is held by the Transaction Security Trustee as a trust account (*Treuhandkonto*) for the benefit of the Noteholders and the other Beneficiaries, into such trust account.

(c) The Transaction Security Trustee shall not be required to make payments on the obligations of the Issuer if, and as long as, in the opinion of the Transaction Security Trustee, there is a risk that such payment will jeopardise the fulfilment of any later maturing obligation of the Issuer ranking with senior priority pursuant to and in accordance with the Post-Enforcement Priority of Payments (as such term is defined in Clause 22 (*Post-Enforcement Priority of Payments*)).

(d) The Transaction Security Trustee shall make payments out of the proceeds of any enforcement of Collateral in accordance with Clause 22.2 (*Post-Enforcement Priority of Payments*).

(e) Subject to the Post-Enforcement Priority of Payments, after all Transaction Secured Obligations have been satisfied in full, the Transaction Security Trustee shall pay out any remaining amounts to the Issuer.

20. CONTINUING DUTIES

For the avoidance of doubt and without affecting general applicable law with respect to any continuing effect of any other provisions of this Agreement, it is hereby agreed that Clauses 13 (*Receipt and Custody of Documents*) to 17 (*Power of Attorney*) shall continue to apply after the occurrence of an Issuer Event of Default.

21. ACCOUNTS

21.1 The Transaction Account of the Issuer set up and maintained pursuant to the Accounts Agreement and this Agreement shall be used for receipt of amounts relating to the Transaction Documents and for the fulfilment of the payment obligations of the Issuer. The Commingling Reserve Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Commingling Reserve Amount which is transferred to the Issuer by the Seller following the occurrence of a Commingling Reserve Trigger Event. The Set-Off Reserve Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Set-Off Reserve Amount which is transferred to the Issuer by the Seller following the occurrence of a Set-Off Reserve Trigger Event. The Liquidity Reserve Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Required Liquidity Reserve Amount which is transferred to the Issuer by the Seller upon the Note Issuance Date. The Purchase Shortfall Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Purchase Shortfall Amount which is transferred to the Issuer by the Seller following the occurrence of a Purchase Shortfall Event.

21.2 The Issuer shall ensure that all payments made to the Issuer be made by way of a bank transfer to or deposit in the Transaction Account or, in case of a transfer of the Commingling Reserve Amount, to the Commingling Reserve Account or, in case of a transfer of the Set-Off Reserve Amount, to the Set- Off Reserve Account or, in case of a transfer of the Required Liquidity Reserve Amount,

to the Liquidity Reserve Account or, in case of a transfer of the Purchase Shortfall Amount, to the Purchase Shortfall Account. Should any amounts payable to the Issuer be paid in any way other than by deposit or bank transfer to the Transaction Account or, in case of the Commingling Reserve Amount, to the Commingling Reserve Account or, in case of the Set-Off Reserve Amount, to the Set-Off Reserve Account or, in case of the Required Liquidity Reserve Amount, to the Liquidity Reserve Account or, in case of the Purchase Shortfall Amount, to the Purchase Shortfall Account, the Issuer shall promptly credit such amounts to the Transaction Account. The Pre-Enforcement Priorities of Payments and the Post-Enforcement Priority of Payments set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) shall remain unaffected.

21.3 The Issuer shall not open any new bank account in addition to or as a replacement of, the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account or the Purchase Shortfall Account, unless it has granted a security interest over any and all rights relating thereto to the Transaction Security Trustee under the relevant applicable law for the security purposes set out in Clause 7 (*Security Purpose*), and only after having obtained the consent of the Transaction Security Trustee in accordance with this Agreement. For the avoidance of doubt, upon notification to the Account Bank by the Transaction Security Trustee in respect of the occurrence an Issuer Event of Default, the Transaction Security Trustee shall be entitled to exercise the rights of the Issuer under the Accounts Agreement secured in favour of the Transaction Security Trustee, including, without limitation, the right to give instructions to the Account Bank pursuant to the Accounts Agreement.

22. POST-ENFORCEMENT PRIORITY OF PAYMENTS

22.1 Upon the occurrence of an Issuer Event of Default and prior to the full discharge of all Transaction Secured Obligations, any credit (other than (i) any interest earned on any balance credited to the Commingling Reserve Account; (ii) any interest earned on any balance credited to the Set-Off Reserve Account; and (iii) any interest earned on any balance credited to the Liquidity Reserve Account) on the Transaction Account, on the Commingling Reserve Account, on the Set-Off Reserve Account, on the Liquidity Reserve Account and on the Purchase Shortfall Account (including, for the avoidance of doubt, any account of the Transaction Security Trustee opened in accordance with the Accounts Agreement), and any proceeds obtained from the enforcement of the Collateral in accordance with Clause 18 (*Enforcement of Collateral*) (together, "**Credit**") shall be applied exclusively in accordance with the post-enforcement priority of payments ("**Post-Enforcement Priority of Payments**") set out in Clause 22.2 below.

22.2 Upon the occurrence of an Issuer Event of Default, on any Payment Date any Credit shall be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

first, to pay any obligation of the Issuer with respect to tax under any applicable law (if any);

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

third, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due to the Corporate Administrator under the Corporate Administration Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, the Principal Paying Agent, the Calculation Agent, the Cash Administrator and the Interest Determination Agent under the Agency Agreement, the Lead Manager under the Subscription Agreement (excluding any commissions and fees payable to the Lead Manager on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeeper or any other relevant party with respect to the issue of the Notes, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of the Issuer of up to EUR 500 annually and any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes

due in the ordinary course of business), expenses and other amounts due to the directors of the Issuer (properly incurred with respect to their duties), legal advisers or auditors of the Issuer, the Rating Agencies (including any ongoing monitoring fees);

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

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

sixth, to repay to the Seller any unused portion of the Liquidity Reserve;

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

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

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

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

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

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

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

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

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

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

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

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

nineteenth, to pay any amounts owed by the Issuer to the Seller under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Collections for the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with

res judicata (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement or other Transaction Documents; and

twentieth, to pay any remaining amount to the Seller;

provided that any payment to be made by the Issuer under items *first* to *fourth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using the Credit.

23. RELATIONSHIP TO THIRD PARTIES

23.1 In relation to the Collateral, the Post-Enforcement Priority of Payments shall, subject to applicable law, be binding on all creditors of the Issuer which are parties to this Agreement, **provided that** in relation to any other assets of the Issuer, the Post-Enforcement Priority of Payments shall only apply internally between the Beneficiaries, the Transaction Security Trustee and the Issuer; in respect of third party relationships, the rights of the Beneficiaries and the Transaction Security Trustee shall have equal rank to those of third party creditors of the Issuer.

23.2 The Post-Enforcement Priority of Payments shall also apply if the Transaction Secured Obligations are transferred to third parties by way of assignment, subrogation into a contract or otherwise.

24. OVERPAYMENT

All payments to Beneficiaries shall be subject to the condition that, if a payment is made to a creditor in breach of the Post-Enforcement Priority of Payments, such creditor shall re-pay the amount so received to the Transaction Security Trustee by payment to the Transaction Account (including any account established by the Transaction Security Trustee in accordance with the Accounts Agreement. The Transaction Security Trustee shall then pay out the monies so received in the way that they were payable in accordance with the Post-Enforcement Priority of Payments on the relevant Payment Date. If such overpayment is not repaid by the Payment Date following the overpayment or if the claim to repayment is not enforceable, the Transaction Security Trustee is authorised and obliged to make payments in such a way that any over- or under-payments made in breach of Clause 22.2 (*Post-Enforcement Priority of Payments*) are set off by correspondingly decreased or increased payments on such Payment Date (and, to the extent necessary, on all subsequent Payment Dates).

25. RETAINING THIRD PARTIES

25.1 The Transaction Security Trustee may retain the services of a suitable law firm, accounting firm, credit institution and other experts or seek information and advice from legal counsel, financial consultants, banks and other experts in the Federal Republic of Germany or elsewhere (and irrespective of whether such persons are already retained by the Transaction Security Trustee, the Issuer, a Beneficiary, or any other person involved in the transactions in connection with the Transaction Documents), to assist it in performing the duties assigned to it under this Agreement and the other Transaction Security Documents, and/or by delegating the entire or partial performance of the following duties:

(a) the taking of specific measures under Clause 15 (*Breach of Obligations by the Issuer*), particularly the enforcement of certain claims of the Issuer or any Beneficiary;

(b) enforcement of Collateral pursuant to Clause 18.2 (*Enforcement of Collateral*);

(c) the settlement of payments under Clause 19 (*Payments upon Occurrence of an Issuer Event of Default*);

(d) the settlement of over-payments under Clause 24 (*Overpayment*);

(e) any other duty of the Transaction Security Trustee under this Agreement and the other Transaction Security Documents if the delegation of the entire or partial performance of such duty is not, in the discretion of the Transaction Security Trustee, subject to Clause

3.1 (*Position of Transaction Security Trustee in Relation to Beneficiaries*) materially prejudicial to the interests of the Beneficiaries.

Any fees, costs, charges and expenses, indemnity claims and any other amounts payable by the Transaction Security Trustee to such third parties or advisers shall be reimbursed by the Issuer.

25.2

(a) Subject to Clause 25.2 (b), the Transaction Security Trustee may rely on such third parties and any information and advice obtained therefrom without having to make its own investigations. The Transaction Security Trustee shall not be liable for any wilful misconduct or negligence of such persons (*Vorsatz und Fahrlässigkeit*).

(b) The Transaction Security Trustee shall be liable for any damages or losses caused by it relying on such third parties or acting in reliance on information or advice of such advisers only in accordance with Clause 34 (*Standard of Care for Liability*) with respect to the selection and supervision of such third parties.

25.3 The Transaction Security Trustee may sub-contract or delegate the performance of some (but not all) of its obligations other than those referred to in Clause 25.1 **provided that** the Transaction Security Trustee shall not thereby be released or discharged from and shall remain responsible for the performance of such obligations and the performance or non-performance, and the manner of performance, of any subcontractor or delegate of any of such delegated obligations shall not affect the Transaction Security Trustee's obligations. Any breach in the performance of the delegated obligations by such sub-contractor or delegate shall not be treated as a breach of obligation by the Transaction Security Trustee pursuant to Section 278 of the German Civil Code (*Bürgerliches Gesetzbuch*); however, the Transaction Security Trustee shall remain liable for diligently selecting and supervising such subcontractors and delegates in accordance with Clause 34 (*Standard of Care for Liability*) hereof.

25.4 The Transaction Security Trustee shall promptly notify in writing the Rating Agencies of every retainer of a third party made pursuant to this Clause 25 (such notice to include the name of the third party).

26. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby represents and warrants that, at the date hereof:

(a) it is a company duly incorporated under the laws of Germany with power to enter into this Agreement and each other document and agreement relating hereto and to exercise its rights and perform its obligations hereunder and thereunder and all corporate and other action required to authorise the execution of and the performance by the Issuer of its obligations hereunder and thereunder has been duly taken;

(b) under the laws of Germany in force at the date hereof, it will not be required to make any deduction or withholding from any payment it may make under this Agreement or any other document or agreement relating thereto to which it is expressed to be a party;

(c) in any proceedings taken in Germany in relation to all or any of this Agreement and each other document and agreement relating hereto it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;

(d) all acts, conditions and things required to be done, fulfilled and performed in order (i) to enable it lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Agreement and each other document and agreement relating hereto and (ii) to ensure that the obligations expressed to be assumed by it herein and therein are legal, valid and binding have been done, fulfilled and performed;

(e) under the laws of Germany in force at the date hereof the obligations expressed to be assumed by it in this Agreement and each other document and agreement relating hereto are legal and valid obligations binding on it in accordance with the terms hereof and

thereof save as the same may be limited by the bankruptcy, insolvency or other similar laws of general application;

(f) it has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against it for its winding- up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, examiner, trustee in bankruptcy, liquidator, sequestrator or similar officer of it or of any or all of its assets or revenues and it is not unable to pay its debts when they fall due;

(g) no action or administrative proceeding of or before any court or agency has been started or (to the best of its knowledge and belief) threatened as to which, in its judgement there is a likelihood of an adverse judgment which would have a material adverse effect on its business or financial condition or on its ability to perform its obligations under any of this Agreement or the other documents and agreements relating hereto;

(h) save for the Transaction Security Documents it has not created any encumbrance over all or any of its present or future revenues or assets and the execution of this Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder will not result in the existence of nor oblige it to create any encumbrance over all or any of its present or future revenues or assets except as provided therein;

(i) the execution of this Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder do not constitute and will not result in any breach of any agreement or treaty to which it is a party or which is binding upon it;

(j) the execution of this Agreement and each other document and agreement relating hereto constitute, and the exercise of its rights and performance of its obligations hereunder and thereunder will constitute, private and commercial acts done and performed for private and commercial purposes;

(k) no Issuer Event of Default has occurred and is continuing;

(l) its obligations hereunder were entered into on arm's length terms; and

(m) it has opened each of the Transaction Account, the Commingling Reserve Account, the Set- Off Reserve Account and the Purchase Shortfall Account with the Account Bank.

27. **FEES**

The Issuer shall pay the Transaction Security Trustee a fee as separately agreed upon between the Issuer and the Transaction Security Trustee in a fee letter dated on or about the date hereof. In the event of the Collateral becoming enforceable or in the event of the Transaction Security Trustee finding it, in its professional judgment and after good faith consultation (except that in the case of the enforcement of the Collateral where fees are charged on a time-spent basis and such consultation is not required) with the Seller, expedient or being required to undertake any duties which the Transaction Security Trustee determines to be of an exceptional nature or otherwise outside the scope of the normal duties of the Transaction Security Trustee under this Transaction Security Agreement and the other Transaction Documents to which it is a party, the Issuer shall pay such additional remuneration as shall be agreed between the Transaction Security Trustee and the Issuer, and the Transaction Security Trustee shall be responsible to promptly inform the Rating Agencies of any change of the regular Transaction Security Trustee's fees (except for additional fees due to exceptional circumstances and outside the scope of its normal duties). In the event of the Transaction Security Trustee and the Issuer failing to agree upon such increased or additional remuneration, such matters shall be determined by an independent investment bank (acting as an expert and not as an arbitrator) selected by the Transaction Security Trustee and approved by the Issuer or, failing such approval, nominated by the Corporate Administrator, the expenses involved in such nomination and the fees of such investment bank being for the account of the Issuer, and

the decision of any such investment bank shall be final and binding on the Issuer and the Transaction Security Trustee.

28. REIMBURSEMENT OF EXPENSES

In addition to the remuneration of the Transaction Security Trustee, the Issuer shall pay all reasonable out-of-pocket costs, charges and expenses (including, without limitation, legal and travelling expenses and fees and expenses of its agents, delegates and advisors) which the Transaction Security Trustee properly incurs in relation to the negotiation, preparation and execution of this Agreement and the other Transaction Documents, any action taken by it under or in relation to this Agreement or any of the other Transaction Documents or any amendment, renewals or waivers made in accordance with the Transaction Documents in respect hereof.

29. RIGHT TO INDEMNIFICATION

29.1 The Issuer shall indemnify the Transaction Security Trustee in respect of all proceedings (including claims and liabilities in respect of taxes other than on the Transaction Security Trustee's own overall net profits, income or gains and subject to Clause 30.2 (*Taxes*), losses, claims and demands and all costs, charges, expenses, and liabilities to which the Transaction Security Trustee (or any third party pursuant to Clause 25 (*Retaining Third Parties*) may be or become liable or which may be incurred by the Transaction Security Trustee (or any such third party) in respect of anything done or omitted in relation to this Agreement and any of the other Transaction Documents, unless such costs and expenses are incurred by the Transaction Security Trustee due to a breach of the duty of care provided for in Clause 34 (*Standard of Care for Liability*).

For the avoidance of doubt, it is hereby agreed that any indemnities shall be owed by the Issuer and that the Transaction Security Trustee has no right of indemnification against the Beneficiaries hereunder unless it has received instruction from any Beneficiary or Beneficiaries (other than the Noteholders) in accordance with Clause 18.3 (*Notification*).

29.2 The Transaction Security Trustee shall not be bound to take any action under or in connection with this Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified and/or secured or prefunded to its satisfaction (including under the Post-Enforcement Priority of Payments), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the Post-Enforcement Priority of Payments as set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) hereof, against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection with them for which purpose the Transaction Security Trustee may require payment in advance of such liabilities being incurred of an amount which it considers (without prejudice to any further demand) sufficient to indemnify it or security satisfactory to it.

30. TAXES

30.1 The Issuer shall bear all stamp duties, transfer taxes and other similar taxes, duties or charges which are imposed in any jurisdiction on or in connection with (i) the creation of, holding of, or enforcement of the Collateral, (ii) any action taken by the Transaction Security Trustee pursuant to the Terms and Conditions of the Notes or the other Transaction Documents, and (iii) the issue of the Notes or the conclusion of Transaction Documents.

30.2 All payments of fees and reimbursements of expenses to the Transaction Security Trustee shall include any turnover taxes, value added taxes or similar taxes, other than taxes on the Transaction Security Trustee's net profits, overall income or gains, which are imposed in the future on the services of the Transaction Security Trustee under the Transaction Documents.

31. RESIGNATION

31.1 Resignation

The Transaction Security Trustee may resign from its office as Transaction Security Trustee at any time by giving two (2) months prior written notice, **provided that** upon or prior to the last Business Day of such notice period a reputable accounting firm or financial institution or other suitable

service provider which is experienced in the business of transaction security trusteeship in the context of securitisations of assets originated in Germany and which has obtained any required authorisations and licences ("**Eligible Institution**") has been appointed by the Issuer as successor ("**New Transaction Security Trustee**") and such appointee assumes all rights and obligations arising from this Agreement, the other Transaction Security Documents and any other Transaction Document to which the Transaction Security Trustee is a party and which has been furnished with all authorities and powers that have been granted to the Transaction Security Trustee. The Transaction Security Trustee shall promptly notify in advance and in writing the Issuer and the Rating Agencies of its intention of resignation. The Issuer shall, upon receipt of the written notice of resignation referred to in the first sentence of this Clause 31.1, promptly appoint an Eligible Institution as New Transaction Security Trustee. The Transaction Security Trustee shall have the right (but no obligation) to nominate a new Transaction Security Trustee for appointment by the Issuer. The Issuer shall have the right to veto any nomination of a New Transaction Security Trustee by the resigning Transaction Security Trustee if such new Transaction Security Trustee is not an Eligible Institution or if any other Eligible Institution has been appointed by the Issuer to be the new Transaction Security Trustee and has accepted such appointment. The proposed appointment of the New Transaction Security Trustee shall further be subject to Clauses 31.2 (*Effects of Resignation*) and 33.4 (*Notification to the Rating Agencies*) below.

31.2 **Effects of Resignation**

Any termination of the appointment of the Transaction Security Trustee shall not become effective unless (i) the Issuer has been liquidated and the proceeds of liquidation distributed to the Noteholders and the other Beneficiaries in accordance with this Agreement or, if earlier, no obligations under the Notes and the other Transaction Secured Obligations are outstanding, or (ii) a new Transaction Security Trustee has been appointed and has accepted such transaction security trusteeship (subject to Clause 33.4 (*Notification to the Rating Agencies*) below).

31.3 **Continuation of Rights and Obligations**

Notwithstanding a termination pursuant to Clause 31.1 (*Resignation*), the rights and obligations of the Transaction Security Trustee shall continue until the appointment of the new Transaction Security Trustee has become effective and the assets and rights have been assigned to it pursuant to Clause 33.1 (*Transfer of Collateral*). None of the provisions of this Clause 31 shall affect the right of the Transaction Security Trustee to resign from its office for good cause (*aus wichtigem Grund*) with immediate effect.

32. REPLACEMENT OF TRANSACTION SECURITY TRUSTEE

The Issuer shall be authorised and obliged to replace the Transaction Security Trustee with a reputable accounting firm or financial institution (which is experienced in the business of transaction security trusteeship in securitisation transactions and which has obtained any required authorisations, registrations and licences), if the Issuer has been so instructed in writing by (i) one or more Class A Noteholders representing at least 25 per cent. of the outstanding Class A Principal Amount, unless Class A Noteholders representing at least 50 per cent. of the outstanding Class A Principal Amount instruct the Issuer not to replace the Transaction Security Trustee, (ii) if no Class A Notes are outstanding, one or more Class B Noteholders representing at least 25 per cent. of the outstanding Class B Principal Amount, unless Class B Noteholders representing at least 50 per cent. of the outstanding Class B Principal Amount instruct the Issuer not to replace the Transaction Security Trustee, (iii) if no Class B Notes are outstanding, one or more Class C Noteholders representing at least 25 per cent. of the outstanding Class C Principal Amount, unless Class C Noteholders representing at least 50 per cent. of the outstanding Class C Principal Amount instruct the Issuer not to replace the Transaction Security Trustee, (iv) if no Class C Notes are outstanding, one or more Class D Noteholders representing at least 25 per cent. of the outstanding Class D Principal Amount, unless Class D Noteholders representing at least 50 per cent. of the outstanding Class D Principal Amount instruct the Issuer not to replace the Transaction Security Trustee, (v) if no Class D Notes are outstanding, one or more Class E Noteholders representing at least 25 per cent. of the outstanding Class E Principal Amount, unless Class E Noteholders representing at least 50 per cent. of the outstanding Class E Principal Amount instruct the Issuer not to replace the Transaction Security Trustee, (vi) if no Class E Notes are outstanding, one or more Class F Noteholders representing at least 25 per cent. of the outstanding Class F Principal Amount, unless

Class F Noteholders representing at least 50 per cent. of the outstanding Class F Principal Amount instruct the Issuer not to replace the Transaction Security Trustee or (vii) if no Notes remain outstanding, any Beneficiary or Beneficiaries representing at least 25 per cent. of all Beneficiaries to which any amounts are owed, unless Beneficiaries representing at least 50 per cent. of all Beneficiaries to which any amounts are owed instruct the Issuer not to replace the Transaction Security Trustee.

Any replacement of the Transaction Security Trustee shall be notified by the Issuer to the Rating Agencies by giving not less than thirty (30) calendar days' notice.

33. TRANSFER OF COLLATERAL

33.1 Transfer of Collateral

In the case of a replacement of the Transaction Security Trustee pursuant to Clause 31 (*Resignation*) or Clause 32 (*Replacement of Transaction Security Trustee*), the Transaction Security Trustee shall forthwith transfer the Collateral and other assets and other rights it holds as fiduciary (*Treuhänder*) under any Transaction Security Document, as well as its Transaction Security Trustee Claim under Clause 4 (*Position of Transaction Security Trustee in Relation to the Issuer*) and the pledge granted to it pursuant to Clause 6 (*Pledge*) to the New Transaction Security Trustee. Without prejudice to this obligation, the Issuer shall hereby be irrevocably authorised to effect such transfer on behalf of the Transaction Security Trustee as set out in the first sentence and is for that purpose exempted from the restrictions under Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions contained in the laws of any other country.

33.2 Assumption of Obligations

In the event of a replacement of the Transaction Security Trustee pursuant to Clause 31 (*Resignation*) or Clause 32 (*Replacement of Transaction Security Trustee*), the Transaction Security Trustee shall reach an agreement with the new Transaction Security Trustee that the new Transaction Security Trustee assumes the obligations of the Transaction Security Trustee's obligations under each Transaction Security Document.

33.3 Costs

The costs incurred in connection with replacing the Transaction Security Trustee pursuant to Clause 31 (*Resignation*) or Clause 32 (*Replacement of Transaction Security Trustee*)shall be borne by the Issuer. If such replacement is due to the conduct of the Transaction Security Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Transaction Security Trustee in the amount of such costs.

33.4 Notification to the Rating Agencies

The appointment of a new Transaction Security Trustee in accordance with Clause 31 (*Resignation*) or Clause 32 (*Replacement of Transaction Security Trustee*) shall be notified by the Issuer to the Rating Agencies and shall be subject that such appointment would not result in the rating of the Notes being downgraded or withdrawn, unless the Purchaser, the Seller (if different) and the Transaction Security Trustee have consented to such amendment in writing (such consent not to be unreasonably withheld and to be granted if the Rating Agencies have been notified).

33.5 Accounting

The Transaction Security Trustee shall be obliged to account to the New Transaction Security Trustee for its activities under or with respect to each Transaction Security Document.

34. STANDARD OF CARE FOR LIABILITY

The Transaction Security Trustee shall be liable for any breach of its obligations under this Agreement only if it fails to meet the standard of care it exercises in its own affairs (*Sorgfalt in eigenen Angelegenheiten*) which shall at least be the standard of care of a prudent merchant (*Sorgfalt eines ordentlichen Kaufmanns*).

35. **GENERAL**

35.1 The Transaction Security Trustee shall not be liable for: (i) any action or failure to act of the Issuer or of other parties to the Transaction Documents; (ii) the Transaction Documents (including any security interest created there under) not being legal, valid, binding or enforceable, or for the fairness of the provisions of the Transaction Documents; (iii) a loss of documents related to the Collateral not attributable to the negligence of the Transaction Security Trustee; and (iv) in no event shall the Transaction Security Trustee, and/or the Principal Paying Agent and/or the Account Bank be liable for any Losses (i) arising from receiving or transmitting any data from the Issuer, or any Authorised Person via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or email, or (ii) that the Issuer would be able to claim pursuant to Section 252 of the German Civil Code (*Bürgerliches Gesetzbuch*). The Issuer accepts that some methods of communication are not secure, and the Account Bank and/or the Principal Paying Agent shall incur no liability for receiving Instructions via any such non-secure method. The Account Bank and/or the Principal Paying Agent are authorised to comply with and rely upon any such notice, instructions or other communications believed by it to have been sent by an Authorised Person. The Issuer shall use all reasonable endeavours to ensure that instructions transmitted to the Account Bank and/or the Principal paying Agent pursuant to this Agreement are completed and correct. Any instructions shall be conclusively deemed to be valid instructions from the Issuer to the Account Bank and/or the Principal Paying Agent for the purposes of this Agreement.

35.2 The Transaction Security Trustee may call for and shall be at liberty to accept a certificate signed by any two (2) directors of the Issuer as sufficient evidence of any fact or matter or the expediency of any transaction or thing, and to treat such a certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the persons so certifying, expedient or proper as sufficient evidence that it is expedient or proper, and the Transaction Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be caused by acting on any such certificate.

35.3 The Transaction Security Trustee shall (save as otherwise expressly provided herein) as regards all the powers, authorities and discretions vested in it by or pursuant to any Transaction Document (including this Agreement) to which the Transaction Security Trustee is a party or conferred upon the Transaction Security Trustee by operation of law (the exercise of which, as between the Transaction Security Trustee and the Beneficiaries, shall be conclusive and binding on the Beneficiaries) have discretion as to the exercise or non-exercise thereof and, provided it shall not have acted in violation of its standard of care as set out in Clause 34 (*Standard of Care for Liability*), the Transaction Security Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof.

35.4 The Transaction Security Trustee, as between itself and the Beneficiaries, shall have full power to determine all questions and doubts arising in relation to any of the provisions of any Transaction Document and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Transaction Security Trustee, shall be conclusive and shall bind the Transaction Security Trustee and the Beneficiaries. In particular, the Transaction Security Trustee may determine whether or not any event described in this Agreement is, in its opinion, materially prejudicial to the interests of Beneficiaries and if the Transaction Security Trustee shall certify that any such event is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the relevant Beneficiaries.

35.5 The Transaction Security Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of any Transaction Document is capable of remedy and, if the Transaction Security Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Beneficiaries.

35.6 Any consent given by the Transaction Security Trustee for the purposes of any Transaction Document may be given on such terms and subject to such conditions (if any) as the Transaction Security Trustee thinks fit in its discretion (including the right to seek Noteholders' directions) and, notwithstanding anything to the contrary contained in any Transaction Document may be given retrospectively.

35.7 The Transaction Security Trustee shall not be responsible for recitals, statements, warranties or representations of any party (other than those relating to or provided by it) contained in any Transaction Document or other document entered into in connection therewith and may rely on the accuracy and correctness thereof (absent actual knowledge to the contrary) and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or security thereby constituted or evidenced. The Transaction Security Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Collateral or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer to the Collateral or any part thereof from time to time.

35.8 The Transaction Security Trustee shall not be liable for any error of judgement made in good faith by any officer or employee of the Transaction Security Trustee assigned by the Transaction Security Trustee to administer its corporate trust matters unless such officer or employee has failed to observe the standard of care provided for in Clause 34 (*Standard of Care for Liability*).

35.9 No provision of this Agreement shall require the Transaction Security Trustee to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers or otherwise in connection with any Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it determines in its sole discretion that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

35.10 The Transaction Security Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any Transaction Documents or any other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decisions of any court and (without prejudice to the generality of the foregoing) the Transaction Security Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

(a) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer;

(b) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Transaction Document or any other document entered into in connection therewith;

(c) the scope or accuracy of any representations, warranties or statements made by or on behalf of the Issuer or any other person or entity who has at any time provided any Transaction Document or in any document entered into in connection therewith:

(d) the performance or observance by the Issuer or any other person of any provisions or stipulations relating to Notes or contained in any other Transaction Document or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;

(e) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction Documents;

(f) the failure by the Issuer to obtain or comply with any license, consent or other authority in connection with the Collateral or the Transaction Documents or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Collateral or the Transaction Documents or other documents entered into in connection therewith; or

(g) any accounts, books, records or files maintained by the Issuer or any other person in respect of any of the Collateral or the Transaction Documents.

35.11 The Transaction Security Trustee may, in the absence of actual knowledge to the contrary, assume without enquiry that the Issuer and each of the other parties to the Transaction Documents is duly performing and observing all of the provisions of those documents binding on or relating to it and that no event has happened which constitutes an Issuer Event of Default.

36. UNDERTAKINGS OF THE ISSUER IN RELATION TO THE COLLATERAL

The Issuer hereby undertakes *vis-à-vis* the Transaction Security Trustee:

(a) not to sell the Collateral and to refrain from all actions and omissions to act (excluding, for the avoidance of doubt, the collection and enforcement of the Collateral in the ordinary course of business or otherwise dealing with the Collateral in accordance with the Transaction Documents) which may result in a significant (*wesentlichen*) decrease in the aggregate value or in a loss of the Collateral;

(b) promptly to notify the Transaction Security Trustee in the event of becoming aware that the rights of the Transaction Security Trustee in the Collateral are impaired or jeopardised by way of an attachment or other actions of third parties, by sending a copy of the attachment or transfer order or of any other document on which the enforcement claim of the third party is based and which it has received, as well as all further documents available to it which are required or useful to enable the Transaction Security Trustee to file proceedings and take other actions in defence of its rights. In addition, the Issuer shall promptly inform the attachment creditor (*Pfändungsgläubiger*) and other third parties in writing of the rights of the Transaction Security Trustee in the Collateral; and

(c) to permit the Transaction Security Trustee or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Collateral, to give any information necessary for such purpose, and to make the relevant records available for inspection.

37. OTHER UNDERTAKINGS OF THE ISSUER

37.1 **The Issuer undertakes to:**

(a) promptly notify the Transaction Security Trustee and the Rating Agencies in writing if circumstances occur which constitute an Issuer Event of Default or if monies are not received pursuant to Clause 37.1(e);

(b) give the Transaction Security Trustee at any time such other information available to it which the Transaction Security Trustee may reasonably demand for the purpose of performing its duties under the Transaction Documents;

(c) send to the Transaction Security Trustee upon request one copy of any balance sheet, any profit and loss accounts, any report or notice or any other memorandum sent out by the Issuer to its shareholders;

(d) send or have sent to the Transaction Security Trustee a copy of any notice given to the Noteholders in accordance with the Terms and Conditions of the Notes immediately, or at the latest, on the day of the publication of such notice;

(e) notify, and to ensure that the Principal Paying Agent notifies, the Transaction Security Trustee and the Cash Administrator immediately if the Principal Paying Agent and the Issuer do not receive the monies needed to discharge in full any obligation to pay or repay the full or partial principal or interest amounts due to the Noteholders and/or the Notes on any Payment Date;

(f) notify the Transaction Security Trustee of any written amendment to any Transaction Document under which rights of the Transaction Security Trustee arise and to which the Transaction Security Trustee is not a party;

(g) to have always at least one independent managing director (*Geschäftsführer*);

(h) not to enter into any other agreements unless such agreement contains "**Limited Recourse**", "**Non-Petition**" and "**Limitation on Payments**" provisions as set out in Clause 43 (*No Liability and No Right to Petition and Limitation on Payments*) of this Agreement and any third party replacing any of the parties to the Transaction Documents is allocated the same ranking in the applicable Pre-Enforcement Priorities of Payments and the Post-Enforcement of Payments as was allocated to such creditor and, such third party accedes to this Agreement as Replacement Beneficiary in accordance with Clause 39 (*Accession of Replacement Beneficiaries*);

(i) do all such things as are necessary to maintain and keep in full force and effect its corporate existence;

(j) ensure that it has the capacity and is duly qualified to conduct its business as it is conducted in all applicable jurisdictions;

(k) procure that no change is made to the general nature or scope of its business from that carried on at the date of this Agreement;

(l) carry on and conduct its business in its own name and in all dealings with all third parties and the public, identify itself by its own corporate name as a separate and distinct entity and not identify itself as being a division or part of any other entity whatsoever;

(m) hold itself out as a separate entity and take reasonable measures to correct any misunderstanding regarding its separate identity known to it; and prepare and maintain its own full and complete books, records, stationary, invoices and checks, and financial statements separately from those of any other entity including, without limitation, any related company and shall ensure that any such financial statements will comply with generally accepted accounting principles;

(n) observe all corporate and other formalities required by its constitutional documents;

(o) maintain adequate capital in light of its contemplated business operations and pay its own liabilities out of its own funds; and

(p) three (3) months prior to the expiry of the exemption from withholding tax (and solidarity surcharge thereon) for interest paid on the Notes granted in favour of the Issuer and evidenced by a certificate issued by the competent tax authority in Germany (*Dauerüberzahlerbescheinigung*), the Issuer shall apply for a renewal of such exemption;

(q) unless the following notifications have already been made pursuant to another Transaction Document, without undue delay following the termination of the Servicer, to notify, or procure notification of, each Debtor of the assignment of the relevant Purchased Receivables and the Related Collateral and to provide such Debtor with the contact details of the Issuer in accordance with Section 496(2) of the German Civil Code (*Bürgerliches Gesetzbuch*);

(r) subject to being provided by the Servicer with the relevant loan level details as contemplated by the Servicing Agreement, to use its best efforts to make loan level details available in such manner as may be required in the future to comply with the Eurosystem eligibility criteria (as set out in Annex VIII (loan level data reporting requirements for asset-backed securities) of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), as amended and applicable from time to time), subject to applicable data protection and banking secrecy requirements;

(s) have exclusive and unlimited access to its records and any other documents pertaining to its business, and keep such records and documents at its registered office in Germany, separate from those of any other person or entity;

(t) comply with the Data Protection Standards;

(u) maintain an arm's length relationship with its affiliates (if any); and

(v) to maintain its accounts separate from those of any other person or entity.

37.2 The Issuer undertakes that it will not, save as contemplated or permitted by this Agreement or any other Transaction Document:

(a) sell, transfer or otherwise dispose of or cease to exercise direct control over any part of its present or future undertaking, assets, rights or revenues or otherwise dispose of or use, invest or otherwise deal with any of its assets or undertaking or grant any option or right to acquire the same, whether by one or a series of transactions related or not;

(b) enter into any amalgamation, demerger, merger or corporate reconstruction;

(c) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person or hold out its credit as being available to satisfy the obligations of third parties;

(d) permit its assets to become commingled with those of any other entity;

(e) permit its accounts and the debts represented thereby to become commingled with those of any other entity; and

(f) acquire obligations or securities of its shareholder(s).

38. ACTIONS OF THE ISSUER REQUIRING CONSENT

38.1 So long as any part of the Notes remains outstanding, the Issuer shall not be entitled, without the prior written approval of the Transaction Security Trustee (such approval shall not be given unless the requirements of Clause 14 (*Consent of the Transaction Security Trustee*) are fulfilled) or unless required by applicable law (and notified the other Rating Agencies), to:

(a) engage in any business or any other activities other than:

(i) the performance of its obligations under the Notes and the other Transaction Documents to which it is a party and under any other agreements which have been entered into in connection with the issue of the Notes or the other Transaction Documents;

(ii) the enforcement of its rights;

(iii) the performance of any acts which are necessary or desirable in connection with (i) or (ii) above; and

(iv) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Transaction Security Trustee, are necessary or desirable having regard to the interests of the Noteholders in order to ensure that the Terms and Conditions of the Notes are always valid;

(v) hold shares in any entity;

(vi) dispose of any assets or any part thereof or interest therein, unless permitted or contemplated under (i) above;

(vii) pay dividends or make any other distribution to its shareholders in excess of EUR 1000 *per annum*;

(b) incur further indebtedness (other than as contemplated in (i) above);

(c) have any employees or own any real estate asset;

(d) create or permit to subsist any mortgage, lien, pledge, security interest or other encumbrance in respect of any of its assets (except as hereunder permitted and except as otherwise contemplated in (i) above);

(e) consolidate or merge with or into any other person;

(f) materially amend its articles of association (*Gesellschaftsvertrag*);

(g) issue new shares or acquire shares, or capital or declare or pay dividends or any other distributions of any kind whatsoever (other than the dividends provided for under Clause 38.1(a)(vii)) above and except as contemplated by the Transaction Documents);

(h) seek to withdraw the ratings on any Class of Rated Notes; or

(i) open new accounts (other than as contemplated in (a) or with a Successor Bank as contemplated in the Accounts Agreement).

38.2 Notwithstanding any provision to the contrary in this Agreement or in any other Transaction Document and subject to the Issuer's compliance with all of its obligations under Clause 5.3 above, each Party agrees that no consent of the Transaction Security Trustee shall be required with respect to (i) any replacement or substitution of a party to any Transaction Document (including, without limitation, any replacement or substitution made or proposed to be made for the purpose of averting an expected or imminent downgrade or withdrawal, or reversing a downgrade or withdrawal, of any minimum rating set forth in any Transaction Document) and (ii) any amendment or termination of any Transaction Document, and/or entry into any supplemental, substitute or additional document, in each case in connection with such replacement or substitution referred to under (i) above, **provided that** the Issuer shall not enter into any such supplemental, substitute or additional document if the Issuer receives, no later than on the fifth (5th) Business Day following notification and provision of the draft document by or on behalf of the Issuer to the Transaction Security Trustee, a notice from the Transaction Security Trustee to the effect that, in the reasonable view of the Transaction Security Trustee, such document would (if entered into) be in whole or in part materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes and **provided further that** the Issuer shall notify each of the Rating Agencies in writing of any replacement or substitution effected in accordance with this Clause 38.2.

39. ACCESSION OF REPLACEMENT BENEFICIARIES

39.1 Any party replacing any of the parties to an existing or future Transaction Document shall become a party (or add a new capacity as a party hereto) to this Agreement (each, a "**Replacement Beneficiary**") (without affecting any rights under general applicable law of such Replacement Beneficiary or under any agreement with any other party to the Transaction Documents upon execution of an accession agreement ("**Accession Agreement**")) by the Transaction Security Trustee and any Replacement Beneficiary in the form of Schedule 2 hereto.

39.2 The Transaction Security Trustee is hereby irrevocably authorised to execute such Accession Agreement for and on behalf of the Issuer, and the Beneficiaries pursuant to Schedule 2 hereto and to determine the ranking of any Replacement Beneficiary within the order provided for in the Post-Enforcement Priority of Payments, **provided that**, without prejudice to Clause 3.1 (*Position of Transaction Security Trustee in Relation to the Beneficiaries*), the Transaction Security Trustee shall allocate to the Replacement Beneficiary the same ranking as was allocated to the Beneficiary so replaced. Each party to this Agreement is hereby irrevocably exempted to the fullest extent possible under law from the restrictions set out in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions under any applicable law of any other country.

40. NOTICES

40.1 All notices under this Agreement shall be made in English and in writing *via* e-mail, mail or facsimile, **provided that** notices given by e-mail or facsimile shall also be confirmed by mail.

40.2 **(Omitted)**

40.3 All notices to the Noteholders by the Transaction Security Trustee under or in connection with this Agreement or the Notes shall either be (i) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Noteholders or (ii) made available for a period not less than 30 calendar days but in any case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange on the following website www.bourse.lu.

Any such notice referred to under Clause 40.3(i) shall be deemed to have been given to all Noteholders on the seventh calendar day after the day on which such notice was delivered to the ICSDs. Any notice referred to under Clause 40.3(ii) shall be deemed to have been given to all Noteholders on the day on which it is made available on the website, **provided that** if so made available after 4:00 p.m. (Frankfurt Time) it shall be deemed to have been given on the immediately following calendar day.

40.4

(a) The Transaction Security Trustee shall not be liable for any Losses arising or caused by it receiving or transmitting Instructions from or to the Issuer or any Authorised Person by means of any facsimile or email, **provided, however, that** such Losses, so incurred have not arisen from the gross negligence, fraud or wilful misconduct of the Transaction Security Trustee.

(b) The Issuer acknowledges that communication by way of facsimile and E-Mail are not secure and accepts the limitation of liability on the part of the Transaction Security Trustee as set out in Clause 40.4(a). The Issuer shall use all reasonable endeavours to ensure that any Instruction transmitted or communicated by it or any Authorised Person to the Transaction Security Trustee pursuant to this Agreement is complete and correct.

For the purpose of this Clause 40.4, the following terms shall have the following specific meanings:

"**Agent**" shall mean each of the Principal Paying Agent, the Cash Administrator, the Calculation Agent, the Interest Determination Agent and the Account Bank.

"**Authorised Person**" shall mean any person who is designated in writing by the Purchaser from time to time to give instructions to the Transaction Security Trustee under the terms of this Agreement.

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

"**Losses**" shall mean any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained by any party to the Transaction Documents or any Noteholder due to the contents contained in any Instruction received by the Transaction Security Trustee from any Authorised Person being incomplete or incorrect.

40.5 Pursuant to any reasonable request for additional information to a Transaction Party from an Agent, such Transaction Party shall provide such additional information to such Agent.

41. SEVERABILITY; CO-ORDINATION

41.1 Without prejudice to any other provision hereof, if one or more provisions hereof is or becomes invalid, illegal or unenforceable for any reason in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party or parties shall not, to the fullest extent permitted by applicable law, render invalid, illegal or unenforceable such provision or provisions in any other jurisdiction or with respect to any other party or parties hereto. Such invalid, illegal or unenforceable provision shall be replaced by the relevant parties with a provision which comes as close as reasonably possible to the commercial intentions of the invalid, illegal or unenforceable provision. In the event of any contractual gaps, that provision shall be considered as agreed upon which most closely approximates the intended commercial purpose hereof. This Agreement shall not be affected by the invalidity, illegality or unenforceability with

respect to any provision in any jurisdiction or with respect to any party of any other Transaction Document or amendment agreement thereto.

41.2 The parties mutually agree to take all measures and actions that become necessary under Clause 41.1 or for other reasons for the continued performance of this Agreement.

42. VARIATIONS, REMEDIES AND WAIVERS

42.1 No variation of this Agreement (including to this Clause 42) shall be effective unless it is in writing, unless expressly provided otherwise. Waivers of this requirement as to form shall also be made in writing. Any requirement of a written form (*Schriftformerfordernis*) agreed between the parties to this Agreement shall not prevent the parties from making a reference to any other agreement or document which is not attached as such to this Agreement. The Issuer and the Transaction Security Trustee shall immediately inform the Rating Agencies in writing of any variation of this Agreement.

42.2 This Agreement may be amended by the Issuer and the Transaction Security Trustee without the consent of the Beneficiaries (but with effect for the Beneficiaries) if such amendments, in the opinion of the Transaction Security Trustee, do not significantly adversely affect the interests of the Beneficiaries. For that purpose the Transaction Security Trustee is hereby irrevocably authorised to execute such amendments for and on behalf of the Beneficiaries and is hereby irrevocably exempted to the fullest extent possible under law from the restrictions set out in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions under any applicable law of any other country.

42.3 This Agreement may only be amended with the consent of the Transaction Security Trustee.

42.4 No failure to exercise, nor any delay in exercising, on the part of any party hereto, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

42.5 The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or any other Transaction Document.

43. NO LIABILITY AND NO RIGHT TO PETITION AND LIMITATION ON PAYMENTS

43.1 No recourse under any obligation, covenant, or agreement of the Issuer contained in this Agreement shall be had against any shareholder, officer, agent or managing director of the Issuer as such, by the enforcement of any obligation (including, for the avoidance of doubt, any obligation arising from false representations under this Agreement (other than by wilful default or gross negligence)) or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Issuer and no liability shall attach to or be incurred by the shareholders, officers, agents or managing directors of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent or managing director is hereby expressly waived by the other parties hereto as a condition of and consideration for the execution of this Agreement.

43.2 Each party hereto (other than the Issuer) hereby agrees with the Issuer that it shall not (otherwise than as contemplated in any Transaction Security Document), until the expiration of two (2) years and one (1) day after all outstanding amounts under the last maturing Note issued by the Issuer have been paid in full:

(a) take any corporate action or other steps or legal proceedings for the winding-up, administration, examinership, dissolution or re-organisation or for the appointment of a receiver, administrator, examiner, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues and assets of the Issuer; or

(b) have any right to take any steps for the purpose of obtaining payment (other than through the enforcement of the Collateral by the Transaction Security Trustee) of any amounts payable to it under this Agreement by the Issuer (including, for the avoidance of doubt, any payment obligation arising from false representations under this Agreement) and shall not until such time take any steps to recover any debts or liabilities of any nature whatsoever owing to it by the Issuer.

43.3 Notwithstanding any provision contained in this Agreement to the contrary, the Issuer shall not, and shall not be obligated to, pay any amount pursuant to this Agreement unless the Issuer has received funds or has any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) which may be used to make such payment in accordance with the relevant Pre-Enforcement Priorities of Payments. Each party acknowledges that the obligations of the Issuer arising hereunder are limited recourse obligations payable solely from the proceeds of the Collateral or any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) and, following realisation of the Collateral and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) of this Agreement, any claims of any party to this Agreement against the Issuer (and the obligations of the Issuer) shall be extinguished.

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

43.4 Each party hereto agrees that any amount paid to it in breach of the relevant Pre-Enforcement Priorities of Payments shall be re-paid to the Issuer. Such amount shall be allocated to the relevant Available Distribution Amount and shall be paid in accordance with the applicable Pre-Enforcement Priorities of Payments on the immediately following Payment Date.

43.5 The provisions of this Clause 43 shall survive the termination of this Agreement.

44. NO SET-OFF

All payments by all parties to this Agreement to the Issuer are to be rendered without any deduction or retention due to any set-off or counterclaims. In particular, no party to this Agreement shall be entitled to set-off with a claim held or obtained against the Issuer.

45. APPLICABLE LAW; PLACE OF PERFORMANCE; JURISDICTION; MISCELLANEOUS

45.1 This Agreement (including, without limitation, any non-contractual obligation arising out of it) shall be governed by, and construed in accordance with, the German law.

45.2 Place of performance for all obligations of all parties is Frankfurt am Main.

45.3 The courts of Frankfurt am Main shall have non-exclusive jurisdiction over disputes arising out of or in connection with this Agreement.

46. CONDITION PRECEDENT

The parties hereto hereby agree that this Agreement and the rights and obligations hereunder shall only become effective upon fulfilment of the condition precedent (*aufschiebende Bedingung*) that, on or about the Note Issuance Date, the Issuer has issued the Notes.

47. (OMITTED)

OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS

Receivables Purchase Agreement

On the Note Issuance Date, the Issuer will purchase Receivables from the Seller in accordance with the Receivables Purchase Agreement. During the Replenishment Period, the Seller may offer to sell to the Issuer Additional Receivables in accordance with the Receivables Purchase Agreement for an aggregate purchase price not exceeding the Replenishment Available Amount. The Issuer will be obligated to purchase and acquire Receivables for purposes of a Replenishment only to the extent that the obligation to pay the purchase price for the Receivables offered to the Issuer by the Seller for purchase on any Purchase Date can be satisfied by the Issuer by applying the Available Principal Collections as of the Cut-Off Date immediately preceding the relevant Purchase Date in accordance with the Pre-Enforcement Principal Priority of Payments. The obligation of the Issuer to pay the purchase price for any Additional Receivables in accordance with the Receivables Purchase Agreement will be netted against the obligation of the Seller acting as Servicer under the Servicing Agreement to transfer Collections to the Issuer on the Payment Date falling on the Purchase Date on which the Issuer purchases the relevant Additional Receivables from the Seller. Generally, the aggregate Outstanding Principal Amount of the Additional Receivables purchased by the Issuer on any Purchase Date may together with the Aggregate Outstanding Principal Amount of all Receivables purchased prior to such Purchase Date not exceed the amount of EUR 1,600,000,000. However, to the extent required to avoid assigning partial receivables to the Issuer, the Seller may assign to the Issuer Additional Receivables which result in the Aggregate Outstanding Principal Amount of all Purchased Receivables to exceed the amount of EUR 1,600,000,000. The Issuer will owe no purchase price to the Seller for any excess portion of an Additional Receivable which is assigned to the Issuer by the Seller.

In the event that, on any Purchase Date, the Replenishment Available Amount exceeds the aggregate purchase price payable by the Issuer to the Seller for the Additional Receivables purchased on such Purchase Date, such excess will be credited to the Purchase Shortfall Account. The amounts (if any) standing to the credit of the Purchase Shortfall Account on any Cut-Off Date will be included in the Available Principal Amount and will be applied, on the Payment Date immediately following such Cut-Off Date, in accordance with the Pre- Enforcement Principal Priority of Payments.

To be eligible for sale to the Issuer under the Receivables Purchase Agreement, each Receivable and any part thereof will have to meet the Eligibility Criteria set out in "*ELIGIBILITY CRITERIA*" herein.

The offer by the Seller for the purchase of Receivables under the Receivables Purchase Agreement must contain certain relevant information for the purpose of identification of the Receivables. In each offer, the Seller must represent that certain representations and warranties with respect to the relevant Receivable were true and correct on the relevant Purchase Date. Upon acceptance, the Issuer will acquire or will be purported to acquire in respect of the relevant Loan Contracts unrestricted title to any and all outstanding Purchased Receivables arising under such Loan Contracts as from the Cut-Off Date immediately preceding the date of the offer, other than any Loan Instalments which have become due prior to or on such Cut-Off Date; together with all of the Seller's rights, title and interest in the Related Collateral in accordance with the Receivables Purchase Agreement. As a result, the Issuer will obtain the full economic ownership in the Purchased Receivables as from the relevant Cut-Off Date, including principal and interest, and is free to transfer or otherwise dispose over (*verfügen*) the Purchased Receivables, subject only to the contractual restrictions provided in the relevant Loan Contracts and the contractual agreements underlying the Related Collateral.

If for any reason title to any Purchased Receivable or the Related Collateral is not or will not be 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 or, if this is not possible, to hold such title for account and on behalf of the Issuer. All losses, costs and expenses which the Issuer incurred or will incur by taking additional measures due to the Purchased Receivables or the Related Collateral not being transferred or only being transferred following the taking of additional measures will be borne by the Seller.

The sale and assignment of the Receivables pursuant to the Receivables Purchase Agreement constitutes a sale without recourse (*regressloser Verkauf wegen Bonitätsrisiken*). This means that the Seller will not bear the risk of the inability of any Debtors to pay the relevant Purchased Receivables.

Deemed Collections

If certain events (see the definition of Deemed Collections in "*SCHEDULE 1 DEFINITIONS – Deemed Collections*") occur with respect to a Purchased Receivable, the Seller will be deemed to have received a Deemed Collection in the full amount of the Outstanding Principal Amount of such Purchased Receivable (or the affected portion thereof). To this end, the Seller has undertaken to pay to the Issuer Deemed Collections. Upon receipt of such Deemed Collection in the full amount of the Outstanding Principal Amount of such Purchased Receivable (or the affected portion thereof), such Purchased Receivable and any relevant Related Collateral (or the affected portion thereof and unless it is extinguished due to circumstances making it a Disputed Receivable or is otherwise extinguished) will be automatically re-assigned to the Seller by the Issuer on the next succeeding Payment Date on a non-recourse or non-guarantee basis on the part of the Issuer. The costs of such assignment will be borne solely by the Seller.

Similarly, the risk that the amount owed by a Debtor, either as part of the purchase price or otherwise, is reduced due to set-off, counterclaim, discount or other credit in favour of such Debtor, has been transferred to the Seller. To this end, the Seller will be deemed to receive such differential amount which will constitute a Deemed Collection.

If a Purchased Receivable which was treated as a Disputed Receivable is *res judicata (rechtskräftigfestgestellt*) found to be enforceable without any set-off, counterclaim, encumbrance or objection (*Einrede* and/or *Einwand*), the Seller may request the Issuer to repay any Deemed Collection received in relation to such Purchased Receivable, subject to the Pre-Enforcement Principal Priority of Payments. In such case, the Seller will re-assign such Purchased Receivable and any Related Collateral to the Issuer pursuant to the Receivables Purchase Agreement.

All amounts corresponding to Deemed Collections will be held by the Seller on trust in the name and for the account of the Issuer until payment is made to the Transaction Account.

Use of Related Collateral

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

Taxes and Increased Costs;

Pursuant to the Receivables Purchase Agreement, the Seller will pay any stamp duty, registration and other similar taxes to which the Receivables Purchase Agreement or any other Transaction Document or any judgement given in connection therewith may be subject.

In addition, the Seller will pay all taxes levied on the Issuer or other relevant parties involved in the financing of the Issuer (in each case excluding taxes on the net income, profits or net worth of such persons under German law, United States federal or state laws, or any other applicable law) due to the Issuer having entered into the Receivables Purchase Agreement or the Issuer and such other relevant parties having entered into the Transaction Documents or other agreements relating to the financing of the acquisition by the Issuer of Receivables in accordance with the Receivables Purchase Agreement. Upon demand of the Issuer, the Seller will indemnify the Issuer against any liabilities, costs, claims and expenses which arise from the non-payment or the delayed payment of any such taxes, except for those penalties and interest charges which are attributable to the gross negligence of the Issuer.

All payments to be made by the Seller to the Issuer pursuant to the Receivables Purchase Agreement will be made free and clear of and without deduction for or on account of any tax. The Seller will reimburse the Issuer for any deductions or retentions which may be made on account of any tax. The Seller will have the opportunity and authorisation to raise defences against the relevant payment at the Seller's own costs.

Where the Issuer has received a credit against a relief or remission for, or repayment of, any tax, then if and to the extent that the Issuer determines that such credit, relief, remission or repayment is in respect of the deduction or withholding giving rise to such additional payment or with reference to the liability, expense or loss to which caused such additional payments, the Issuer will, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Seller such amount as the Issuer will have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or loss, **provided that** the Issuer will not be obliged to make any such

payment until it is, in its sole opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled.

Insurance and Related Collateral

Any insurance claims in respect of any Related Collateral form part of the Related Collateral which has been assigned to the Issuer under the Transaction Security Agreement. If the Seller or the Servicer receives any proceeds from property insurances or claims from third parties which have damaged any Related Collateral as well as claims against the insurer of such third parties which form part of the Related Collateral, such proceeds will be used to repair such damaged Related Collateral. If the relevant damaged Related Collateral cannot be repaired, such proceeds will be applied in repayment of the relevant Loan Contract.

Notification of Assignment

The Debtors and other relevant debtors (in particular property insurers) will only be notified by the Seller in respect of the assignment of the Purchased Receivables and Related Collateral upon request by the Issuer following the occurrence of a Notification Event or whenever it is necessary to protect the Issuer's justified interests. Should the Seller fail to notify the Debtors and the other relevant debtors within five (5) Business Days of such request, the Issuer may notify the Debtors and other relevant debtors of the assignment of the Purchased Receivables and Related Collateral itself.

Without prejudice to the foregoing, under the Servicing Agreement the Issuer is entitled to notify by itself or through any agent or require the Servicer to notify the Debtors, of the assignment if a Notification Event has occurred.

In addition, at any time after a Notification Event has occurred or whenever it is necessary to protect the justified interests of the Issuer, the Seller, upon request of the Issuer, will inform any relevant insurance company of the assignment of any insurance claims and procure the issuance of a security certificate (*Sicherungsschein*) in the Issuer's name. The Issuer is authorised to notify the relevant insurance company of the assignment on behalf of the Seller. Prior to notification, the Debtors will continue to make all payments to the account of the Seller as provided in the relevant Loan Contract between each Debtor and the Seller and each Debtor will obtain a valid discharge of its payment obligation.

Upon notification, the Debtors will be notified to make all payments to the Issuer to the Transaction Account in order to obtain valid discharge of their payment obligations.

Each of the following constitutes "**Notification Events**" pursuant to the Receivables Purchase Agreement:

1. The Servicer fails to make a payment due under or with respect to the Servicing Agreement at the latest on the second (2) Business Day after its due date, or, in the event no due date has been determined, within three (3) Business Days after the demand for payment.

2. The Servicer fails within five (5) Business Days to perform its material obligations (other than those referred to in paragraph 1 above) owed to the Issuer under or with respect to the Servicing Agreement.

3. Either the Seller or the Servicer is over indebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsun-fähigkeit*) or intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), dissolution proceedings or any measure taken by the BaFin pursuant to Sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*), and the Seller or (as relevant) the Servicer fails to remedy such status within twenty (20) Business Days.

4. Either of the Seller or the Servicer is in breach of any of the covenants in relation to, *inter alia*, financial reporting, conduct of business, compliance with laws, rules, regulations, judgements, furnishing of information and inspection and keeping of records, the Credit and Collection Policy, tax, software and banking licences, prolongation or supplementation of Purchased Receivables, change of business policy, sales and liens as set out in the Receivables Purchase Agreement or any of the covenants set out in the Servicing Agreement.

5. A Servicer Termination Event (as defined in "— *Servicing Agreement*" below) has occurred.

Resale and Retransfer of Purchased Receivables

On any Payment Date on or following on which the Aggregate Outstanding Principal Amount is less than 10% of the Aggregate Outstanding Principal Amount as of the first Cut-Off Date, the Seller may demand from the Issuer the resale of all outstanding Purchased Receivables together with any Related Collateral which have not been sold to a third party.

Such resale and retransfer would occur on a Payment Date agreed upon by the Seller as repurchase date, be at the cost of the Seller and coincide with the early redemption of the Notes. See "*TERMS AND CONDITIONS OF THE NOTES — Redemption — Early Redemption*". The Seller may not demand any partial resale of Purchased Receivables. Such resale and retransfer would be for a repurchase price in an amount equal to the then current value of all then outstanding Purchased Receivables *plus* any interest accrued until and outstanding on such Payment Date and without any recourse against, or warranty or guarantee of, the Issuer. The repurchase and early redemption of the transaction will be excluded if the repurchase price determined by the Seller is not sufficient to fully satisfy the obligations of the Issuer under the Notes. The Issuer will retransfer the Purchased Receivables (together with any Related Collateral) at the cost of the Seller to the Seller upon receipt (*Zug um Zug*) of the full repurchase price and all other payments owed by the Seller or the Servicer under the Receivables Purchase Agreement or the Servicing Agreement.

Liquidity Reserve

On or before the Note Issuance Date, the Issuer will establish an account with the Account Bank (the "**Liquidity Reserve Account**") which shall be credited, on the Note Issuance Date, with an amount equal to the Required Liquidity Reserve Amount. The amounts standing to the credit of the Liquidity Reserve Account (except interest earned on such account, if any) will serve as collateral for the occurrence of a Liquidity Reserve Transfer Event.

As of each Cut-off Date preceding a Payment Date on which a Liquidity Reserve Transfer Event is continuing, the Calculation Agent shall determine if there would be a shortfall in the amounts required to pay costs and expenses of the Issuer in accordance with items *first* to *fourth* (inclusive) of the Pre-Enforcement Interest Priority of Payments and interest payable on the Class A Notes outstanding on such Payment Date under item *fifth* when due by reason of a Liquidity Reserve Transfer Event following the application of the Available Interest Amount according to the Pre-Enforcement Interest Priority of Payments on such Payment. Should the Calculation Agent determine that there would be any such shortfall, an amount equal to the lower of (a) the amount standing to the credit of the Liquidity Reserve Account and (b) the relevant shortfall shall be included in the Available Interest Amount and shall be applied towards the reduction or elimination of such shortfall in accordance with the Pre-Enforcement Interest Priority of Payments on such Payment Date.

On each Payment Date prior to the occurrence of an Issuer Event of Default, subject to the availability of funds for such purpose, if the amount standing to the credit of the Liquidity Reserve Account falls below the Required Liquidity Reserve Amount, the Issuer will apply an amount equal to the Required Liquidity Reserve Amount less the amount standing to the credit of the Liquidity Reserve Account from the Available Interest Amount towards replenishment of the Liquidity Reserve Account up to the Required Liquidity Reserve Amount in accordance with the Pre-Enforcement Interest Priority of Payments.

With respect to each Payment Date, the Calculation Agent will determine if there is a Liquidity Reserve Excess Amount on such Payment Date. Any such Liquidity Reserve Excess Amount shall be returned to the Seller on such Payment Date. "**Liquidity Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Liquidity Reserve Account over the Required Liquidity Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with the payment obligations in accordance with Pre-Enforcement Interest Priorities of Payments on such Payment Date.

A "**Liquidity Reserve Transfer Event**" shall mean the event that the Servicer fails to transfer Collections to the Issuer in accordance with the Servicing Agreement in the event of the occurrence of a Servicer Termination Event.

A "**Required Liquidity Reserve Amount**" shall mean, on the Note Issuance Date and subsequently as at any Payment Date during the Replenishment Period EUR 6,520,000, and as at any Payment Date after the Replenishment Period, the higher of (i) 0.5% multiplied by the Class A Principal Amount and (ii) EUR 1,000,000.

Set-Off Reserve

Pursuant to the Receivables Purchase Agreement, if a Set-Off Reserve Trigger Event occurs, the Seller will be required, within thirty (30) calendar days, to transfer the Set-Off Reserve Amount to an account of the Issuer held with the Account Bank ("**Set-Off Reserve Account**"). "**Set-Off Reserve Amount**" shall mean as of the Cut-Off Date immediately preceding the occurrence of a Set-Off Reserve Trigger Event and as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event, the sum of the Seller Deposits which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the relevant Cut-Off Date, holds Seller Deposits, and are in each case equal to the lower of (i) the amount of Seller Deposits which, as of the relevant Cut-Off Date, are held with the Seller by such Debtor, and (ii) the Principal Amount of the Purchased Receivables owed by such Debtor outstanding as of the relevant Cut-Off Date.

The amounts if any, standing to the credit of the Set-Off Reserve Account (except interest earned on such amount, if any) shall be included in the Available Principal Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments if and to the extent (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections and (ii) the Issuer does not have a right of setoff against the Seller with respect to such amounts on the relevant Payment Date. On any Payment Date following the occurrence of a Set-Off Reserve Trigger Event, the Issuer pay to the Seller the Set-Off Reserve Excess Amount.

"**Set-Off Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with payment obligations in accordance with Pre-Enforcement Principal Priority of Payments on such Payment Date.

Servicing Agreement

Pursuant to the Servicing Agreement between the Servicer, the Transaction Security Trustee, the Issuer, and the Corporate Administrator, the Servicer has the right and duty to administer the Purchased Receivables and Related Collateral, collect and, if necessary, enforce the Purchased Receivables and foreclose on the Related Collateral and pay all proceeds to the Issuer.

Servicer's Duties

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

Under the Servicing Agreement, the Servicer will, *inter alia*:

- endeavour at its own expense to recover amounts due from the Debtors in accordance with the Credit and Collection Policy, see "*CREDIT AND COLLECTION POLICY*". The Issuer will assist the Servicer in exercising all rights and legal remedies from and in relation to the Purchased Receivables and Related Collateral, as is reasonably necessary, yet will be reimbursed by the Servicer for any costs and expenses incurred;

- keep and maintain records, account books and documents in relation to the Purchased Receivables and the Related Collateral (including for tax purposes) in a manner such that these are easily distinguishable from those relating to other receivables in respect of which the Servicer is originator, servicer or depositary, or otherwise;

- hold all records relating to the Purchased Receivables in its possession in trust (*treuhänderisch*) for, and, to the order of, the Issuer;

- maintain the Principal Deficiency Ledger and report the Class A Notes PDL Cure Amount to the Principal Paying Agent;

- assist the Issuer in discharging any Related Collateral in respect of any Purchased Receivables which have been paid;

- exercise and preserve all rights of the Issuer under the Loan Contracts and if no payment under the relevant Purchased Receivable is made on the due date thereof, enforce such Purchased Receivable through court proceedings;

- enforce the Related Collateral in accordance with the terms of the Servicing Agreement and the Receivables Purchase Agreement and apply the enforcement proceeds to the relevant secured obligations, and, insofar as such enforcement proceeds are applied to Purchased Receivables and constitute Collections, pay such Collections to the Issuer; and

- make available on a monthly basis reports containing updated information with respect to the Portfolio and procure compliance with the reporting obligations under the Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing the CRA with regard to regulatory technical standards on disclosure requirements for structured finance instruments such that reporting will take place on a website to be established by ESMA and the information will be accessible to the general public.

The Servicer will administer the Portfolio in accordance with its respective standard procedures, set out in its credit and collection policies for the administration and enforcement of its own consumer loans and related collateral, subject to the provisions of the Servicing Agreement and the Receivable Purchase Agreement. In the administration and servicing of the Portfolio, the Servicer will exercise the due care and diligence of a prudent business man (*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.

Pursuant to the Servicing Agreement, the Servicer will not materially amend the Credit and Collection Policy unless (i) each Rating Agency has been notified in writing of such amendment, and (ii) the Purchaser, the Seller (if different) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding Classes of Notes, the Transaction Security Trustee has consented to such amendment in writing (such consent not to be unreasonably withheld).

Under the Servicing Agreement, the Servicer will not be entitled to any fee or reimbursement of expenses as consideration for the performance of the Services. However, any fees, costs, charges and expenses, indemnity claims and other amounts payable by the Servicer to any agents appointed by it under the Servicing Agreement will be reimbursed by the Issuer to the Servicer in accordance with the Servicing Agreement and the Pre-Enforcement Interest Priority of Payments.

Delegation to Geoban

A substantial portion of the Servicer's customer servicing obligations under the Servicing Agreement is outsourced on a continuous basis to Geoban S.A., Niederlassung Deutschland ("**Geoban**"), a wholly-owned subsidiary of Banco Santander, S.A. The delegated services Geoban performs include front- (call centre) and back-office (other customer correspondence) operations for banking products such as car, durable, direct loans, mortgages, current accounts, credit & debit cards, savings products as well as specialized tasks such as payments and customer fraud handling. Irrespective of the sub-delegation of certain services to Geoban, the Servicer remains primarily liable for the performance of the servicing obligations under the Servicing Agreement and it is not expected that any delegation of administration and processing services to Geoban will materially and adversely impact on the provision of the loan administration services under the Servicing Agreement. The status of Geoban may change in the future. Geoban may become a wholly-owned subsidiary of Santander Consumer Bank AG or Geoban is fully integrated into Santander Consumer Bank AG, and as a result of that, the brand of Geoban will disappear.

Commingling Reserve

Pursuant to the Servicing Agreement, if, at any time as long as the Seller is the Servicer, a Commingling Reserve Trigger Event occurs, the Seller will be required, within thirty (30) calendar days, to transfer the Commingling Reserve Amount to an account of the Issuer held with the Account Bank ("**Commingling Reserve Account**"). "**Commingling Reserve Amount**" shall mean, (a) as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event, an amount equal to the sum of (i) the amount of the Scheduled Interest Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2nd) Collection Period after the relevant Cut-Off Date (both inclusive) and (ii) the amount of the Scheduled Principal Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2nd) Collection Period after the relevant Cut-Off Date (both inclusive) plus 3.6% of the Aggregate Outstanding Note Principal Amount as of the relevant Cut-Off Date or (b) if as of any Cut-Off Date no Commingling Reserve Trigger Event has occurred, zero. "**Scheduled Collections**" shall mean the Scheduled Interest Collections and the Scheduled Principal Collections. "**Scheduled Interest Collections**" shall mean, with respect to any Collection Period, the amount of any Interest Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period. "**Scheduled Principal Collections**" shall mean, with respect to any Collection Period, the amount of any Principal Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period. "**Commingling Required Rating**" shall mean, with respect to any entity, that the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS and BBB (or its replacement) by S&P and any such rating has not been withdrawn.

A "**Commingling Reserve Trigger Event**" shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating, (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75% of the share capital of the Seller or (iii) S&P notifies any of the Seller, the Issuer or the Transaction Security Trustee in writing that the Seller is no longer eligible under the then applicable rating criteria of S&P, unless in each case (i) and (ii), the Seller has at least the Commingling Required Rating.

The amounts, if any, standing to the credit of the Commingling Reserve Account (except interest earned on such amount, if any) shall be included in the relevant Available Distribution Amount and shall be applied on any Payment Date in accordance with the relevant Pre-Enforcement Priorities of Payments (but excluding any fees and other amounts due to the Servicer under item *fourth* of the Pre-Enforcement Interest Priority of Payments) if and to the extent that the Seller has, on such Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date or if the appointment of the Servicer under the Servicing Agreement has been automatically terminated pursuant to the last paragraph of Clause 9.1 of the Servicing Agreement. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Issuer shall pay to the Seller any Commingling Reserve Excess Amount.

"**Commingling Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, taking into account a drawing (if any) to be made to comply with payment obligations in accordance with relevant Pre-Enforcement Priorities of Payments has been made on such Payment Date.

Use of Third Parties

The Servicer may, subject to certain requirements, delegate and sub-contract its duties in connection with the servicing and enforcement of the Purchased Receivables and/or foreclosure on the Related Collateral, **provided that** such third party has all licences, registrations and authorisations required for the performance of the servicing delegated to it, in particular any licences or registrations required under the German Act on Legal Services (*Rechtsdienstleistungsgesetz*).

Cash Collection Arrangements

The Seller expects that the Debtors will continue to make all payments to the account of the Seller as provided in the Loan Contracts between each Debtor and the Seller and thereby obtain a valid discharge of

their respective payment obligation. The Debtors will only receive notice of the sale and transfer of the relevant Purchased Receivables to the Issuer if a Notification Event has occurred (see "— *Receivables Purchase Agreement - Notification of Assignment*"), following receipt of which the Debtors shall make all payments to the Issuer to the Transaction Account in order to obtain valid discharge of their payment obligations.

Under the terms of the Servicing Agreement, the Collections received by the Servicer will be transferred on the Payment Date immediately following each Collection Period to the Transaction Account or as otherwise directed by the Issuer or the Transaction Security Trustee, unless the Seller applies part or all of the Principal Collections to the replenishment of the Portfolio in accordance with the Pre-Enforcement Principal Priority of Payments and the terms of the Receivables Purchase Agreement. Until such transfer, the Servicer will hold the Collections and any other amount received on trust (*treuhänderisch*) for the Issuer and will give directions to the relevant banks accordingly. All payments will be made free of all bank charges and costs as well as any tax for the recipient thereof.

Information and Regular Reporting

The Servicer will use all reasonable endeavours to safely maintain records in relation to each Purchased Receivable in computer readable form. The Servicer will notify to the Issuer and the Rating Agency any material change in its administrative or operating procedures relating to the keeping and maintaining of records. Any such material change requires the prior consent of the Issuer.

The Servicing Agreement requires the Servicer to furnish at the latest three (3) calendar days prior to the Payment Date following the relevant Cut-Off Date the Detailed Investor Report to the Issuer, with a copy to the Corporate Administrator, the Rating Agency, the Calculation Agent and the Transaction Security Trustee, with respect to each Collection Period as well as certification that no Notification Event or Servicer Termination Event has occurred. Each Detailed Investor Report will set out in detail, on an aggregate basis, the state of repayment and amounts outstanding on the Purchased Receivables, measures being taken to collect any overdue payments as well as details regarding all foreclosure proceedings in respect of any Related Collateral and the status, development and timing of such proceedings. The Servicer will, upon request, provide the Issuer with all additional information concerning the Purchased Receivables and Related Collateral in which the Issuer has a legitimate interest, subject to the terms of the Servicing Agreement and protection of each Debtor's personal data.

Termination of Loan Contracts and Enforcement

If a Debtor defaults on a Purchased Receivable, the Servicer will proceed in accordance with the Credit and Collection Policy. The Servicer will abide by the enforcement and realisation procedures as set out in the Receivables Purchase Agreement and the Servicing Agreement. If the Related Collateral is to be enforced, the Servicer will take such measures as it deems necessary in its professional discretion to realise the Related Collateral.

The Servicer is obliged to terminate any Loan Contract in accordance with the Credit and Collection Policy. Where the Servicer fails to do so, the Servicer must compensate the Issuer for any damage caused for its failure to carry out such duly and timely termination such that the Issuer is placed in the same position as if it complied with its obligation. The Servicer has undertaken not to agree with any Debtor to restrict such termination rights and will pay damages to the Issuer if it does not effect due and timely termination.

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

Termination of the Servicing Agreement

Pursuant to the Servicing Agreement, the Issuer may at any time terminate the appointment of the Servicer and appoint a substitute servicer if a Servicer Termination Event has occurred, and/or notify or require the Servicer to notify the relevant Debtors of the assignment of the Purchased Receivables to the Issuer such that all payments in respect to such Purchased Receivables are to be made to the Issuer or a substitute servicer appointed by the Issuer if a Notification Event has occurred. Each of the following events constitutes a "**Servicer Termination Event**":

1. The Servicer fails to make a payment due under the Servicing Agreement at the latest on the second (2nd) Business Day after its due date, or, in the event no due date has been determined, within three (3) Business Days after the demand for payment.

2. Following a demand for performance the Servicer fails within five (5) Business Days to perform its material (as determined by the Issuer) obligations (other than those referred to in paragraph 1 above) owed to the Issuer under the Servicing Agreement.

3. Any of the representations and warranties made by the Servicer with respect to or under the Servicing Agreement or any Monthly Report or information transmitted is materially false or incorrect.

4. The Servicer is (i) over-indebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or (ii) intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings) or dissolution proceedings and, other than with respect to (i), the Servicer fails to remedy such status within twenty (20) Business Days, or if any measures under Section 45, 46 to 46g of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer.

5. The Servicer is in default with respect to any material payment obligation owed to any third party for a period of more than five (5) calendar days.

6. The Servicer is in breach of any of the covenants set out in the Servicing Agreement.

7. Any licence of the Servicer required with respect to the Servicing Agreement and the Services to be performed there under is revoked, restricted or made subject to any conditions.

8. The Servicer is not collecting Purchased Receivables or Related Collateral pursuant to the Servicing Agreement or is no longer entitled or capable to collect the Purchased Receivables and the Related Collateral for practical or legal reasons.

9. At any time there is otherwise no person who holds any required licence, authorisation or registration appointed by the Issuer to collect the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement.

10. There are valid reasons to cause the fulfilment of material duties and material obligations under the Servicing Agreement or under the Loan Contracts or Related Collateral on the part of the Servicer or the Seller (acting in its capacity as the Servicer) to appear to be impeded.

11. The Servicer (to the extent that it is identical with the Seller) is in breach of any of the financial covenants set out in the Receivables Purchase Agreement.

12. A material adverse change in the business or financial conditions of the Servicer has occurred which materially affects its ability to perform its obligations under the Servicing Agreement.

13. At any time Santander Consumer Finance, S.A. (i) ceases to hold directly or indirectly 75% of the Servicer's share capital or voting rights or (ii) fails to meet the Servicer Required Rating, unless in each case (i) and (ii), the Servicer (including any substitute servicer as the case may be) has at least the Servicer Required Rating.

Pursuant to the Servicing Agreement, the appointment of the Servicer is automatically terminated in the event that the Servicer is either over indebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under Section 21 of the German Insolvency Code or under Section 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer.

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

The outgoing Servicer and the Issuer will execute such documents and take such actions as the Issuer may require for the purpose of transferring to the substitute servicer the rights and obligations of the outgoing

Servicer, assumption by any substitute servicer of the specific obligations of substitute servicers under the Servicing Agreement and releasing the outgoing Servicer from its future obligations under the Servicing Agreement. Upon termination of the Servicing Agreement with respect to the Servicer and the appointment of a substitute servicer, the Servicer will transfer to any substitute servicer all Records and any and all related material, documentation and information. Any substitute servicer will have all required licences, authorisation and registrations, in particular, any licences or registrations required under the German Act on Legal Services (*Rechtsdienstleistungsgesetz*).

Any termination of the appointment of the Servicer or of a substitute servicer as well as the appointment of any new servicer will be notified by the Issuer to the Rating Agencies, the Transaction Security Trustee and the Corporate Administrator and by the Principal Paying Agent, acting on behalf of the Issuer, to the Noteholders in accordance with the Terms and Conditions.

Data Trust Agreement

Pursuant to the Data Trust Agreement the Data Trustee will safeguard the Decoding Key required for the decryption of the Encrypted Portfolio Information relating to the Purchased Receivables (and any updated decoding key will be sent to the Data Trustee on each relevant Payment Date). The Date Trustee will release the Decoding Key to the Issuer, the Transaction Security Trustee and any back-up servicer only subject to certain limited events in which the Issuer will notify the Debtors in accordance with the Receivables Purchase Agreement. If a substitute servicer has been appointed, the Decoding Key will be released to such substitute servicer.

Agency Agreement

Pursuant to the Agency Agreement, the Principal Paying Agent, the Calculation Agent and the Cash Administrator are appointed by the Issuer and each will act as agent of the Issuer to make certain calculations, determinations and to effect payments in respect of the Notes. The functions, rights and duties of the Principal Paying Agent, the Calculation Agent and the Cash Administrator are set out in the Terms and Conditions. See "*TERMS AND CONDITIONS OF THE NOTES*".

The Agency Agreement provides that the Issuer may terminate the appointment of any Agent with regard to some or all of its functions with the prior written consent of the Transaction Security Trustee upon giving such Agent not less than thirty (30) calendar days' prior notice. Any Agent may at any time resign from its office by giving the Issuer and the Transaction Security Trustee not less than thirty (30) calendar days' prior notice, **provided that** at all times there shall be a Principal Paying Agent, a Calculation Agent and a Cash Administrator appointed. Any termination of the appointment of any Agent and any resignation of such Agent shall only become effective upon the appointment in accordance with the Agency Agreement of one or more banks or financial institutions as replacement agent(s) in the required capacity. The right to termination or resignation for good cause will remain unaffected. If no replacement agent is appointed within twenty (20) calendar days of any Agent's resignation, then such Agent may itself, subject to certain requirements, appoint such replacement agent in the name of the Issuer. The Agency Agreement also provides for an obligation of an Agent located in the United Kingdom to transfer at its own cost its duties to another affiliated entity within the European Union should such Agent be unable to perform its obligations under the Agency Agreement or a continuation of such services would be detrimental to the transaction once the United Kingdom leaves the European Union as a consequence of the Brexit Vote.

English Security Deed

Pursuant to the English Security Deed, the Issuer has granted a security interest in respect of all present and future rights, claims and interests which the Issuer has or becomes entitled to with respect to the Accounts to the Transaction Security Trustee, to hold on trust for the Beneficiaries as security for the Transaction Secured Obligations (including the Transaction Security Trustee Claim). The English Security Deed is governed by the laws of England and Wales.

Subscription Agreement

The Issuer, the Lead Manager and the Seller have entered into a Subscription Agreement under which the Lead Manager has agreed to subscribe and pay for the Notes, subject to certain conditions. The Lead Manager has the right to receive a combined management and underwriting commission and a selling concession in respect of its services under the Subscription Agreement, and the right to all costs and

expenses and certain representations, warranties and indemnities from the Issuer or the Seller, as applicable. See "*SUBSCRIPTION AND SALE*".

Corporate Administration Agreement

Pursuant to a Corporate Administration Agreement the Corporate Administrator provides certain corporate and administrative services to the Issuer. The duties of the Corporate Administrator include, *inter alia*, the following specific duties:

(i) provision of the registered address for the Issuer;

(ii) proposing to the Issuer at least two (2) persons but not more than three (3) persons that fulfill the criteria for managing directors set out in the articles of association (*Gesellschaftsvertrag*) of the Issuer to be appointed by the Issuer's shareholders' meeting as managing directors of the Issuer and if the appointment of any managing director has been revoked for any reason whatsoever and the Corporate Administration Agreement has not been terminated at such time, proposing to the Issuer a person to be appointed by the Issuer's shareholders' meeting as a new managing director of the Issuer;

(iii) assisting the managing directors of the Issuer in complying with their duties under statutory law and the articles of association of the Issuer;

(iv) making available telephone, facsimile and post box facilities at the Issuer's registered address;

(v) dealing with correspondence of the Issuer, including checking and filing and forwarding it to the respective contact persons;

(vi) preparing and organising shareholders' meetings, preparing and circulating agendas and other documents or draft documents required at or in connection with such meetings, providing facilities for such meetings and keeping the minutes of such meetings;

(vii) keeping and maintaining the Issuer's corporate files and maintaining the corporate records, including the list of shareholders and the minutes of the shareholders' meetings;

(viii) mandating and supervising tax advisors to prepare tax returns and statutory financial statements;

(ix) supervising matters related to the local registration with the commercial register;

(x) mandating the managing directors of the Issuer to prepare the annual accounts of the Issuer;

(xi) accounting for the Issuer, including, without limitation, the preparation of monthly statements according to German GAAP (*Generally Accepted Accounting Principles*) and IFRS (*International Financial Reporting Standards*), as relevant, and providing such monthly statements to the Seller or the Servicer (if different to the Seller) within three (3) Business Days after receipt of each Monthly Report from the Servicer in accordance with the Servicing Agreement;

(xii) instructing and providing assistance to the auditors of the Issuer to carry out the audit of the annual accounts of the Issuer and, if required, filing such accounts with the relevant authorities;

(xiii) filing the Issuer's annual accounts and tax returns with the competent authorities;

(xiv) assisting the tax advisors and/or auditors of the Issuer to ensure that all application forms (including for extending the certificate issued by a competent German local tax authority confirming that there is no obligation to withhold any taxes (*Dauerüberzahlerbescheinigung*)) are filed with the competent German local tax authority and that the Issuer is registered for tax purposes with respect to all applicable German taxes and using all reasonable endeavours to ensure that the Issuer complies in all respects with its obligations in respect of any applicable taxes;

(xv) instructing the tax advisors to prepare the annual tax returns of the Issuer and providing to the tax advisors all information necessary to prepare such returns and submitting such returns together with the annual accounts to the competent German tax authorities;

(xvi) with the assistance of tax advisors if necessary, filing all applications for reverse VAT and undertaking all subsequent monthly VAT filings, if applicable;

(xvii) being responsible for:

(a) ensuring that the Issuer complies with its obligations under the Transaction Documents and any other agreements entered into by it in relation to each Account; and

(b) performing all its duties under the Accounts Agreement with respect to each Account;

(xviii) ensuring compliance with the Data Protection Standards;

(xix) notifying each of the Issuer and the Transaction Security Trustee without undue delay if the Corporate Administrator attains actual knowledge that the rating of the Account Bank is withdrawn or ceases to have the Account Bank Required Rating;

(xx) co-ordinating and facilitating the preparation and issuance by the Issuer of and, if requested by either the Issuer or the Transaction Security Trustee, drafting all notices, acknowledgements, consents and demands which the Issuer is required to provide or issue under the Transaction Documents and undertaking all other obligations required of it under the Transaction Documents, including, without limitation, forwarding a copy of any resolution passed by a majority or qualified majority (as applicable) of the Noteholders of any Class at any time to each Rating Agency without undue delay following its publication;

(xxi) assisting the Issuer with and facilitating the identification of a suitable substitute servicer if the appointment of the Servicer under the Servicing Agreement is terminated and such termination is not due to the outsourcing of the servicing and collection of receivables and related collateral to a new direct or indirect subsidiary of the Seller or of a parent of the Seller;

(xxii) providing the services necessary to procure that the Issuer complies with (aa) its obligations under the German Money Laundering Act (*Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten – Geldwäschegesetz*), and (bb) any other legal obligations applicable to it, including but not limited to any obligations applying to the Issuer under the U.S. Foreign Account Tax Compliance Act ("**FATCA**");

(xxiii) undertaking quarterly statistical reporting to the German central bank (*Deutsche Bundesbank*) based on the respective reporting received by it from the Servicer (enclosure S1/P1 of their reporting to the German central bank);

(xxiv) undertaking monthly reporting to the German central bank (*Deutsche Bundesbank*) with respect to cross-border payments (*AWV-Meldungen*);

(xxv) acting as process agent on behalf of the Issuer in the Federal Republic of Germany;

(xxvi) providing all other services as are incidental to the above corporate services and as are from time to time agreed with the Issuer in connection with the transactions contemplated by the Transaction Documents;

(xxvii) providing such further corporate administration services as may be required by the Issuer from time to time subject to the fees chargeable by the Corporate Administrator in accordance with the Corporate Administration Agreement;

(xxviii) notifying the Transaction Security Trustee, the Issuer and the Servicer if no backup servicer has been appointed within thirty (30) calendar days after the occurrence of a Back-Up Servicer Trigger Event;

(xxix) notifying the Transaction Security Trustee, the Issuer, the Servicer and each Rating Agency if no back-up servicer has been appointed within ninety (90) calendar days after the occurrence of a Back-Up Servicer Trigger Event; and

(xxx) notifying the Rating Agencies of any amendment to the Terms and Conditions of the Notes.

Each party to the Corporate Administration Agreement may terminate such agreement or any part thereof for good cause (*aus wichtigem Grund*) and, if possible, give the other party and the Transaction Security Trustee not less than thirty (30) calendar days' prior notice thereof. The Issuer may, with the prior written consent of the Transaction Security Trustee, terminate the appointment of the Corporate Administrator under the Corporate Administration Agreement by giving the Corporate Administrator not less than thirty (30) calendar days' prior notice of such termination. The Corporate Administrator may at any time resign from its office by giving the Issuer and the Transaction Security Trustee not less than thirty (30) calendar days' prior notice.

Any such resignation shall become effective only upon (i) the appointment by the Issuer, with the prior written consent of the Transaction Security Trustee, of another entity ("**New Corporate Administrator**") and (ii) the giving of prior notice of such appointment to the Noteholders in accordance with Condition 13 (*Form of Notices*) of the Terms and Conditions. If the Issuer fails to appoint a New Corporate Administrator within ten (10) calendar days after receipt of the resignation notice given by the Corporate Administrator in accordance with item (b) above, then the resigning Corporate Administrator may appoint such New Corporate Administrator in the name and for the account of the Issuer by giving (i) prior notice of such appointment to the Noteholders in accordance with Condition 13 (*Form of Notices*) of the Terms and Conditions and (ii) at least fifteen (15) calendar days' prior notice of such appointment to the Issuer and the Transaction Security Trustee in accordance with the Corporate Administration Agreement.

In the event the Corporate Administrator resigns from office in accordance with the Corporate Administration Agreement without good cause (*ohne wichtigen Grund*) or the Issuer terminates the appointment of the Corporate Administrator due to its conduct constituting good cause (*wichtiger Grund*) for termination, the Corporate Administrator shall bear all costs and expenses directly associated with the appointment of a New Corporate Administrator (including the costs of all required publications and legal fees, if any).

Upon the termination or resignation of the Corporate Administrator becoming effective, the Corporate Administrator shall deliver to the Issuer, as it shall direct, all books of accounts, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer, any original contracts and/or Transaction Documents, any monies then held by the Corporate Administrator on behalf of the Issuer and any other assets of the Issuer and shall take such further action as the Issuer may reasonably direct.

At any time following the appointment of a New Corporate Administrator in accordance with the terms of the Corporate Administration Agreement, the Corporate Administrator shall:

(i) provide to the New Corporate Administrator all such information available to the Corporate Administrator as the New Corporate Administrator may reasonably require for the purposes of performing the functions of corporate administrator under the Corporate Administration Agreement;

(ii) take such further action within its power with regard to the appointment of a New Corporate Administrator as the Issuer or the Transaction Security Trustee may reasonably request; and

(iii) not take any action which would be likely to have a material adverse effect on the ability of the New Corporate Administrator to perform its obligations under the Corporate Administration Agreement.

Accounts Agreement

See the section "*THE ACCOUNTS AND THE ACCOUNTS AGREEMENT*".

Master Definitions Agreement

Pursuant to the Master Definitions Agreement the Issuer, the Purchaser, the Corporate Administrator, the Data Trustee, the Transaction Security Trustee, the Account Bank, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Lead Manager and the Seller have agreed that except where expressly stated to the contrary or where the context otherwise requires, the definitions set out therein shall apply to the terms and expressions referred to but not otherwise defined in a Transaction Document. See "*SCHEDULE 1 DEFINITIONS*".

EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS

The expected average life of each Class of Notes cannot be predicted as the actual rate at which the Purchased Receivables will be repaid and a number of other relevant factors are unknown. Calculated estimates as to the expected average life of each Class of Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations are made that such estimates are accurate, that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The table below shows the expected average life of each Class of Notes based on, *inter alia*, the following assumptions:

(a) that the Purchased Receivables are subject to a constant rate of prepayment as shown in the table below;

(b) that no Purchased Receivables are sold by the Issuer except as contemplated in the Credit and Collection Policy;

(c) that the Notes are issued on 21 December 2018;

(d) that the Purchased Receivables continue to be fully performing; and that the clean-up call option will be exercised in accordance with the Receivables Purchase Agreement and Condition 7.5 of the Terms and Conditions;

(e) that the cumulative gross loss is 0% of the initial Aggregate Outstanding Principal Amount; and

(f) that the Payment Date will always fall on the thirteenth (13^{th}) calendar day of a calendar month.

	Class A			Class B			Class C		
CPR p.a.	WAL	First Pay	Expected Maturity	WAL	First Pay	Expected Maturity	WAL	First Pay	Expected Maturity
0%	3.14	Jan-20	Sep-24	6.00	Sep-24	Feb-25	6.43	Feb-25	Jul-25
10%	2.66	Jan-20	Dec-23	5.21	Dec-23	May-24	5.65	May-24	Oct-24
20%	2.31	Jan-20	Mar-23	4.49	Mar-23	Aug-23	4.92	Aug-23	Jan-24
30%	2.05	Jan-20	Aug-22	3.88	Aug-22	Jan-23	4.26	Jan-23	May-23
40%	1.85	Jan-20	Feb-22	3.37	Feb-22	Jun-22	3.70	Jun-22	Oct-22

Class D			Class E			Class F		
WAL	First Pay	Expected Maturity	WAL	First Pay	Expected Maturity	WAL	First Pay	Expected Maturity
6.71	Jul-25	Aug-25	6.73	Aug-25	Aug-25	6.73	Aug-25	Aug-25
5.95	Oct-24	Nov-24	5.97	Nov-24	Nov-24	5.97	Nov-24	Nov-24
5.20	Jan-24	Feb-24	5.21	Feb-24	Feb-24	5.21	Feb-24	Feb-24
4.52	May-23	Jun-23	4.53	Jun-23	Jun-23	4.53	Jun-23	Jun-23
3.94	Oct-22	Nov-22	3.94	Nov-22	Nov-22	3.94	Nov-22	Nov-22

Assumption (a) above is stated as an average annualised prepayment rate as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

Assumptions (d) to (f) above relate to circumstances which are not predictable. With regard to the clean-up call option referred to in assumption (d) above, it should be noted that the exercise of such call option is only one possible scenario and that no assurance can be given that such call option will actually be exercised.

Assumption (e) is an unlikely scenario. More realistic loss scenarios may impact the WAL of the Notes.

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

DESCRIPTION OF THE PORTFOLIO

The Portfolio consists of the Purchased Receivables arising under the Loan Contracts and the Related Collateral, originated by the Seller pursuant to the Credit and Collection Policy. See "*CREDIT AND COLLECTION POLICY*". The Purchased Receivables included in the Portfolio are derived from a portfolio of loans to retail customers to finance general consumer requirements and/or consumer goods and were acquired by the Issuer pursuant to the Receivables Purchase Agreement. The Aggregate Outstanding Principal Amount as of the beginning of business (in Mönchengladbach) on 12 December 2018 was EUR 1,599,999,980.46.

The Purchased Receivables acquired and transferred by assignment under the Receivables Purchase Agreement from the Seller have, at the date of approval of this Prospectus, characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes.

ELIGIBILITY CRITERIA

The following criteria ("**Eligibility Criteria**") must have been met by the Receivables to be eligible for acquisition by the Purchaser pursuant to the Receivables Purchase Agreement on the first Purchase Date or, with respect to any Additional Receivable, on any subsequent Purchase Date during the Replenishment Period. The Eligibility Criteria constitute **Appendix 3** to the Terms and Conditions and form an integral part of the Terms and Conditions.

A Receivable (or any part of it or the pool of Receivables, as applicable) is an eligible receivable if it and any part thereof meet the following conditions:

The Receivable:

(i) was originated in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller under a Loan Contract with defined instalment amounts (*Ratenkreditvertrag*) which shall become due for payment on a monthly basis and is based on the applicable general terms and conditions of business of the Seller and on the standard loan templates which are compliant with German law;

(ii) was originated after 10 June 2010;

(iii) is denominated and payable in euro;

(iv) is a Receivable in respect of which the Loan Contract under which it arises has not been terminated;

(v) is a Receivable in respect of which the loan facility under the relevant Loan Contract has been fully drawn by the relevant Debtor;

(vi) is a Receivable in respect of which the Loan Contract under which it arises has a minimum remaining term of one (1) month and a maximum remaining term of one hundred and eight (108) months, and its original term is not greater than one hundred and twenty (120) months;

(vii) is not a profit participating loan (*partiarisches Darlehen*) and has a fixed interest rate and is fully amortising through payment of constant monthly instalments (except for the first instalment or the final instalment payable under the relevant Loan Contract which may differ from the monthly instalments payable for subsequent or previous months);

(viii) is not secured by German real estate or ships which are registered with a German ship register;

(ix) exists and constitutes legally valid, binding and enforceable obligations of the respective Debtor;

(x) is not subject to any executed right of revocation (*ausgeübter Widerruf*), set-off or counter-claim (other than potential set-off rights and counter-claims resulting from Seller Deposits held by the relevant Debtor or from claims of the relevant Debtor in connection with handling fees (*Bearbeitungsgebühren*)) or warranty claims of the Debtors and no other right of objection, irrespective of whether the Purchaser knew or could have known of the existence of objections, defences or counter-rights;

(xi) is a Receivable which may be segregated and identified at any time for purposes of ownership and Related Collateral in the electronic files of the Seller and such electronic files and the relating software is able to provide the information to be included in the offer with respect to such Receivables and Related Collateral pursuant to the Receivables Purchase Agreement;

(xii) is a Receivable in relation to which the Seller has fully complied with any applicable consumer legislation, in particular:

(A) those Sections of the German Civil Code (*Bürgerliches Gesetzbuch*) and the Regulation on Information Duties of 5 August 2002, as amended (collectively, "**Distance Marketing Provisions**"), which relate to distance marketing of consumer financial services (*Fernabsatzverträgen bei Finanzdienstleistungen*);

(B) those provisions of the German civil law which relate to consumer credit contracts (*Verbraucherdarlehensverträge*) effective as of 11 June 2010 (implementation of the European Consumer Loan Directive into German law); and

(C) the two (2) weeks revocation period (*zweiwöchige Widerrufsfrist*, Section 355 (1) of the German Civil Code – *Bürgerliches Gesetzbuch*) has lapsed with respect to each Loan Contract;

(xiii) is not, as of the relevant Purchase Date (with respect to any Loan Instalment under the relevant Loan Contract), a Delinquent Receivable (and for the avoidance of doubt it is hereby agreed that any return of any amounts received by the Seller or the Servicer by way of direct debit (*Lastschrift*) to the relevant Debtor or intermediary credit institution because of a return of such direct debit (*Rücklastschrift*) shall not render the relevant Receivable to be an ineligible Receivable *ab initio* if, but only if, such Debtor has objected (*widersprechen*) to such direct debit within six (6) weeks of such debit), Defaulted Receivable or Disputed Receivable, and in particular the Debtor has not yet terminated or threatened to terminate the relevant Loan Contract, in each of the foregoing cases with respect to any Loan Instalment under the relevant Loan Contract and it is payable by a Debtor which is not the Debtor of any Defaulted Receivable. No breach of any obligation under any agreement (except for the obligation to pay) of any party exists with respect to the Receivable, the Seller has fully complied with its obligations under the Loan Contract;

(xiv) is a claim which can be transferred by way of assignment without the consent of the related Debtor and which shall be validly transferred, together with the Related Collateral, to the Purchaser in the manner contemplated by the Receivables Purchase Agreement;

(xv) is a Receivable (including any part thereof and the Related Collateral) to which the Seller is fully entitled, free of any rights of any third party, over which the Seller may freely dispose and in respect of which the Purchaser will, upon acceptance of the Offer for the purchase of such Receivable as contemplated in the Receivables Purchase Agreement, acquire the title unencumbered by any counterclaim, set-off right, other objection and Adverse Claims (other than those of the Debtor under the related Loan Contract); in particular, such Receivable (and the Related Collateral) has not been assigned to any third party for refinancing and has been documented in a set of documents which designates the acquisition costs thereof, the related Debtor, the Loan Instalments, the applicable interest rate, the initial due dates and the term of the Loan Contract;

(xvi) to the extent not already meeting the criteria under (ix) and (x) above, is a Receivable which has been created in compliance with all applicable laws, rules and regulations (in particular with respect to consumer protection and data protection) and all required consents, approvals and authorisations have been obtained in respect thereof and neither the Seller nor the Debtor are in violation of any such law, rule or regulation;

(xvii) is subject to German law;

(xviii) is a Receivable the assignment of which does not violate any law or agreements (in particular with respect to consumer protection and data protection) to which the Seller is bound, and following the assignment of the Receivable and Related Collateral, such Receivable and the Related Collateral shall not be available to the creditors of the Seller on the occasion of any insolvency of the Seller;

(xix) is a Receivable in relation to which at least two (2) due Loan Instalments have been fully paid for the Receivable prior to the respective Purchase Date;

(xx) is a Receivable the purchase of which, together with any other Receivables to be purchased on the same Purchase Date and (as relevant) all Purchased Receivables, does not exceed the Concentration Limit on the Purchase Date on which it is purchased, whereby "**Concentration Limit**" shall mean that:

(A) on the relevant Purchase Date, the weighted average remaining term of the Loan Contracts relating to all Purchased Receivables (including the Receivable and any other Receivable to be purchased on the same Purchase Date) does not exceed 68.5 months;

(B) on the relevant Purchase Date, the weighted average interest rate of all Purchased Receivables (including the Receivable and any other Receivable to be purchased on the same Purchase Date) is at least equal to 5.80% *per annum*; and

(C) the sum of the Outstanding Principal Amount of the Receivable and the Aggregate Outstanding Principal Amount of any other Receivable to be purchased on the same Purchase Date and (as relevant) all Purchased Receivables owed by the same Debtor does not exceed EUR 200,000 on the relevant Purchase Date;

(xxi) is due from a Debtor who is either a private individual resident in Germany or a self-employed individual resident in Germany and has been granted in order to finance general consumer requirements and/or goods;

(xxii) is due from a Debtor who is not insolvent or bankrupt (*zahlungsunfähig*, including imminent inability to pay its debts (*drohende Zahlungsunfähigkeit*)) or over-indebted (*überschuldet*) and against whom no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction;

(xxiii) is not due from a Debtor who is an employee, officer or an Affiliate to the Seller, whereby "**Affiliate**" shall mean any related enterprise and in particular any affiliated enterprise (*verbundenes Unternehmen*) within the meaning of Section 15 of the German Stock Corporation Act (*Aktiengesetz*); and

(xxiv) does not arise under a Loan Contract which constitutes a balloon loan. A "**balloon loan**" is a loan where the final payment due is higher than any of the previous loan instalments payable by the relevant Debtor.

INFORMATION TABLES REGARDING THE PORTFOLIO

The following tables set forth the Portfolio as at 12 December 2018 with an Aggregate Outstanding Principal Amount of EUR 1,599,999,980.46. Percentages are subject to rounding.

(a) Number of Loan Contracts

(b) Outstanding Current Principal Balance

(c) Average Outstanding Current Principal Amount

(d) Top 25 Debtors as % of the Total Portfolio

(e) Weighted Average Portfolio Interest Rate

(f) Weighted Average Original Term

(g) Weighted Average Seasoning

(h) Weighted Average Remaining Term

(i) Secured/Unsecured Distribution

(j) Insured/Uninsured Distribution

(k) Direct Debit/Other Payment Type Distribution

(l) 1st/15th of Month Payment Circle Distribution

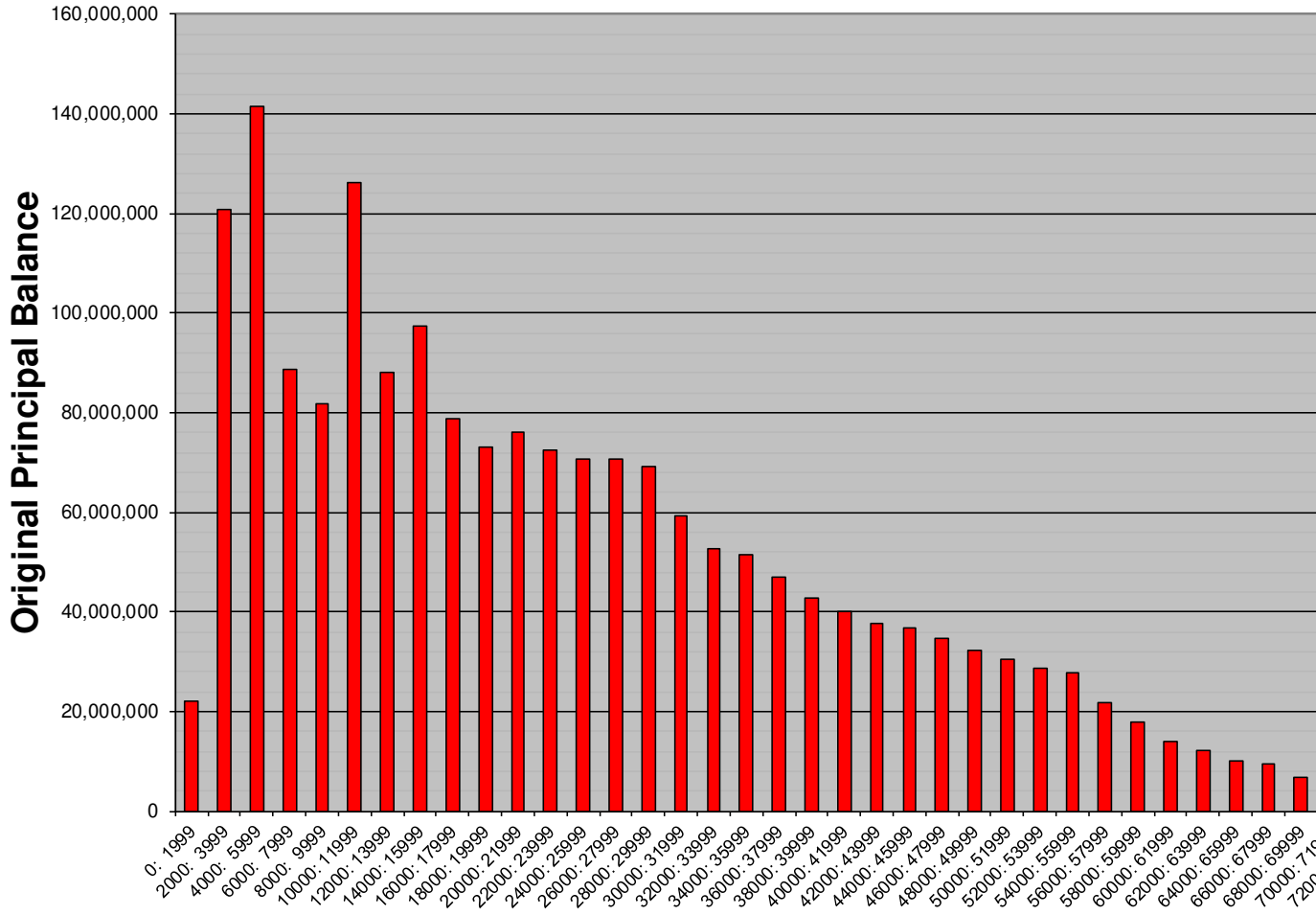
1. Original Principal Balance

Original Principal Balance (Ranges in EUR)	*Original Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 1999	21,957,743.49	1.14%	18,272	10.36%
2000: 3999	120,708,807.54	6.28%	43,351	24.58%
4000: 5999	141,370,695.99	7.36%	29,192	16.55%
6000: 7999	88,661,872.93	4.62%	13,014	7.38%
8000: 9999	81,667,722.18	4.25%	9,262	5.25%
10000: 11999	126,162,580.60	6.57%	11,836	6.71%
12000: 13999	88,191,259.41	4.59%	6,863	3.89%
14000: 15999	97,215,664.36	5.06%	6,492	3.68%
16000: 17999	78,804,289.38	4.10%	4,644	2.63%
18000: 19999	73,110,810.66	3.81%	3,856	2.19%
20000: 21999	75,999,778.72	3.96%	3,629	2.06%
22000: 23999	72,575,413.92	3.78%	3,157	1.79%
24000: 25999	70,749,158.42	3.68%	2,832	1.61%
26000: 27999	70,514,074.45	3.67%	2,612	1.48%
28000: 29999	69,174,837.40	3.60%	2,387	1.35%
30000: 31999	59,254,222.98	3.08%	1,915	1.09%
32000: 33999	52,527,617.09	2.73%	1,593	0.90%
34000: 35999	51,417,619.11	2.68%	1,470	0.83%
36000: 37999	46,870,744.12	2.44%	1,268	0.72%
38000: 39999	42,623,648.37	2.22%	1,094	0.62%
40000: 41999	40,128,073.35	2.09%	980	0.56%
42000: 43999	37,792,191.43	1.97%	880	0.50%
44000: 45999	36,840,442.59	1.92%	819	0.46%
46000: 47999	34,728,345.22	1.81%	739	0.42%
48000: 49999	32,279,343.15	1.68%	659	0.37%
50000: 51999	30,589,519.43	1.59%	601	0.34%
52000: 53999	28,692,228.59	1.49%	541	0.31%
54000: 55999	27,813,576.98	1.45%	506	0.29%
56000: 57999	21,634,478.85	1.13%	380	0.22%
58000: 59999	17,924,973.39	0.93%	304	0.17%
60000: 61999	13,893,972.23	0.72%	228	0.13%
62000: 63999	12,271,810.43	0.64%	195	0.11%
64000: 65999	10,133,267.36	0.53%	156	0.09%
66000: 67999	9,562,304.29	0.50%	143	0.08%
68000: 69999	6,690,077.32	0.35%	97	0.06%
70000: 71999	5,675,423.35	0.30%	80	0.05%
72000: 73999	3,942,373.28	0.21%	54	0.03%
74000: 75999	3,601,507.58	0.19%	48	0.03%
76000: 77999	3,156,789.49	0.16%	41	0.02%
78000: 79999	2,609,131.50	0.14%	33	0.02%
80000: 81999	2,187,445.42	0.11%	27	0.02%
82000: 83999	1,658,689.97	0.09%	20	0.01%
84000: 85999	1,701,196.89	0.09%	20	0.01%
86000: 87999	955,540.56	0.05%	11	0.01%
88000: 89999	976,477.13	0.05%	11	0.01%
90000: 91999	819,044.57	0.04%	9	0.01%
92000: 93999	279,112.60	0.01%	3	0.00%

94000: 95999	569,487.22	0.03%	6	0.00%
96000: 97999	870,044.60	0.05%	9	0.01%
98000: 99999	298,144.51	0.02%	3	0.00%
100001:	1,126,449.20	0.06%	10	0.01%
Total	**1,920,960,023.60**	**100.00%**	**176,352**	**100.00%**

Statistics	**in EUR**
Average Amount	10,892.76

1.2 Original Principal Balance (Graph)

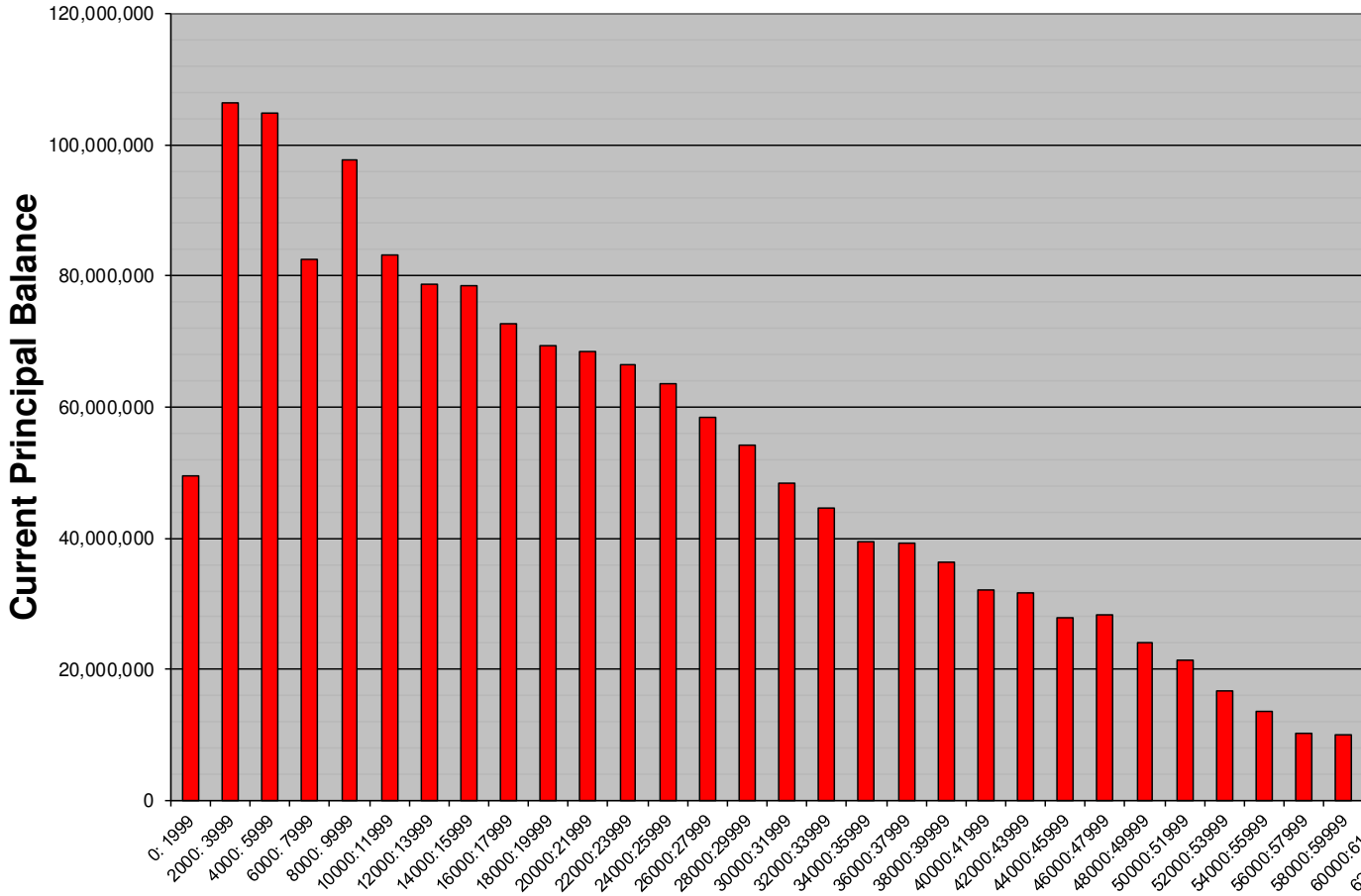


2. Current Principal Balance

Current Principal Balance (Ranges in EUR)	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 1999	49,420,608.42	3.09%	44,414	25.18%
2000: 3999	106,480,450.45	6.66%	36,848	20.89%
4000: 5999	104,891,979.15	6.56%	21,616	12.26%
6000: 7999	82,482,945.85	5.16%	11,822	6.70%
8000: 9999	97,702,829.66	6.11%	10,857	6.16%
10000:11999	83,121,116.03	5.20%	7,585	4.30%
12000:13999	78,798,901.51	4.92%	6,069	3.44%
14000:15999	78,434,629.66	4.90%	5,256	2.98%
16000:17999	72,717,870.39	4.54%	4,281	2.43%
18000:19999	69,310,734.32	4.33%	3,650	2.07%
20000:21999	68,398,219.09	4.27%	3,261	1.85%
22000:23999	66,507,665.33	4.16%	2,895	1.64%
24000:25999	63,553,200.61	3.97%	2,545	1.44%
26000:27999	58,382,709.25	3.65%	2,164	1.23%
28000:29999	54,293,558.96	3.39%	1,874	1.06%
30000:31999	48,484,299.68	3.03%	1,565	0.89%
32000:33999	44,656,861.29	2.79%	1,353	0.77%
34000:35999	39,574,716.49	2.47%	1,132	0.64%
36000:37999	39,342,366.57	2.46%	1,064	0.60%
38000:39999	36,287,799.97	2.27%	931	0.53%
40000:41999	32,063,668.39	2.00%	782	0.44%
42000:43999	31,738,006.46	1.98%	739	0.42%
44000:45999	27,841,067.36	1.74%	620	0.35%
46000:47999	28,328,820.10	1.77%	603	0.34%
48000:49999	23,991,640.51	1.50%	490	0.28%
50000:51999	21,487,468.93	1.34%	422	0.24%
52000:53999	16,800,660.21	1.05%	317	0.18%
54000:55999	13,520,350.32	0.85%	246	0.14%
56000:57999	10,193,730.50	0.64%	179	0.10%
58000:59999	10,129,462.80	0.63%	172	0.10%
60000:61999	8,410,768.78	0.53%	138	0.08%
62000:63999	6,350,865.59	0.40%	101	0.06%
64000:65999	5,714,415.84	0.36%	88	0.05%
66000:67999	2,876,663.37	0.18%	43	0.02%
68000:69999	3,175,260.02	0.20%	46	0.03%
70000:71999	2,412,829.40	0.15%	34	0.02%
72000:73999	1,971,441.82	0.12%	27	0.02%
74000:75999	1,947,363.02	0.12%	26	0.01%
76000:77999	1,691,384.86	0.11%	22	0.01%
78000:79999	1,585,334.68	0.10%	20	0.01%
80001:	4,925,314.82	0.31%	55	0.03%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Statistics	**in EUR**
Average Amount	9,072.76

2.2 Current Principal Balance (Graph)



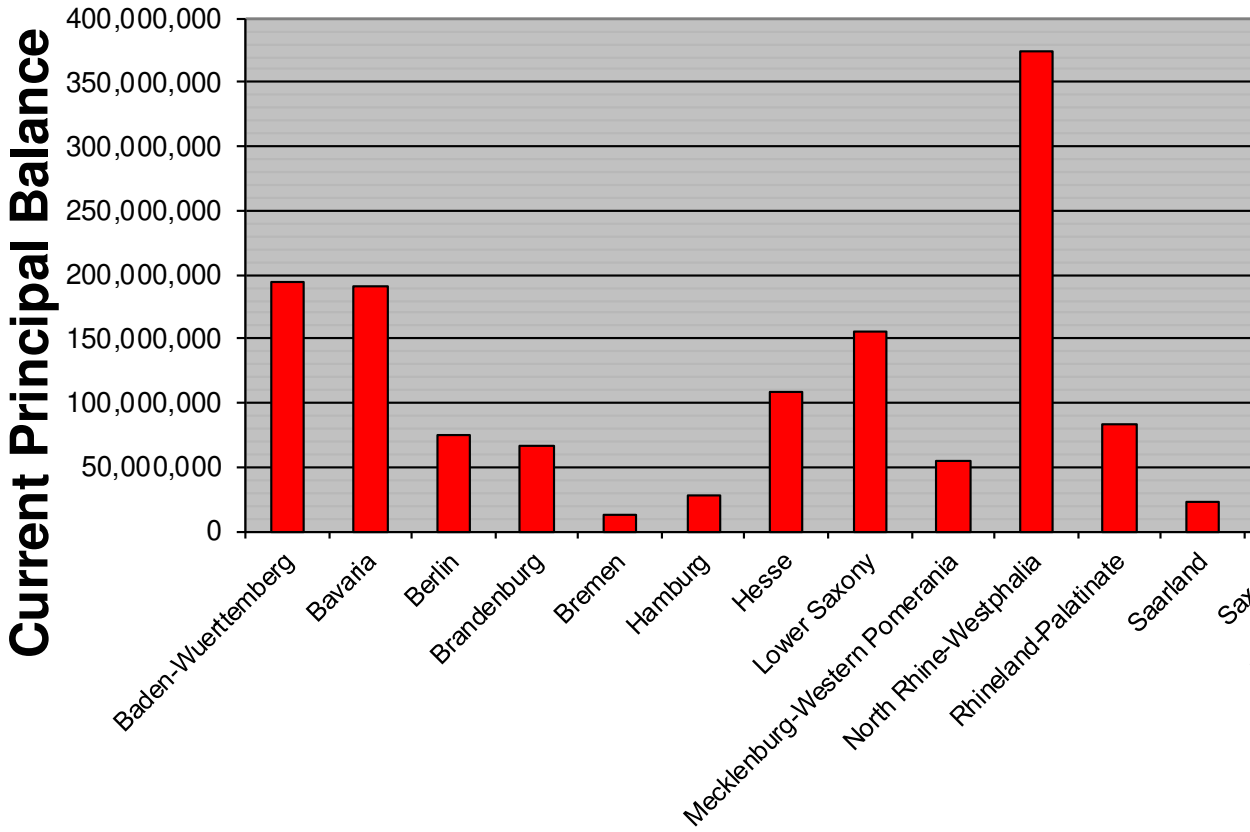
3. Borrower Concentration

No	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*
1	133,812.91	0.0084%	1
2	130,717.59	0.0082%	1
3	114,131.00	0.0071%	1
4	108,818.21	0.0068%	1
5	99,741.61	0.0062%	1
6	97,691.65	0.0061%	1
7	96,549.91	0.0060%	1
8	96,396.25	0.0060%	1
9	95,897.74	0.0060%	1
10	95,087.86	0.0059%	1
11	94,570.26	0.0059%	1
12	93,917.28	0.0059%	2
13	93,523.91	0.0058%	1
14	93,358.02	0.0058%	1
15	93,081.50	0.0058%	1
16	92,684.66	0.0058%	1
17	91,968.12	0.0057%	1
18	91,804.75	0.0057%	1
19	90,415.99	0.0057%	1
20	90,012.63	0.0056%	1
21	89,643.93	0.0056%	1
22	89,304.19	0.0056%	1
23	88,886.94	0.0056%	1
24	88,879.86	0.0056%	1
25	88,459.61	0.0055%	1
	2,439,356.38	**0.1525%**	**26**

4. Geographical Distribution

State	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
Baden-Wuerttemberg	193,754,952.63	12.11%	21,145	11.99%
Bavaria	190,668,417.69	11.92%	21,996	12.47%
Berlin	75,161,333.02	4.70%	8,634	4.90%
Brandenburg	66,640,569.48	4.17%	7,385	4.19%
Bremen	12,998,385.69	0.81%	1,462	0.83%
Hamburg	28,006,492.88	1.75%	3,531	2.00%
Hesse	108,788,690.98	6.80%	12,235	6.94%
Lower Saxony	156,086,914.40	9.76%	17,244	9.78%
Mecklenburg-Western Pomerania	55,083,155.71	3.44%	5,529	3.14%
North Rhine-Westphalia	373,425,060.35	23.34%	39,292	22.28%
Rhineland-Palatinate	83,521,276.60	5.22%	8,811	5.00%
Saarland	23,471,166.51	1.47%	2,328	1.32%
Saxonia	74,073,223.42	4.63%	8,646	4.90%
Saxony-Anhalt	61,802,710.00	3.86%	6,549	3.71%
Schleswig-Holstein	46,357,441.25	2.90%	5,951	3.37%
Thuringia	50,160,189.85	3.14%	5,614	3.18%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

4.1 Geographical Distribution (Graph)



5. Collateral

Collateral	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
secured	323,193,998.00	20.20%	12,646	7.17%
unsecured	1,276,805,982.46	79.80%	163,706	92.83%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

6. Insurance Coverage

Payment Protection Insurance	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
No	337,065,573.79	21.07%	77,353	43.86%
Yes	1,262,934,406.67	78.93%	98,999	56.14%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

7. Payment Method

Payment Method	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
Direct Debit	1,594,728,194.85	99.67%	175,886	99.74%
Other	5,271,785.61	0.33%	466	0.26%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Cycle of Payment	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
15th of month	426,418,279.84	26.65%	44,715	25.36%
1st of month	1,173,581,700.62	73.35%	131,637	74.64%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

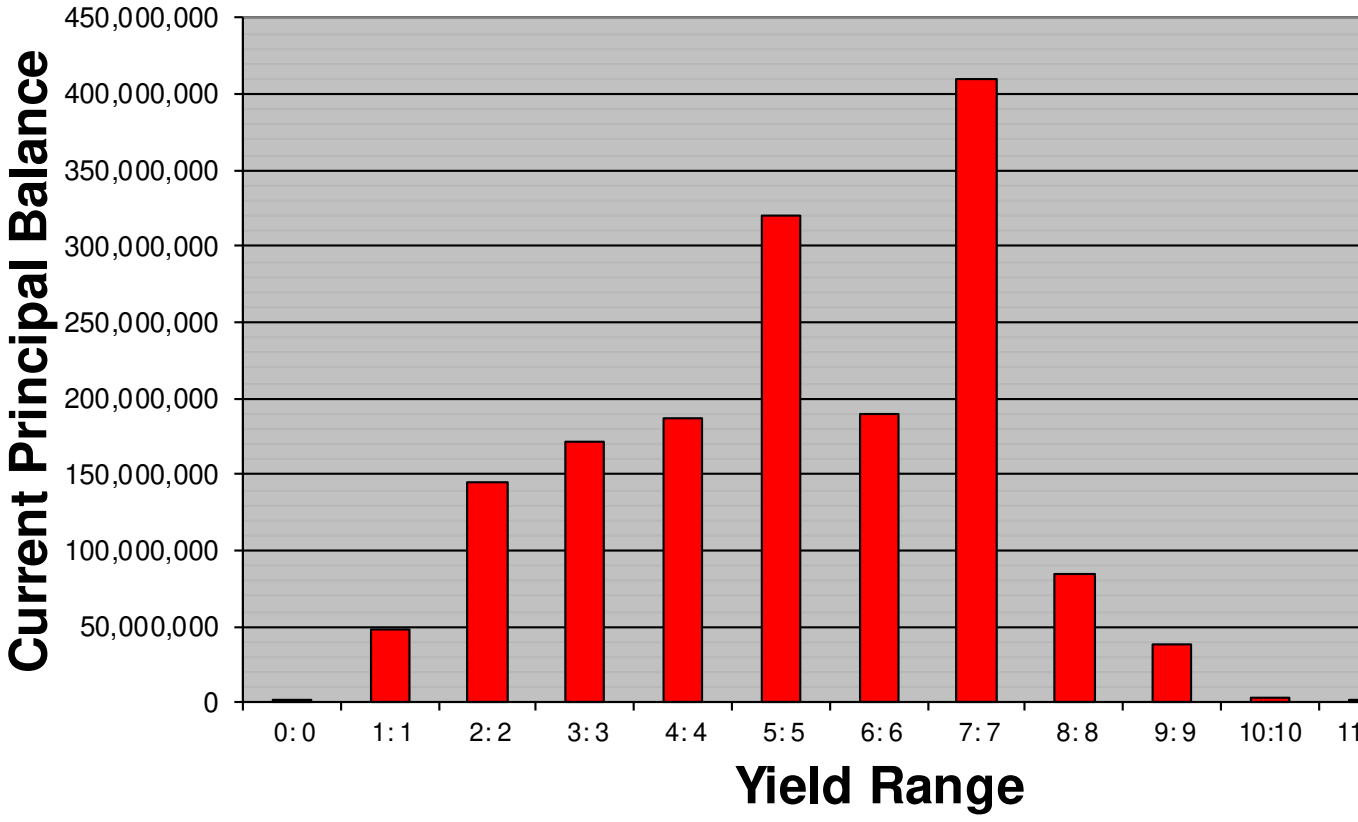
8. Customer Yield*

*Yield Range**	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 0	1,380,349.13	0.09%	2,566	1.46%
1: 1	47,842,344.18	2.99%	32,294	18.31%
2: 2	145,226,297.37	9.08%	37,168	21.08%
3: 3	172,079,769.92	10.75%	21,717	12.31%
4: 4	186,668,111.17	11.67%	15,921	9.03%
5: 5	320,707,520.51	20.04%	23,506	13.33%
6: 6	190,001,245.87	11.88%	12,596	7.14%
7: 7	409,759,706.71	25.61%	21,643	12.27%
8: 8	84,227,015.88	5.26%	5,529	3.14%
9: 9	37,967,571.53	2.37%	2,966	1.68%
10:10	3,570,787.58	0.22%	369	0.21%
11:11	477,753.37	0.03%	61	0.03%
12:12	91,507.24	0.01%	16	0.01%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Statistics	**in %**
WA Interest	6.00%

*runs from .00 to .99

8.1 Customer Yield (Graph)



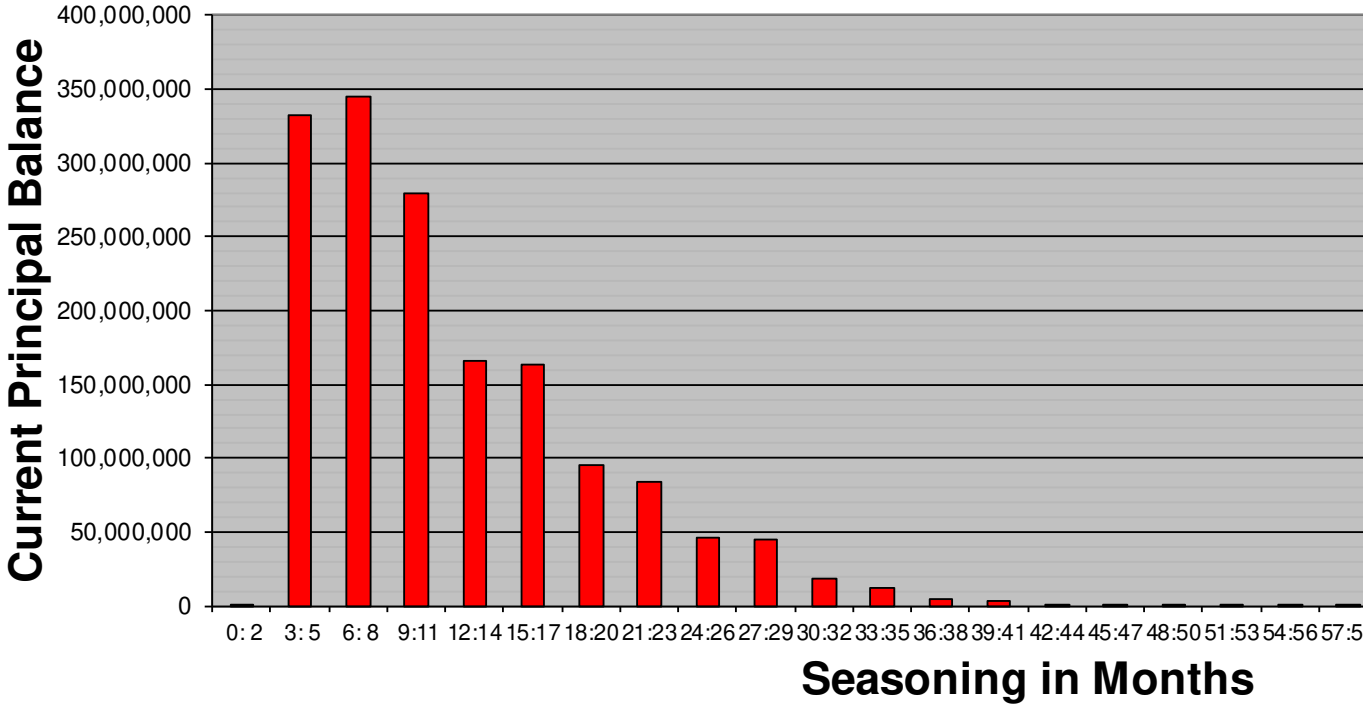
9. Seasoning

Seasoning in Months	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 2	553,805.90	0.03%	69	0.04%
3: 5	331,750,341.62	20.73%	34,223	19.41%
6: 8	345,377,991.85	21.59%	36,322	20.60%
9:11	279,635,898.33	17.48%	29,797	16.90%
12:14	165,563,950.84	10.35%	19,586	11.11%
15:17	163,206,623.55	10.20%	17,977	10.19%
18:20	95,258,048.19	5.95%	11,003	6.24%
21:23	83,763,629.78	5.24%	10,382	5.89%
24:26	46,431,745.09	2.90%	6,058	3.44%
27:29	44,428,319.73	2.78%	5,218	2.96%
30:32	18,423,118.85	1.15%	2,471	1.40%
33:35	11,939,785.98	0.75%	1,665	0.94%
36:38	5,028,192.98	0.31%	581	0.33%
39:41	3,280,175.34	0.21%	356	0.20%
42:44	1,229,334.13	0.08%	134	0.08%
45:47	977,859.00	0.06%	118	0.07%
48:50	767,418.01	0.05%	90	0.05%
51:53	943,732.92	0.06%	129	0.07%
54:56	758,966.26	0.05%	79	0.04%
57:59	118,145.81	0.01%	16	0.01%
60:62	81,970.47	0.01%	8	0.00%
63:65	112,751.69	0.01%	10	0.01%
66:68	8,217.87	0.00%	3	0.00%
69:71	58,654.72	0.00%	6	0.00%
72:74	56,849.58	0.00%	7	0.00%
75:77	44,768.80	0.00%	7	0.00%
78:80	48,241.19	0.00%	6	0.00%
81:	151,441.98	0.01%	31	0.02%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Statistics

WA Seasoning	11.86

9.1 Seasoning (Graph)



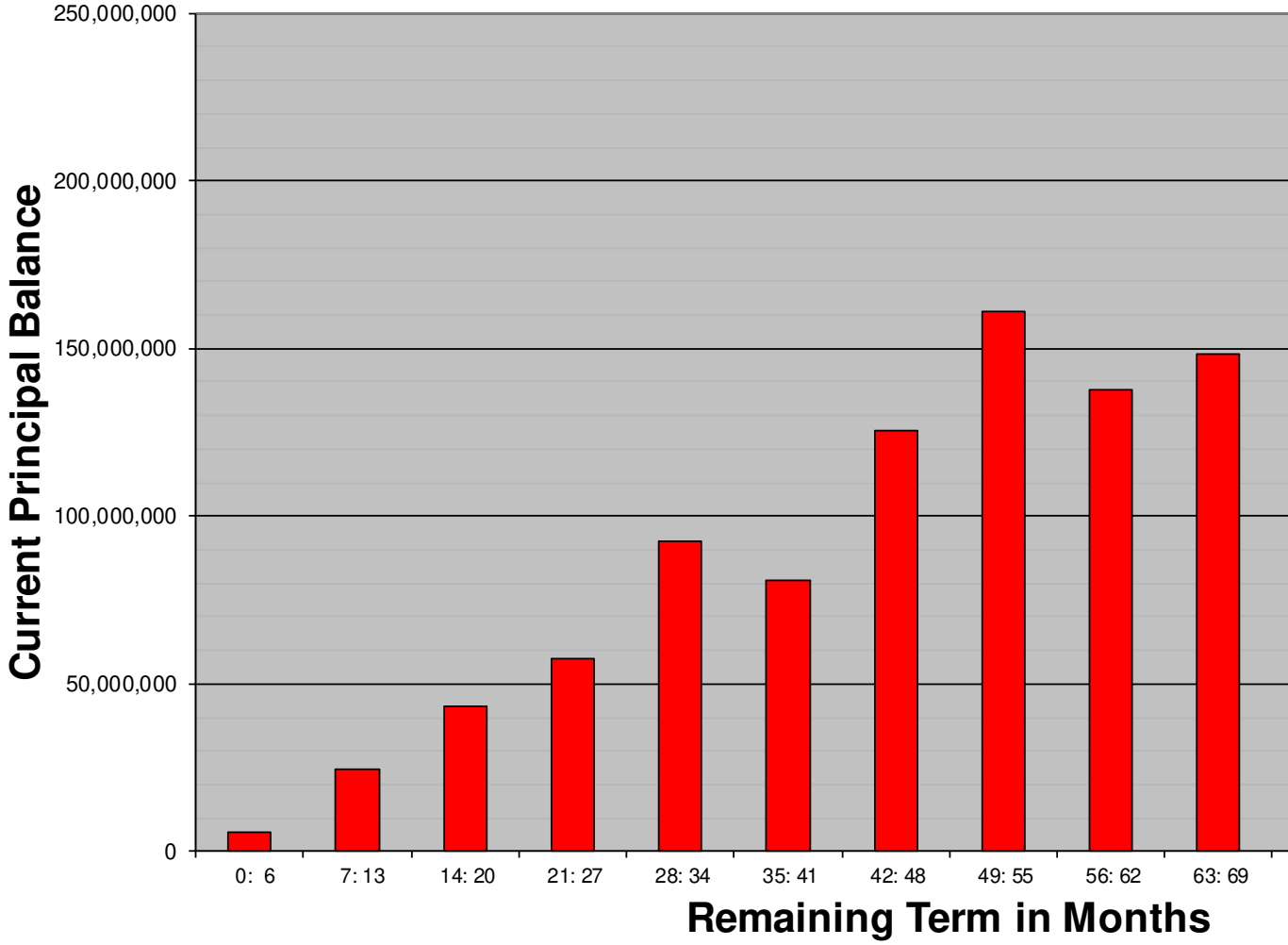
10. Remaining Term

Remaining Term in Months	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 6	5,996,619.69	0.37%	8,687	4.93%
7: 13	24,374,516.74	1.52%	16,241	9.21%
14: 20	43,543,243.62	2.72%	17,924	10.16%
21: 27	57,590,588.35	3.60%	16,430	9.32%
28: 34	92,538,164.51	5.78%	20,043	11.37%
35: 41	80,800,350.52	5.05%	11,541	6.54%
42: 48	125,532,993.99	7.85%	14,729	8.35%
49: 55	161,217,462.95	10.08%	13,206	7.49%
56: 62	137,750,612.23	8.61%	10,487	5.95%
63: 69	148,481,348.02	9.28%	9,295	5.27%
70: 76	159,221,700.03	9.95%	9,652	5.47%
77: 83	216,512,483.86	13.53%	12,565	7.12%
84: 90	190,386,993.53	11.90%	8,606	4.88%
91: 97	156,052,902.42	9.75%	6,946	3.94%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Statistics

WA Remaining Term	62.75

10.1 Remaining Term (Graph)



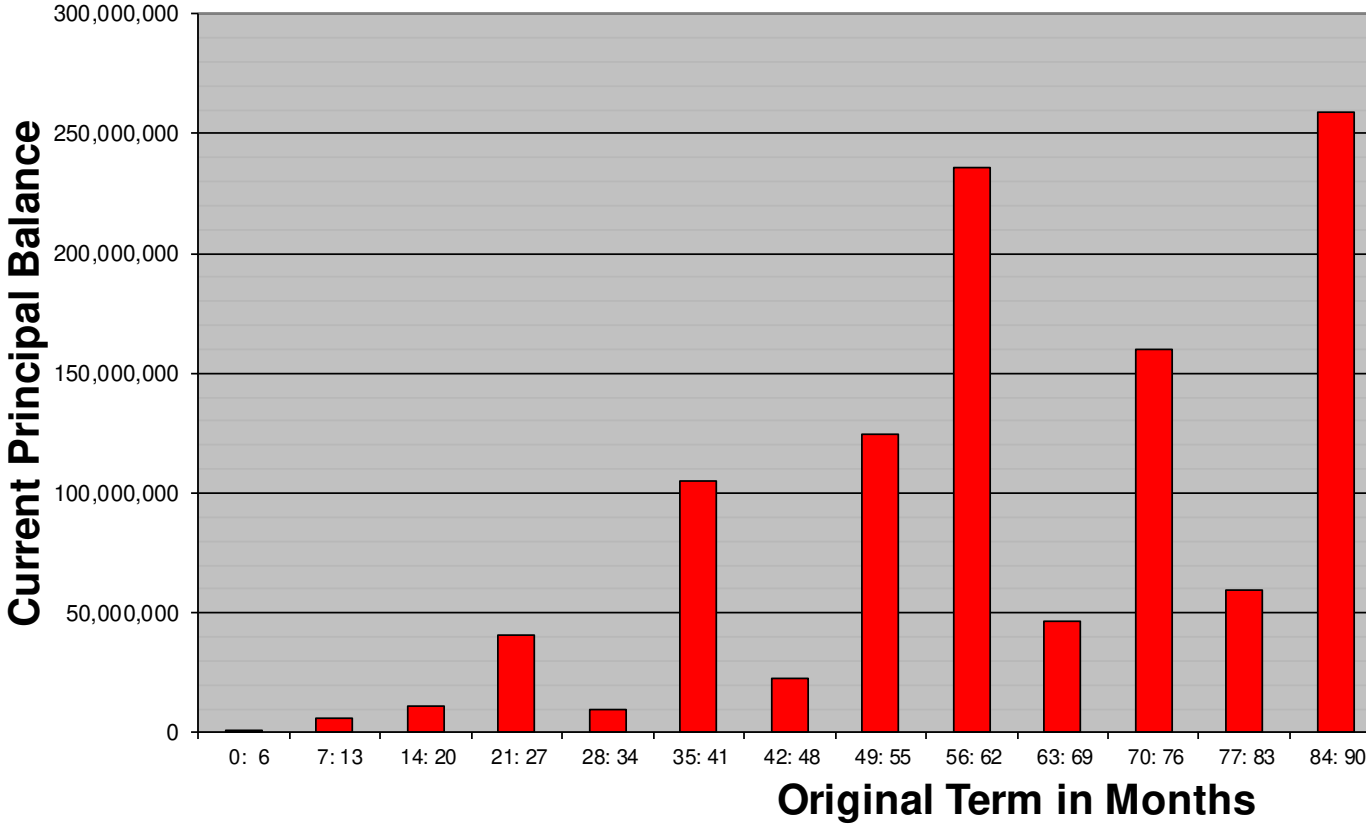
11. Original Term

Original Term in Months	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*
0: 6	355.27	0.00%	4	0.00%
7: 13	6,272,638.04	0.39%	5,964	3.38%
14: 20	11,162,367.05	0.70%	7,602	4.31%
21: 27	40,892,861.64	2.56%	19,380	10.99%
28: 34	9,838,009.67	0.61%	2,306	1.31%
35: 41	105,027,920.74	6.56%	34,232	19.41%
42: 48	23,006,628.68	1.44%	3,587	2.03%
49: 55	124,691,053.56	7.79%	20,787	11.79%
56: 62	236,081,081.07	14.76%	23,518	13.34%
63: 69	46,268,780.39	2.89%	2,750	1.56%
70: 76	160,232,760.31	10.01%	10,957	6.21%
77: 83	59,190,666.07	3.70%	2,518	1.43%
84: 90	259,053,422.87	16.19%	18,410	10.44%
91: 97	276,456,901.73	17.28%	13,331	7.56%
98:104	240,953,976.76	15.06%	10,947	6.21%
105:111	656,240.90	0.04%	43	0.02%
112:118	135,321.39	0.01%	11	0.01%
119:	78,994.32	0.00%	5	0.00%
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**

Statistics

WA Original Term	74.61

11.1 Original Term (Graph)



12. Loan Concentration

Loan Concentration	*Current Principal Balance in EUR*	*Percentage of Total Balance*	*Number of Loans*	*Percentage of Total Loans*	*Number of Debtors*	*Percentage o Total Debtor*
1: 1	1,566,397,050.81	97.90%	167,006	94.70%	167,006	97.44
2: 2	30,631,123.21	1.91%	7,898	4.48%	3,949	2.30
3: 3	2,277,319.01	0.14%	1,005	0.57%	335	0.20
4: 4	433,376.56	0.03%	232	0.13%	58	0.03
5: 5	148,771.00	0.01%	120	0.07%	24	0.01
6: 6	83,822.18	0.01%	60	0.03%	10	0.01
7:	28,517.69	0.00%	31	0.02%	4	0.00
Total	**1,599,999,980.46**	**100.00%**	**176,352**	**100.00%**	**171,386**	**100.00**

HISTORICAL DATA

1. Delinquencies

Delinquencies 31-60 Days, 61-90 Days and > 90 Days Past Due in % Total Portfolio
as of 30.09.2018

Year	**2007**			**2008**			**2009**			
days past due	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***
January	0.56%	0.27%	0.26%	0.54%	0.25%	0.23%	0.72%	0.34%	0.22%	0.49%
February	0.64%	0.27%	0.26%	0.52%	0.24%	0.21%	0.64%	0.38%	0.20%	0.55%
March	0.62%	0.32%	0.21%	0.61%	0.27%	0.19%	0.58%	0.39%	0.21%	0.45%
April	0.70%	0.30%	0.22%	0.60%	0.27%	0.21%	0.59%	0.37%	0.25%	0.50%
May	0.60%	0.31%	0.25%	0.66%	0.28%	0.24%	0.65%	0.34%	0.25%	0.55%
June	0.62%	0.28%	0.25%	0.58%	0.33%	0.26%	0.62%	0.40%	0.27%	0.55%
July	0.66%	0.27%	0.25%	0.56%	0.27%	0.30%	0.59%	0.41%	0.33%	0.54%
August	0.62%	0.28%	0.25%	0.64%	0.31%	0.24%	0.66%	0.39%	0.34%	0.56%
September	0.59%	0.29%	0.27%	0.60%	0.35%	0.23%	0.55%	0.41%	0.38%	0.53%
October	0.64%	0.25%	0.26%	0.56%	0.35%	0.19%	0.55%	0.35%	0.42%	0.61%
November	0.56%	0.29%	0.21%	0.63%	0.31%	0.18%	0.58%	0.36%	0.34%	0.61%
December	0.62%	0.24%	0.21%	0.56%	0.34%	0.14%	0.54%	0.34%	0.29%	0.52%
Year	**2011**			**2012**			**2013**			
days past due	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***
January	0.64%	0.32%	0.36%	0.71%	0.39%	0.99%	0.72%	0.40%	0.73%	0.69%
February	0.70%	0.34%	0.36%	0.68%	0.38%	0.95%	0.72%	0.39%	0.75%	0.71%

March	0.69%	0.36%	0.37%	0.68%	0.36%	0.80%	0.72%	0.37%	0.71%	0.68%
April	0.80%	0.39%	0.44%	0.71%	0.39%	0.78%	0.73%	0.35%	0.68%	0.69%
May	0.73%	0.40%	0.45%	0.79%	0.44%	0.74%	0.75%	0.37%	0.64%	0.72%
June	0.67%	0.42%	0.50%	0.80%	0.52%	0.77%	0.71%	0.36%	0.67%	0.71%
July	0.72%	0.38%	0.48%	0.78%	0.46%	0.86%	0.69%	0.36%	0.64%	0.65%
August	0.66%	0.37%	0.43%	0.73%	0.41%	0.81%	0.72%	0.36%	0.66%	0.67%
September	0.58%	0.35%	0.36%	0.81%	0.41%	0.68%	0.71%	0.36%	0.71%	0.63%
October	0.66%	0.41%	0.67%	0.84%	0.41%	0.69%	0.72%	0.38%	0.68%	0.66%
November	0.83%	0.54%	0.85%	0.82%	0.42%	0.70%	0.76%	0.36%	0.71%	0.64%
December	0.68%	0.63%	0.84%	0.80%	0.43%	0.77%	0.76%	0.39%	0.67%	0.63%
Year	**2015**			**2016**			**2017**			
days past due	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***	***61-90***	***>90***	***31-60***
January	0.63%	0.30%	0.49%	0.53%	0.26%	0.38%	0.49%	0.27%	0.34%	0.64%
February	0.62%	0.31%	0.51%	0.59%	0.24%	0.34%	0.52%	0.26%	0.33%	0.63%
March	0.58%	0.28%	0.47%	0.58%	0.30%	0.32%	0.46%	0.26%	0.29%	0.62%
April	0.61%	0.34%	0.46%	0.58%	0.31%	0.33%	0.46%	0.26%	0.32%	0.64%
May	0.64%	0.33%	0.48%	0.55%	0.30%	0.34%	0.68%	0.30%	0.38%	0.62%
June	0.59%	0.31%	0.44%	0.55%	0.28%	0.33%	0.65%	0.31%	0.38%	0.59%
July	0.58%	0.26%	0.43%	0.58%	0.27%	0.33%	0.63%	0.30%	0.36%	0.60%
August	0.55%	0.26%	0.42%	0.59%	0.27%	0.32%	0.61%	0.31%	0.37%	0.55%
September	0.57%	0.29%	0.41%	0.53%	0.28%	0.32%	0.65%	0.28%	0.36%	0.57%
October	0.57%	0.29%	0.41%	0.56%	0.28%	0.34%	0.67%	0.30%	0.36%	
November	0.58%	0.28%	0.40%	0.57%	0.28%	0.34%	0.66%	0.29%	0.34%	
December	0.54%	0.28%	0.40%	0.51%	0.31%	0.32%	0.66%	0.30%	0.34%	

2. Static Gross Losses

Static Analysis Gross Losses - Total Portfolio
as of 30.09.2018

cumulative losses in % / months after origination

Quarter New Business	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	
Q1 2007	0.01%	0.13%	0.51%	0.99%	1.62%	2.27%	2.80%	3.31%	3.80%	4.17%	4.62%	5.01%	5.25%	5.43%	5.60%	5.75%	5.87%	5.95%	6.06%	6
Q2 2007	0.01%	0.15%	0.46%	0.93%	1.44%	2.07%	2.58%	2.97%	3.40%	3.91%	4.33%	4.62%	4.82%	5.03%	5.22%	5.38%	5.49%	5.58%	5.70%	5
Q3 2007	0.01%	0.18%	0.57%	1.04%	1.71%	2.38%	2.95%	3.42%	3.97%	4.60%	4.92%	5.21%	5.48%	5.74%	5.95%	6.09%	6.25%	6.38%	6.54%	6
Q4 2007	0.01%	0.17%	0.52%	1.07%	1.59%	2.22%	2.85%	3.44%	4.16%	4.62%	4.94%	5.25%	5.56%	5.77%	5.97%	6.12%	6.30%	6.42%	6.55%	6
Q1 2008	0.00%	0.12%	0.47%	0.96%	1.62%	2.36%	3.05%	3.74%	4.21%	4.62%	5.01%	5.35%	5.66%	6.02%	6.22%	6.43%	6.62%	6.81%	6.91%	7
Q2 2008	0.01%	0.13%	0.45%	0.97%	1.56%	2.29%	3.01%	3.58%	4.08%	4.44%	4.88%	5.25%	5.59%	5.85%	6.10%	6.36%	6.49%	6.63%	6.78%	6
Q3 2008	0.01%	0.16%	0.52%	0.99%	1.73%	2.51%	3.07%	3.54%	4.09%	4.62%	4.95%	5.33%	5.67%	5.99%	6.24%	6.51%	6.72%	6.87%	7.02%	7
Q4 2008	0.01%	0.13%	0.54%	1.16%	1.94%	2.61%	3.17%	3.69%	4.17%	4.56%	4.98%	5.27%	5.58%	5.92%	6.21%	6.45%	6.63%	6.80%	6.92%	7
Q1 2009	0.01%	0.13%	0.48%	1.07%	1.64%	2.12%	2.68%	3.21%	3.68%	4.12%	4.58%	4.89%	5.21%	5.46%	5.71%	5.93%	6.09%	6.24%	6.41%	6
Q2 2009	0.02%	0.14%	0.53%	1.05%	1.47%	2.14%	2.81%	3.26%	3.70%	4.10%	4.42%	4.70%	5.01%	5.31%	5.56%	5.77%	5.93%	6.08%	6.21%	6
Q3 2009	0.01%	0.15%	0.46%	0.86%	1.40%	2.07%	2.57%	3.10%	3.50%	3.91%	4.26%	4.57%	4.81%	5.04%	5.29%	5.47%	5.67%	5.81%	5.93%	6
Q4 2009	0.03%	0.21%	0.52%	0.87%	1.43%	1.88%	2.42%	2.84%	3.28%	3.73%	4.08%	4.45%	4.78%	5.06%	5.25%	5.44%	5.61%	5.75%	5.92%	6
Q1 2010	0.01%	0.08%	0.31%	0.73%	1.21%	1.74%	2.19%	2.59%	3.05%	3.51%	3.91%	4.27%	4.58%	4.83%	5.01%	5.21%	5.39%	5.52%	5.62%	5
Q2 2010	0.01%	0.07%	0.35%	0.76%	1.19%	1.63%	2.14%	2.59%	3.07%	3.40%	3.75%	4.03%	4.32%	4.57%	4.81%	4.97%	5.08%	5.27%	5.40%	5
Q3 2010	0.01%	0.07%	0.29%	0.64%	1.04%	1.42%	1.85%	2.27%	2.67%	3.06%	3.41%	3.66%	3.87%	4.08%	4.28%	4.43%	4.60%	4.72%	4.80%	4
Q4 2010	0.00%	0.10%	0.27%	0.71%	1.20%	1.65%	2.17%	2.62%	2.97%	3.35%	3.64%	3.94%	4.16%	4.34%	4.55%	4.70%	4.80%	4.92%	5.01%	5
Q1 2011	0.02%	0.07%	0.29%	0.60%	0.94%	1.38%	1.83%	2.26%	2.64%	3.00%	3.31%	3.61%	3.84%	4.06%	4.23%	4.41%	4.50%	4.62%	4.71%	4
Q2 2011	0.01%	0.06%	0.22%	0.50%	0.83%	1.31%	1.73%	2.03%	2.35%	2.61%	2.91%	3.11%	3.30%	3.53%	3.67%	3.78%	3.86%	3.92%	3.98%	4
Q3 2011	0.00%	0.06%	0.29%	0.61%	1.04%	1.54%	1.98%	2.36%	2.67%	2.91%	3.18%	3.43%	3.60%	3.79%	3.92%	4.03%	4.12%	4.18%	4.26%	4
Q4 2011	0.00%	0.06%	0.32%	0.66%	1.06%	1.54%	1.99%	2.28%	2.66%	2.97%	3.24%	3.49%	3.71%	3.87%	4.03%	4.12%	4.19%	4.26%	4.34%	4
Q1 2012	0.00%	0.05%	0.26%	0.62%	1.22%	1.62%	2.09%	2.52%	2.89%	3.28%	3.62%	3.83%	3.98%	4.15%	4.30%	4.43%	4.54%	4.61%	4.66%	4
Q2 2012	0.00%	0.06%	0.28%	0.59%	1.07%	1.45%	1.96%	2.40%	2.73%	3.08%	3.37%	3.55%	3.79%	3.96%	4.12%	4.26%	4.36%	4.45%	4.51%	4
Q3 2012	0.00%	0.07%	0.32%	0.72%	1.23%	1.64%	2.20%	2.68%	3.15%	3.49%	3.78%	4.00%	4.17%	4.38%	4.53%	4.65%	4.72%	4.80%	4.89%	4
Q4 2012	0.00%	0.09%	0.37%	0.72%	1.29%	1.91%	2.37%	2.93%	3.25%	3.61%	3.88%	4.13%	4.34%	4.48%	4.61%	4.73%	4.83%	4.94%	5.00%	5
Q1 2013	0.00%	0.08%	0.28%	0.76%	1.22%	1.75%	2.32%	2.72%	3.10%	3.39%	3.72%	3.98%	4.21%	4.40%	4.56%	4.70%	4.79%	4.88%	4.94%	4
Q2 2013	0.01%	0.04%	0.29%	0.59%	1.04%	1.63%	2.13%	2.53%	2.92%	3.23%	3.55%	3.80%	3.94%	4.15%	4.27%	4.36%	4.44%	4.50%	4.55%	4
Q3 2013	0.00%	0.06%	0.29%	0.74%	1.19%	1.67%	2.15%	2.53%	2.90%	3.21%	3.46%	3.66%	3.82%	3.94%	4.09%	4.21%	4.27%	4.35%	4.39%	4
Q4 2013	0.00%	0.10%	0.37%	0.83%	1.35%	1.76%	2.20%	2.63%	3.12%	3.43%	3.73%	3.96%	4.18%	4.38%	4.53%	4.61%	4.70%	4.78%	4.83%	
Q1 2014	0.00%	0.09%	0.39%	0.74%	1.10%	1.61%	2.00%	2.44%	2.83%	3.15%	3.38%	3.60%	3.79%	3.94%	4.08%	4.21%	4.27%	4.32%		
Q2 2014	0.00%	0.12%	0.38%	0.71%	1.16%	1.58%	2.05%	2.45%	2.81%	3.11%	3.35%	3.56%	3.75%	3.88%	4.00%	4.06%	4.14%			
Q3 2014	0.00%	0.10%	0.29%	0.73%	1.11%	1.58%	1.99%	2.44%	2.82%	3.16%	3.36%	3.58%	3.73%	3.86%	3.96%	4.04%				

Q4 2014	0.00%	0.07%	0.43%	0.85%	1.37%	1.91%	2.42%	2.83%	3.16%	3.44%	3.66%	3.90%	4.10%	4.22%	4.34%
Q1 2015	0.00%	0.08%	0.34%	0.76%	1.20%	1.80%	2.19%	2.61%	2.88%	3.16%	3.41%	3.56%	3.70%	3.83%	
Q2 2015	0.00%	0.07%	0.36%	0.70%	1.17%	1.59%	1.96%	2.29%	2.59%	2.83%	3.01%	3.13%	3.27%		
Q3 2015	0.01%	0.09%	0.31%	0.64%	0.97%	1.36%	1.67%	1.94%	2.22%	2.42%	2.55%	2.68%			
Q4 2015	0.01%	0.09%	0.35%	0.67%	1.02%	1.40%	1.71%	1.99%	2.23%	2.45%	2.58%				
Q1 2016	0.01%	0.07%	0.27%	0.60%	0.92%	1.23%	1.55%	1.80%	2.04%	2.25%					
Q2 2016	0.00%	0.08%	0.28%	0.52%	0.78%	1.05%	1.29%	1.54%	1.73%						
Q3 2016	0.00%	0.06%	0.25%	0.48%	0.79%	1.08%	1.40%	1.63%							
Q4 2016	0.01%	0.08%	0.31%	0.60%	0.92%	1.28%	1.56%								
Q1 2017	0.00%	0.06%	0.27%	0.47%	0.77%	1.04%									
Q2 2017	0.00%	0.07%	0.27%	0.46%	0.72%										
Q3 2017	0.00%	0.05%	0.20%	0.39%											
Q4 2017	0.00%	0.07%	0.25%												
Q1 2018	0.00%	0.07%													
Q2 2018	0.01%														

3. Recoveries

Static Analysis Recoveries
as of 30.09.2018

	cumulative recoveries in % / months after termination									
Quarter of Termination	**6**	**12**	**18**	**24**	**30**	**36**	**42**	**48**	**54**	**60**
Q1 2007	1.68%	4.05%	6.24%	8.76%	11.93%	13.26%	15.18%	16.38%	17.17%	17.99%
Q2 2007	2.13%	4.48%	6.73%	9.18%	12.37%	14.19%	15.77%	16.67%	17.37%	18.10%
Q3 2007	2.48%	5.13%	7.36%	9.00%	12.03%	14.32%	15.88%	16.80%	17.45%	18.21%
Q4 2007	3.14%	5.51%	8.01%	10.19%	13.89%	15.99%	17.26%	18.07%	18.81%	19.73%
Q1 2008	2.15%	4.29%	6.33%	8.47%	11.56%	13.46%	14.47%	15.40%	16.07%	16.92%
Q2 2008	2.43%	4.45%	6.33%	9.15%	12.48%	13.79%	14.62%	15.34%	15.89%	16.63%
Q3 2008	3.17%	5.27%	7.47%	9.98%	13.00%	14.27%	15.22%	15.92%	16.58%	17.68%
Q4 2008	3.10%	5.19%	7.61%	10.47%	13.21%	14.37%	15.29%	16.11%	16.81%	18.48%
Q1 2009	3.62%	5.60%	8.51%	11.05%	13.68%	15.01%	15.92%	16.72%	17.55%	19.13%
Q2 2009	3.54%	6.15%	9.28%	11.25%	13.32%	14.39%	15.51%	16.36%	17.24%	18.81%
Q3 2009	3.60%	6.55%	9.35%	11.22%	13.54%	14.60%	15.78%	16.71%	17.55%	19.03%
Q4 2009	4.03%	7.12%	9.64%	11.14%	13.46%	14.63%	15.65%	16.57%	17.46%	19.14%
Q1 2010	3.36%	6.89%	9.23%	11.22%	13.86%	15.12%	16.44%	17.56%	18.62%	20.78%
Q2 2010	4.40%	7.74%	9.76%	11.56%	14.29%	15.49%	16.54%	17.55%	19.55%	20.57%
Q3 2010	4.16%	7.39%	9.41%	11.21%	13.86%	14.94%	16.05%	16.95%	18.72%	19.63%
Q4 2010	3.83%	7.99%	9.94%	11.65%	14.73%	15.90%	17.00%	18.76%	19.55%	20.37%
Q1 2011	4.23%	7.50%	9.72%	11.38%	14.28%	15.54%	16.62%	18.51%	19.34%	20.17%
Q2 2011	4.31%	7.80%	10.04%	11.80%	14.84%	16.46%	18.72%	19.72%	20.58%	21.58%
Q3 2011	4.29%	7.73%	9.75%	11.47%	14.75%	16.02%	18.15%	19.07%	19.93%	20.73%
Q4 2011	3.21%	6.23%	8.99%	11.07%	14.52%	17.08%	18.26%	19.40%	20.23%	21.29%
Q1 2012	3.56%	7.20%	9.69%	11.84%	15.33%	17.66%	18.94%	20.01%	20.86%	21.90%
Q2 2012	3.72%	7.33%	9.56%	11.51%	16.14%	17.35%	18.76%	19.67%	20.49%	21.41%
Q3 2012	4.26%	6.88%	9.01%	11.64%	15.83%	17.10%	18.29%	19.18%	19.94%	20.90%
Q4 2012	4.44%	8.16%	10.48%	12.93%	16.79%	18.30%	19.36%	20.38%	21.29%	22.28%
Q1 2013	4.45%	8.32%	11.11%	13.28%	17.30%	18.75%	19.98%	20.96%	21.86%	22.88%
Q2 2013	4.50%	7.99%	10.98%	12.86%	17.02%	18.44%	19.55%	20.54%	21.34%	22.23%
Q3 2013	4.52%	8.53%	11.64%	14.12%	18.13%	19.77%	21.42%	22.36%	23.25%	24.28%
Q4 2013	4.92%	9.02%	11.43%	13.67%	17.78%	20.16%	21.51%	22.74%	23.75%	
Q1 2014	5.77%	10.44%	13.11%	15.30%	19.45%	21.51%	22.68%	23.75%	24.84%	
Q2 2014	5.08%	8.92%	11.68%	15.86%	18.48%	20.18%	21.48%	22.53%		
Q3 2014	5.56%	9.28%	11.60%	15.32%	17.72%	19.29%	20.59%	21.86%		
Q4 2014	4.87%	8.80%	12.93%	15.34%	17.21%	18.72%	20.17%			
Q1 2015	4.86%	8.42%	12.54%	14.72%	16.65%	18.01%	19.36%			
Q2 2015	3.37%	7.35%	12.16%	14.11%	15.79%	17.21%				
Q3 2015	3.45%	6.75%	10.57%	12.51%	14.24%	15.58%				
Q4 2015	4.67%	7.77%	11.85%	13.99%	15.51%					
Q1 2016	4.79%	7.46%	11.20%	13.06%	14.71%					
Q2 2016	4.15%	7.05%	10.77%	12.65%						
Q3 2016	3.65%	6.05%	9.90%	12.34%						

Q4 2016	2.81%	5.89%	9.72%
Q1 2017	2.85%	6.04%	9.99%
Q2 2017	3.18%	6.71%	
Q3 2017	4.00%	7.42%	
Q4 2017	4.33%		
Q1 2018	3.94%		
Q2 2018			
Q3 2018			

4. Annualised Prepayments

Annualised Prepayments
as of 30.09.2018

Prepayments in % of Total Outstanding Loan Balance	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	46.05%	35.89%	30.60%	26.26%	27.96%	46.23%	33.60%	30.96%	29.88%	31.68%
February	41.10%	36.88%	31.20%	25.56%	27.96%	33.57%	34.20%	29.88%	27.60%	34.44%
March	43.47%	34.34%	32.16%	30.13%	34.80%	37.12%	33.60%	34.80%	31.20%	32.16%
April	38.59%	38.70%	28.44%	26.94%	28.56%	30.03%	30.72%	30.36%	28.08%	30.12%
May	36.01%	31.34%	25.08%	26.08%	29.52%	28.20%	27.48%	28.80%	25.08%	28.68%
June	36.00%	34.32%	27.48%	27.84%	28.44%	25.85%	26.76%	25.56%	28.80%	31.44%
July	45.64%	39.48%	30.36%	32.04%	30.24%	31.44%	34.92%	31.68%	34.56%	32.76%
August	38.05%	28.80%	25.56%	26.64%	29.64%	31.80%	28.08%	28.08%	29.04%	32.16%
September	32.41%	30.72%	26.25%	27.24%	29.52%	27.12%	27.12%	27.24%	27.60%	28.44%
October	40.53%	32.28%	26.90%	28.08%	N/A*	30.12%	28.08%	30.48%	29.16%	25.92%
November	31.46%	26.40%	21.47%	26.76%	21.54%	27.72%	23.16%	24.36%	25.56%	27.72%
December	20.32%	22.20%	18.28%	20.40%	20.89%	21.24%	19.92%	20.76%	23.04%	23.88%

* missing data point due to IT migration of whole portfolio from MBS to Partenon banking system

CREDIT AND COLLECTION POLICY

The following is a description of the credit and collection principles (such description, the "**Credit and Collection Policy**") which must be complied with in respect of origination and servicing of the Purchased Receivables. The Credit and Collection Policy which had been applied by the Seller to the origination of Purchased Receivables is consistent with the solid and clear credit policies (*Kreditvorgabekriterien*) the Seller applies (for the avoidance of doubt) irrespective of a potential securitisation transaction to its other German consumer loan receivables. The Credit and Collection Policy is set out in Appendix 4 to the Terms and Conditions of the Notes and forms an integral part of the Terms and Conditions of the Notes.

I. Credit Policies

Decisions on the granting of a loan are based on the applicant´s credit worthiness. The credit worthiness will be assessed primarily by using five components: (i) scoring, (ii) customer history, (iii) credit bureau information, (iv) household budget calculation and (v) other credit and competence guidelines.

Scoring

The scoring is the most reliable instrument to forecast the probability of default. The segmentation of the scorecards as well as their development is subject to statistical methods and is based on historical application and performance data of the Santander Consumer Bank. Different scorecards are in place, each score card takes different characteristics into account.

Depending on the respective information which applies to each characteristic, a certain amount of points per characteristics is derived, according to scientific methods. All results are summarized and the final value gives a prediction of the risk of granting a loan to the applicant.

This scoring process is treated strictly confidential. Neither information regarding the weighting or values of single criteria, nor cut-off limits of scoring results are communicated externally to applicants. However, information according to the data protection law is given to the applicant if requested for.

Customer history

For existing customers the (relevant) information internally available is considered (e.g. credit history, payment behaviour). Applicants with whom the bank has made "good" experience are more likely to get a new loan than those with "bad" experience – ceteris paribus -.

The customer position is calculated. The total outstandings (including the available credit line) of each applicant are aggregated.

Credit Bureau Information

SCHUFA Holding AG (*Schutzgemeinschaft für allgemeine Kreditsicherung*) is the main central database for creditor information used when assessing the credit history of private customers. SCHUFA provides Santander Consumer Bank with information concerning existing loan and leasing agreements, existence of bank accounts, previous defaults with respect to financial obligations, existence of insolvency proceedings, declarations of insolvency. In addition, SCHUFA score is derived. SCHUFA provides the necessary in- formation electronically.

Household Budget Calculation

The household budget calculation is based on the information received by way of self-disclosure (*Selbstauskunft*) of the respective applicant and salary accounts as well as by accounting for household expenditures, taking into account certain lump sums (e.g. cost of living) as well as monthly rates of already existing accounts or leasing contracts.

Other Credit and Competence Guidelines

Legal requirements and Santander Consumer Bank's internal credit guidelines have to be fulfilled before granting a loan.

The necessary competence level for granting a loan (acc. to the competence guidelines) is evaluated and checked automatically for the vast majority of cases.

Lending Decision

Lending decisions for private customers applying for a loan are generally made by using computer based systems that evaluate the score and other information as described above.

The results of the foregoing assessments will be evaluated according to certain guidelines. Based on such evaluation, credit decisions in the categories "red", "amber" and "green" are made. If the result is "red" or "amber", the application can only be approved by a specialised unit of senior credit analysts within Risk Management called Risk Overruling.

The decision is performed in line with the competence and credit guidelines. As a result of the decision (i) the loan will be finally granted, (ii) the application will be refused or (iii) further documents or collateral will be requested.

Once a final and positive decision is taken the loan amount will be paid out to the customer.

II. Collection Policy

Reminders

Subject to rare exceptions, the reminder guidelines of Santander Consumer Bank are the following. If Santander Consumer Bank does not receive a due payment, the debtor will be notified in writing by computer- generated reminder letter of such delay.

In case of continuous delay, the customer receives in total 5 automatic letters ending with the threat of termination as the last automatic dunning letter. In parallel the instalment will be drawn automatically by the system after 14 days of the first missing instalment and again with the next due instalment. In principle between 120 and 180 days past due and the debtor still fails to pay, the relevant loan will be terminated, **provided that** the requirements under the German Civil Code concerning consumer loans have been satisfied.

Collection Activities

With the first day in arrears the costumer is transferred to the Collection Business Unit. The Collection Business Unit in general is the owner of all delinquent customers from day 1 past due. Within this department, in addition to the above mentioned reminder letters, the customer will be tackled by the responsible business line (External Call Centers, or Collection Center), depending on different criteria (e.g. outstanding amount, days in arrears, type of loan). The objective of these business lines is to get in touch with the customer and find solutions to enter into payment arrangements. Any arrangements which affect the term of the contract are finally decided through the Collection Business Unit (Refinancing Department or Collection Center) in relation to the rules given by the department Risk Management. If the outstanding amount of the loan is older than 90 dpd, the Collection Business Unit decides about the refinancing measure in collaboration with Risk Management (first and second vote principle).

Sustainable cure of delinquent customers

At any time during the above mentioned collection procedure the employees of Santander Consumer Bank will use best efforts to achieve a payment arrangement with the debtor in accordance to the Santander Refinancing Policy i.e. adjustments of the loan terms including deferral or reduction of the instalments. The Refinancing Policy is an organizational framework which describes the usage of the different refinancing products (e.g. deferrals, instalment reductions) and includes the competence matrix. The competence matrix defines the refinancing competences for each employee and the measures which each one is allowed to apply. A customer's payment schedule therefore may be changed if he asks for the due date of instalments to be altered (e.g. from the 1st to the 15th day of each month), if he prepays the amount (in which case either his monthly instalments or the term of the loan may be reduced or the corresponding subsequent monthly instalments can be postponed and the loan returns to the initially scheduled amortisation schedule later) or if he applies for an extension of the due date of the loan.

A payment pause does not change the term of the loan, but merely postpones the due date of payments. The period of a loan may be extended only by a limited number of months and only in accordance to the Refinancing Policy. A loan extension means, that an instalment is postponed to a new date outside the original loan schedule, resulting in an extra interest being payable.

Enforcement

With termination of a loan Santander Consumer Bank will hand over the account to a debt collection agency specialized in the collection of outstanding debt. In addition to written correspondence, the debtor is contacted via other communication channels on a regular basis. Depending on the financial situation of the debtor and the willingness for cooperation, the debt collection agency will take adequate actions ranging from making a payment agreement with the debtor to enforcement proceedings or filing of claims in insolvency proceedings. If the debtor does not make any payments for a period of generally 12 months, the outstanding debt is written off by Santander Consumer Bank. In this case, the claim is either continued collected by the debt collection agency or entered into a due diligence for the sale to an external party. The sale of written-off Purchased Receivables may be effected in a package together with other written-off receivables and will be transacted in the name of Santander Consumer Bank on behalf and in favour of the Issuer. If the debtor of a receivable is deceased and the assets of the estate prove insufficient to repay the loan, the receivables under the loan will be waived to the extent unpaid after enforcement of all collateral.

THE ISSUER

Establishment and Registered Office

The Issuer was incorporated in Germany on 6 September 2018 and registered with the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under registration number HRB 113098 as an entrepreneurial company with limited liability (*Unternehmergesellschaft* (*haftungsbeschränkt*)) under the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) under the name of SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*). The Issuer has been incorporated for an indefinite length of life. The Issuer's registered office and principal place of business is located at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany (telephone no. +49 (0)69 9288 495 12 and +49 (0)69 9288 495 25), the location at which the Issuer's register of shareholders is kept. The shareholders of the Issuer are Stiftung Kapitalmarktrecht für den Finanzstandort Deutschland, Frankfurt, Stiftung Kapitalmarktforschung für den Finanzstandort Deutschland, Frankfurt and Stiftung Unternehmensfinanzierung und Kapitalmärkte für den Finanzstandort Deutschland, Frankfurt, each of which holds one (1) fully paid-in share of EUR 1,500.

The Issuer has no subsidiaries.

Corporate Purpose and Business of the Issuer

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities. The principal objectives of the Issuer are more specifically described in Clause 2 of its articles of association (*Gesellschaftsvertrag*) and include, *inter alia*, the issuance of the Notes and the entry into all financial arrangements in connection therewith. The articles of association of the Issuer may be inspected at the registered office of the Issuer.

Under its articles of association, the Issuer will not perform any active management of the acquired assets from a profit perspective. Under its articles of association, the Issuer will not engage in business requiring a licence under the German Banking Act (*Gesetz über das Kreditwesen*).

Notwithstanding the foregoing, the powers of the managing directors are not limited thereby and the Issuer has unrestricted corporate capacity as a matter of law.

The Issuer will covenant to observe certain restrictions on its activities which are set out in the Transaction Security Agreement. See "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT*".

Since its incorporation on 6 September 2018, the Issuer has not engaged in any activities other than those incidental to its incorporation under the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*), the authorisation and issuance of the Notes and the authorisation and execution of the Transaction Documents and such other documents referred to or contemplated in this Prospectus to which it is or will be a party and the execution of matters which are incidental or ancillary to the foregoing. So long as any of the Transaction Secured Obligations of the Issuer remain outstanding, the Issuer will not, *inter alia*, (a) enter into any business whatsoever, other than acquiring the Purchased Receivables, issuing Notes or creating other Transaction Secured Obligations or entering into a similar limited recourse transaction, entering into related agreements and transactions and performing any act incidental to or in connection with the foregoing, (b) have any subsidiaries, (c) have any employees or (d) dispose of any Purchased Receivables or any interest therein or create any mortgage, charge or security interest or right of recourse in respect thereof in favour of any person (other than contemplated by this Prospectus).

The Issuer has not commenced operations since the date of its incorporation as of the date of this Prospectus.

Managing Directors

In accordance with Clause 8 of the articles of association (*Gesellschaftsvertrag*) of the Issuer, the Issuer is managed by at least two (2) managing directors (*Geschäftsführer*) and no more than three (3) managing directors. The managing directors are appointed by the shareholder's meeting of the Issuer. The Issuer is represented by two (2) managing directors jointly.

The managing directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Other Principal Activities
Elke Roßmeier	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Authorised Representative (*Prokurist*) of Wilmington Trust SP Services (Frankfurt) GmbH
Werner Niemeyer	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Authorised Representative (*Prokurist*) of Wilmington Trust SP Services (Frankfurt) GmbH
Petra Barthenheier	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Authorised Representative (*Prokurist*) of Wilmington Trust SP Services (Frankfurt) GmbH

Management and Principal Activities

The activities of the Issuer will principally be the issuance of the Notes, entering into all documents relating to such issue to which the Issuer is expressed to be a party, the acquisition of the Purchased Receivables, the Related Collateral and the exercise of related rights and powers and other activities reasonably incidental thereto.

Capitalisation

The following shows the capitalisation of the Issuer as of 31 October 2018, adjusted for the issuance of the Notes:

Share Capital

The registered share capital of the Issuer is EUR 4,500. The founding shareholder of the Issuer was TSI Services GmbH, Mainzer Landstrasse 51, 60329 Frankfurt am Main, Germany, which originally held three (3) fully paid-in shares (*Geschäftsanteil*) each of EUR 1,500. Each of the following three (3) charitable foundations (*Stiftungen*) now holds one (1) share (*Geschäftsanteil*) in the Issuer:

(a) Stiftung Kapitalmarktrecht für den Finanzstandort Deutschland, Frankfurt;

(b) Stiftung Kapitalmarktforschung für den Finanzstandort Deutschland, Frankfurt;

(c) Stiftung Unternehmensfinanzierung und Kapitalmärkte für den Finanzstandort Deutschland, Frankfurt.

Loan Capital

EUR 1,600,000,000 Notes due December 2031.

Employees

The Issuer will have no employees.

Property

The Issuer will not own any real property.

Litigation

The Issuer has not been engaged in any governmental, litigation or arbitration proceedings which may have a significant effect on its financial position since its incorporation, nor, as far as the Issuer is aware, are any such governmental, litigation or arbitration proceedings pending or threatened.

Material Adverse Change

Since its incorporation on 6 September 2018, there has been no material adverse change in the financial or trading position or the prospects of the Issuer.

Fiscal Year

The fiscal year of the Issuer is the calendar year and each calendar year ends on 31 December. The first fiscal year is a short fiscal year, ending on 31 December of the year of incorporation of the Issuer.

Interim Reports

The Issuer does not publish interim reports.

Distribution of Profits

The distribution of profits is governed by Clause 15 of the articles of association and Section 29 of the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) (subject, in particular, to the restrictions pursuant to Section 5a (3) of such Act so long as the registered share capital of the Issuer is lower than EUR 25,000).

Financial Statements

At the beginning of its commercial business and in respect of the end of each fiscal year, the Issuer is obliged to prepare a statement reflecting its assets and its liabilities (opening balance sheet and annual balance sheet). In addition, an analysis of the expenditure and revenues for the end of each fiscal year (profit-and-loss account) is required. The annual balance sheet and the profit-and-loss account, supplemented by the so-called 'appendix', form the annual statement (*Jahresabschluss*) of the Issuer. Furthermore, an annual management report (*Lagebericht*) may be required. The annual statements and, if required, the management report must be prepared in accordance with German GAAP (*Generally Accepted Accounting Principles*) and IFRS (*International Financial Reporting Standards*), respectively. The annual statement must be adopted, as well as the appropriation of profits, by the annual shareholders' meeting. German GAAP consists of, *inter alia*, requirements set out in the German Commercial Code (HGB) and the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*).

Since the incorporation of the Issuer on 6 September 2018, the Issuer has not prepared any financial statements and has not declared or paid any dividends as of the date of this Prospectus.

Auditors and Auditor's Reports

The auditors of the Issuer for the business year 2018 are PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft. PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Moskauer Str. 19, 40227 Düsseldorf, Germany is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*) and of the Public Company Accounting Oversight Board. Audits occur according to generally accepted auditing standards in Germany.

No auditors' report in respect of the Issuer has been prepared or distributed.

THE SELLER

Incorporation and Ownership

The Seller, Santander Consumer Bank AG ("**Santander Consumer Bank**"), has its registered office in Moenchengladbach and is registered in the commercial register at the local court (*Amtsgericht*) of Moenchengladbach under number HRB 1747. It is incorporated for an unlimited period of time. The purpose of Santander Consumer Bank is to conduct banking business according to the German Banking Act (*Kreditwesengesetz* - KWG) and to provide financial, advisory and similar services.

The Seller is a credit institution which was founded in 1957 in Moenchengladbach, Germany, under the name of *Curt Briechle KG Absatzfinanzierung* as a sales financing company for cars. In 1968, the *Curt Briechle KG Absatzfinanzierung* was transformed into a stock corporation (*AG*) and renamed *Bankhaus Centrale Credit AG*. In 1987, *Bankhaus Centrale Credit AG* was acquired by Banco Santander, S.A. and renamed *CC-Bank AG*. In 1988, 50% of the shares of *CC-Bank AG* were acquired by The Royal Bank of Scotland plc and were repurchased by Banco Santander, S.A. in 1996 which thereby became the sole shareholder of the company.

In 2002, CC-Bank AG merged with AKB Privat- und Handelsbank which domiciled in Cologne. In 2003, Santander Direkt Bank AG, a member of the Santander Group, with its seat in Frankfurt am Main, merged with CC-Bank AG. This merger was recorded in the commercial register on 15 September 2003. On 31 August 2006, the change of the name into *Santander Consumer Bank AG* was recorded in the commercial register. Santander Consumer Bank acquired the consumer credit business of The Royal Bank of Scotland plc, RBS (RD Europe) GmbH, on 1 July 2008. The merger was recorded in the commercial register on 30 December 2008. Furthermore, in April 2009 Santander Consumer Bank acquired and merged with GE Money Bank GmbH. The merger was recorded in the commercial register on 1 July 2009.

With effect from 31 January 2011, Santander Consumer Bank acquired the German retail and SME (small and medium-sized enterprises) business of SEB AG ("**SEB**") in Germany. By integrating SEB's retail and SME business, the Seller has strengthened its retail banking business and expanded its product range. Following the acquisition, Santander Consumer Bank has established itself as one of the largest banks in the German retail banking sector with around 5.6 million clients in Germany (as measured by number of customers according to internal calculations by the Seller as of December 2017).

Today, the Seller's entire share capital of EUR 30,002,000 is held by Santander Consumer Holding GmbH, a limited liability company, based in Mönchengladbach. Santander Consumer Bank is a wholly-owned subsidiary of Santander Consumer Holding GmbH which in turn is a wholly-owned subsidiary of Santander Consumer Finance S.A. ("**SCF**"), a subsidiary of Banco Santander, S.A.. There exists a domination and profit transfer agreement (the "**Agreement**") between Santander Consumer Bank and Santander Consumer Holdings GmbH which provides that at year-end, all profits are transferred to Santander Consumer Holding GmbH. Pursuant to the Agreement possible losses of Santander Consumer Bank are to be fully covered by Santander Consumer Holding GmbH, after possible reserves from Santander Consumer Bank AG have been fully utilized.

Business Activities

Santander Consumer Bank conducts banking business subject to the supervision of the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin) in co-operation with the German central bank (*Bundesbank*) and in accordance with the German Banking Act. Since 4 November 2014, the Seller has been monitored by the ECB according to the uniform European Single Supervisory Mechanism (SSM). Santander Consumer Bank is part of the SCF division headed by SCF which is one of the major suppliers of consumer financing in Europe.

The Seller serves around 5.6 million customers by providing consumer loans for cars (mobility), durable goods and to retail customers. SCB offers a wide range of banking services in Germany through its 307 branches (as of the end of December 2017), including consultation for investment-oriented customers, mortgage loans for retail customers and financial services for corporate customers. Furthermore, SCB is active in the *Pfandbrief* and credit card business.

The Seller started measures in the first quarter of 2018 to achieve uniform brand presence and to increase efficiency by merging neighboring and closing selected branches and implementing further digitization projects. Through this project, the Seller intends to become a modern omni-channel bank.

The activities of the Seller in the three business areas "Car Financing (Mobility)", "Durable Goods Financing" and "Retail Banking Business" are described in more detail below.

Business Area Car Financing (Mobility)

For Santander Consumer Bank, car financing is a central business area. Car financing consists of the two business units "Motor Vehicles" (financing of new and used cars, motorcycles and caravans) and "Stock Financing" (stock financing for dealerships). The car financing is not included in the Portfolio

In the car financing business, Santander Consumer Bank has for many years been the largest partner for manufacturer-independent financing (so-called non-captive industry) for cars, motorcycles and (motor) caravans in Germany. The Seller also acts as the exclusive financing partner of selected car makes (so-called captive industry) such as Mazda and Volvo. Exclusive partnerships with motorcycle manufacturers and manufacturers of recreational vehicles, such as Kawasaki, Harley Davidson and Dethleffs, supplement the car finance offer. Santander Consumer Bank intensifies its market penetration in Germany by consolidating its captive partnerships with manufacturers and importers and their dealer networks.

Business Area Durable Goods Financing

The Seller is a major provider of consumer goods financing services in Germany. The Seller works closely with dealers in the durable goods financing business who increasingly use financing of consumer goods as a marketing tool. The main sales drivers are the areas of entertainment electronics, computers and furniture. Furthermore, Santander Consumer Bank offers full-service financing and e-commerce solutions for web shops. A key product is the so-called "ComfortCard", a form of loyalty card which includes a credit line with a predetermined limit and additional insurance services. The durable goods financing is not included in the Portfolio.

Business Area Retail Banking Business

The Seller offers a range of classic retail banking products to private customers, comprising current and savings accounts, consumer credit and loans, deposit and insurance business, in addition, also funds, asset management, structured investment products as well as the mortgage finance business. With 307 branches in Germany (as of the end of December 2017), the Seller targets loan-oriented private clients but also has a focus on the market for deposit business. These services also comprise instalment loans offered directly, i. e. without using dealer partners as a sales channel (so called direct business). These Consumer Loans (direct business) are included in the Portfolio.

General Characteristics of Consumer Loans

Instalments

In general, the term of general-purpose Consumer Loans varies from 12 to 96 months. Loans are repayable in equal monthly instalments due at the first or fifteenth of the calendar month, in the vast majority of cases per direct debit (*Lastschrifteinzug*).

Interest Rates

The interest rates for the retail consumer loans are fixed for the lifetime of the Loans. Santander Consumer Bank determines the interest rates on the basis of the market situation.

Insurance

Some of the general-purpose consumer loans include loss compensation insurance on a facultative basis, which covers the still outstanding loan instalments for example in the case of death, accident, unemployment or disability of the debtor.

Systems

For the Consumer Loans originated by Santander Consumer Bank the Bank uses an application processing system making use of internal and external information as well as the self-disclosure of the customer. The employees of Santander Consumer Bank feed the data in the system. Santander Consumer Bank's system will then review the information on the basis of the Santander Consumer Bank's lending criteria. If Santander Consumer Bank's system (risk engine making use of a traffic light system) comes to the result that Santander Consumer Bank's lending criteria are not met the request will be subject to a (final) manual credit check by a unit called risk underwriting. The final result as to whether or not a Consumer Loan will be granted is finally communicated to the customer. It enables Santander Consumer Bank to provide the customer with a binding offer within a short period of time from the Consumer Loan application.

Prepayments

Under Santander Consumer Bank's loan contracts, prepayments are generally permissible. In some cases Santander Consumer Bank grants additional credit on demand of the customer. In this case the old contract is cancelled and a new loan contract will be granted.

Collateral

The general-purpose Consumer Loans are generally unsecured. However, some loans do have collateral, e.g. assignment of wages and loss compensation insurance claims (*Ratenschutzversicherungsansprüche*).

Compliance with the CRR

The Seller is a credit institution and as such is bound by the requirements of the CRR. The policies and procedures of the Seller in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation are in compliance with the requirements of the CRR.

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (See "*CREDIT AND COLLECTION POLICIES*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – SERVICING AGREEMENT*");

- systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (and the Portfolio will be serviced in line with the usual servicing procedures of the Seller acting as Servicer (See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – SERVICING AGREEMENT*");

- diversification of credit portfolios taking into account the Seller's target market and overall credit strategy in relation to the Portfolio (See "*INFORMATION TABLES REGARDING THE PORTFOLIO*");

- policies and procedures in relation to risk mitigation techniques (see "*CREDIT AND COLLECTION POLICIES*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – SERVICING AGREEMENT*").

THE PRINCIPAL PAYING AGENT, ACCOUNT BANK AND CASH ADMINISTRATOR

The Principal Paying Agent is HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

HSBC Bank plc and its subsidiaries form a group providing a range of banking products and services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited, which it held until 1982 when it re-registered and changed its name to Midland Bank plc. In 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with approximately 3,800 offices in 66 countries and territories in Europe, Asia, Middle East and North Africa, North America and Latin America. The HSBC Group's total assets at 30 September 2018 were U.S.$2,603 billion. HSBC Bank plc is one of the HSBC Group's principal operating subsidiary undertakings in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1+ by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa3 by Moody's and AA- by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ

The foregoing information regarding the Principal Paying Agent under the heading "*THE PRINCIPAL PAYING AGENT, ACCOUNT BANK AND CASH ADMINISTRATOR*" has been provided by HSBC Bank plc and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

THE CORPORATE ADMINISTRATOR, CALCULATION AGENT AND INTEREST DETERMINATION AGENT

Pursuant to the Corporate Administration Agreement, Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany will act as corporate administrator in respect of the Issuer. Wilmington Trust SP Services (Frankfurt) GmbH further functions as Calculation Agent and Interest Determination Agent.

Wilmington Trust SP Services (Frankfurt) GmbH

Wilmington Trust SP Services (Frankfurt) GmbH provides a wide range of corporate and trust services in capital market transaction. Since its opening in 2006 Wilmington Trust SP Services (Frankfurt) GmbH acts as corporate administrator in about seventy (70) German special purpose vehicles, holds in numerous transaction the function of a security trustee and provides loan administration services for structured/syndicated loan transactions. Wilmington Trust SP Services (Frankfurt) GmbH is ultimately held by M&T Bank Corp., Buffalo/New York, USA, a NYSE listed bank ("**MTB**") in the United States of America.

The foregoing information regarding the Corporate Administrator, Calculation Agent and Interest Determination Agent under the heading "*THE CORPORATE ADMINISTRATOR, CALCULATION AGENT AND INTEREST DETERMINATION AGENT*" has been provided by Wilmington Trust SP Services (Frankfurt) GmbH and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

THE TRANSACTION SECURITY TRUSTEE

The Transaction Security Trustee is TMF Trustee Limited.

TMF Trustee Limited is a private limited company registered in England and Wales under the number 03814168. It has its registered office at Fifth Floor, 6 St. Andrew Street, London, EC4A 3AE, United Kingdom. TMF Trustee Limited was incorporated on 21 July 1999. TMF Trustee Limited is a wholly owned subsidiary of TMF Global Services (UK) Limited, a private limited company registered in England and Wales under the number 03561975 and its registered office at 6 St. Andrew Street, London, EC4A 3AE, United Kingdom. TMF Global Services (UK) Limited is part of the TMF Group. TMF Trustee Limited has provided and currently provides trustee services on numerous securitisations and structured finance transactions. TMF Group provides a comprehensive range of compliance and administrative services which are critical for clients from a financial, reputation and risk management perspective. TMF Group has more than 100 offices in over 75 jurisdictions worldwide.

Additional information is available at www.tmf-group.com.

The foregoing information regarding the status of incorporation and the business activities of the Transaction Security Trustee under the heading "*THE TRANSACTION SECURITY TRUSTEE*" has been provided by TMF Trustee Limited itself and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

THE DATA TRUSTEE

The Data Trustee is TMF Trustee Services GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany.

TMF Trustee Services GmbH

TMF Trustee Services GmbH, a limited liability company incorporated in Germany and having its registered address at Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany will provide the data trustee services pursuant to the Data Trust Agreement.

The foregoing information regarding the Data Trustee under the heading "*THE DATA TRUSTEE*" has been provided by TMF Trustee Services GmbH and the Issuer assumes no responsibility therefore, except for the correct reproduction of the provided information.

THE LUXEMBOURG LISTING AGENT AND LOCAL AGENT

The Luxembourg Listing Agent and Local Agent is Banque Internationale à Luxembourg.

Banque Internationale à Luxembourg S.A.

Banque Internationale à Luxembourg ("**BIL**") is the oldest multi-business bank in the Grand Duchy.

BIL was incorporated in Luxembourg on 8 March 1856 in the form of a *société anonyme* (limited liability company), governed by Luxembourg law. Its registered office is located at 69, route d'Esch, Luxembourg, L- 2953 Luxembourg, telephone number +352 45901. BIL is registered in the Luxembourg Register of Commerce and Companies under number B-6307.

The objectives of BIL are to undertake all banking and financial operations of whatsoever kind, and, *inter alia*, to accept deposits from the public or any other persons or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

Banque Internationale à Luxembourg S.A. is supervised by the Luxembourg financial regulator, the *Commission de Surveillance du Secteur Financier*.

The foregoing information regarding the Luxembourg Listing Agent and Local Agent under the heading "*THE LUXEMBOURG LISTING AGENT AND LOCAL AGENT*" has been provided by Banque Internationale à Luxembourg S.A. and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

THE ACCOUNTS AND THE ACCOUNTS AGREEMENT

The Accounts

The Issuer will maintain the Transaction Account in connection with the Transaction Documents for the receipt of amounts relating to the Purchased Receivables and the Related Collateral and for the completion of its related payment obligations. Further, the Issuer will maintain the Commingling Reserve Account to which the Seller will transfer the Commingling Reserve Amount following the occurrence of a Commingling Reserve Trigger Event. The Issuer will maintain the Set-Off Reserve Account to which the Seller will transfer the Set-Off Reserve Amount following the occurrence of a Set-Off Reserve Trigger Event. The Issuer will maintain the Liquidity Reserve Account to which the Seller will transfer the Required Liquidity Reserve Amount on the Note Issuance Date. The Issuer will maintain the Purchase Shortfall Account (together with the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Liquidity Reserve Account and, in each case, together with any debt or debts represented thereby, the "**Accounts**" and each, an "**Account**") to which the Seller will transfer the Purchase Shortfall Amount following the occurrence of a Purchase Shortfall Event. Each Account will be kept as account at the Account Bank, HSBC Bank plc, in accordance with the Accounts Agreement, the Corporate Administration Agreement and the Transaction Security Agreement, or any other person appointed as Account Bank.

The Corporate Administrator shall make payments from any Account without having to execute an affidavit or fulfil any formalities other than comply with tax, currency exchange or other regulations of the country where the payment takes place.

All payments to be made by or to the Issuer in connection with the Notes and the other Transaction Documents, as well as the processing of proceeds from the Purchased Receivables and the Related Collateral, are undertaken through the Transaction Account and, if applicable, the Commingling Reserve Account, the Set-Off Reserve Account and the Purchase Shortfall Account. Neither the balance on the Transaction Account, nor the balance on the Commingling Reserve Account, nor the balance on the Set-Off Reserve Account nor the balance on the Purchase Shortfall Account nor any balance on any other Account may be utilised for any type of investments and all Accounts are solely cash accounts.

Pursuant to the Transaction Security Agreement and the English Security Deed, all claims of the Issuer in respect of the Accounts Agreement and the Accounts, respectively, are assigned for the security purposes to the Transaction Security Trustee. Under the Transaction Security Agreement, the Transaction Security Trustee has authorised the Issuer to administer the Transaction Account to the extent that all obligations of the Issuer are fulfilled in accordance with the relevant Pre-Enforcement Priorities of Payments, the Terms and Conditions and the requirements of the Transaction Security Agreement. Under the English Security Deed, the Issuer, the Cash Administrator and the Corporate Administrator shall be permitted to draw amounts from the Accounts (or any of them) for the purpose of making payments to satisfy payment obligations of the Issuer in accordance with the relevant Pre-Enforcement Priorities of Payments or as otherwise permitted under the provisions of the Accounts Agreement and/or of the Agency Agreement.

The Transaction Security Trustee may revoke the authority granted to the Issuer and take any necessary action with respect to the Transaction Account if, in the opinion of the Transaction Security Trustee, this is necessary to protect the collateral rights under the Transaction Security Agreement and the English Security Deed, including funds credited to such Accounts.

In addition, the Transaction Security Trustee will have the right to receive periodic account statements of the Transaction Account and may intervene in such instructions in such circumstances as provided for in the Transaction Security Agreement. See "*THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – English Security Deed*".

Upon the occurrence of an Issuer Event of Default, each Account will be directly administered solely by the Transaction Security Trustee.

Accounts Agreement

Pursuant to the Accounts Agreement entered into between the Issuer, the Transaction Security Trustee, the Account Bank and the Cash Administrator in relation to the Transaction Account, each of the Transaction

Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account has been opened with the Account Bank on or prior to the first Purchase Date. The Account Bank will comply with any written direction of the Cash Administrator to effect a payment by debit from the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account or the Purchase Shortfall Account, as applicable, if such direction is in writing and complies with the relevant account arrangements between the Issuer and the Account Bank and is permitted under the Accounts Agreement.

Any amount standing to the credit of the Accounts will bear interest, if any, as agreed between the Issuer and the Account Bank from time to time, always in accordance with the applicable provisions of the relevant account arrangements, such interest to be calculated and credited to the respective Account in accordance to the Account Bank's usual procedure for crediting interest to such accounts. The interest earned on the amounts credited to the Transaction Account and the Purchase Shortfall Account is part of the Available Interest Amount or the Credit, as applicable. The interest earned on the amounts credited to the Commingling Reserve Account and the interest earned on the amounts credited to the Set-Off Reserve Account and the Liquidity Reserve Account is, in each case, neither part of the Available Interest Amount nor the Credit, as applicable, but will be transferred to an account specified by the Seller on each Payment Date, it being understood that such payment will not be subject to either the relevant Pre-Enforcement Priorities of Payments or the Post-Enforcement Priority of Payments, respectively.

In addition, the Issuer and the Seller will enter into a separate fee letter in respect of fees payable by the Issuer to the Seller in relation to any balance credited to the Commingling Reserve Account, the Set-Off Reserve Account and the Liquidity Reserve Account. On each Payment Date, the Issuer shall pay such fees owed by it to the Seller to an account specified by the Seller in accordance with the Pre-Enforcement Interest Priority of Payments and the Post-Enforcement Priority of Payments.

Under the Accounts Agreement, the Account Bank waives any first priority pledge or other lien it may have with respect to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account, respectively, and further waives any right it has or may acquire to combine, consolidate or merge the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account, respectively, with each other or any other account of the Issuer, or any other person or set-off any liabilities of the Issuer or any other person to the Account Bank and agrees that it shall not set-off or transfer any sum standing to the credit of or to be credited to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account or the Purchase Shortfall Account, respectively, in or towards satisfaction of any liabilities to the Account Bank of the Issuer, as the case may be, or any other person.

The Issuer and the Transaction Security Trustee will together terminate the account relationship with the Account Bank in case of an Account Bank Rating Event, (i) within thirty (30) calendar days after an Account Bank is no longer rated by any of the Rating Agencies and (ii) within no earlier than thirty-one (31) but within forty-five (45) calendar days if the Account Bank ceases to have the Account Bank Required Rating as further specified in the Accounts Agreement. The short-term deposits of the Account Bank are currently rated A-1+ (or its replacement) by S&P and the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are currently rated AA- (or its replacement) by S&P. The Accounts Agreement also provides for an obligation of the Account Bank to transfer at its own cost (up to a cap of EUR 10,000) its duties to another affiliated entity within the European Union having the Account Bank Required Rating should the Account Bank be unable to perform its obligations under the Accounts Agreement or a continuation of such services would be detrimental to the transaction once the United Kingdom leaves the European Union as a consequence of the Brexit Vote.

TAXATION IN GERMANY

General

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposition of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be or will become relevant in the context of the acquisition of Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus. These laws might be subject to change, possibly also with retroactive or retrospective effect.

This section should be read in conjunction with "RISK FACTORS — TAXATION IN GERMANY".

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES AND THE RECEIPT OF INTEREST THEREON, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR CITIZENS.

Income Taxation

Tax Residents

Payments of interest on the Notes to persons or entities who are tax residents in Germany (*i.e.*, persons or entities whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal income tax (*Einkommensteuer*) at the applicable personal income tax rate (*plus* solidarity surcharge at a rate of 5.5% thereon and church tax, if applicable) or corporate income tax at a tax rate of 15% (*plus* solidarity surcharge at a rate of 5.5% thereon). Such interest payments may also be subject to trade tax if the Notes form part of the property of a German trade or business. Similarly, if interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax, solidarity surcharge and possibly also trade tax. The same applies to proceeds from the redemption of interest claims if the Note is disposed of separately.

If the Notes are disposed or redeemed, any capital gains arising from the disposition or redemption will also be subject to (corporate) income tax, solidarity surcharge and, **provided that** the Notes form part of a business property, to trade tax. Such capital gains are subject to tax irrespective of any holding period and whether or not the Notes are disposed of (or redeemed) with interest claims.

The taxable interest income and income from a disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes will qualify as income from private (i.e. non-business) investments and capital gains ("**Private Investment Income**") if the Notes do not form part of a business property. Private Investment Income is generally subject to a flat taxation (*Abgeltungsteuer*) at a rate of 25% *plus* solidarity surcharge at a rate of 5.5% thereon and church tax, if applicable. The tax basis of such income will be the relevant gross income. Expenses related to Private Investment Income such as financing or administration costs actually incurred in relation with the acquisition or ownership of the Notes will not be deductible. Instead, the total amount of any Private Investment Income of the Noteholder will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners).

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, qualify as positive or negative savings income in terms of Section 20 para 2 sentence 1 no 7 German Income Tax Act (*Einkommensteuergesetz* or "**EStG**"). If similar Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is

treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 18 January 2016 (IV C 1 – S 2252/08/10004:017) (as amended from time to time), a sale shall be disregarded (which means that losses suffered from such "sale" shall not be tax-deductible) where (i) the transaction costs exceed the sales proceeds or (ii) the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. With respect to a bad debt loss, the German Federal Fiscal Court (*Bundesfinanzhof*) has recently objected the view expressed by the Federal Ministry of Finance. However, the Federal Ministry of Finance has not yet updated the aforementioned tax decree in this respect.

If the Issuer is substituted as the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

If the Notes form part of a business property, taxable interest income and income from a disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes will qualify as business income. Such business income will either be taxed at the applicable individual income tax rate of the individual taxpayer or at the 15% corporate income tax rate if the Note is held by a corporation, in each case *plus* solidarity surcharge at a rate of 5.5% thereon and possibly also trade tax. The basis of such taxation will generally be the relevant net income. A lump sum deduction will not be available.

The tax will be levied by way of withholding at a rate of 25% (*plus* solidarity surcharge) if the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution, a security trading enterprise (*Wertpapierhandelsunternehmen*) or a German security trading bank (*Wertpapierhandelsbank*) ("**Disbursing Agent**"). If the Notes are kept in a custodial account which the Noteholder maintains with a Disbursing Agent but have not been kept in such an account since their acquisition and the relevant acquisition data (*Anschaffungsdaten*) has not been evidenced to the satisfaction of the Disbursing Agent, the Disbursing Agent will generally have to withhold tax at the 25% rate (*plus* solidarity surcharge) on a lump-sum basis of 30% of the proceeds from the disposition, assignment or redemption of the Notes. If the Notes are not held in a custodial account with a Disbursing Agent at the time the interest is received or at the time of the relevant disposition or redemption, no tax will be withheld but the Noteholder will have to include its income on the Notes in its tax return and the tax will be collected by way of assessment (for the applicable tax rates see above).

No withholding tax will in general be levied if the Noteholder is an individual (i) who has filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent and (ii) whose Note neither forms part of the property of a trade or business nor gives rise to income from the letting and leasing of property. However, this is the case only to the extent the interest income derived from the Note together with other Private Investment Income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

Payment of the withholding tax with respect to Private Investment Income (such as interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes) will satisfy the income tax liability of the Noteholder in respect of the relevant income (*Abgeltungsteuer*). However, Noteholders may apply for a tax assessment on the basis of general rules applicable to them (in lieu of the flat taxation) if the resulting income tax burden (excluding the solidarity surcharge) is lower than 25%; in this case as well income-related expenses cannot be deducted from the Private Investment Income, except for the aforementioned annual lump-sum deduction. Where, however, the relevant income qualifies as business income, the withholding tax and the solidarity surcharge thereon are credited as prepayments against the German individual or corporate income tax and the solidarity surcharge liability of the Noteholder. Amounts overwithheld will entitle the Noteholder to a refund, based on an assessment to tax.

For Disbursing Agents, an electronic information system as regards church withholding tax with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In case of a blocking notice, the Noteholder is obliged to include the Private Investment Income for church tax purposes in its tax return.

The Issuer has been advised that no withholding tax and solidarity surcharge thereon should have to be withheld by the Issuer on payments of interest under the Notes in light of a decision of the *Bundesfinanzhof* (decision dated 22 June 2010, I R 78/09).

Non-Residents

Interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes derived by persons not resident in Germany are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-*situs* property). In the case of (i) the applicable tax regime is similar to the regime explained in the preceding sub-section "— *Tax Residents*" with regard to business income.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above in the preceding sub-section "— *Tax Residents*".

The withholding tax may be refunded based upon an applicable tax treaty.

Inheritance and Gift Tax

Inheritance tax (*Erbschaftsteuer*) or gift tax (*Schenkungsteuer*) with respect to the Notes will not arise under the laws of Germany, if, in the case of inheritance tax, neither the descendant nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates, i.e. citizens who maintained a relevant residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issue, delivery or execution of the Notes. Currently, financial transaction taxes and net assets tax are not levied in the Germany.

Potential U.S. Withholding Tax

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be qualified as a foreign financial institution for these purposes. A number of jurisdictions (including Germany) have entered into intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the German IGA as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to Notes characterised as debt for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register and such Notes generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer).

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

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

Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a new global standard for the annual automatic exchange of financial information between tax authorities (the "**CRS**"). Germany is a signatory jurisdiction to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016.

The CRS has been implemented into German domestic law via the law dated 21 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU.

The regulation may impose obligations on the Issuer and its shareholder(s) / Noteholders, if the Issuer is actually regarded as a reporting financial institution under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency (through the issuance of self-certifications forms by the shareholder(s) / Noteholders), tax identification number and CRS classification of the shareholder(s) / Noteholders in order to fulfil its own legal obligations from 1 January 2016.

SUBSCRIPTION AND SALE

Subscription of the Notes

Pursuant to the Subscription Agreement, the Lead Manager has agreed, subject to certain conditions, to subscribe, or to procure subscriptions, for the Notes. The Seller has agreed to pay the Lead Manager a combined management, underwriting and placement commission on the Classes of Notes, as agreed between the parties to the Subscription Agreement. The Seller has further agreed to reimburse the Lead Manager for certain of its expenses in connection with the issue of the Notes.

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

The Subscription Agreement entitles the Lead Manager to terminate its obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes. The Issuer has agreed to indemnify each Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

Selling Restrictions

General

All applicable laws and regulations must be observed in any jurisdiction in which the Notes may be offered, sold or delivered, to the best of the Lead Manager's knowledge and belief. The Lead Manager has agreed that it will not, directly or indirectly offer, sell or deliver any of the Notes or distribute the Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof, to the best of such Lead Manager's knowledge and belief and it will not impose any obligations on the Issuer except as set out in this Agreement.

Except with the prior written consent of Santander Bank AG and where such sale falls within the exemption provided by Section _.20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. person" as defined in the U.S. Risk Retention Rules. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

- Any natural person resident in the United States;
- Any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;[2]
- Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- Any agency or branch of a foreign entity located in the United States;
- Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- Any partnership, corporation, limited liability company, or other organization or entity if:

[2] The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

1) Organized or incorporated under the laws of any foreign jurisdiction; and

2) Formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act[3].

The material difference between such definitions is that (1) a "U.S. person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "U.S. persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (2) any organization or entity described in (1) is treated as a "U.S. person" under the U.S. Risk Retention Rules, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

United States of America and its Territories

1. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined for purposes of Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented and agreed that it has not offered or sold the Notes, and will not offer or sell, any Note constituting part of its allotment within the United States except in accordance with Rule 903 under Regulation S under the Securities Act. Accordingly, the Lead Manager further has represented and agreed that neither it, its respective affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note.

   In addition, before forty (40) calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act.

   The Lead Manager (i) has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act; (ii) has represented and agreed that it has not offered, sold or delivered any Notes, and will not offer, sell or deliver any Notes, (x) as part of its distribution at any time or (y) otherwise before forty (40) calendar days after the later of the commencement of the offering and the issue date, except in accordance with Rule 903 under Regulation S under the Securities Act; (iii) has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act, and (iv) also has agreed that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or to substantially the following effect:

   "The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until forty (40) calendar days after the later of the commencement of the offering and the Closing 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."

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[3] The comparable provision from Regulation S is: "(viii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR §230.501(a)) who are not natural persons, estates or trusts."

Terms used in this clause have the meanings given to them in Regulation S under the Securities Act.

Notes will be issued in accordance with the provisions of United States Treasury Regulation section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the TEFRA D Rules, as applicable, for purposes of Section 4701 of the U.S. Internal Revenue Code) (the "**TEFRA D Rules**").

2. Further, the Lead Manager has represented and agreed that:

(a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver, directly or indirectly, within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period; (ii)it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;

(b) it has and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

(c) if it is considered a United States person, that it is acquiring the Notes for purposes of resale in connection with their original issuance and agrees that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation section 1.163-5(c)(2)(i)(D)(6) (or successor rules in substantially the same form);

(d) with respect to each that acquires from it Notes in bearer for the purpose of offering or selling such Notes during the restricted period, such Lead Manager repeats and confirms for the benefit of the Issuer the representations and agreements contained in sub-clauses(a), (b) and (c) above; and

(e) it will obtain for the benefit of the Issuer the representations and agreements contained in sub-clauses (a) - (d), above from any person other than its affiliate with whom it enters into a written contract, as defined in United States Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or substantially identical successor provisions) for the offer and sale during the restricted period of Notes.

Terms used in this Clause 2 have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

Notwithstanding any of the foregoing, Notes and interests therein may not be transferred at any time, directly or indirectly, in the United States or to or for the benefit of a U.S. person, and any such transfer shall not be recognised.

United Kingdom

The Lead Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

Republic of France

The Lead Manager has represented, warranted and agreed that:

(a) the Prospectus is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L. 411 1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211 1 *et seq*. of the General Regulation of the French Autorité des Marchés Financiers ("**AMF**");

(b) the Notes have not been offered, sold or distributed and will not be offered, sold or distributed, directly or indirectly, to the public in France. Such offers, sales and distributions have been and shall only be made in France (i) to qualified investors (investisseurs qualifiés) acting for their own account and/or (ii) to persons providing portfolio management investment service for third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), each as defined in and in accordance with Articles L. 411 2 II, D. 411 1, D. 321 1, D. 744 1, D. 754 1 and D. 764 1 of the French Monetary and Financial Code and any implementing regulation and/or (iii) in a transaction that, in accordance with Article L. 411 2 I of the French Monetary and Financial Code and Article 211 2 of the General Regulation of the AMF, does not constitute a public offering of financial securities;

(c) investors in France are informed that the subsequent direct or indirect retransfer of the Notes to the public in France can only be made in compliance with Articles L. 411 1, L. 411 2, L. 412 1 and L. 621 8 through L. 621 8 3 of the French Monetary and Financial Code; and

(d) the Prospectus and any other offering material relating to the Notes have not been and will not be submitted to the AMF for approval and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

European Economic Area

The Lead Manager has represented and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") and with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member state in accordance with article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive,

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager, or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall require the Issuer or the Lead Manager to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

In the foregoing sentence, the expression an "**offer of notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

No Offer to Retail Investors

The Lead Manager has represented, warranted and agreed with the Issuer in respect of the Notes, it has not offered or sold the Notes, and will not offer or sell the 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 prospectus or any other offering material relating to the 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 MiFID II or (b) a customer within the meaning of directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II or (c) not a qualified investor as specified in Directive 2003/71/EC (as amended) and the term "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

USE OF PROCEEDS

The aggregate net proceeds from the issue of the Notes will amount to EUR 1,600,000,000. The net proceeds are equal to the gross proceeds and will be used by the Issuer to finance the purchase price for the acquisition of the Receivables and Related Collateral from the Seller on the Note Issuance Date. The Outstanding Nominal Amount of the Receivables purchased on the Note Issuance Date will be equal to EUR 1,599,999,980.46 and the difference to the aggregate amount of net proceeds from the issue of Notes will be funded in cash by way of a cash deposit in the Purchase Shortfall Account. The costs of the Issuer in connection with the issue of the Notes, including, without limitation, transaction structuring fees, costs and expenses payable on the Issue Date to the Lead Manager and to other parties in connection with the offer and sale of the Notes and certain other costs, and in connection with the admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, are paid separately by the Seller to the respective recipients. To the extent that the net proceeds from the issue of the Notes exceed the purchase price for the acquisition of the Receivables, such difference will be credited to the Purchase Shortfall Account and will be part of the Available Principal Amount as of the following Payment Date.

GENERAL INFORMATION

Subject of this Prospectus

This Prospectus relates to Class A Notes in an aggregate principal amount of EUR 1,304,000,000, Class B Notes in an aggregate principal amount of EUR 68,000,000, Class C Notes in an aggregate principal amount of EUR 60,000,000, Class D Notes in an aggregate principal amount of EUR 20,000,000, Class E Notes in an aggregate principal amount of EUR 122,000,000 and Class F Notes in an aggregate principal amount of EUR 26,000,000, in each case issued by SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*), Frankfurt am Main, Germany.

Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on the resolution date 17 December 2018.

Litigation

Neither the Issuer is, or has been since its incorporation, nor the Seller is, or has during its last fiscal year been, engaged in any governmental, litigation or arbitration proceedings which may have or have had during such period a significant effect on their respective financial position, and, as far as the Issuer and the Seller are aware, no such governmental, litigation or arbitration proceedings are pending or threatened, respectively.

Payment Information

In connection with the Notes, the Issuer will forward copies of notice to holders of listed securities in final form to the Luxembourg Stock Exchange.

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

Material Adverse Change

There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation.

Miscellaneous

No statutory or non-statutory accounts in respect of any fiscal year of the Issuer have been prepared. The Issuer will not publish interim accounts. The fiscal year in respect of the Issuer is the calendar year.

Luxembourg Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed to the official list of the Luxembourg Stock Exchange. The Issuer has appointed Banque Internationale à Luxembourg S.A. as the initial listing agent for the Luxembourg Stock Exchange and as the initial Local Agent. The Local Agent will act as agent between the Issuer and the holders of the Notes listed on the official list of the Luxembourg Stock Exchange. For as long as any of the Notes are listed on the official list of Luxembourg Stock Exchange, the Issuer will maintain a Luxembourg local agent.

Copies of such documents may also be obtained free of charge during customary business hours at the specified offices of the Local Agent.

Publication of Documents

This Prospectus will be made available to the public by publication in electronic form on the web-site of the Luxembourg Stock Exchange (www.bourse.lu).

Websites

Any website mentioned in this document does not form part of the Prospectus.

Availability of Documents

From the date hereof as long as the Prospectus is valid and as long as the Notes remain outstanding, the following documents will be available for inspection in electronic form at the registered office of the Issuer and the Local Agent:

(a) the articles of association (*Gesellschaftsvertrag*) of the Issuer;

(b) the resolution of the managing directors of the Issuer approving the issue of the Notes;

(c) the future annual financial statements of the Issuer (interim financial statements will not be prepared);

(d) all notices given to the Noteholders pursuant to the Terms and Conditions;

(e) this Prospectus, the Master Definitions Agreement and all other Transaction Documents referred to in this Prospectus;

(f) Detailed Investor Report.

In addition, certain loan level data (on a no-name basis) is available for inspection, free of charge, at the registered office of the Servicer at Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany during customary business hours upon request. Such data may also be obtained, free of charge, upon request from the Seller in electronic form following the due execution of a non-disclosure agreement.

Post-issuance Reporting

Following the Note Issuance Date, the Principal Paying Agent will provide the Issuer, the Corporate Administrator, the Transaction Security Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 13 (*Form of Notices*) of the Terms and Conditions of the Notes, the Noteholders, and so long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange, and admitted to trading on the regulated market of the Luxembourg Stock Exchange, with the following information notified to it, all in accordance with the Agency Agreement and the Terms and Conditions of the Notes:

(a) with respect to each Payment Date, the Interest Amount pursuant to Condition 6.1 (*Interest Calculation*) of the Terms and Conditions;

(b) with respect to each Payment Date, the amount of Interest Shortfall pursuant to Condition 6.4 (*Interest Shortfall*) of the Terms and Conditions, if any;

(c) with respect to each Payment Date falling on a date after the expiration of the Replenishment Period, of the Note Principal Amount of each Class of Notes and the Class A Notes Principal, the Class B Notes Principal, the Class C Notes Principal, the Class D Notes Principal, the Class E Notes Principal and the Class F Notes Principal pursuant to Condition 7 (*Replenishment and Redemption*) to be paid on such Payment Date; and

(d) in the event the payments to be made on a Payment Date constitute the final payment with respect to Notes pursuant to Condition 7.4 (*Legal Maturity Date*), Condition 7.5 (*Early Redemption*) or Condition 7.6 (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*), of the fact that such is the final payment; and

(e) of the occurrence of a Servicer Disruption Date as notified by the Calculation Agent.

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

Conflict of Interest in Relation to the Issue

Save as disclosed in the part of "*Risk Factors – The Notes – Conflicts of Interest*" and "*Subscription and Sale*" there are no conflicts of interest in relation to the issue of the Notes.

Clearing Codes

Class A Notes		**Class B Notes**	
WKN:	A2NBRA	WKN:	A2NBRB
ISIN:	XS1920371074	ISIN:	XS1920371405
Common Code:	192037107	Common Code:	192037140
Class C Notes		**Class D Notes**	
WKN:	A2NBRC	WKN:	A2NBRD
ISIN:	XS1920372049	ISIN:	XS1920372395
Common Code:	192037204	Common Code:	192037239
Class E Notes		**Class F Notes**	
WKN:	A2NBRE	WKN:	A2NBRF
ISIN:	XS1920372551	ISIN:	XS1920372635
Common Code:	192037255	Common Code:	192037263

SCHEDULE 1
DEFINITIONS

The following terms used in the Transaction Documents and the Prospectus shall have the meanings given to them below as determined in the Master Definitions Agreement, except so far as the context otherwise requires and subject to any contrary indication, and such terms are set out in **Appendix 1** to the Terms and Conditions of the Notes and forms an integral part of the Terms and Conditions of the Notes:

"**Account**" shall mean any of the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Purchase Shortfall Account, the Liquidity Reserve Account (and, in each case, any debt or debts represented thereby) and any other bank account (and any debt or debts represented thereby) specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to, or in replacement of, the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Liquidity Reserve Account and the Purchase Shortfall Account in accordance with the Accounts Agreement and the Transaction Security Agreement (together, "**Accounts**");

"**Account Bank**" shall mean HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom, any successor thereof or any other person appointed as Account Bank in accordance with the Accounts Agreement and the Transaction Security Agreement from time to time as the bank with whom the Issuer holds the Accounts;

"**Accounts Agreement**" shall mean an accounts agreement dated on or about 19 December 2018 entered into between the Issuer, the Account Bank, the Transaction Security Trustee and Cash Administrator in relation to the Accounts;

"**Account Bank Event**" shall mean (i) the Account Bank Required Rating is not met anymore or (ii) the Account Bank is no longer rated by any of the Rating Agencies.

"**Account Bank Required Rating**" shall mean, with respect to the Account Bank, that (i) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least A- (or its replacement) by S&P or, if S&P has not assigned any rating to the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank, the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least A-1 (or its replacement) by S&P, and (ii) the critical obligations rating of the Account Bank are assigned a rating of a least A (low) (or its replacement) by DBRS, or, if a critical obligations rating is not available, the long- term, unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least A (low) (or its replacement) by DBRS, provided that this includes any private rating provided by DBRS.

"**Additional Receivable**" shall mean any Purchased Receivable which is sold and assigned or purported to be assigned to the Issuer in accordance with the Receivables Purchase Agreement during the Replenishment Period;

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

"**Agency Agreement**" shall mean an agency agreement dated on or about 19 December 2018 under which the Principal Paying Agent, the Calculation Agent, the Interest Determination Agent, the Cash Administrator, the Luxembourg Listing Agent and the Local Agent are appointed with respect to any Notes;

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

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

"**Arranger**" shall mean Banco Santander, S.A., Paseo de Pareda 9-12, 39004 Santander, Spain, and any successor thereof or any other person;

"**Assignable Related Collateral**" shall mean any Related Collateral which is a German law governed claim (*Forderung*) and can be freely assigned in accordance with Section 398 German Civil Code (*Bürgerliches Gesetzbuch*) and is designated as an assignable related collateral in the offer file;

"**Available Distribution Amount**" shall mean the Available Interest Amount and the Available Principal Amount, as applicable;

"**Available Interest Amount**" shall mean the amounts specified on p. 13 *et seqq*. to be applied in accordance with the Pre-Enforcement Interest Priority of Payments;

"**Available Principal Amount**" shall mean the amounts specified on p. 14 *et seqq*. to be applied in accordance with the Pre-Enforcement Principal Priority of Payments;

"**Back-Up Servicer Trigger Event**" shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to hold directly or indirectly, 75% of the Servicer's share capital or voting rights or (ii) the long-term unsecured, unsubordinated and unguaranteed obligations of Santander Consumer Finance, S.A. cease to be assigned a rating of at least BBB(low) (or its replacement) by DBRS or, the long-term unsecured, unsubordinated and unguaranteed obligations of the Servicer cease to be assigned a rating of at least BBB(low) (or its replacement) by DBRS;

"**Beneficiary**" shall mean the Lead Manager, the Noteholders, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Interest Determination Agent, the Account Bank, the Corporate Administrator, the Transaction Security Trustee, the Data Trustee, the Seller, the Servicer (if different), the Purchaser and any other party acceding to the Transaction Security Agreement as replacement Beneficiary pursuant to Clause 40 (*Accession of Replacement Beneficiaries*) of the Transaction Security Agreement and any successor, assignee, transferee or replacement thereof;

"**Business Day**" shall mean any day

1. on which commercial banks and foreign exchange markets are open or required to be open for business in London (United Kingdom), Frankfurt am Main (Germany), Düsseldorf (Germany) and Luxembourg; and

2. which is a TARGET Day;

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

"**Cash Administrator**" shall mean HSBC Bank plc, 8 Canada Square, London E14 5 HQ, United Kingdom, and any successor or replacement Cash Administrator appointed from time to time in accordance with the Agency Agreement;

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

"**Class A Notes**" shall mean Class A Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 1,304,000,000 and divided into 13,040 Notes, each having a principal amount of EUR 100,000;

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

"**Class A Notes PDL Cure Amount**" means an amount calculated as of the relevant Cut-Off Date designated to constitute an Available Principal Amount and retained for the respective following Payment Date for payment under item *eighth* of the Pre-Enforcement Interest Priority of Payments;

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

"**Class A PDL Sub-Ledger**" shall mean, as part of the Principal Deficiency Ledger, the principal deficiency ledger established and maintained by the Servicer in its internal booking systems on or about the Note Issuance Date in respect of the Class A Notes;

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

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

"**Class B Notes**" shall mean Class B Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 68,000,000 and divided into 680 Notes, each having a principal amount of EUR 100,000;

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

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

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

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

"**Class C Notes**" shall mean Class C Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 60,000,000 and divided into 600 Notes, each having a principal amount of EUR 100,000;

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

"**Class C Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class C Notes on any date and in accordance with the Terms and Conditions of the Notes;

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

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

"**Class D Notes**" shall mean Class D Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 20,000,000 and divided into 200 Notes, each having a principal amount of EUR 100,000;

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

"**Class D Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class D Notes on any date and in accordance with the Terms and Conditions of the Notes;

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

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

"**Class E Notes**" shall mean Class E Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 122,000,000 and divided into 1,220 Notes, each having a principal amount of EUR 100,000;

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

"**Class E Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class E Notes on any date and in accordance with the Terms and Conditions of the Notes;

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

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

"**Class F Notes**" shall mean Class F Fixed Rate Notes due on the Payment Date falling in December 2031 which are issued in an initial aggregate principal amount of EUR 26,000,000 and divided into 260 Notes, each having a principal amount of EUR 100,000;

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

"**Class F Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class F Notes on any date and in accordance with the Terms and Conditions of the Notes;

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

"**Class Principal Amount**" shall mean each of the Class A Principal Amount, the Class B Principal Amount, the Class C Principal Amount, the Class D Principal Amount, the Class E Principal Amount and the Class F Principal Amount;

"**Clean-up Call**" shall mean the exercise by the Seller of its option under the Receivables Purchase Agreement to repurchase all Purchased Receivables (together with any Related Collateral) which have not been sold to a third party on any Payment Date on or following which the Aggregate Outstanding Principal Amount has been reduced to 10% of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date;

"**Closing Date**" shall mean 21 December 2018;

"**Collateral**" shall mean the first ranking security interests granted to the Transaction Security Trustee for the benefit of the Noteholders and other Beneficiaries in respect of (i) the Issuer's claims under the Purchased Receivables and the Assignable Related Collateral acquired by the Issuer pursuant to the Receivables Purchase Agreement, (ii) the Issuer's claims under certain Transaction Documents and (iii) the rights of the Issuer under the Transaction Account, all of which have been assigned and transferred by way of security or pledged to the Transaction Security Trustee pursuant to the Transaction Security Agreement and any other security interests granted by the Issuer to the Transaction Security Trustee pursuant to the English Security Deed;

"**Collection Period**" shall mean, in relation to any Cut-Off Date, the period commencing on (but excluding) the Cut-Off Date immediately preceding such Cut-Off Date and ending on (and including) such Cut-Off Date and with respect to the first Payment Date the Collection Period commencing on 12 December 2018 (including such date) and ending on 31 December 2018 (including such date);

"**Collections**" shall mean the Interest Collections and the Principal Collections, as applicable;

"**Commingling Required Rating**" shall mean, with respect to any entity, that the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS and BBB (or its replacement) by S&P and any such rating has not been withdrawn;

"**Commingling Reserve Account**" shall mean the bank account with the account number 84121127 held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to or as substitute for

such Commingling Reserve Account in accordance with the Accounts Agreement and the Transaction Security Agreement to which the Seller will transfer the Commingling Reserve Amount following the occurrence of a Commingling Reserve Trigger Event;

"**Commingling Reserve Amount**" shall mean, (a) as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event, an amount equal to the sum of (i) the amount of the Scheduled Interest Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2nd) Collection Period after the relevant Cut-Off Date (both inclusive) and (ii) the amount of the Scheduled Principal Collections for the period from the beginning of the Collection Period immediately following the relevant Cut-Off Date to the last Business Day of the second (2nd) Collection Period after the relevant Cut-Off Date (both inclusive) plus 3.6% of the Aggregate Outstanding Note Principal Amount as of the relevant Cut-Off Date or (b) if as of any Cut-Off Date no Commingling Reserve Trigger Event has occurred, zero;

"**Commingling Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with the relevant Pre-Enforcement Priorities of Payments has been made on such Payment Date;

"**Commingling Reserve Trigger Event**" shall have occurred if, at any time, (i) unless the Seller has the Commingling Required Rating, Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating, (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75% of the share capital of the Seller or (iii) S&P notifies any of the Seller, the Issuer or the Transaction Security Trustee in writing that the Seller is no longer eligible under the then applicable rating criteria of S&P, unless in each case (i) and (ii), the Seller has at least the Commingling Required Rating;

"**Concentration Limit**" means that:

1. on the relevant Purchase Date, the weighted average remaining term of the Loan Contracts relating to all Purchased Receivables (including the Receivable and any other Receivable to be purchased on the same Purchase Date) does not exceed sixty-eight and a half (68.5) months;

2. on the relevant Purchase Date, the weighted average interest rate of all Purchased Receivables (including the Receivable and any other Receivable to be purchased on the same Purchase Date) is at least equal to 5.80% per annum; and

3. the sum of the Outstanding Principal Amount of the Receivable and the Aggregate Outstanding Principal Amount of any other Receivable to be purchased on the same Purchase Date and (as relevant) all Purchased Receivables owed by the same Debtor does not exceed EUR 200,000 on the relevant Purchase Date;

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

"**Corporate Administration Agreement**" shall mean a corporate administration agreement dated on or about 19 December 2018 and entered into between the Corporate Administrator and the Issuer;

"**CRD**" shall mean 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 Directives 2006/48/EC and 2006/49/EC (as amended from time to time);

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

"**Credit and Collection Policy**" shall mean the credit and collection policies and practices as applied by the Seller with respect to the Purchased Receivables and as set out in Credit and Collection Policy to the Receivables Purchase Agreement (for the avoidance of doubt, the definition does not refer to the general credit and collection policy of the Seller as amended from time to time;

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

"**Cumulative Default Ratio**" shall mean, in respect of each Collection Period, the ratio (expressed as a percentage) of (A) the sum of (i) the Aggregate Outstanding Principal Amount of all Purchased Receivables which have become Defaulted Receivables during such Collection Period as determined in the Detailed Investor Report relating to such Collection Period (and set out under the item "*Current Period Net Default*" therein) and (ii) the aggregate principal amount (at the time of default) of all Purchased Receivables which became Defaulted Receivables prior to such Collection Period (as set out in the Detailed Investor Report relating to the immediately previous Collection Period under the item "*Cumulative Net Default*") divided by (B) the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date;

"**Cut-Off Date**" shall mean the last day of each calendar month (except for the first Cut-Off Date which shall be 11 December 2018 and the Cut-Off Date with respect to each Payment Date thereafter is the Cut-Off Date immediately preceding such Payment Date;

"**Data Protection Standards**" means any applicable data protection law including, without limitation, the Regulation (EU) 2016/679 of the European Parliament and of 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 (General Data Protection Regulation) and the German Data Protection Act (*Bundesdatenschutzgesetz*);

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

"**Data Trust Agreement**" shall mean the data trust agreement dated on or about 19 December 2018 and entered into between the Issuer, the Data Trustee, the Seller and the Transaction Security Trustee;

"**DBRS**" shall mean DBRS Ratings Limited (Attn: ABS Surveillance, 20 Fenchurch Street, 31st Floor, London EC3M 3BY, United Kingdom, Email: EU.ABS.Surveillance@dbrs.com or such other contact details as may be notified by DBRS to the Issuer from time to time), or any successor to its rating business;

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

Decoding Key" means in respect of the Purchased Receivables and the related encrypted information delivered by the Seller to the Purchaser, the code delivered by the Seller to the Data Trustee which allows for the decoding of the Encrypted Portfolio Information to the extent necessary to identify the respective assigned Purchased Receivables in accordance with the principles of German property laws (in particular in accordance with the requirement of sufficient identification of transferred rights and assets (*sachenrechtlicher Bestimmtheitsgrundsatz*), subject to the Data Protection Standards and the provisions of the Data Trust Agreement;

"**Deemed Collection**" shall mean an amount equal to the sum of (A) the Outstanding Principal Amount of the affected portion of any Purchased Receivable if (i) such Purchased Receivable becomes a Disputed Receivable (irrespective of any subsequent court determination in respect thereof), (ii) the relevant Loan Contract proves not to have been legally valid, binding, enforceable and assignable as of the relevant Purchase Date, (iii) the Related Collateral contemplated in the relevant Loan Contract proves not to have existed as of the relevant Purchase Date, (iv) the Issuer proves not to have acquired, upon the payment of the purchase price for such Purchased Receivable on the relevant Purchase Date, title to such Purchased Receivable and to the Related Collateral contemplated in the relevant Loan Contract free and clear of any Adverse Claim, (v) such Purchased Receivable proves not to have been an Eligible Receivable on the relevant Purchase Date, (vi) such Purchased Receivable or Related Collateral contemplated in the relevant Loan Contract is deferred (other than in accordance with the Servicing Agreement or the Credit and Collection Policy, or with the prior approval of the Issuer), redeemed or otherwise modified (other than in accordance with the Servicing Agreement) (in each case other than an early termination of the relevant Loan Contract in accordance with the Credit and Collection Policy prior to the expiry date of the relevant Loan Contract as scheduled therein) or (vii) such Purchased Receivable or the relevant Related Collateral contemplated in the relevant Loan Contract otherwise did not exist in whole or partly prior to its sale and

assignment to the Issuer or ceases to exist for any reason, including, but without limitation, the legally effective revocation (*Widerruf*) of the Loan Contract by the Debtor (but in any event other than by payment to the Servicer or the Issuer or because of a breach by the relevant Debtor of its payment obligations under the Loan Contract) and (B) any reduction of the Outstanding Principal Amount of any Purchased Receivable or any other amount owed by a Debtor due to (i) any set-off against the Seller due to a counterclaim of the Debtor or any set-off or equivalent action against the relevant Debtor by the Seller or (ii) any discount or other credit in favour of the Debtor, in each case as of the date of such reduction for such Purchased Receivable;

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

"**Delinquency Ratio**" shall mean, in respect of each Cut-Off date, the ratio (expressed as a percentage) of (A) the Aggregate Outstanding Principal Amount of all Purchased Receivables which are Delinquent Receivables as at the previous Cut-Off date, divided by (B) the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date;

"**Delinquent Receivable**" shall mean, as of any date, any Purchased Receivable (which is overdue, and not a Disputed Receivable or a Defaulted Receivable) which is included in any overdue bucket of at least thirty-one (31) days in the Monthly Report for the Collection Period ending on or immediately preceding such date or in respect of which the Seller considers that a Purchased Receivable has been originated under a non-performing Loan Contract (which is, for the avoidance of doubt, a Loan Contract where payment of interest or principal is past due by ninety (90) or more days and the obligor is in default, as defined in Article 178 of the CRR, or when there are good reasons to doubt that payment will be made in full);

"**Detailed Investor Report**" shall mean the detailed investor report in the form as set out in Schedule 1, Part 2 to the Servicing Agreement, or in a form as otherwise agreed between the Servicer, the Seller and the Issuer, which shall be prepared by the Servicer with respect to each Collection Period;

"**Determination Date**" shall mean the second Business Day immediately preceding the commencement of such Interest Period unless such date is not a Business Day in which case the Determination Date shall be the next succeeding Business Day unless such date would thereby fall into the next calendar month, in which case such date shall be the immediately preceding Business Day;

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

"**Early Amortisation Event**" shall mean the occurrence of any of the following events during the first twelve (12) months after the Note Issuance Date:

1. the Cumulative Default Ratio exceeds 1.00%;

2. on three (3) consecutive Cut-Off Dates, the amount standing to the credit of the Purchase Shortfall Account is higher than 15% of the initial aggregate Note Principal Amount of all Notes (such event a "**Purchase Shortfall Event**");

3. a Termination Event or a Servicer Termination Event; or

4. the Delinquency Ratio exceeds 1.5%,

provided that in the case of 1 above with respect to any Cut-Off Date following the date as of which the Early Amortisation Event occurred, no Early Amortisation Event shall be deemed to have occurred if, by the Payment Date immediately following the date as of which the Early Amortisation Event occurred, the Rating Agencies have confirmed that the occurrence of the relevant Early Amortisation Event will not result in a downgrading, qualification or withdrawal of their rating assigned to any of the Class A Notes;

"**Early Redemption Date**" has the meaning ascribed to such term in Condition 7.5 (*Early Redemption*) of the Terms and Conditions of the Notes;

"**Effective Interest Rate**" shall mean the actual interest rate to be paid by the relevant Debtors under the relevant Loan Contracts with respect to the Outstanding Principal Amount as of the Cut-Off Date immediately preceding the relevant Purchase Date;

"**Eligibility Criteria**" shall mean the criteria set out for a receivable to become an Eligible Receivable as set out in Schedule 2 to the Receivables Purchase Agreement;

"**Eligible Receivable**" shall mean any Receivable (or any part of it or the pool of Receivables, as applicable) which meets the Eligibility Criteria;

"**Encrypted Portfolio Information**" means the electronic data file substantially in the form as set out in the Receivables Purchase Agreement containing the encrypted Personal Data regarding the Debtors and the Purchased Receivables (including Related Collateral) which shall be encrypted *via* state of the art encryption technology and which shall be submitted by the Seller to the Issuer (but not to any other party to the Transaction Documents) on each Purchase Date;

"**English Security**" shall mean the security created by the Issuer pursuant to the English Security Deed;

"**English Security Assets**" shall mean the assets which are the subject of the English Security;

"**English Security Deed**" shall mean an English law security deed dated on or about 19 December 2018 between the Issuer and the Transaction Security Trustee, as amended, supplemented, amended and restated or novated (including by conclusion of a security agreement under the laws of another jurisdiction) from time to time;

"**Excess Portion**" shall mean, as of the Cut-Off Date immediately preceding any Offer Date, the portion by which the Outstanding Principal Amount of any Receivable offered by the Seller to the Purchaser on such Offer Date would, together with (i) the Aggregate Outstanding Principal Amount of all other Receivables offered by the Seller to the Purchaser on such Offer Date and (ii) the Aggregate Outstanding Principal Amount of all Purchased Receivables as of the Cut-Off Date immediately preceding such Offer Date, exceed the Maximum Purchase Amount;

"**Final Redemption Amount**" shall mean the proceeds distributable by the Issuer as a result of a repurchase of Purchased Receivables on the Early Redemption Date in accordance with the Terms and Conditions;

"**Gross Loss**" shall mean the aggregate principal amount of all Purchased Receivables which have become Defaulted Receivables between a relevant Cut-off Date and the respective preceding Cut-off Date;

"**ICSD**" shall mean each of the operators of the Euroclear System and Clearstream Banking, *société anonyme*;

"**Independent Appraiser**" shall mean any disinterested third party expert who shall be an internationally recognised auditor which is located in Germany but is not an affiliate of the Issuer or the Seller who is appointed to determine the current value of such Delinquent Receivables or Defaulted Receivable in accordance with Clause 10.2 of the Transaction Security Agreement;

"**Interest Collections**" means the element of interest comprised in each cash collection made or due to be made in respect of a Purchased Receivable (including interest, prepayment penalty, late payment or similar charges, any Interest Recoveries and any interest component of indemnities, taxes or other amounts payable to the Issuer from any party under the Transaction Documents or any third party) received by the Servicer on behalf of the Issuer from any third party (including from insurance policies), in each case which is irrevocable and final (**provided that** any direct debit (*Lastschrifteinzug*) shall constitute an Interest Collection irrespective of any subsequent valid return thereof (*Lastschriftrückbelastung*)), but excluding Principal Collections;

"**Interest Recoveries**" means, with respect to any Purchased Receivable which has become a Defaulted Receivable, any recoveries and other cash proceeds or amounts received or recovered in respect of such Purchased Receivable or Related Collateral (including any proceeds from the sale of Defaulted Receivables (together with the relevant Related Collateral) and any participation in extraordinary profits (*Mehrerlösbeteiligungen*) after realisation of the Related Collateral to which the Issuer is entitled under the relevant Loan Contract) in excess of the relevant Principal Recoveries;

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

"**Interest Determination Date**" shall mean the second (2nd) Business Day immediately preceding the commencement of an Interest Period;

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

"**Interest Shortfall**" shall mean, with respect to any Note, accrued interest not paid on any Payment Date related to the Interest Period in which it accrued;

"**Issuer**" shall mean SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*), an entrepreneurial company with limited liability (*Unternehmergesellschaft* (*haftungsbeschränkt*)) registered with the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under registration number HRB 113098 which has its offices at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany;

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

1. the Issuer becomes insolvent or the Issuer is wound up or an order is made or an effective resolution is passed for the winding-up of the Issuer or the Issuer initiates or consents or otherwise becomes subject to liquidation, examinership, insolvency, reorganisation or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Transaction Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets;

2. the Issuer defaults in the payment of any interest due and payable in respect of the Class A Notes and such default continues for a period of at least five (5) Business Days;

3. the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in Clause 7 (*Security Purpose*) of the Transaction Security Agreement), other than those mentioned under item *thirteenth* to *seventeenth* of the Pre-Enforcement Interest Priority of Payments, in each case, to the extent that the Available Interest Amount or Available Principal Amount, as applicable, as of the Cut-Off Date immediately preceding the relevant Payment Date would have been sufficient to pay such amounts, and such default continues for a period of at least five (5) Business Days;

4. a distress, execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within thirty (30) calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally; or

5. the Transaction Security Trustee ceases to have a valid and enforceable security interest in any of the Collateral or any other security interest created under any Transaction Security Document;

"**Junior PDL Sub-Ledger**" shall mean, as part of the Principal Deficiency Ledger, the principal deficiency ledger established and maintained by the Servicer in its internal booking systems on or about the Note Issuance Date in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;

"**Lead Manager**" shall mean Banco Santander S.A.;

"**Legal Maturity Date**" shall mean the Payment Date falling in December 2031;

"**Liquidity Reserve Account**" shall mean the bank account with the account number 84121143 held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to or as substitute for such Liquidity Reserve Account in accordance with the Accounts Agreement and the Transaction Security Agreement, to which the Seller will transfer the Required Liquidity Reserve Amount on the Note Issuance Date;

"**Liquidity Reserve Transfer Event**" shall mean the event that the Servicer fails to transfer Collections to the Issuer in accordance with the Servicing Agreement in the event of the occurrence of a Servicer Termination Event;

"**Listing**" shall mean to make or cause to be made an application by the Listing Agent on its behalf for the Notes to be admitted to the official list and trading on the regulated market of the Stock Exchange;

"**Listing Agent**" shall mean Banque Internationale à Luxembourg S.A., 69 Route d'Esch, L-2953 Luxembourg, or any successor or assignee thereof;

"**Loan Contract**" shall mean any general purpose loan consumer contract (*Barkredite*) entered into between the Seller and any Debtor.

"**Loan Instalment**" shall mean any obligation of a Debtor under a Loan Contract to pay principal, interest, fees, costs, prepayment penalties (if any) and default interest owed under any relevant Loan Contract or any Related Collateral relating thereto;

"**Local Agent**" shall mean Banque Internationale à Luxembourg S.A., 69 Route d'Esch, L-2953 Luxembourg, or any successor or assignee thereof;

"**LPA**" shall mean Law of Property Act 1925;

"**Master Definitions Agreement**" shall mean a master definitions agreement dated on or about 19 December 2018 and made between, the Issuer, the Lead Manager, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Interest Determination Agent, the Corporate Administrator, the Account Bank, the Data Trustee, the Seller, the Servicer and the Transaction Security Trustee;

"**Material Payment Obligation**" shall mean a payment due and payable in the amount of or in excess of EUR 10,000,000;

"**Maximum Purchase Amount**" shall mean EUR 1,600,000,000;

"**Monthly Report**" shall mean any monthly report in the form (based on a Microsoft-Office template) as set out in Schedule 1 Part 1 to the Servicing Agreement or otherwise agreed between the Seller, the Servicer (if different) and the Issuer, which shall be prepared by the Servicer with respect to each Collection Period and delivered to the Issuer with a copy to the Corporate Administrator, the Cash Administrator, the Principal Paying Agent and the Calculation Agent not later than close of business on the fourth (4th) business day after the Cut-Off Date on which the relevant Collection Period ends; in the case that the Servicer does not provide a Monthly Report, the Monthly Report shall be the last issued Monthly Report which shall be used by the Calculation Agent, the Cash Administrator and Principal Paying Agent to fulfil the respective duties under the Agency Agreement;

"**Non-Assignable Related Collateral**" shall mean any related collateral which is not an Assignable Related Collateral;

"**Note Issuance Date**" shall mean the date on which the Notes are issued by the Issuer, being 21 December 2018 or on such later date as the Issuer and the Lead Manager may agree and is notified by the Issuer to the Seller;

"**Note(s)**" shall mean any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;

"**Noteholder**" shall mean any holder of Notes;

"**Note Principal Amount**" of any Note as of any date shall equal the initial note principal amount of EUR 100,000 as reduced by all amounts paid prior to such date on such Note in respect of principal;

"**Notification Event**" shall mean any of the following events:

1. The Servicer fails to make a payment due under or with respect to the Servicing Agreement at the latest on the second (2nd) Business Day after its due date, or, in the event no due date has been determined, within three (3) Business Days after the demand for payment;

2. The Servicer fails within five (5) Business Days to perform its material obligations (other than those referred to in paragraph 1. above) owed to the Purchaser under or with respect to the Servicing Agreement;

3. Either the Seller or the Servicer is over-indebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), dissolution proceedings or any measure taken by the BaFin pursuant to Sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*), and the Seller or (as relevant) the Servicer fails to remedy such status within twenty (20) Business Days;

4. Either of the Seller or the Servicer is in breach of any of the covenants in relation to, *inter alia*, financial reporting, conduct of business, compliance with laws, rules, regulations, judgements, furnishing of information and inspection and keeping of records, the Credit and Collection Policy, tax, software and banking licences, prolongation or supplementation of Purchased Receivables, change of business policy, sales and liens as set out in this Agreement or any of the covenants set out in the Servicing Agreement;

5. A Servicer Termination Event has occurred;

"**Offer**" shall mean any offer pursuant to Clause 2 of the Receivables Purchase Agreement;

"**Offer Date**" shall mean the second (2nd) Business Day prior to the relevant succeeding Purchase Date, and the first Offer Date is 19 December 2018;

"**Outstanding Principal Amount**" shall mean, with respect to any Purchased Receivable, at any time, the Principal Amount of such Purchased Receivable less the amount of the principal portion of the Collection received by the Issuer and applied to the Principal Amount of such Purchased Receivable in accordance with the Loan Contract, **provided that** Collections shall not be treated as received by the Issuer until credited to the Transaction Account;

"**Outstanding Principal Amount Shortfall**" shall mean, as of any date, the amount by which the initial Note Principal Amount of all Notes exceeds the Outstanding Principal Amount of all Purchased Receivables which have been purchased by the Purchaser prior to or on the relevant date;

"**Payment Date**" shall mean any day which falls on the thirteenth (13th) day of any calendar month, unless such date is not a Business Day in which case the Payment Date shall be the next succeeding Business Day unless such date would thereby fall into the next calendar month, in which case such date shall be the immediately preceding Business Day, commencing on 13th January 2019;

"**Personal Data**" means any personal data as defined in the applicable Data Protection Standards;

"**Portfolio**" shall mean the portfolio of Purchased Receivables, only partially secured by security interests in the Related Collateral;

"**Portfolio Information**" means the Encrypted Portfolio Information and the Unencrypted Portfolio Information;

"**Post-Enforcement Priority of Payments**" shall mean the post-enforcement priority of payments set out in Clause 22.2 (*Post-Enforcement Priority of Payments*) of the Transaction Security Agreement;

"**Pre-Enforcement Interest Priority of Payments**" shall mean the pre-enforcement interest priority of payments set out in Schedule 5 to the Receivables Purchase Agreement (*Pre-Enforcement Interest Priority of Payments*);

"**Pre-Enforcement Principal Priority of Payments**" shall mean the pre-enforcement principal priority of payments set out in Schedule 5 to the Receivables Purchase Agreement (*Pre-Enforcement Principal Priority of Payments*);

"**Pre-Enforcement Priorities of Payments**" shall mean the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments;

"**Principal Amount**" shall mean, with respect to any Receivable, the aggregate principal amount of such Receivable which is scheduled to become due after the Cut-Off Date immediately preceding the relevant Purchase Date;

"**Principal Collections**" means the element of principal comprised in each cash collection made or due to be made in respect of a Purchase Receivable (including any Principal Recoveries and any principal component of indemnities, taxes or other amounts payable to the Issuer from any party under the Transaction Documents or any third party) received by the Servicer on behalf of the Issuer from any third party (including from insurance policies), in each case which is irrevocable and final (**provided that** any direct debit (*Lastschrifteinzug*) shall constitute a Principal Collection irrespective of any subsequent valid return thereof (*Lastschriftrückbelastung*)), and any Deemed Collections of such Purchased Receivable less any amount previously received but required to be repaid on account of a valid return of a direct debit (*Lastschriftrückbelastung*);

"**Principal Recoveries**" means, with respect to any Purchased Receivable which has become a Defaulted Receivable, any recoveries and other cash proceeds or amounts received or recovered in respect of such Purchased Receivable or Related Collateral (including any proceeds from the sale of Defaulted Receivables (together with the relevant Related Collateral) and any participation in extrordinary profits (*Mehrerlösbeteiligungen*) after realisation of the Related Collateral to which the Issuer is entitled under the relevant Loan Contract) up to an amount equal to the Outstanding Principal Amount of such Defaulted Receivable;

"**Principal Deficiency Ledger**" means a ledger comprising the Class A PDL Sub-Ledger and the Junior PDL Sub-Ledger, which shall be established and maintained by the Servicer (on behalf of the Issuer) in its internal booking systems for recording on any Payment Date as calculated on the relevant Cut-off Date:

1. as debit entries, in reverse sequential order (beginning with entries into the Junior PDL Sub-Ledger), (i) any Gross Losses and (ii) any amounts applied in accordance with items *first*, *fifth, seventh* and *ninth* of the Pre-Enforcement Principal Priority of Payments in respect of each Sub-Ledger up to, in respect of the Class A PDL Sub-Ledger, the Class A Principal Amount or, in respect of the Junior PDL Sub-Ledger, the aggregate of the Class B Principal Amount, the Class C Principal Amount, the Class D Principal Amount, the Class E Principal Amount and the Class F Principal Amount;

2. as credit entries, in sequential order (beginning with entries into the Class A PDL Sub-Ledger), (i) any Principal Recoveries and (ii) any repaid amounts (if any) received under items *seventh, tenth, twelfth* and *fourteenth* of the Pre-Enforcement Interest Priority of Payments from the preceding Cut-off Date in respect of each Sub-Ledger until such times as the debit balance standing to the relevant Sub-Ledger is reduced to zero; and

3. as credit entries, in respect of the Class A PDL Sub-Ledger only, and only in the event that a debit balance remains on such Sub-Ledger after the application of paragraphs (i) and (ii) above, any amounts received (if any) under item *eighth* of the Pre-Enforcement Interest Priority of Payments until such times as the debit balance standing to the Class A PDL Sub-Ledger is reduced to zero;

"**Principal Paying Agent**" shall mean HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom, and any successor or replacement principal paying agent appointed from time to time in accordance with the Agency Agreement;

"**Prospectus**" shall mean any prospectus to be issued by the Issuer with respect to the issue of Notes dated on or about 20 December 2018;

"**Priorities of Payment**" shall mean each of the Pre-Enforcement Priority of Payments and the Post-Enforcement Principal Priority of Payments.

"**Purchase**" shall mean any purchase of any Receivable together with Related Collateral pursuant to the Receivables Purchase Agreement;

"**Purchase Date**" shall mean, with respect to the purchase of the Receivables together with the Related Collateral by the Issuer from the Seller under the Receivables Purchase Agreement, the Note Issuance Date and each Payment Date thereafter which falls into the Replenishment Period;

"**Purchase Price**" shall have the meaning given to it in Clause 4.1 of the Receivables Purchase Agreement;

"**Purchased Receivable**" shall mean any Receivable (including, for the avoidance of doubt, the Excess Portion of any Receivable and any Additional Receivable) which is sold and assigned or purported to be assigned to the Issuer in accordance with the Receivables Purchase Agreement;

"**Purchase Shortfall Account**" shall mean the bank account with the account number 84121151 held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to or as substitute for such Purchase Shortfall Account in accordance with the Accounts Agreement and the Transaction Security Agreement, to which any Purchase Shortfall Amount shall be credited;

"**Purchase Shortfall Amount**" shall mean, on any Purchase Date, the excess, if any, of the Replenishment Available Amount over the aggregate purchase price payable in accordance with the Receivables Purchase Agreement for all Receivables purchased by the Purchaser on such Purchase Date;

"**Purchase Shortfall Event**" shall have occurred if, on three (3) consecutive Cut-Off Dates, the amount standing to the credit of the Purchase Shortfall Account is higher than 15% of the initial aggregate Note Principal Amount of all Notes;

"**Purchaser**" shall mean SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*), an entrepreneurial company with limited liability (*Unternehmergesellschaft* (*haftungsbeschränkt*)) registered with the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under registration number HRB 113098 which has its offices at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany;

"**Rated Notes**" shall mean the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes collectively;

"**Rating Agency**" shall mean each individually DBRS or S&P, altogether "**Rating Agencies**";

"**Receivable**" shall mean any liability to pay Loan Instalments which a Debtor owes to the Seller in accordance with a Loan Contract, together with any and all present and future ancillary rights under the relevant Loan Contracts, in particular rights to determine legal relationships (*Gestaltungsrechte*), including termination rights (*Kündigungsrechte*) and the rights to give directions (*Weisungsrechte*);

"**Receivables Purchase Agreement**" shall mean the receivable purchase agreement dated on or about 19 December 2018 between the Seller and the Issuer;

"**Records**" shall mean with respect to any Purchased Receivable, Related Collateral and the related Debtors all contracts, correspondence, files, notes of dealings and other documents, books, books of accounts, registers, records and other information regardless of how stored;

"**Regulatory Call Event**" shall have the meaning given to it in Condition 7.6(b) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Regulatory Call Redemption Amount**" shall have the meaning given to it Condition 7.6(b)(i) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Regulatory Call Redemption Date**" shall have the meaning given to it in Condition 7.6(b) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Related Collateral**" shall mean with respect to any Purchased Receivable (if relevant):

1. any accessory security rights (*akzessorische Sicherheiten*) for such Purchased Receivable;

2. any and all other present and future claims and rights under a security agreement with respect to the Loan Contract, including, but without limitation, any security title (*Sicherungseigentum*) to certain movable properties, loss compensation insurance policies (*Ratenschutzversicherungen*), and/or any claims and rights in respect of wages and social security benefits (to the extent legally possible);

3. any other ownership interests, liens, charges, encumbrances, security interest or other rights or claims in favour of the Seller on any property from time to time securing the payment of such Purchased Receivable, and the Records relating thereto;

4. any other sureties, guarantees, and any and all present and future rights and claims under agreements or arrangements of whatever character from time to time supporting or securing payment of such Purchased Receivable whether pursuant to the Loan Contract relating to such Receivable or otherwise;

5. all Records relating to the Purchased Receivables and/or the Related Collateral under items 1. Through 4. and 6.; and

6. any claims to receive proceeds which arise from the disposal of or recourse to the Related Collateral, **provided that** any costs incurred by the Seller or (if different) the Servicer in connection with such disposal or recourse and any amounts which are due to the relevant Debtor in accordance with the relevant Loan Contract shall be deducted from such proceeds;

"**Replenishment Available Amount**" shall mean, as of any Payment Date, the amount by which the Aggregate Note Principal Amount exceeds the Aggregate Outstanding Principal Amount as of the Cut-Off Date immediately preceding such Payment Date;

"**Replenishment Period**" shall mean the period commencing on (but excluding) the Note Issuance Date and ending on (i) the Payment Date falling in the twelfth (12th) month after the Note Issuance Date (inclusive) or, if earlier, (ii) the date on which an Early Amortisation Event occurs (exclusive);

"**Required Liquidity Reserve Amount**" shall mean, on the Note Issuance Date and subsequently as at any Payment Date during the Replenishment Period EUR 6,520,000, and as at any Payment Date after the Replenishment Period, the higher of (i) 0.5% multiplied by the Class A Principal Amount and (ii) EUR 1,000,000;

"**Revised Securitisation Framework**" shall have the meaning given to it in Condition 7.6(b) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Scheduled Collections**" shall mean the Scheduled Interest Collections and the Scheduled Principal Collections;

"**Scheduled Interest Collections**" shall mean, with respect to any Collection Period, the amount of any Interest Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period;

"**Scheduled Maturity Date**" shall mean the Payment Date falling in November 2027;

"**Scheduled Principal Collections**" shall mean, with respect to any Collection Period, the amount of any Principal Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period;

"**Seller**" shall mean Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany;

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

"**Servicer**" shall mean the Seller and any successor thereof or substitute servicer appointed in accordance with the Servicing Agreement;

"**Servicer Disruption Date**" shall mean any Payment Date in respect of which the Servicer fails to provide a Monthly Report for the immediately preceding Collection Period to the Calculation Agent in time, as notified by the Calculation Agent to the Principal Paying Agent and by the Principal Paying Agent to the Noteholders in accordance with Conditions 8 (*Notifications*) and 13 (*Form of Notice*) of the Terms and Conditions of the Notes;

"**Servicer Required Rating**" shall mean, with respect to any relevant entity, that the long-term unsecured, unsubordinated and unguaranteed obligations of such entity are assigned a rating of at least BB(high) (or its replacement) by DBRS;

"**Servicer Termination Event**" shall mean the occurrence of any of the following events:

1. The Servicer fails to make a payment due under the Servicing Agreement at the latest on the second (2nd) Business Day after its due date, or, in the event no due date has been determined, within three (3) Business Days after the demand for payment;

2. Following a demand for performance the Servicer fails within five (5) Business Days to perform its material (as determined by the Issuer) obligations (other than those referred to in paragraph 1. above) owed to the Issuer under the Servicing Agreement;

3. Any of the representations and warranties made by the Servicer with respect to or under the Servicing Agreement or any Monthly Report or information transmitted is materially false or incorrect;

4. The Servicer is (i) over-indebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or (ii) intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), reorganisation or dissolution proceedings and, other than with respect to (i), the Servicer fails to remedy such status within twenty (20) Business Days, or if any measures under Section 45, 46 to 46g of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer;

5. The Servicer is in default with respect to any Material Payment Obligation owed to any third party for a period of more than five (5) calendar days;

6. The Servicer is in breach of any of the covenants set out in the Servicing Agreement;

7. Any licence of the Servicer required with respect to the Servicing Agreement and the Services to be performed thereunder is revoked, restricted or made subject to any conditions;

8. The Servicer is not collecting Purchased Receivables or Related Collateral pursuant to the Servicing Agreement or is no longer entitled or capable to collect the Purchased Receivables and the Related Collateral for practical or legal reasons;

9. At any time there is otherwise no person who holds any required licence appointed by the Issuer to collect the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement;

10. There are valid reasons to cause the fulfilment of material duties and material obligations under the Servicing Agreement or under the Loan Contracts or Related Collateral on the part of the Servicer or the Seller (acting in its capacity as the Servicer) to appear to be impeded;

11. The Servicer (to the extent that it is identical with the Seller) is in breach of any of the financial covenants set out in the Receivables Purchase Agreement;

12. A material adverse change in the business or financial conditions of the Servicer has occurred which materially affects its ability to perform its obligations under the Servicing Agreement;

13. At any time Santander Consumer Finance, S.A. (i) ceases to hold directly or indirectly 75% of the Servicer's share capital or voting rights or (ii) fails to meet the Servicer Required Rating, unless in each case (i) and (ii), the Servicer (including any substitute servicer as the case may be) has at least the Servicer Required Rating;

"**Services**" shall mean the services to be rendered or provided by the Servicer under the Servicing Agreement, in particular Clause 3 thereof;

"**Servicing Agreement**" shall mean a servicing agreement dated 19 December 2018 and entered into by the Issuer, the Servicer, the Transaction Security Trustee and the Corporate Administrator;

"**Set-Off Required Rating**" shall mean, with respect to any entity, that the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB (or its replacement) by S&P and BBB(low) (or its replacement) by DBRS and any such rating has not been withdrawn;

"**Set-Off Reserve Account**" shall mean the bank account with the account number 84121135 held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to or as substitute for such Set-Off Reserve Account in accordance with the Accounts Agreement and the Transaction Security Agreement, to which the Seller will transfer the Set-Off Reserve Amount following the occurrence of a Set-Off Trigger Event;

"**Set-Off Reserve Amount**" shall mean:

1. as of the Cut-Off Date immediately preceding the occurrence of a Set-Off Reserve Trigger Event and as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event, the sum of the Seller Deposits which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the relevant Cut-Off Date, holds Seller Deposits, and are in each case equal to the lower of (i) the amount of Seller Deposits which, as of the relevant Cut-Off Date, are held with the Seller by such Debtor, and (ii) the Principal Amount of the Purchased Receivables owed by such Debtor outstanding as of the relevant Cut-Off Date; or

2. if as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event, the Seller has at least the Set-Off Required Rating, zero.

"**Set-Off Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with the Pre-Enforcement Principal Priority of Payments has been made on such Payment Date;

"**Set-Off Reserve Trigger Event**" shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Set-Off Required Rating, (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75% of the share capital of the Seller or (iii) S&P notifies any of the Seller, the Issuer or the Transaction Security Trustee in writing that the Seller is no longer eligible under the then applicable rating criteria of S&P, unless in each case (i) and (ii), the Seller has at least the Set-Off Required Rating;

"**S&P**" shall mean Standard & Poor's Credit Market Services Europe Limited (Attn: Standard & Poor's Ratings Services, 20 Canada Square, London E14 5LH, United Kingdom, Email: ABSEuropeanSurveillance@standardandpoors.com or such other contact details as may be notified by S&P to the Issuer from time to time) or its successor;

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended from time to time);

"**Stock Exchange**" shall mean the Luxembourg Stock Exchange;

"**Sub-Ledger**" shall mean either of the Class A PDL Sub-Ledger and the Junior PDL Sub-Ledger, as the case may be.

"**Subscription Agreement**" shall mean an agreement for the subscription of the Notes dated on or about 19 December 2018 and entered into between the Issuer, the Lead Manager and the Seller;

"**TARGET**" shall mean the Trans-European Automated Real-time Gross settlement Express Transfer System (Target 2) which was launched on 17 November 2007;

"**TARGET Day**" shall mean any day on which all relevant parts of TARGET are operational;

"**Tax Call Redemption Amount**" shall have the meaning given to it in Clause 7.6 (a)(i) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Tax Call Redemption Date**" shall have the meaning given to it in Clause 7.6 (a) (*Optional Redemption for Taxation Reasons or upon occurrence of a Regulatory Call Event*) of the Terms and Conditions of the Notes;

"**Termination Date**" shall mean the day on which a termination becomes effective pursuant to Clause 22 of the Receivables Purchase Agreement;

"**Termination Event**" shall mean the occurrence of any of the following events:

1. the Seller fails to make a payment due under the Receivables Purchase Agreement at the latest on the fifth (5th) Business Day after its due date, or, in the event no due date has been determined, within five (5) Business Days after the demand for payment;

2. the Seller fails within five (5) Business Days to perform its material (as determined by the Purchaser) obligations (other than those referred to in 1. above) owed to the Purchaser under the Receivables Purchase Agreement after its due date, or, in the event no due date has been determined, within five (5) Business Days after the demand for performance;

3. any of the representations and warranties made by the Seller, with respect to or under the Receivables Purchase Agreement or information transmitted is materially false or incorrect, unless such falseness or incorrectness, insofar as it relates to Purchased Receivables, Related Collateral, or the Loan Contracts, has been remedied by the tenth (10th) Business Day (inclusive) after the Seller has become aware that such representations or warranties were false or incorrect;

4. the Seller is over-indebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), reorganisation or dissolution proceedings and the Seller fails to remedy such status within five (5) Business Days;

5. the Seller is in default with respect to any Material Payment Obligation owed to any third parties for a period of more than five (5) calendar days;

6. the Seller is in material breach of any covenants of the Seller under the Receivables Purchase Agreement;

7. the banking licence of the Seller is revoked, restricted or made subject to any conditions or any of the proceedings referred to in or any action under Section 45 to 48t of the German Banking Act (*Gesetz über das Kreditwesen*) have been taken with respect to the Seller, or any measures under the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) or under or in connection with the SRM Regulation have been taken or any other restructuring or reorganisation proceedings within the meaning of the German Bank Reorganisation Act (Gesetz zur Reorganisation von *Kreditinstituten*) have been commenced with respect to the Seller;

8. the Seller fails to perform any material obligation under the Loan Contracts or in relation to the related Collateral;

9. an Issuer Event of Default has occurred, or

10. a material adverse change in the business or financial conditions of the Seller has occurred which materially affects its ability to perform its obligations under the Receivables Purchase Agreement;

"**Terms and Conditions**" shall mean the terms and conditions of the Notes as set out in the Prospectus;

"**Transaction Account**" shall mean the bank account with the account number 84121119 held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer or the Transaction Security Trustee in the future in addition to or as substitute for such Transaction Account in accordance with the Accounts Agreement and the Transaction Security Agreement;

"**Transaction Documents**" shall mean the Receivables Purchase Agreement, the Servicing Agreement, the Master Definitions Agreement, the Corporate Administration Agreement, the Accounts Agreement, any Transaction Security Document, the Data Trust Agreement, each Note, the Agency Agreement, the Subscription Agreement and any amendment agreement, termination agreement or replacement agreement relating to any such agreement;

"**Transaction Secured Obligations**" has the meaning ascribed to such term in Clause 7 (*Security Purpose*) of the Transaction Security Agreement.

"**Transaction Security Agreement**" shall mean a transaction security agreement dated 19 December 2018 and made between, the Issuer, the Lead Manager, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the Corporate Administrator, the Account Bank, the Data Trustee, the Seller, the Servicer and the Transaction Security Trustee for the benefit of the Beneficiaries (as such term is defined therein);

"**Transaction Security Documents**" shall mean the Transaction Security Agreement, the English Security Deed, and any other agreement or document entered into from time to time by the Transaction Security Trustee with the Issuer for the benefit of the Noteholders and the other Beneficiaries (as such term is defined in the Transaction Security Agreement) for the purpose, *inter alia*, of securing all or any of the obligations of the Issuer under the Transaction Documents;

"**Transaction Security Trustee**" shall mean TMF Trustee Limited, 6 St. Andrew Street, London EC4A 3AE, United Kingdom, its successors or any other person appointed from time to time as Transaction Security Trustee in accordance with the Transaction Security Agreement.

"**Unencrypted Portfolio Information**" means the electronic data file substantially in the form as set out in the Receivables Purchase Agreement containing the unencrypted data regarding the Purchased Receivables (including Related Collateral) which shall be submitted by the Seller to the Issuer on each Purchase Date.

INDEX OF DEFINED TERMS

Issuer
SC Germany Consumer 2018-1 UG (*haftungsbeschränkt*)
c/o Wilmington Trust SP Services (Frankfurt) GmbH
Steinweg 3-5
60313 Frankfurt am Main, Germany

Corporate Administrator of the Issuer, Calculation Agent and Interest Determination Agent
Wilmington Trust SP Services (Frankfurt) GmbH
Steinweg 3-5
60313 Frankfurt am Main, Germany

Transaction Security Trustee
TMF Trustee Limited
6 St. Andrew Street
London EC4A 3AE, United Kingdom

Data Trustee
TMF Trustee Services GmbH
Thurn-und-Taxis-Platz 6
60313 Frankfurt am Main, Germany

Principal Paying Agent, Account Bank, Cash Administrator
HSBC Bank plc
8 Canada Square
London, E14 5 HQ, United Kingdom

Luxembourg Listing Agent and Local Agent
Banque Internationale à Luxembourg S.A.
69, Route d'Esch
L-2953 Luxembourg

Auditors of the Issuer
PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft
Moskauer Str. 19
40227 Düsseldorf
Germany

Schedule 8 to the Agency Agreement

Annex - Provisions Regarding Resolutions of Noteholders

The following provisions regarding resolutions of Noteholders constitute part of the Terms and Conditions of the Notes and are incorporated therein by reference.

Part 1

Specific Provisions Applicable to Resolutions to be Passed by Votes of Noteholders of a Class Without Meetings

1. The voting shall be conducted by the person presiding over the taking of votes (the "**Chairperson**") who shall be (i) a notary appointed by the Issuer, (ii) the Noteholders' representative if such a representative has been appointed and has solicitated the voting, or (iii) a person appointed by the competent court. § 1 (2) sentence 2 of Part 2 shall apply *mutatis mutandis*.

2. The notice for solicitation of votes shall specify the period within which votes may be cast. Such period shall not be less than 72 hours. During such period, the Noteholders of the relevant Class may cast their votes in text form (*Textform*) to the Chairperson. The solicitation notice may provide for other forms of casting votes. The notice for solicitation of votes shall give details as to the prerequisites which must be met for votes to qualify for being counted.

3. The Chairperson shall determine each Noteholders' entitlement to vote on the basis of evidence presented and shall prepare a roster of the Noteholders of the relevant Class entitled to vote. If a quorum is not reached, the Chairperson may convene a meeting of the Noteholders of the relevant Class. Such meeting shall be deemed to be a second meeting within the meaning of § 7 (3) sentence 3 of Part 2. Minutes shall be taken of each resolution passed. § 8 (3) sentences 2 and 3 of Part 2 shall apply *mutatis mutandis*. Each Noteholder of the relevant Class who has taken part in the vote may request from the Issuer, for up to one (1) year following the end of the voting period, a copy of the minutes of the vote and any annexes thereto.

4. Each Noteholder of the relevant Class who has taken part in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the Chairperson. If the Chairperson remedies the objection, the Chairperson shall promptly publish the result. § 9 of Part 2 shall apply *mutatis mutandis*. If the Chairperson does not remedy the objection, the Chairperson shall promptly inform the objecting Noteholder in writing.

5. The Issuer shall bear the costs of a vote taken without meeting and, if the court has granted leave to an application pursuant to § 1 (2) of Part 2, also the costs of such proceedings.

6. §§ 1 to 12 of Part 2 shall apply *mutatis mutandis* to the taking of votes without a meeting, unless otherwise provided in paragraphs 1 through 5 above.

Part 2

Provisions Applicable to Resolutions to be Passed at Meetings of Noteholders of a Class

§1 Convening the Meeting of Noteholders of a Class

1. Meetings of Noteholders of any Class (each a "**Noteholders' Meeting**") shall be convened by the Issuer or by the representative of the Noteholders of such Class if such a representative has been appointed with respect to such Class (the "**Noteholders' Representative**").

   A Noteholders' Meeting must be convened if one or more Noteholders of such Class holding together not less than 5 per cent. of the outstanding Notes of such Class so require in writing, stating that they wish to appoint or remove a Noteholders' Representative of such Class, or that they have another special interest in having a Noteholders' Meeting convened.

2. Noteholders of any Class whose legitimate request is not complied with may apply to the competent court to authorise them to convene a Noteholders' Meeting with respect to such Class. The court may also determine the chairperson of the meeting. Any such authorisation must be disclosed in the publication of the Convening Notice.

3. The competent court shall be the court at place of the registered office of the Issuer, or if the Issuer has no registered office in Germany, the local court (*Amtsgericht*) in Frankfurt am Main. The decision of the court may be appealed.

4. The Issuer shall bear the costs of the Noteholders' Meeting and, if the court has granted leave to the application pursuant to subsection 2 above, also the costs of such proceedings.

§2 Notice Period, Registration, Proof

1. A Noteholders' Meeting shall be convened not less than fourteen (14) days before the date of the meeting.

2. If the Convening Notice provide(s) that attendance at a Noteholders' Meeting or the exercise of the voting rights shall be dependent upon a registration of the Noteholders of the relevant Class before the meeting, then for purposes of calculating the period pursuant to subsection (1) the date of the meeting shall be replaced by the date by which the Noteholders of the relevant Class are required to register. The registration notice must be received at the address set forth in the Convening Notice no later than on the third (3rd) day before the Noteholders' Meeting.

3. The Convening Notice shall provide what proof is required to be entitled to take part in the Noteholders' Meeting. Unless otherwise provided in the Convening Notice, for Notes represented by a Global Note a voting certificate obtained from the Principal Paying Agent shall entitle its bearer to attend and vote at the Noteholders' Meeting. A voting certificate may be obtained by a Noteholder of the relevant Class if at least 48 hours before the time fixed for the Noteholders' Meeting, such Noteholder (a) deposits its Notes for such purpose with a Principal Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Principal Paying Agent for such purpose or (b) blocks its Notes in an account with the Clearing System in accordance with the procedures of the Clearing System. The voting certificate shall be dated and shall specify the Noteholders' Meeting concerned and the total number, the outstanding amount and the serial numbers (if any) of the Notes of the relevant Class deposited or blocked in an account with the Clearing System. Once the Principal Paying Agent has issued a voting certificate for a Noteholders' Meeting in respect of a Note of the such Class, it shall not release or permit the transfer of the Note until either such Noteholders' Meeting has been concluded or the voting certificate has been surrendered to it.

§3 Place of the Noteholders' Meeting

If the Issuer has its registered office in Germany, the Noteholders' Meeting shall be held at the place of such registered office. If the Notes of the relevant Class are admitted for trading on a stock exchange within the meaning of Section 1(3e) of the German Banking Act (*Gesetz über das Kreditwesen*) which is located in a member state of the European Union or a state which is a signatory of the agreement on the European Economic Area, the Noteholders' Meeting may also

be held at the place of the relevant stock exchange. Section 30a (2) of the German Securities Trading Act (*Wertpapierhandelsgesetz*) shall remain unprejudiced.

§4 Contents of the Convening Notice, Publication

1. The convening notice (the "**Convening Notice**") shall state the name, the place of the registered office of the Issuer, the time and venue of the Noteholders' Meeting, and the conditions on which attendance in the Noteholders' Meeting and the exercise of voting rights is made dependent, including the matters referred to in § 2 (2) and (3).

2. The Convening Notice shall be published promptly in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*) and additionally in accordance with the provisions of Condition 13 (*Form of Notices*) of the Terms and Conditions. The costs of publication shall be borne by the Issuer.

3. From the date on which the Convening Notice is published in accordance with § 4 (2) until the date of the Noteholders' Meeting, the Issuer shall make available to the Noteholders of the relevant Class, on the Issuer's website or, if no such website exists, on the website specified for the purpose of publications under these provisions, the Convening Notice and the precise conditions on which the attendance of the Noteholders' Meeting and the exercise of voting rights shall be dependent.

§5 Agenda

1. The person convening the Noteholders' Meeting shall make a proposal for resolution in respect of each item on the agenda to be passed upon by the Noteholders of the relevant Class.

2. The agenda of the Noteholders' Meeting shall be published together with the Convening Notice. § 4 (2) and (3) shall apply *mutatis mutandis*. No resolution may be passed on any item of the agenda which has not been published in the prescribed manner.

3. One or more Noteholders of the relevant Class together hold not less than 5 per cent. of the outstanding Notes of such Class may require that new items are published for resolution.

4. § 1 (2) to (4) shall apply *mutatis mutandis*. Such new items shall be published no later than the third (3rd) day preceding the Noteholders' Meeting.

5. Any counter motion announced by a Noteholder of the relevant Class the Noteholders' Meeting shall promptly be made available by the Issuer to all Noteholders of such Class up to the day of the Noteholders' Meeting on the Issuer's website or, if no such website exists, on the website specified for the purpose of publications under these provisions.

§6 Proxy

1. Each Noteholder of the relevant Class may be represented at the Noteholders' Meeting by proxy. Such right shall be set out in the Convening Notice regarding the Noteholders' Meeting. The Convening Notice shall further specify the prerequisites for valid representation by proxy.

2. The power of attorney and the instructions given by the principal to the proxy Noteholder shall be made in text form (*Textform*). If a person nominated by the Issuer is appointed as

   proxy, the relevant power of attorney shall be kept by the Issuer in a verifiable form for a period of three (3) years.

§7 Chairperson, Quorum

1. The person convening the Noteholders' Meeting shall chair the meeting unless another chairperson has been determined by the court.

2. In the Noteholders' Meeting the chairperson shall prepare a roster of Noteholders of the relevant Class present or represented by proxy. Such roster shall state the Noteholders' names, their registered office or place of residence as well as the number of voting rights represented by each

Noteholder of the relevant Class. Such roster shall be signed by the chairperson of the meeting and shall promptly be made available to all Noteholders.

3. A quorum shall be constituted for the Noteholders' Meeting if the persons present represent by value not less than 50 per cent. of the outstanding Notes of the relevant Class. If it is determined at the meeting that no quorum exists, the chairperson may convene a second meeting for the purpose of passing a new resolution. Such second meeting shall require no quorum. For those resolutions the valid adoption of which requires a qualified majority, the persons present at the meeting must represent not less than 25 per cent. of the outstanding Notes of such Class. Notes for which voting rights are suspended shall not be included in the outstanding Notes of such Class.

§8 Information Duties, Voting, Minutes

1. The Issuer shall be obliged to give information at the Noteholders' Meeting to each Noteholder of the relevant Class upon request in so far as such information is required for an informed judgment regarding an item on the agenda or a proposed resolution.

2. The provisions of the German Stock Corporation Act (*Aktiengesetz*) regarding the voting of share Noteholders at general meetings shall apply *mutatis mutandis* to the casting and counting of votes, unless otherwise provided for in the Convening Notice.

3. In order to be valid each resolution passed at the Noteholders' Meeting shall be recorded in minutes of the meeting. If the Noteholders' Meeting is held in Germany, the minutes shall be recorded by a notary. If a Noteholders' Meeting is held abroad, it must be ensured that the minutes are taken in form and manner equivalent to minutes taken by a notary.

4. Section 130 (2) to (4) of the German Stock Corporation Act (*Aktiengesetz*) shall apply mutatis *mutandis*. Each Noteholder present or represented by proxy at the Noteholders' Meeting may request from the Issuer, for up to one (1) year after the date of the meeting, a copy of the minutes and any annexes.

§9 Publication of Resolutions

1. The Issuer shall at its expense cause publication of the resolutions passed in appropriate form. If the registered office of the Issuer is located in Germany, the resolutions shall promptly be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and additionally in accordance with the provisions of Condition 13 (*Form of Notices*) of the Terms and Conditions. The publication prescribed in Section 30e(1) of the German Securities Trading Act (*Wertpapierhandelsgesetz*) shall be sufficient.

2. In addition, the Issuer shall make available to the public the resolutions passed and, if the resolutions amend the Terms and Conditions, the wording of the original Terms and Conditions, for a period of not less than one month commencing on the day following the date of the Noteholders' Meeting. Such publication shall be made on the Issuers' website or, if no such website exists, on the website specified for the purpose of publications under these provisions.

§10 Insolvency Proceedings in Germany

1. If insolvency proceedings have been instituted over the assets of the Issuer in Germany, then any resolutions of Noteholders of the relevant Class shall be subject to the provisions of the German Insolvency Code (*Insolvenzordnung*), unless otherwise provided for in the provisions set out below. Section 340 of the German Insolvency Code (*Insolvenzordnung*) shall remain unaffected.

2. The Noteholders of the relevant Class may by majority resolution appoint a Noteholders' Representative to exercise their rights jointly in the insolvency proceedings. If no Noteholders' Representative has been appointed, the insolvency court shall convene a Noteholders' Meeting for this purpose in accordance with the provisions of the German Act on Debt Securities (*Schuldverschreibungsgesetz*).

3. The Noteholders' Representative shall be obliged and exclusively entitled to assert the rights of the Noteholders of the relevant Class in the insolvency proceedings. The Noteholders' Representative need not present the debt instrument.

4. In any insolvency plan, the Noteholders of the relevant Class shall be offered equal rights.

5. The insolvency court shall cause that any publications pursuant to the provisions of the German Act on Debt Securities (*Schuldverschreibungsgesetz*) are published additionally in the internet on the website prescribed in Section 9 of the German Insolvency Code (*Insolvenzordnung*).

§11 Action to Set Aside Resolutions

1. An action to set aside a resolution of Noteholders of any Class may be filed on grounds of a breach of statute or of the Terms and Conditions. A resolution of Noteholders of any Class may be subject to an action to set aside by a Noteholder of such Class on grounds of inaccurate, incomplete or denied information only if the furnishing of such information was considered to be essential in the objective judgement of such Noteholder (*objektiv urteilender Gläubiger*) for its voting decision. An action to set aside may not be based upon an infringement of rights which are exercised by electronic means in connection with votes without a meeting if the infringement is caused by technical malfunction, except in the case of gross negligence or wilful misconduct on the part of the Issuer.

2. An action to set aside a resolution may be brought by:

   (a) any Noteholder of such Class who has taken part in the vote and has raised an objection against the resolution in the time required, *provided that* such Noteholder has acquired the Note before the publication of the Convening Notice for the Noteholders' Meeting or before the call to vote in a voting without a meeting;

   (b) any Noteholder of such Class who did not take part in the vote, *provided that* his exclusion from voting was unlawful, the meeting had not been duly convened, the voting had not been duly called for, or if the subject matter of a resolution had not been properly notified.

3. The action to set aside a resolution passed by the Noteholders of such Class is to be filed within one month following the publication of such resolution. The action shall be directed against the Issuer. The court of exclusive jurisdiction in the case of an Issuer having its registered office in Germany shall be the District Court (*Landgericht*) at the place of such registered office or, in case of an Issuer having its registered office abroad, the District Court (*Landgericht*) in Frankfurt am Main. Section 246 (3) sentences 2 to 6 of the German Stock Corporation Act (*Aktiengesetz*) shall apply *mutatis mutandis*. A resolution which is subject to court action may not be implemented until the decision of the court has become *res judicata*, unless a senate of the Higher Regional Court which is superior to the court competent pursuant to sentence 3 above under the relevant rules on the stages of appeal, pursuant to Section 246a of the German Stock Corporation Act (*Aktiengesetz*), upon application of the Issuer that the filing of such action to be set aside does not impede the implementation of such resolution. Section 246a (1) sentences 1 and 2, (2) and (3) sentences 1 to 4 and 6 and (4) of the German Stock Corporation Act (*Aktiengesetz*) shall apply *mutatis mutandis*.

§12 Implementation of Resolutions

1. Resolutions passed by the Noteholders' Meeting which amend or supplement the contents of the Terms and Conditions shall be implemented by supplementing or amending the relevant Global Note. If the Global Note is held with a securities depositary, the chairperson of the meeting shall to this end transmit the resolution passed and recorded in the minutes to the securities depositary requesting it to attach the documents submitted to the existing documents in an appropriate manner. The chairperson shall confirm to the securities depositary that the resolution may be implemented.

2. The Noteholders' Representative may not exercise any powers or authorisations granted to it by resolution for as long as the underlying resolution may not be implemented.