

Annual accounts for the year ended 31 December 2019  
(with the report of the Réviseur d'Entreprises agréé thereon)

**Silver Arrow S.A.**  
Société anonyme

6, rue Eugène Ruppert

L-2453, Luxembourg

R.C.S. Luxembourg: B111345

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## SUMMARY OF COUNTERPARTIES

Directors	Mr. Claudio Chirco Mr. Luigi Maula Mr. Sean Barrett
Corporate Service Provider	Intertrust (Luxembourg) S.à.r.l ("Intertrust")
Seller, Servicer and Subordinated Loan Provider	Mercedes-Benz Bank AG (compartment 7,8,9,10) Mercedes-Benz Financial Services UK Limited (compartment UK 2017-1, UK 2018-1)
Issuer Account Bank, Paying Agent, Interest Determination Agent, Calculation Agent, Custodian	Elavon Financial Services Ltd
Joint Lead Managers	HSBC Bank Plc (compartment 10, UK 2017-1)  Société Générale Corporate and Investment Banking (compartment 7) UniCredit Bank AG (compartment 7,9) Credit Agricole Corporate and Investment Bank (compartment 8) Landesbank Baden-Württemberg (compartment 8) Lloyds Bank plc (compartment UK 2017-1, 2018-1) Commerzbank AG (compartment 9) Merrill Lynch International (compartment UK 2018-1) ING Bank N.V. (compartment 10)

## SUMMARY OF COUNTERPARTIES (continued)

Swap Counterparties	DZ BANK AG Deutsche Zentral-Genossenschaftsbank (compartment 7, 8,9) Royal Bank of Canada (compartment 10) HSBC Bank plc (compartment UK 2017-1, 2018-1)
Rating Agencies	DBRS Inc. (compartment 7, 8, 9) Standard & Poor's Frankfurt (compartment 7) Standard & Poor's London (compartment UK 2017-1, UK 2018-1) Fitch Deutschland GmbH (compartment 10) S&P Global Ratings Europe Limited (compartment 10) Moody's Deutschland GmbH (compartment 8, 9, UK 2017-1, UK 2018-1)
Trustee	Wilmington Trust SP Services (Frankfurt) GmbH

Silver Arrow S.A.  
Director's report  
For the year ended December 31, 2019

Dear Shareholders,

The Board of Directors is pleased to present the annual accounts of SILVER ARROW S.A. (the "Company") for the financial year ended December 31, 2019.

### **1. Activities and development of the business**

The Company is a limited liability company ("Société Anonyme") incorporated on October 21, 2005, which has the status of a securitization company under the law of March 22, 2004 on securitization.

The Company's business purpose is the securitization, within the meaning of the Luxembourg law of March 22, 2004 on securitisations which shall apply to the Company, of receivables (the "Permitted Assets"). The Company shall not actively source Permitted Assets but shall only securitise those Permitted Assets that are proposed to it by one or several originators. The Board of Directors of the Company may, in accordance with the terms of the law of March 22, 2004 create one or more compartments within the Company and to securitize Permitted Assets for such compartments. Each compartment shall be treated as a separate entity.

In the year 2016, the Company created the compartment 7, approved by the Board of Directors on May 17, 2016. In respect of the compartment 7, the Company issued Class A Notes for a nominal amount of EUR 1,017,500,000 and Class B Notes for a nominal amount of EUR 82,500,000 linked to the performance of Lease receivables originated by Mercedes-Benz Bank AG. As at November 15, 2019, the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is liquidate the Compartment 7 during the year 2020.

In the year 2017, the Company created the compartment 8, approved by the Board of Directors on June 8, 2017. In respect of the compartment 8, the Company issued Class A Notes for a nominal amount of EUR 1,108,500,000 and Class B Notes for a nominal amount of EUR 83,500,000 linked to the performance of Lease receivables originated by Mercedes-Benz Bank AG. As at December 31, 2019 the outstanding amount of Class A and Class B Notes were EUR 220,792,022 and EUR 83,500,000 respectively.

In the year 2017, the Company created the compartment UK 2017-1, approved by the Board of Directors on August 23, 2017. In respect of the compartment UK 2017-1, the Company issued Class A Notes for a nominal amount of GBP 400,000,000 (EUR 448,666,898) and Class B Notes for a nominal amount of GBP 145,891,000 (EUR 163,641,156) linked to the performance of Lease receivables originated by Mercedes-Benz Financial Services UK Limited. As at October 21, 2019, the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is liquidate the Compartment UK 2017-1 during the year 2020.

Silver Arrow S.A.  
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**1. Activities and review of the business development (continued)**

In the year 2018, the Company created the compartment 9, approved by the Board of Directors on July 23, 2018. In respect of the compartment 8, the Company issued Class A Notes for a nominal amount of EUR 750,500,000 and Class B Notes for a nominal amount of EUR 56,500,000 linked to the performance of Lease receivables originated by Mercedes-Benz Bank AG. As at December 31, 2019 the outstanding amount of Class A and Class B Notes were EUR 371,084,273 and EUR 56,500,000 respectively.

In the year 2018, the Company created the compartment UK 2018-1, approved by the Board of Directors on September 14, 2018. In respect of the compartment UK 2018-1, the Company issued Class A Notes for a nominal amount of GBP 407,500,000 (EUR 445,689,125) and Class B Notes for a nominal amount of GBP 148,497,000 (EUR 166,057,590) linked to the performance of Lease receivables originated by Mercedes-Benz Financial Services UK Limited. As at December 31, 2019 the outstanding amount of Class A and Class B Notes were GBP 124,509,376 (EUR 146,343,883) and GBP 148,497,000 (EUR 174,538,082) respectively.

In the year 2019, the Company created the compartment 10, approved by the Board of Directors on July 16, 2019. In respect of the compartment 10, the Company issued Class A Notes for a nominal amount of EUR 1,162,500,000, Class B Notes – EUR 52,500,000, Class C Notes – EUR 17,500,000, Class D Notes – EUR 11,200,000 and Class Z Notes – EUR 6,300,000 linked to the performance of Lease receivables originated by Mercedes-Benz Bank AG. As at December 31, 2019 the outstanding amount of Class A Notes were EUR 960,173,577, class B Notes – EUR 52,500,000, class C Notes – EUR 17,500,000, class D Notes – EUR 11,200,000 and class Z Notes – EUR 1.

The portfolio of assets has been purchased from two counterparts. The Company receives monthly reports from Mercedes-Benz Bank AG which discloses the monthly purchases, redemptions and other important information which serve as basis of accounting and control.

**Movements in number of active compartments:**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
	<b>EUR</b>	<b>EUR</b>
Opening	5	4
Number of compartment created	1	2
Number of compartment redeemed/cancelled	2	1
Closing	4	5

*Financial highlights*

	2019	2018
	EUR	EUR
Total Assets	2,142,201,957	2,518,424,153
Notes Issued	2,094,131,838	2,427,984,694
Net Profit or (Loss) for the financial year	-	-

*Acquisition of own shares*

During the year ended December 31, 2019, the Company has not purchased any of its own shares.

Silver Arrow S.A.  
Director's report  
For the year ended December 31, 2019

**1. Activities and review of the business development (continued)**

*Research and development activities*

The Company was not involved or participating in any kind of research or development activities during the year ended December 31, 2019.

*Branches of the Company*

The Company does not have any branches.

**2. Principal risks and uncertainties**

The Company was incorporated for the business purpose is the securitization, within the meaning of the Luxembourg law of March 22, 2004 on securitisations which shall apply to the Company, of receivables (the 'Permitted Assets'). The Company shall not actively source Permitted Assets but shall only securitise those Permitted Assets that are proposed to it by one or several originators.

The Company has exposure to the following risks from its use of financial instruments and does not have any externally imposed capital requirements, other than the minimum capital requirements of the Commercial Law in Luxembourg.

i - Credit risk

The Company may be exposed to a credit risk with third parties with whom it trades and may also bear the risk of settlement default.

ii - Counterparty risk

Some of the assets and derivatives will expose the Company to the risk of Counterparty default.

iii - Interest rate risk

The Receivables bear interest at fixed rates while the Notes will bear interest at floating rates based on 1-month Euribor or 1-month Libor. The Company will hedge afore-described interest rate risk related to the notes and will use payments made by the swap counterparties to make payments on the Notes on each Payment date.

The liquidity risk, market risk, currency risk and the price risk are not defined as the Directors of the Company believe that these risks are not applicable for the Company or are not deemed as principal risks to the Company as a whole.

**3. Directors and their interests**

The Directors who held office on December 31, 2019 did not hold any shares in the Company or in any group company at that date, or during the financial year. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, at any time during the year.

Silver Arrow S.A.  
Director's report  
For the year ended December 31, 2019

#### **4. Corporate Governance Statement**

##### *Introduction*

The Company is subject to and complies with the Commercial Law of Luxembourg, the Securitization Law, the Law of Transparency and the Listing Rules of the Luxembourg Stock Exchange. The Company does not apply additional requirements in addition to those required by the above.

The Company has no employees. Corporate and domiciliation services are provided by Intertrust, a regulated service provider, which is supervised by the CSSF.

Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

##### *Financial Reporting Process*

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Corporate Service Provider, Intertrust, to maintain the accounting records of the Company independently of the Arranger and the Custodian.

For services provided by the Corporate Service Provider, the four eyes principle is established. The Corporate Service Provider is contractually obliged to maintain proper books and records as required by the service agreement. To that end the Corporate Service Provider performs reconciliations of its records to those of the Arranger and the Custodian. The Corporate Service Provider is also contractually obliged to prepare for review and approval by the Board the Annual Accounts providing a true and fair view of the financial situation of the Company. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the external auditor's performance, qualifications and independence. The Corporate Service Provider has operating responsibility for internal control in relation to the financial reporting process.

##### *Risk Management and Internal Control*

The Board of Directors has overall responsibility for the Company's system of internal control and risk management, incident to the day-to-day control of the Company's business, the internal control and the preparation of the annual accounts.

The Company has an embedded risk management and reporting process which ensures that risks are identified, assessed and mitigated at an executive level and reported to the Board of Directors.

The results of risk management activities are consolidated and reviewed by the Board of Directors on an annual basis.

The system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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#### 4. Corporate Governance Statement (continued)

The Company's systems of internal control ensure key risks are managed through:

- The management structure with delegated authority levels, segregation of duties, functional reporting lines and accountability;
- Authorisation processes for all capital expenditure, other purchases and expenses are subject to appropriate authorisation procedures;
- Formal reporting to the Board of Directors on specific areas of financial and operational risk.

The Board of Directors conducts reviews of the risk management process and system of internal controls. To achieve this, the Board of Directors receives regular updates on key risks and control priorities such as business controls, business continuity planning, tone at the top and anti-fraud procedures. The Board of Directors reviews the results of all internal and external audits performed over systems of internal controls and tracks management's response to any identified control issues.

The effectiveness of the system of internal control and risk management process is reviewed annually by the Board.

##### *Rules governing the appointment and replacement of Board Members*

The Company is managed by a Board of Directors comprising of at least three members. The Directors are appointed by the General Meeting of Shareholders for a period not exceeding six years and are re-eligible. They may be removed at any time by a resolution of the general meeting of shareholders. A Director will remain in function until his successor has been appointed. In case a Director is elected without mention of the term of his mandate, he is deemed to be elected for six years from the date of his election. In the event of vacancy of a member of the Board of Directors because of death, retirement, or otherwise, the remaining Directors thus appointed may meet and elect, by majority vote, a Director to fill such vacancy until the next general meeting of shareholders which will be asked to ratify such election.

##### *Amendment of Articles of associations*

Follows the legal requirements in Luxembourg.

##### *General powers of the Board of Directors*

The Board of Directors is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of shareholders fall within the competence of the Board of Directors. The Board of Directors is authorised to transfer, assign and dispose of the assets of the Company in accordance with the Securitisation Law and in such manner as the Board of Directors deems appropriate as well as, for the avoidance of doubt, in accordance with the terms and conditions of the securities issued by the Company in the context of the securitisation of the relevant assets.

It is not foreseen to buy back any issued shares.

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#### 4. Corporate Governance Statement (continued)

##### *Voting rights*

Each issued share holds one vote in a meeting of shareholders. No special voting rights exist.

The Company is managed by Board of Directors composed of three members, represented by:

- Tomasz Bieniek, Director until January 15, 2019
- Riccardo Incani, Director until May 5, 2020
- Jeremiah Daniel O'Donoghue, Director from January 15, 2019 to May 5, 2020
- Luigi Maula, Director since August 14, 2018
- Claudio Chirco, Director since May 5, 2020
- Sean Barrett, Director since May 5, 2020

The current Board of Directors were appointed on the General Meeting of Shareholders of the Company after resignation of the prior Board of Directors.

#### 5. Shares and shareholders

The fully-paid subscribed capital amounts to EUR 31,000 which is divided into 3,100 ordinary shares in registered form with a nominal value of EUR 10 each. Stichting Bertdan and Stichting Cannelle each hold 1,550 shares of the Company.

The shares may be represented, at the owner's option, by certificates representing single shares or certificates representing two or more shares.

#### 6. Subsequent events

Subsequent to the year end, on April 9, 2020 Compartment UK 2020-1 was created for the purpose of securitizing a portfolio of auto loans.

Subsequent to the year end, on April 3, 2020 Compartment 11 was created for the purpose of securitizing a portfolio of auto loans.

In the first months of 2020, a pandemic of corona-virus disease (COVID-19) around the world, has led to numerous cases causing an economic instability. As the business of Silver Arrow is highly dependent on the performance of MBB and MBFS, the assessment of the risks and possible economic and financial impacts of the pandemic on Silver Arrow is based on the economic and financial performance assessment as well as the assessment of possible risks of MBB and MBFS. In its financial statements MBB mentions that the current situation is marked by an increased uncertainty on the market, and considerable restrictions for individuals and companies alike as well as that there is a possibility of an economic downturn and even a recession resulting from the current situation. More precisely, there are such risks as a decline in unit sales for manufacturers with corresponding effects on new business for MBB, as well as the negative effects on customers' creditworthiness and payment behavior associated with an economic downturn which may lead to rising expenses for risk provisions and higher rates of default on loans than provided for in the planning, with corresponding consequences for receivables from customers. The negative impact on customers' creditworthiness implies a higher risk of default of certain customers and an increase of the risk of non-recoverability of the loans. For Silver Arrow, there is a risk of a higher value adjustment on underlying assets (portfolio of loans) as well as possibility for a lower initial volumes of Loan portfolio for Compartments to be opened in the foreseen future.

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**6. Subsequent events (continued)**

However, given the fact that neither the exact time for end of pandemic nor an economic recovery after the pandemic are forecastable at the moment of preparation of these annual accounts, the precise ramifications could not be foreseen at the time these financial statements were prepared.

No other events occurred subsequent to December 31, 2019 that would have material impact on these annual accounts.

**7. Audit Committee**

The Company has not established an Audit Committee.

The sole business of the Company relates to the issuing of asset-backed securities.

The Company also enters into certain derivatives to hedge out interest rate and currency risk exposures arising between asset and liability mismatches.

Under the Art.52 5 c) of the Law of 23 July 2016 on Audit Profession as amended, such a Company may avail itself of an exemption from the requirement to establish an audit committee.

Given the limited recourse nature of the securities issued by the Company and the independency of all the Directors, the Board of Directors has concluded that there is currently no need for the Company to have a separate audit committee in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. Accordingly, the Board of Directors resolved to apply according to Art. 52 5 c) of the Law of 23 July 2016 on Audit Profession the exemption from the requirements to set up an audit committee, as it acts as issuer of asset-backed securities as defined in point (5) of Article 2 of Commission Regulation (EC) No 809/2004, which is deemed appropriate given the defined business activities of the Company.

**8. Statement of Director's responsibilities**

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Director's report and the Corporate Governance Declaration include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Luigi Maula  
Director



Claudio Chirco  
Director  
represented by Luigi Maula



Sean Barrett  
Director





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To the Shareholder of  
Silver Arrow S.A.  
6, rue Eugene Ruppert  
L-2453 Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Report on the audit of the annual accounts***

#### ***Opinion***

We have audited the annual accounts of Silver Arrow S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

#### ***Basis for Opinion***

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### **Completeness, existence and accuracy of Company's Financial Assets (Other loans)**

#### *a) Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended 31 December 2019*

As at 31 December 2019, "Other loans" amount to EUR 2,092 million, representing collectively 98% of total assets of the Company.

Financial assets classified as "Other loans" are composed of portfolio of lease receivables which are measured at acquisition cost less any provision for value adjustments and write-offs.

The Company acquired its portfolio of lease receivables from Mercedes-Benz Bank AG (hereafter "MBB") and Mercedes-Benz Financial Services UK Limited (hereafter "MBFS") and the same counterparties also act as servicers of the acquired lease receivables with the purpose of collecting principal and interests.

The collection of principals and interests is reported by the servicer to the Company through a monthly investor report. The servicer also reports additional purchases of lease receivables and defaults, if any, in the monthly investor report.

Due to the significance of "Other loans" balance and the fact that servicing of lease receivables is outsourced by the Company, we consider completeness, existence and accuracy of Company's financial assets as a key audit matter.

We refer to the accounting policies in Note 2 "Significant accounting policies" and Note 4 "Financial Assets" to the annual accounts.

#### *b) How the matter was addressed in our audit*

As the Company acquired lease receivables from MBB and MBFS, who also acts as servicers of lease receivables, we involved KPMG Germany and KPMG UK respectively to assist us in our audit of the Company.

Our procedures over completeness, existence and accuracy of Company's Financial Assets (Other loans) included but were not limited to:

- We obtained understanding of credit underwriting and loan origination process through inquiries made by KPMG Germany and KPMG UK to the management of MBB and MBFS being the seller of the lease receivables and reviewing the related process documents of MBB and MBFS;
- We obtained the results of the work performed by KPMG Germany and KPMG UK in respect of tests of design and operating effectiveness of relevant controls over interest calculation, principal and interest collection;
- We performed a reconciliation of monthly purchases, collections and write-offs as reported in the monthly investor report with an amount recorded in the general ledger of the Company and investigated any difference;
- We obtained confirmations from MBB and MBFS for outstanding balances of lease receivables and investigated any difference;
- We reviewed the work performed by KPMG Germany and KPMG UK in respect of completeness, existence and accuracy of lease receivables and challenged them where deemed necessary.



### ***Other information***

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our report of “Réviseur d’Entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

### ***Responsibilities of the Board of Directors for the annual accounts***

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### ***Responsibilities of the Réviseur d’Entreprises agréé for the audit of the annual accounts***

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “Réviseur d’Entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

### ***Report on other legal and regulatory requirements***

We have been appointed as "Réviseur d'Entreprises agréé" by the Board of Directors on 24 July 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.



We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.

Luxembourg, 31 July 2020

KPMG Luxembourg,  
Société coopérative  
Cabinet de révision agréé

F. Rouault  
Partner

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RCSL Nr. : B111345

Matricule : 2005 2224 064

eCDF entry date :

**BALANCE SHEET**

**Financial year from** <sup>01</sup> 01/01/2019 **to** <sup>02</sup> 31/12/2019 (in <sup>03</sup> EUR )

Silver Arrow S.A.  
 6, rue Eugène Ruppert  
 L-2453 Luxembourg

**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
<b>B. Formation expenses</b>	1107 _____	107 _____	108 _____
<b>C. Fixed assets</b>	1109 _____	109 <b>2.092.476.188,00</b>	110 <b>2.419.861.317,00</b>
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

RCSL Nr. : B111345

Matricule : 2005 2224 064

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
<b>III. Financial assets</b>	1135	<b>2.2, 4</b>	135
		<b>2.092.476.188,00</b>	<b>2.419.861.317,00</b>
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	<b>2.2, 4</b>	147
		<b>2.092.476.188,00</b>	<b>2.419.861.317,00</b>
<b>D. Current assets</b>	1151	<b>49.694.827,00</b>	<b>98.546.803,00</b>
<b>I. Stocks</b>	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
<b>II. Debtors</b>	1163	<b>5</b>	163
		<b>11.594.972,00</b>	<b>16.640.300,00</b>
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	<b>5</b>	171
		<b>4.945.776,00</b>	<b>8.053.658,00</b>
a) becoming due and payable within one year	1173	<b>4.945.776,00</b>	173
		<b>4.945.776,00</b>	<b>8.053.658,00</b>
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	<b>5</b>	183
		<b>6.649.196,00</b>	<b>8.586.642,00</b>
a) becoming due and payable within one year	1185	<b>6.649.196,00</b>	185
		<b>6.649.196,00</b>	<b>8.586.642,00</b>
b) becoming due and payable after more than one year	1187	187	188

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	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____ <u>6</u>	197 _____ <u>38.099.855,00</u>	198 _____ <u>81.906.503,00</u>
<b>E. Prepayments</b>	1199 _____	199 _____ <u>30.942,00</u>	200 _____ <u>16.033,00</u>
<b>TOTAL (ASSETS)</b>		201 _____ <u>2.142.201.957,00</u>	202 _____ <u>2.518.424.153,00</u>

RC SL Nr. : B111345

Matricule : 2005 2224 064

**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301	53.172,00	53.172,00
I. Subscribed capital	1303 <u>7</u>	31.000,00	31.000,00
II. Share premium account	1305 <u>8</u>	100.000,00	100.000,00
III. Revaluation reserve	1307		
IV. Reserves	1309 <u>9</u>	3.100,00	3.100,00
1. Legal reserve	1311 <u>9</u>	3.100,00	3.100,00
2. Reserve for own shares	1313		
3. Reserves provided for by the articles of association	1315		
4. Other reserves, including the fair value reserve	1429		
a) other available reserves	1431		
b) other non available reserves	1433		
V. Profit or loss brought forward	1319	-80.928,00	-80.928,00
VI. Profit or loss for the financial year	1321		
VII. Interim dividends	1323		
VIII. Capital investment subsidies	1325		
<b>B. Provisions</b>	1331		
1. Provisions for pensions and similar obligations	1333		
2. Provisions for taxation	1335		
3. Other provisions	1337		
<b>C. Creditors</b>	1435	2.142.148.669,00	2.518.370.981,00
1. Debenture loans	1437 <u>10</u>	2.094.364.110,00	2.428.437.798,00
a) Convertible loans	1439		
i) becoming due and payable within one year	1441		
ii) becoming due and payable after more than one year	1443		
b) Non convertible loans	1445 <u>10</u>	2.094.364.110,00	2.428.437.798,00
i) becoming due and payable within one year	1447	232.272,00	453.104,00
ii) becoming due and payable after more than one year	1449	2.094.131.838,00	2.427.984.694,00
2. Amounts owed to credit institutions	1355		
a) becoming due and payable within one year	1357		
b) becoming due and payable after more than one year	1359		

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Matricule : 2005 2224 064

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____ <b>11</b>	367 _____ <b>161.230,00</b>	368 _____ <b>124.242,00</b>
a) becoming due and payable within one year	1369 _____	369 _____ <b>161.230,00</b>	370 _____ <b>124.242,00</b>
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____ <b>12</b>	379 _____ <b>47.232.673,00</b>	380 _____ <b>89.377.211,00</b>
a) becoming due and payable within one year	1381 _____ <b>12</b>	381 _____ <b>25.634.690,00</b>	382 _____ <b>37.065.107,00</b>
b) becoming due and payable after more than one year	1383 _____ <b>12</b>	383 _____ <b>21.597.983,00</b>	384 _____ <b>52.312.104,00</b>
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____ <b>13</b>	451 _____ <b>390.656,00</b>	452 _____ <b>431.730,00</b>
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____ <b>13</b>	397 _____ <b>390.656,00</b>	398 _____ <b>431.730,00</b>
i) becoming due and payable within one year	1399 _____	399 _____ <b>390.656,00</b>	400 _____ <b>431.730,00</b>
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
<b>D. Deferred income</b>	1403 _____	403 _____ <b>116,00</b>	404 _____
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		405 _____ <b>2.142.201.957,00</b>	406 _____ <b>2.518.424.153,00</b>

**Annual Accounts Helpdesk :**

**Tel. :** (+352) 247 88 494  
**Email :** centralebilans@statec.etat.lu

RCSL Nr. : B111345

Matricule : 2005 2224 064

eCDF entry date :

**PROFIT AND LOSS ACCOUNT**

**Financial year from** <sup>01</sup> 01/01/2019 **to** <sup>02</sup> 31/12/2019 (in <sup>03</sup> EUR )

Silver Arrow S.A.  
 6, rue Eugène Ruppert  
 L-2453 Luxembourg

**PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1701 _____	701 _____	702 _____
<b>2. Variation in stocks of finished goods and in work in progress</b>	1703 _____	703 _____	704 _____
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	1705 _____	705 _____	706 _____
<b>4. Other operating income</b>	1713 _____	713 _____	714 _____
<b>5. Raw materials and consumables and other external expenses</b>	1671 _____	671 <u>-555.111,00</u>	672 <u>-414.770,00</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____ 15	603 <u>-555.111,00</u>	604 <u>-414.770,00</u>
<b>6. Staff costs</b>	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
<b>7. Value adjustments</b>	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
<b>8. Other operating expenses</b>	1621 _____	621 <u>-37.642,00</u>	622 _____

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	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1721	721 <u>91.802.823,00</u>	722 <u>97.199.238,00</u>
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725 <u>16</u>	725 <u>91.802.823,00</u>	726 <u>97.199.238,00</u>
<b>11. Other interest receivable and similar income</b>	1727 <u>17</u>	727 <u>9.756.658,00</u>	728 <u>10.525.520,00</u>
a) derived from affiliated undertakings	1729	729 <u>2.044.830,00</u>	730 <u>3.155.336,00</u>
b) other interest and similar income	1731	731 <u>7.711.828,00</u>	732 <u>7.370.184,00</u>
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1663	663	664
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1665 <u>18</u>	665 <u>-8.025.229,00</u>	666 <u>-2.636.048,00</u>
<b>14. Interest payable and similar expenses</b>	1627 <u>19</u>	627 <u>-92.938.530,00</u>	628 <u>-104.667.331,00</u>
a) concerning affiliated undertakings	1629	629 <u>-73.281.560,00</u>	630 <u>-85.884.253,00</u>
b) other interest and similar expenses	1631	631 <u>-19.656.970,00</u>	632 <u>-18.783.078,00</u>
<b>15. Tax on profit or loss</b>	1635	635	636
<b>16. Profit or loss after taxation</b>	1667	667 <u>2.969,00</u>	668 <u>6.609,00</u>
<b>17. Other taxes not shown under items 1 to 16</b>	1637 <u>14</u>	637 <u>-2.969,00</u>	638 <u>-6.609,00</u>
<b>18. Profit or loss for the financial year</b>	1669	669 <u>0,00</u>	670 <u>0,00</u>



**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

## **1 General**

Silver Arrow S.A. (the "Company") is a Luxembourg limited liability company ("Société Anonyme") incorporated on October 21, 2005, which has the status of a securitization Company under the law of March 22, 2004 on securitization.

The registered office of the Company is established at 6, rue Eugène Ruppert, L-2453 Luxembourg.

The Company is registered with the trade and companies register of Luxembourg under number B 111 345.

The Company's financial year begins on January 1 and ends on December 31 of each year.

In accordance with the legal provisions in Title II of the Law of December 19, 2002, these annual accounts were presented on a non-consolidated basis for the approval of the shareholders during the Annual General Meeting.

The Company does not have any branches.

The Company's business purpose is the securitization, within the meaning of the Luxembourg law of March 22, 2004 on securitisations which shall apply to the Company, of receivables (the "Permitted Assets"). The Company shall not actively source Permitted Assets but shall only securitise those Permitted Assets that are proposed to it by one or several originators.

The Board of Directors of the Company may, in accordance with the terms of the law of March 22, 2004 on securitization, and in particular its article 5, enter into one or more compartments within the Company. Each compartment of the Company shall be treated as a separate entity.

Compartment 7 ("Comp.7") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes and non-subordinated loans, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp. 7 Class A Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class B Notes are not listed at any stock exchange (regulated or unregulated). As at November 15, 2019 the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment 7 during the year 2020.

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

**1 General (continued)**

Compartment 8 ("Comp.8") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes and non-subordinated loans, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp. 8 Class A Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class B Notes are not listed at any stock exchange (regulated or unregulated).

Compartment 9 ("Comp.9") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes and non-subordinated loans, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp. 9 Class A Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class B Notes are not listed at any stock exchange (regulated or unregulated).

Compartment 10 ("Comp.10") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp.10 Class A B, C and D Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class Z Notes are not listed at any stock exchange (regulated or unregulated).

Compartment UK 2017-1 ("Comp UK 2017-1") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes and non-subordinated loans, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp. UK 2017-1 Class A Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class B Notes are not listed at any stock exchange (regulated or unregulated). As at October 21, 2019 the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment UK 2017-1 during the year 2020.

Compartment UK 2018-1 ("Comp UK 2018-1") has obtained financing from affiliated and non-affiliated undertakings, in the form of listed and non-listed notes and non-subordinated loans, to fund the purchase of auto loan receivables and maintenance of various cash reserves as required by the seller of lease receivables. The priority of payments describes the seniority of the Class A Noteholders, as the Comp. UK 2018-1 Class A Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Class B Notes are not listed at any stock exchange (regulated or unregulated).

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

**1 General (continued)**

As at December 31, 2019, the Company has four active compartments (2018: five).

The Company is an "issuer" in accordance with the definition of article 1 Nr. 3 of the "Law on transparency requirements in relation to information about issuers whose securities are admitted to trading on regulated market" and has listed debt instruments on the Luxembourg Stock Exchange.

**2 Significant Accounting Policies**

**2.1 Basis of presentation**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements on a going concern basis and under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended Law of December 19, 2002, determined and applied by the Board of Directors.

The provisions of the law of December 18, 2015 on the annual accounts and consolidated accounts and the grand-ducal regulation of December 18, 2015 on the layout of balance sheet and profit and loss accounts, amending the law of December 19, 2002 have been transposed in the annual accounts.

**2.2 Financial assets**

Financial assets classified as other loans are composed of portfolio of lease receivables acquired from Mercedes-Benz Bank AG (MBB) as originator and seller of these lease receivables of compartment 8, 9 and 10 and from Mercedes-Benz Financial Services UK Limited (MBFS UK) as originator and seller of compartment UK 2018-01.

Other loans are stated at acquisition cost less any provision for value adjustments and write-offs, where, in the opinion of the Directors the recovery of the underlying receivable is considered doubtful.

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

**2.2 Financial assets (continued)**

Acute risks relating to receivables are covered by individual value adjustments. Individual value adjustments are recorded when the expected future cash flows are lower than the value of receivables. Collective value adjustments for latent risks are recognized through homogeneous pools on the basis of historical and solvency related risk parameters. This kind of value adjustment (collective value adjustment) takes into account the fact that there are loss events in the portfolio before they are detected. The collective value adjustment is calculated for all receivables for which no individual value adjustment has been recognized.

The collective value adjustment is calculated on the relevant contract by applying the probability of default upon the period between the occurrence and the recognition of the event of default. The expected loss is determined and assigned as collective value adjustments to the individual contracts.

**2.3 Foreign currency translation**

The Company maintains its accounts in Euro (EUR) and the annual accounts are expressed in that currency.

Assets and liabilities expressed in a currency other than EUR are converted into EUR at the rate of exchange ruling at the balance sheet date.

Income and charges in foreign currency are converted into EUR at the rate of exchange ruling on the date of the transaction.

**2.4 Final success fee payable**

The final success fee is calculated in accordance with the offering circular as an amount equal to the available funds less amounts necessary to service the Notes and certain expenses. The fees are paid to MBB for compartment 8, 9, 10 and to MBFS UK for compartment UK 2018-1 on a monthly basis, and are accounted for as an expense.

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

## **2 Significant Accounting Policies (continued)**

### **2.5 General Reserve and Commingling Reserve**

The general cash reserve account (General Reserve) forms part of the available distribution amount and provides protection against shortfalls in the amounts required to pay in respect of interest, principal and other payment obligations in accordance with the priority of payments.

The amounts standing to the credit of the General Reserve account over time will serve as liquidity for the Class A Compartment 8, 9, and UK 2018-1 notes and classes A, B, C and D for Compartment 10 throughout the life of the transaction and will eventually serve as credit enhancement to the Compartment 8, 9, 10 and UK 2018-1 Notes.

A commingling reserve account (Commingling Reserve) was maintained with MBB. On November 15, 2019 the whole amount of commingling reserve (fully related to Compartment 7) was repaid in full.

### **2.6 Cash excess to servicer**

Gains during the year as a result from sales, interest and other financial income under specific conditions, may cause an excess spread. Such amount is due to the seller of lease receivables in order of the priority of payments and shown under the Cash excess to servicer.

### **2.7 Off-balance sheet transactions**

Interest rate swaps entered into as hedging instruments against interest rate fluctuations are reported off balance sheet at nominal value. Interest income and expense arising from these agreements are recorded on an accrual basis.

The fair value of swaps at year end, determining the price that would be received to sell the related asset or paid to transfer the related liability, is obtained from MBB and regular reconciliation of fair values with the swap counterparty is performed by MBB for Compartment 8, 9, 10 and by MBFS UK for compartment UK 2018-1. The fair value of swaps are reviewed and approved by the Board of Directors.

The fair values of swaps are disclosed in "Off-balance sheet" Note 21 to the Annual Accounts.

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment**

	Silver Arrow S.A. <b>2019</b> EUR	Silver Arrow S.A. <b>2018</b> EUR	CAPITAL COMP. <b>2019</b> EUR	CAPITAL COMP. <b>2018</b> EUR
<b>ASSETS</b>				
<b>C. Fixed assets</b>	<b>2,092,476,188</b>	<b>2,419,861,317</b>	-	-
III. Financial assets				
6. Other loans	2,092,476,188	2,419,861,317	-	-
<b>D. Current assets</b>	<b>49,694,827</b>	<b>98,546,803</b>	<b>197,853</b>	<b>63,367</b>
II. Debtors				
2. Amounts owed by affiliated undertakings				
a) becoming due and payable within one year	4,945,776	8,053,658	374,798	125,085
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests				
a) becoming due and payable within one year	-	-	(224,041)	(109,612)
4. Other debtors				
a) becoming due and payable within one year	6,649,196	8,586,642	513	4,183
IV. Cash at bank and in hand	38,099,855	81,906,503	46,583	43,711
<b>E. Prepayments</b>	<b>30,942</b>	<b>16,033</b>	-	-
<b>TOTAL (ASSETS)</b>	<b>2,142,201,957</b>	<b>2,518,424,153</b>	<b>197,853</b>	<b>63,367</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 10 2019 EUR	COMP. 10 2018 EUR	COMP. 9 2019 EUR	COMP. 9 2018 EUR	COMP. 8 2019 EUR	COMP. 8 2018 EUR
<b>ASSETS</b>						
<b>C. Fixed assets</b>	<b>1,044,813,272</b>	-	<b>425,063,091</b>	<b>677,086,361</b>	<b>301,534,357</b>	<b>602,912,972</b>
III. Financial assets						
6. Other loans	1,044,813,272	-	425,063,091	677,086,361	301,534,357	602,912,972
<b>D. Current assets</b>	<b>9,327,444</b>	-	<b>7,325,103</b>	<b>7,855,887</b>	<b>9,263,148</b>	<b>11,186,201</b>
II. Debtors						
2. Amounts owed by affiliated undertakings						
a) becoming due and payable within one year	-	-	2,121,103	2,020,055	2,449,875	3,591,405
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests						
a) becoming due and payable within one year	-	-	41,533	7,919	50,483	20,163
4. Other debtors						
a) Becoming due and payable within one year	2,952,444	-	1,127,467	1,792,913	802,790	1,614,633
IV. Cash at bank and in hand	6,375,000	-	4,035,000	4,035,000	5,960,000	5,960,000
<b>F. Prepayments</b>	<b>6,997</b>	-	<b>10,108</b>	<b>4,008</b>	<b>9,252</b>	<b>10,125</b>
<b>TOTAL (ASSETS)</b>	<b>1,054,147,713</b>	-	<b>432,398,302</b>	<b>684,946,256</b>	<b>310,806,757</b>	<b>614,109,298</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 7	COMP. 7	COMP. UK 2018-1	COMP. UK 2018-1	COMP. UK 2017-1	COMP. UK 2017-1
	2019	2018	2019	2018	2019	2018
	EUR	EUR	EUR	EUR	EUR	EUR
<b>ASSETS</b>						
<b>C. Fixed assets</b>	-	<b>287,970,579</b>	<b>321,065,468</b>	<b>540,227,523</b>	-	<b>311,663,882</b>
III. Financial assets						
7. Other loans	-	287,970,579	321,065,468	540,227,523	-	311,663,882
<b>D. Current assets</b>	<b>47,819</b>	<b>35,609,326</b>	<b>23,368,419</b>	<b>23,776,463</b>	<b>165,039</b>	<b>19,920,573</b>
II. Debtors						
2. Amounts owed by affiliated undertakings						
b) becoming due and payable within one year	-	2,317,113	-	-	-	-
5. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests						
a) becoming due and payable within one year	47,819	20,163	32,509	920	51,695	20,121
6. Other debtors						
a) Becoming due and payable within one year	-	809,390	1,765,982	2,760,592	-	1,606,677
IV. Cash at bank and in hand	-	32,462,660	21,569,928	21,014,951	113,344	18,293,775
<b>F. Prepayments</b>	-	-	<b>1,763</b>	<b>335</b>	<b>2,821</b>	<b>1,565</b>
<b>TOTAL (ASSETS)</b>	<b>47,819</b>	<b>323,579,905</b>	<b>344,435,650</b>	<b>564,004,321</b>	<b>167,860</b>	<b>331,586,020</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 6	COMP. 6	COMP. 5	COMP. 5
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	EUR	EUR	EUR	EUR
<b>ASSETS</b>				
<b>C. Fixed assets</b>	-	-	-	-
III. Financial assets				
8. Other loans	-	-	-	-
<b>D. Current assets</b>	-	<b>94,289</b>	-	<b>40,695</b>
II. Debtors				
2. Amounts owed by affiliated undertakings				
b) becoming due and payable within one year	-	-	-	-
5. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests				
a) becoming due and payable within one year	-	20,163	-	20,163
8. Other debtors				
a) Becoming due and payable within one year	-	(874)	-	(874)
IV. Cash at bank and in hand	-	75,000	-	21,406
<b>F. Prepayments</b>	-	-	-	-
<b>TOTAL (ASSETS)</b>	-	<b>94,289</b>	-	<b>40,695</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	Silver Arrow S.A. <b>2019</b> EUR	Silver Arrow S.A. <b>2018</b> EUR	CAPITAL COMP. <b>2019</b> EUR	CAPITAL COMP. <b>2018</b> EUR
<b>CAPITAL, RESERVES AND LIABILITIES</b>				
<b>A. Capital and reserves</b>	<b>53,172</b>	<b>53,172</b>	<b>53,172</b>	<b>53,172</b>
I. Subscribed capital	31,000	31,000	31,000	31,000
II. Share premium account	100,000	100,000	100,000	100,000
IV. Reserves				
1. Legal Reserve	3,100	3,100	3,100	3,100
V. Profit or loss brought forward	(80,928)	(80,928)	(80,928)	(80,928)
<b>C. Creditors</b>	<b>2,142,148,669</b>	<b>2,518,370,981</b>	<b>144,681</b>	<b>10,195</b>
1. Debenture loans				
a. Non convertible loans				
i. becoming due and payable within one year	232,272	453,104	-	-
ii. becoming due and payable after more than one year	2,094,131,838	2,427,984,694	-	-
4. Trade creditors	161,230	124,242	144,681	10,195
a) becoming due and payable within one year				
6. Amounts owed to affiliated undertakings	25,634,690	37,065,107	-	-
a) becoming due and payable within one year	21,597,983	52,312,104	-	-
b) becoming due and payable after more than one year				
8. Other creditors				
c) Other creditors	390,656	431,730	-	-
i) becoming due and payable within one year	<b>116</b>	-	-	-
<b>D. Deferred income</b>				
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>2,142,201,957</b>	<b>2,518,424,153</b>	<b>197,853</b>	<b>63,367</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 10 2019 EUR	COMP. 10 2018 EUR	COMP. 9 2019 EUR	COMP. 9 2018 EUR	COMP. 8 2019 EUR	COMP. 8 2018 EUR
<b>CAPITAL, RESERVES AND LIABILITIES</b>						
<b>A. Capital and reserves</b>	-	-	-	-	-	-
I. Subscribed capital	-	-	-	-	-	-
II. Share premium account	-	-	-	-	-	-
IV. Reserves						
1. Legal Reserve	-	-	-	-	-	-
V. Profit or loss brought forward	-	-	-	-	-	-
<b>C. Creditors</b>	<b>1,054,147,713</b>	-	<b>432,398,302</b>	<b>684,946,256</b>	<b>310,806,757</b>	<b>614,109,298</b>
1. Debenture loans						
b) Non-convertible loans						
i) becoming due and payable within one year	38,407	-	25,110	29,721	37,110	49,152
ii) becoming due and payable after more than one year	1,041,373,578	-	427,584,273	679,160,804	304,292,022	606,550,128
4. Trade creditors						
a) becoming due and payable within one year	719	-	4,000	17,359	4,146	18,256
6. Amounts owed to affiliated undertakings						
a) becoming due and payable within one year	6,145,255	-	671,543	1,614,262	461,087	1,452,869
b) becoming due and payable after more than one year	6,375,000	-	4,035,000	4,035,000	5,960,000	5,960,000
8. Other creditors						
c) other creditors						
i) becoming due and payable within one year	214,754	-	78,376	89,110	52,392	78,893
<b>D. Deferred income</b>	-	-	-	-	-	-
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>1,054,147,713</b>	-	<b>432,398,302</b>	<b>684,946,256</b>	<b>310,806,757</b>	<b>614,109,298</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 7	COMP. 7	COMP. UK 2018-1	COMP. UK 2018-1	COMP. UK 2017-1	COMP. UK 2017-1
	2019	2018	2019	2018	2019	2018
	EUR	EUR	EUR	EUR	EUR	EUR
<b>CAPITAL, RESERVES AND LIABILITIES</b>						
<b>A. Capital and reserves</b>	-	-	-	-	-	-
I. Subscribed capital	-	-	-	-	-	-
II. Share premium account	-	-	-	-	-	-
IV. Reserves						
1. Legal Reserve	-	-	-	-	-	-
V. Profit or loss brought forward	-	-	-	-	-	-
<b>C. Creditors</b>	<b>47,819</b>	<b>323,579,905</b>	<b>344,435,534</b>	<b>564,004,321</b>	<b>167,860</b>	<b>331,586,020</b>
1. Debenture loans						
b) Non-convertible loans						
i) becoming due and payable within one year	-	32,083	131,645	219,725	-	122,424
ii) becoming due and payable after more than one year	-	290,330,198	320,881,965	540,279,680	-	311,663,883
4. Trade creditors						
a) becoming due and payable within one year	1,555	19,276	2,731	9,999	2,398	12,299
6. Amounts owed to affiliated undertakings						
a) becoming due and payable within one year	46,264	683,720	18,145,079	18,416,722	165,462	14,873,580
b) becoming due and payable after more than one year	-	32,462,660	5,227,983	4,972,408	-	4,882,036
8. Other creditors						
c) other creditors						
i) becoming due and payable within one year	-	51,968	45,131	105,787	-	31,798
<b>D. Deferred income</b>	-	-	<b>116</b>	-	-	-
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>47,819</b>	<b>323,579,905</b>	<b>344,435,650</b>	<b>564,004,321</b>	<b>167,860</b>	<b>331,586,020</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 6 2019 EUR	COMP. 6 2018 EUR	COMP. 5 2019 EUR	COMP. 5 2018 EUR
<b>CAPITAL, RESERVES AND LIABILITIES</b>				
<b>A. Capital and reserves</b>	-	-	-	-
I. Subscribed capital	-	-	-	-
II. Share premium account	-	-	-	-
IV. Reserves				
1. Legal Reserve	-	-	-	-
V. Profit or loss brought forward	-	-	-	-
<b>C. Creditors</b>	-	<b>94,289</b>	-	<b>40,695</b>
1. Debenture loans				
b) Non-convertible loans				
i) becoming due and payable within one year	-	-	-	-
ii) becoming due and payable after more than one year	-	-	-	-
4. Trade creditors				
a) becoming due and payable within one year	-	20,115	-	19,178
6. Amounts owed to affiliated undertakings				
a) becoming due and payable within one year	-	-	-	21,517
b) becoming due and payable after more than one year	-	-	-	-
8. Other creditors				
c) other creditors				
i) becoming due and payable within one year	-	74,174	-	-
<b>D. Deferred income</b>	-	-	-	-
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	-	<b>94,289</b>	-	<b>40,695</b>

Silver Arrow S.A.  
Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	Silver Arrow S.A. <b>2019</b> EUR	Silver Arrow S.A. <b>2018</b> EUR	CAPITAL COMP. <b>2019</b> EUR	CAPITAL COMP. <b>2018</b> EUR
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>5. Raw materials and consumables and other external expenses</b>	<b>(555,111)</b>	<b>(414,770)</b>	<b>(262,748)</b>	<b>(123,522)</b>
b) Other external expenses	(555,111)	(414,770)	(262,748)	(123,522)
<b>8. Other operating expenses</b>	<b>(37,642)</b>	-	<b>(35,133)</b>	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	<b>91,802,823</b>	<b>97,199,238</b>	-	-
b) other income not included under a)	91,802,823	97,199,238	-	-
<b>11. Other interest receivable and similar income</b>	<b>9,756,658</b>	<b>10,525,520</b>	<b>300,992</b>	<b>125,084</b>
a) derived from affiliated undertakings	2,044,830	3,155,336	300,992	125,084
b) other interest and similar income	7,711,828	7,370,184	-	-
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	<b>(8,025,229)</b>	<b>(2,636,048)</b>	-	-
<b>14. Interest payable and similar expenses</b>	<b>(92,938,530)</b>	<b>(104,667,331)</b>	<b>(19)</b>	<b>(11)</b>
a) concerning affiliated undertakings	(73,281,560)	(85,884,253)	-	-
b) other interest and similar expenses	(19,656,970)	(18,783,078)	(19)	(11)
<b>16. Profit or loss after taxation</b>	<b>2,969</b>	<b>6,609</b>	<b>3,092</b>	<b>1,551</b>
<b>17. Other taxes not shown under items 1 to 16</b>	<b>(2,969)</b>	<b>(6,609)</b>	<b>(3,092)</b>	<b>(1,551)</b>
<b>18. Profit or loss for the financial year</b>	-	-	-	-

Silver Arrow S.A.

Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 10 <b>2019</b> EUR	COMP. 10 <b>2018</b> EUR	COMP. 9 <b>2019</b> EUR	COMP. 9 <b>2018</b> EUR
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>5. Raw materials and consumables and other external expenses</b>	<b>(77,041)</b>	-	<b>(22,817)</b>	<b>(36,609)</b>
b) Other external expenses	(77,041)	-	(22,817)	(36,609)
<b>8. Other operating expenses</b>	-	-	-	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	<b>20,829,793</b>	-	<b>16,657,173</b>	<b>13,333,991</b>
b) other income not included under a)	20,829,793	-	16,657,173	13,333,991
<b>11. Other interest receivable and similar income</b>	<b>2,541,905</b>	-	<b>1,327,805</b>	<b>2,748,722</b>
a) derived from affiliated undertakings	-	-	101,048	2,020,055
b) other interest and similar income	2,541,905	-	1,226,757	728,667
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	<b>(3,477,793)</b>	-	<b>(2,247,471)</b>	<b>(2,920,239)</b>
<b>14. Interest payable and similar expenses</b>	<b>(19,816,864)</b>	-	<b>(15,714,690)</b>	<b>(13,125,177)</b>
a) concerning affiliated undertakings	(17,020,142)	-	(13,023,628)	(11,680,702)
b) other interest and similar expenses	(2,796,722)	-	(2,691,062)	(1,444,475)
<b>16. Profit or loss after taxation</b>	-	-	-	<b>688</b>
<b>17. Other taxes not shown under items 1 to 16</b>	-	-	-	<b>(688)</b>
<b>18. Profit or loss for the financial year</b>	-	-	-	-

Silver Arrow S.A.

Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 8	COMP. 8	COMP. 7	COMP. 7
	2019	2018	2019	2018
	EUR	EUR	EUR	EUR
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>5. Raw materials and consumables and other external expenses</b>	<b>(54,015)</b>	<b>(56,778)</b>	<b>(68,223)</b>	<b>(27,535)</b>
b) Other external expenses	(54,015)	(56,778)	(68,223)	(27,535)
<b>8. Other operating expenses</b>	<b>(2,507)</b>	-	-	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	<b>13,643,676</b>	<b>24,114,173</b>	<b>5,266,013</b>	<b>13,485,603</b>
b) other income not included under a)	13,643,676	24,114,173	5,266,013	13,485,603
<b>11. Other interest receivable and similar income</b>	<b>1,092,963</b>	<b>2,320,706</b>	<b>509,859</b>	<b>1,954,186</b>
a) derived from affiliated undertakings	-	-	-	-
b) other interest and similar income	1,092,963	2,320,706	509,859	1,954,186
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	<b>218,237</b>	<b>(1,024,710)</b>	<b>2,693,941</b>	<b>1,261,898</b>
<b>14. Interest payable and similar expenses</b>	<b>(14,898,476)</b>	<b>(25,352,517)</b>	<b>(8,401,590)</b>	<b>(16,673,278)</b>
a) concerning affiliated undertakings	(12,324,704)	(21,034,744)	(7,189,204)	(14,206,006)
b) other interest and similar expenses	(2,573,772)	(4,317,773)	(1,212,386)	(2,467,272)
<b>16. Profit or loss after taxation</b>	<b>(122)</b>	<b>874</b>	-	<b>874</b>
<b>17. Other taxes not shown under items 1 to 16</b>	<b>122</b>	<b>(874)</b>	-	<b>(874)</b>
<b>18. Profit or loss for the financial year</b>	-	-	-	-

Silver Arrow S.A.

Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. UK 2018-1	COMP. UK 2018-1	COMP. UK 2017-1	COMP. UK 2017-1
	2019	2018	2019	2018
	EUR	EUR	EUR	EUR
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>5. Raw materials and consumables and other external expenses</b>	<b>(62,562)</b>	<b>(20,897)</b>	<b>(17,292)</b>	<b>(56,490)</b>
b) Other external expenses	(62,562)	(20,897)	(17,292)	(56,490)
<b>8. Other operating expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10. Income from other investments and loans forming part of the fixed assets</b>	<b>24,794,007</b>	<b>14,304,491</b>	<b>10,612,161</b>	<b>25,974,052</b>
b) other income not included under a)	24,794,007	14,304,491	10,612,161	25,974,052
<b>11. Other interest receivable and similar income</b>	<b>2,351,947</b>	<b>811,207</b>	<b>1,580,245</b>	<b>2,520,590</b>
a) derived from affiliated undertakings	444,311	-	1,147,537	965,172
b) other interest and similar income	1,907,636	811,207	432,708	1,555,418
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	<b>(3,668,316)</b>	<b>(217,598)</b>	<b>(1,543,828)</b>	<b>(2,875,787)</b>
<b>14. Interest payable and similar expenses</b>	<b>(23,415,076)</b>	<b>(14,877,203)</b>	<b>(10,631,286)</b>	<b>(25,561,491)</b>
a) concerning affiliated undertakings	(15,834,998)	(11,850,435)	(7,882,043)	(19,103,470)
b) other interest and similar expenses	(7,580,078)	(3,026,768)	(2,749,243)	(6,458,021)
<b>16. Profit or loss after taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>874</b>
<b>17. Other taxes not shown under items 1 to 16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(874)</b>
<b>18. Profit or loss for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Silver Arrow S.A.

Notes to the annual accounts as at 31 December 2019

**Note 3: Balance sheet and profit and loss account by compartment (continued)**

	COMP. 6	COMP. 6	COMP. 5	COMP. 5
	2019	2018	2019	2018
	EUR	EUR	EUR	EUR
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>5. Raw materials and consumables and other external expenses</b>	<b>2,747</b>	<b>(48,777)</b>	<b>6,841</b>	<b>(44,150)</b>
b) Other external expenses	2,747	(48,777)	6,841	(44,150)
<b>8. Other operating expenses</b>	-	-	-	-
<b>10. Income from other investments and loans forming part of the fixed assets</b>	-	<b>5,986,928</b>	-	-
b) other income not included under a)	-	5,986,928	-	-
<b>11. Other interest receivable and similar income</b>	<b>50,941</b>	-	-	<b>45,024</b>
a) derived from affiliated undertakings	-	-	-	45,024
b) other interest and similar income	50,941	-	-	-
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	-	<b>3,140,388</b>	-	-
<b>14. Interest payable and similar expenses</b>	<b>(53,688)</b>	<b>(9,077,665)</b>	<b>(6,841)</b>	-
a) concerning affiliated undertakings	-	(8,008,892)	-	-
b) other interest and similar expenses	(53,688)	(1,068,773)	(6,841)	-
<b>16. Profit or loss after taxation</b>	-	<b>874</b>	-	<b>874</b>
<b>17. Other taxes not shown under items 1 to 16</b>	-	<b>(874)</b>	-	<b>(874)</b>
<b>18. Profit or loss for the financial year</b>	-	-	-	-

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

**4 Financial assets**

Financial assets classified as Other Loans are composed of portfolio of lease receivables acquired from Mercedes-Benz Bank AG as originator and seller of these lease receivables of compartments 7, 8, 9, 10 and portfolio of lease receivables acquired from Mercedes-Benz Financial Services UK Limited as originator and seller of these lease receivables of compartments UK 2017-1 and UK 2018-1. The Company used the net proceeds from the sale of the Notes to purchase a portfolio of auto loan receivables of Mercedes-Benz Bank AG and Mercedes-Benz Financial Services UK Limited. In return Mercedes-Benz Bank AG and Mercedes-Benz Financial Services UK Limited pay interest and principal collections on performing loan receivables.

The evolution of the Other loans for the year ended December 31, 2019 is as follows:

<b>In EUR</b>	<b>Comp. 7</b>	<b>Comp. 8</b>	<b>Comp. 9</b>	<b>Comp. 10</b>	<b>Comp. UK 2017-1</b>	<b>Comp. UK 2018-1</b>	<b>2019 Combined</b>	<b>2018 Combined</b>
Opening balance	287,970,578	602,912,973	677,086,361	0	311,663,883	540,227,522	2,419,861,317	2,376,563,864
Purchases during the year	0	0	0	1,249,999,638	0	0	1,249,999,638	1,428,745,567
Actual cash collected	(287,550,277 )	(297,411,558 )	(248,176,379 )	(201,657,013 )	(307,428,517 )	(212,608,985 )	(1,554,832,729 )	(1,370,365,728 )
Receivables written off (note 18)	(2,779,920 )	(4,846,549 )	(3,400,152 )	(669,048 )	(4,235,366 )	(6,553,069 )	(22,484,104 )	(19,024,366 )
Value adjustment (note 18)	2,359,619	879,491	(446,739 )	(2,860,305 )	0	0	(67,934 )	3,941,980
<b>Ending balance</b>	<b>0</b>	<b>301,534,357</b>	<b>425,063,091</b>	<b>1,044,813,272</b>	<b>0</b>	<b>321,065,468</b>	<b>2,092,476,188</b>	<b>2,419,861,317</b>

During the year 2019, EUR 22,484,104 (2018: EUR 19,024,366) of defaulted receivables were written-off and EUR 14,526,808 (2018: EUR 12,446,338) was subsequently recovered on previously written-off receivables (refer to note 18).

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
**for the year ended December 31, 2019**

**5 Debtors**

As at December 31, 2019, the debtors are composed of:

In EUR	Capital Comp.	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Cash excess to servicer**	374,798	0	2,449,875	2,121,103	0	0	0	4,945,776	8,053,658
<b>Amounts owed by affiliated undertakings within one year</b>	<b>374,798</b>	<b>0</b>	<b>2,449,875</b>	<b>2,121,103</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,945,776</b>	<b>8,053,658</b>
Accrued interest on interest rate swaps	0	0	28,556	40,176	228,408	0	33,950	331,090	275,906
Accrued interest on portfolio of auto Loan*	0	0	774,234	1,087,291	2,724,036	0	1,732,032	6,317,593	8,310,736
NWT advance paid (net amount)	513	0	0	0	0	0	0	513	0
<b>Other debtors becoming due and payable within one year</b>	<b>513</b>	<b>0</b>	<b>802,790</b>	<b>1,127,467</b>	<b>2,952,444</b>	<b>0</b>	<b>1,765,982</b>	<b>6,649,196</b>	<b>8,586,642</b>
<b>Total</b>	<b>375,311</b>	<b>0</b>	<b>3,252,665</b>	<b>3,248,570</b>	<b>2,952,444</b>	<b>0</b>	<b>1,765,982</b>	<b>11,594,972</b>	<b>16,640,300</b>

\* The interest receivable for last collection period of the year 2019 was collected by the servicing agent, and has been paid to the Company on the next interest payment date on January 15, 2020 for compartment 8, 9, 10 and on January 20, 2020 for compartment UK 2018-1.

\*\* The movement in cash excess to servicer for the year is presented as follows:

**SILVER ARROW S.A.**  
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**5 Debtors (continued)**

In EUR	Capital Comp.	Comp. 5	Comp. 6	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Cash excess payable - opening balance	0	(21,517 )	0	0	0	0	0	(1,193,968 )	(1,914,056 )	(3,129,541 )	(2,224,911 )
Cash excess receivable - opening balance	125,085	0	0	2,317,113	3,591,405	2,020,055	0	0	0	8,053,658	11,782,242
Excess spread expense - Note 19	0	(6,841 )	0	(2,363,377 )	(1,141,530 )	0	(4,335,590 )	0	0	(7,847,338 )	(7,786,995 )
Excess spread income - Note 17	300,992	0	50,942	0	0	101,048	0	1,144,397	443,643	2,041,022	3,155,336
Repayment to servicer	(51,279 )	28,358	(50,942 )	0	0	0	0	0	0	(73,863 )	(1,555 )
Cash excess to servicer - payable - closing balance	0	0	0	(46,264 )	0	0	(4,335,590 )	(49,571 )	(1,470,413 )	(5,901,838 )	(3,129,541 )
Cash excess to servicer receivable - closing balance	374,798	0	0	0	2,449,875	2,121,103	0	0	0	4,945,776	8,053,658

**6 Cash at bank and in hand**

As at December 31, 2019 the cash at bank is made up as follows:

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**6 Cash at bank and in hand (continued)**

In EUR	Capital Comp.	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Cash at bank	46,583	0	0	0	0	113,338	16,341,939	16,501,860	29,594,399
General reserve	0	0	5,960,000	4,035,000	6,375,000	6	5,227,989	21,597,995	25,349,444
Commingling reserve*	0	0	0	0	0	0	0	0	26,962,660
<b>Total</b>	<b>46,583</b>	<b>0</b>	<b>5,960,000</b>	<b>4,035,000</b>	<b>6,375,000</b>	<b>113,344</b>	<b>21,569,928</b>	<b>38,099,855</b>	<b>81,906,503</b>

\*Further details on commingling reserve are provided in Note 12.2

**7 Subscribed capital**

The subscribed capital of EUR 31,000 is issued and fully paid, and is represented by 3,100 shares of EUR 10 each.

As at December 31, 2019, the Company does not hold any of its own shares.

**8 Share premium**

During the course of May 2012, the Company has received on its share capital account a total amount of EUR 100,000 from the Shareholders and the payment has been recognized as a share premium. As at December 31, 2019 the amount of share premium stayed EUR 100,000.

**9 Legal reserve**

Under Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

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**10 Debenture loans – Non-convertible loans**

The non-convertible loans as at December 31, 2019 comprise the following:

<b>In EUR</b>	<b>Reference</b>	<b>2019</b>	<b>2018</b>
Compartment 7	10.1	0	290,330,198
Compartment 8	10.2	304,292,022	606,550,128
Compartment 9	10.3	427,584,273	679,160,805
Compartment 10	10.4	1,041,373,578	0
Compartment UK 2017-1	10.5	0	311,663,883
Compartment UK 2018-1	10.6	320,881,965	540,279,680
<b>Non-convertible loans - becoming due and payable after more than one year</b>		<b>2,094,131,838</b>	<b>2,427,984,694</b>
Accrued interest - becoming due and payable within one year		232,272	453,104
<b>Total</b>		<b>2,094,364,110</b>	<b>2,428,437,798</b>

**10.1 Compartment 7**

The Company created Compartment 7 on May 17, 2016 issuing two Classes A and B Notes, amounting to nominal of EUR 1,100,000,000 maturing in 2024. The priority of payment is mentioning the seniority of the Class A Noteholders.

As at November 15, 2019, the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment 7 during the year 2020.

**SILVER ARROW S.A.**  
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**10 Debenture loans – Non-convertible loans (continued)**

**10.2 Compartment 8**

The Company created Compartment 8 on June 8, 2017 issuing two Classes A and B Notes, amounting to nominal of EUR 1,192,000,000 maturing in 2025. The priority of payment is mentioning the seniority of the Class A Noteholders.

As at December 31, 2019 a total amount of EUR 302,258,106 Class A Notes were redeemed thus reducing the balance from EUR 523,050,128 to EUR 220,792,022.

The Notes outstanding for Compartment 8 as at December 31, 2019 are comprised as follows:

In EUR		Notes	Notes
Notes	Interest rate	2019	2018
Class A	Euribor + 0.45%	220,792,022	523,050,128
Class B	Fixed 1.00%	83,500,000	83,500,000
<b>Notes Issued</b>		<b>304,292,022</b>	<b>606,550,128</b>
Accrued interest		37,110	49,152
<b>Total</b>		<b>304,329,132</b>	<b>606,599,280</b>

**10.3 Compartment 9**

The Company created Compartment 9 on July 23, 2018 issuing two Classes A and B Notes, amounting to nominal of EUR 807,000,000 maturing in 2026. The priority of payment is mentioning the seniority of the Class A Noteholders.

As at December 31, 2019 a total amount of EUR 251,576,532 Class A Notes were redeemed thus reducing the balance from EUR 622,660,805 to EUR 371,084,273.

The Notes outstanding for Compartment 9 as at December 31, 2019 are comprised as follows:

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**10 Debenture loans – Non-convertible loans (continued)**

**10.3 Compartment 9 (continued)**

In EUR		Notes	Notes
Notes	Interest rate	2019	2018
Class A	Euribor + 0.40%	371,084,273	622,660,805
Class B	Fixed 1.00%	56,500,000	56,500,000
<b>Notes Issued</b>		<b>427,584,273</b>	<b>679,160,805</b>
Accrued interest		25,110	29,720
<b>Total</b>		<b>427,609,383</b>	<b>679,190,525</b>

**10.4 Compartment 10**

The Company created Compartment 10 on July 16, 2019 issuing Classes A, B, C, D and Z Notes, amounting to nominal of EUR 1,250,000,000 maturing in 2027. The priority of payment is mentioning the seniority of the Class A Noteholders over B, B Noteholders over C and so in alphabetical order.

As at December 31, 2019 a total amount of EUR 202,326,423 Class A Notes and EUR 6,299,999 Class Z Notes were redeemed thus reducing the balance of A Notes from EUR 1,162,500,000 to EUR 960,173,577 and the balance of Z Notes from EUR 6,300,000 to EUR 1, respectively.

The Notes outstanding for Compartment 10 as at December 31, 2019 are comprised as follows:

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**10 Debenture loans – Non-convertible loans (continued)**

**10.4 Compartment 10 (continued)**

In EUR		Notes	Notes
Notes	Interest rate	2019	2018
Class A	Euribor + 0.50%	960,173,577	0
Class B	Euribor + 0.70%	52,500,000	0
Class C	Euribor + 1.35%	17,500,000	0
Class D	Euribor + 2.60%	11,200,000	0
Class Z	<i>non-interest bearing</i>	1	0
<b>Notes Issued</b>		<b>1,041,373,578</b>	<b>0</b>
Accrued interest		38,407	0
<b>Total</b>		<b>1,041,411,985</b>	<b>0</b>

**10.5 Compartment UK 2017-1**

The Company created Compartment UK 2017-1 on August 23, 2017 issuing two Classes A and B Notes, amounting to nominal of GBP 545,891,000 maturing in 2023. The priority of payment is mentioning the seniority of the Class A Noteholders.

As at October 21, 2019, the transaction terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment UK 2017-1 during the year 2020.

**SILVER ARROW S.A.**  
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**10 Debenture loans – Non-convertible loans (continued)**

**10.6 Compartment UK 2018-1**

The Company created Compartment UK 2018-1 on September 14, 2018 issuing two Classes A and B Notes, amounting to nominal of GBP 555,997,000 maturing in 2024. The priority of payment is mentioning the seniority of the Class A Noteholders.

As at December 31, 2019 a total amount of GBP 210,242,872 (EUR 227,930,185) Class A Notes were redeemed thus reducing the balance from GBP 334,752,248 (EUR 374,274,068) to GBP 124,509,376 (EUR 146,343,883).

The Notes outstanding for Compartment UK 2018-1 as at December 31, 2019 are comprised as follows:

<b>In EUR</b>		<b>Notes</b>	<b>Notes</b>
<b>Notes</b>	<b>Interest rate</b>	<b>2019</b>	<b>2018</b>
Class A	Libor + 0.48%	146,343,883	374,274,068
Class B	Fixed 1.30%	174,538,082	166,005,612
<b>Notes Issued</b>		<b>320,881,965</b>	<b>540,279,680</b>
Accrued interest		131,645	219,725
<b>Total</b>		<b>321,013,610</b>	<b>540,499,405</b>

**11 Trade creditors**

Trade creditors becoming due and payable within one year are comprised of the following items mentioned in the table below:

**SILVER ARROW S.A.**  
**Notes to the Annual Accounts**  
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**11 Trade creditors (continued)**

<b>Trade creditors</b>	<b>2019</b>	<b>2018</b>
	<b>EUR</b>	<b>EUR</b>
Audit fees payable	123,580	80,000
Accounting fees payable	6,150	15,808
VAT payable	23,500	20,426
Trustee and agent fees	8,000	8,008
<b>Total</b>	<b>161,230</b>	<b>124,242</b>

**12 Amounts owed to affiliated undertakings**

**12.1 General Reserve**

The Compartment 8 entered into General Reserve in 2017 for an amount of EUR 5,960,000 with MBB which was used to fund the deposit on the cash reserve account.

The Compartment 9 entered into General Reserve in 2018 for an amount of EUR 4,035,000 with MBB which was used to fund the deposit on the cash reserve account.

The Compartment 10 entered into General Reserve in 2019 for an amount of EUR 6,375,000 with MBB which was used to fund the deposit on the cash reserve account.

The Compartment UK 2018-1 entered into General Reserve in 2018 for an amount of GBP 4,447,968 (EUR 5,227,983) with MBFS UK which was used to fund the deposit on the cash reserve account.

**SILVER ARROW S.A.**  
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**12 Amounts owed to affiliated undertakings (continued)**

**12.2 Commingling Reserve**

The Compartment 7 entered into Commingling Reserve in 2016 for an initial amount of EUR 45,800,397 with MBB which was used to fund the deposit on the cash commingling reserve account. As at December 31, 2019 the Commingling Reserve was fully repaid (2018: EUR 26,962,660).

**12.3 Table showing amounts owed to affiliated undertakings**

In EUR	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Final success fees payable	0	202,212	311,636	936,604	0	57,517	1,507,969	2,426,869
Cash excess payable	46,264	0	0	4,335,590	49,571	1,470,413	5,901,838	3,129,541
Cash advance from Servicer	0	0	0	0	115,891	0	115,891	0
Servicing fees (MBB/MBFS)	0	253,577	356,320	873,061	0	272,530	1,755,488	2,037,891
Cash collections*	0	0	0	0	0	16,341,182	16,341,182	29,452,547
Accrued interest	0	5,298	3,587	0	0	3,437	12,322	18,259
<b>Total due and payable within one year</b>	<b>46,264</b>	<b>461,087</b>	<b>671,543</b>	<b>6,145,255</b>	<b>165,462</b>	<b>18,145,079</b>	<b>25,634,690</b>	<b>37,065,107</b>
General reserve	0	5,960,000	4,035,000	6,375,000	0	5,227,983	21,597,983	25,349,444
Comm-g reserve	0	0	0	0	0	0	0	26,962,660
<b>Total due and payable after more than one year</b>	<b>0</b>	<b>5,960,000</b>	<b>4,035,000</b>	<b>6,375,000</b>	<b>0</b>	<b>5,227,983</b>	<b>21,597,983</b>	<b>52,312,104</b>
<b>Total</b>	<b>46,264</b>	<b>6,421,087</b>	<b>4,706,543</b>	<b>12,520,255</b>	<b>165,462</b>	<b>23,373,062</b>	<b>47,232,673</b>	<b>89,377,211</b>

\* The cash collections of EUR 16,341,182 (GBP 13,903,078) is the total cash received during December 2019 on compartment UK 2018-1. The amount is paid to Mercedes-Benz Financial Services UK.

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**13 Other creditors**

As at December 31, 2019 other creditors are composed as following:

In EUR	Capital Comp.	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Other payables	0	0	6,863	1,850	0	0	0	8,713	100,438
Accrued interest - interest-rate swap	0	0	45,532	76,527	214,754	0	45,130	381,943	331,292
<b>Total</b>	<b>0</b>	<b>0</b>	<b>52,395</b>	<b>78,377</b>	<b>214,754</b>	<b>0</b>	<b>45,130</b>	<b>390,656</b>	<b>431,730</b>

\* Other payables include negative interest on US Bank for Compartments 8 and 9.

**14 Taxation**

The Company is subject to all taxes applicable to commercial companies in Luxembourg under the securitization law of March 22, 2004.

**15 Other external expenses**

Other external expenses for the year ended December 31, 2019 amount to EUR 555,111 (2018: EUR 414,770) and are composed of the following:

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**15 Other external expenses (continued)**

Other external expenses	2019	2018
	EUR	EUR
Audit fees	108,280	138,065
Trustee and agent fees	134,536	127,456
Accounting, administration and domiciliation fees	199,224	76,162
Rating fees	55,025	46,762
Listing fees	30,818	15,351
Other fees (including bank fees and surveillance fees)	27,228	10,974
<b>Total</b>	<b>555,111</b>	<b>414,770</b>

**16 Income from other investments and loans forming part of the fixed assets**

Income from Other Loans represents interest income recorded for the year ended December 31, 2019 on the portfolio of auto loan receivables of EUR 91,802,823 (2018: EUR 97,199,238). The breakdown per Compartment is described in the following table:

In EUR	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Income from autoloans	5,266,013	13,643,676	16,657,173	20,829,793	10,612,161	24,794,007	91,802,823	97,199,238
<b>Total</b>	<b>5,266,013</b>	<b>13,643,676</b>	<b>16,657,173</b>	<b>20,829,793</b>	<b>10,612,161</b>	<b>24,794,007</b>	<b>91,802,823</b>	<b>97,199,238</b>

**SILVER ARROW S.A.**  
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**17 Other interest receivable and similar income**

Other interest receivable and similar income are composed of the following:

In EUR	Capital Comp.	Comp. 6	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Idle cash balances: interest received*	0	0	0	0	0	0	3,140	668	3,808	0
Excess spread	300,992	50,942	0	0	101,048	0	1,144,397	443,643	2,041,022	3,155,336
<b>Total derived from affiliated undertakings</b>	<b>300,992</b>	<b>50,942</b>	<b>0</b>	<b>0</b>	<b>101,048</b>	<b>0</b>	<b>1,147,537</b>	<b>444,311</b>	<b>2,044,830</b>	<b>3,155,336</b>
Interest on current account	0	0	0	0	0	0	1,917	5,206	7,123	4,368
Interest income - interest rate swap	0	0	509,859	1,092,963	1,226,757	2,541,905	430,791	1,902,430	7,704,705	7,365,816
<b>Total other interest and similar income</b>	<b>0</b>	<b>0</b>	<b>509,859</b>	<b>1,092,963</b>	<b>1,226,757</b>	<b>2,541,905</b>	<b>432,708</b>	<b>1,907,636</b>	<b>7,711,828</b>	<b>7,370,184</b>
<b>Total</b>	<b>300,992</b>	<b>50,942</b>	<b>509,859</b>	<b>1,092,963</b>	<b>1,327,805</b>	<b>2,541,905</b>	<b>1,580,245</b>	<b>2,351,947</b>	<b>9,756,658</b>	<b>10,525,520</b>

\* Idle cash balances represent monthly extra payments from MBFS in order to cover minor differences between waterfall payments and collections

**18 Value adjustments in respect of financial assets and investments held as current assets**

Value adjustments in respect of financial assets and of investments held as current assets is composed of:

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**18 Value adjustments in respect of financial assets and investments held as current assets (Continued)**

In EUR	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Individual value adjustment (VA)	0	0	640,829	1,471,958	0	0	2,112,787	5,341,954
Reversal - individual VA	(1,615,725)	(737,937)	0	0	0	0	(2,353,662)	(6,182,767)
Collective VA	0	0	0	1,388,347	0	0	1,388,347	2,729,266
Reversal - collective VA	(743,894)	(141,554)	(194,091)	0	0	0	(1,079,539)	(5,830,433)
<b>Total VA</b>	<b>(2,359,619)</b>	<b>(879,491)</b>	<b>446,738</b>	<b>2,860,305</b>	<b>0</b>	<b>0</b>	<b>67,933</b>	<b>(3,941,980)</b>
Receivables written-off	2,779,920	4,846,549	3,400,152	669,048	4,235,366	6,553,069	22,484,104	19,024,366
Recovery of previously written-off receivables	(3,114,243)	(4,185,295)	(1,599,419)	(51,560)	(2,691,538)	(2,884,753)	(14,526,808)	(12,446,338)
<b>Total receivables/ recoveries</b>	<b>(334,323)</b>	<b>661,254</b>	<b>1,800,733</b>	<b>617,488</b>	<b>1,543,828</b>	<b>3,668,316</b>	<b>7,957,296</b>	<b>6,578,028</b>
<b>Total</b>	<b>(2,693,942)</b>	<b>(218,237)</b>	<b>2,247,471</b>	<b>3,477,793</b>	<b>1,543,828</b>	<b>3,668,316</b>	<b>8,025,229</b>	<b>2,636,048</b>

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**19 Interest payable and similar expenses**

In EUR	Comp. 7	Comp. 8	Comp. 9	Comp. 10	Comp. UK 2017-1	Comp. UK 2018-1	2019 Combined	2018 Combined
Interest expenses - borrowings	(97,472)	(121,187)	(82,045)	0	(79,692)	(102,010)	(482,406)	(607,290)
Servicing fees	(1,604,174)	(4,412,138)	(5,419,914)	(6,739,929)	(1,752,936)	(4,198,354)	(24,127,445)	(24,713,366)
<i>Excess spread</i>	<i>(2,363,377)</i>	<i>(1,141,530)</i>	<i>0</i>	<i>(4,335,590)</i>	<i>0</i>	<i>0</i>	<i>(7,840,497)</i>	<i>(7,786,955)</i>
<i>Excess spread - Compartment 5</i>							(6,841)	
<i>Excess spread - Total with Compartment 5</i>							(7,847,338)	
Final success fees	(3,124,181)	(6,649,849)	(7,521,669)	(5,944,623)	(6,049,415)	(11,534,634)	(40,824,371)	(52,776,642)
Total concerning affiliated undert.	(7,189,204)	(12,324,704)	(13,023,628)	(17,020,142)	(7,882,043)	(15,834,998)	(73,281,560)	(85,884,253)
Interest expense - swaps	(387,702)	(1,476,605)	(1,996,877)	(2,282,256)	(384,450)	(2,461,490)	(8,989,380)	(8,527,387)
Interest expenses - Notes issued	(731,050)	(1,073,120)	(673,843)	(514,466)	(2,367,152)	(5,352,579)	(10,712,210)	(9,879,964)
FX differences	0	0	0	0	2,359	233,991	236,350	(74,596)
<i>Late payment interest (taxes) - capital compartment</i>							(19)	
<i>US Bank interest - Compartment 6</i>							(53,688)	
Interest expenses - cash at bank	(93,634)	(24,047)	(20,342)	0	0	0	(138,023)	(301,131)
Total other interest and similar expenses	(1,212,386)	(2,573,772)	(2,691,062)	(2,796,722)	(2,749,243)	(7,580,078)	(19,656,970)	(18,783,078)
<b>Total</b>	<b>(8,401,590)</b>	<b>(14,898,476)</b>	<b>(15,714,690)</b>	<b>(19,816,864)</b>	<b>(10,631,286)</b>	<b>(23,415,076)</b>	<b>(92,938,530)</b>	<b>(104,667,331)</b>

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**20 Staff**

The Company has engaged a Corporate Service Provider who provides daily management of the Company activities and as such does not employ any personnel (2018: NIL).

**21 Off-balance sheet activities**

**21.1 Compartment 7**

The Compartment 7 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A Compartment 7 Notes. As at November 15, 2019, the transaction has been terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment 7 in the year ending December 31, 2020.

**21.2 Compartment 8**

The Compartment 8 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A Compartment 8 Notes.

The details of this contract are summarised as follows:

<b>Notional amount (EUR)</b>	<b>Termination date</b>	<b>Interest rate receivable</b>	<b>Interest rate payable</b>
1,108,500	2025	EURIBOR 1 month	0.291% p.a.

Compartment 8 entered into an "interest rate settlement agreement" on June 27, 2017 in order to manage the respective risk exposure of each party involved in the transaction.

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**21 Off-balance sheet activities (continued)**

**21.2 Compartment 8 (continued)**

The settlement inflows and settlement outflows are based on the initial amount purchased. The notional amount of the swap is reduced in line with the repayment of the Class A Compartment 8 Notes. As at December 31, 2019, the notional amount of the swap was EUR 220,792,022 (2018: EUR 523,050,128). The fair value of the swap of Compartment 8 as at December 31, 2019 was EUR -144,995 (2018: EUR -213,304).

**21.3 Compartment 9**

The Compartment 9 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A Compartment 9 Notes.

The details of this contract are summarised as follows:

<b>Notional amount (EUR)</b>	<b>Termination date</b>	<b>Interest rate receivable</b>	<b>Interest rate payable</b>
750,500,000	2026	EURIBOR 1 month	0.2436% p.a.

Compartment 9 entered into an "interest rate settlement agreement" on July 24, 2018 in order to manage the respective risk exposure of each party involved in the transaction.

The settlement inflows and settlement outflows are based on the initial amount purchased. The notional amount of the swap is reduced in line with the repayment of the Class A Compartment 9 Notes. As at December 31, 2019, the notional amount of the swap was EUR 371,084,273 (2018: EUR 662,660,805). The fair value of the swap of Compartment 9 as at December 31, 2019 was EUR -628,564 (2018: EUR -484,811).

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**21 Off-balance sheet activities (continued)**

**21.4 Compartment 10**

The Compartment 10 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A, B, C, D Compartment 10 Notes.

The details of this contract are summarised as follows:

<b>Notional amount (EUR)</b>	<b>Termination date</b>	<b>Interest rate receivable</b>	<b>Interest rate payable</b>
1,243,700,000	2027	EURIBOR 1 month	0.4935% p.a.

Compartment 10 entered into an "interest rate settlement agreement" on July 16, 2019 in order to manage the respective risk exposure of each party involved in the transaction.

The settlement inflows and settlement outflows are based on the initial amount purchased. The notional amount of the swap is reduced in line with the repayment of the Class A, B, C and D Compartment 10 Notes. As at December 31, 2019, the notional amount of the swap was EUR 1,041,373,577. The fair value of the swap of Compartment 10 as at December 31, 2019 was EUR 1,397,127.

**21.5 Compartment UK 2017-1**

The Compartment UK 2017-1 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A Compartment UK 2017-1 Notes. As at October 21, 2019, the transaction has been terminated and the notes have been fully redeemed. Following the termination of the transaction, the intention of the Board of Directors is to liquidate the Compartment UK 2017-1 in the year ending December 31, 2020.

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**21 Off-balance sheet activities (continued)**

**21.6 Compartment UK 2018-1**

The Compartment UK 2018-1 entered into an interest rate swap agreement in order to hedge its interest rate exposure resulting from the fixed rate receivable under the purchased lease receivables and floating rate interest obligations under the Class A Compartment UK 2018-1 Notes.

The details of this contract are summarised as follows:

<b>Notional amount (GBP)</b>	<b>Termination date</b>	<b>Interest rate receivable</b>	<b>Interest rate payable</b>
407,500,000	2024	LIBOR 1 month	0.938% p.a.

Compartment UK 2018-1 entered into an "interest rate settlement agreement" on September 25, 2018 in order to manage the respective risk exposure of each party involved in the transaction.

The settlement inflows and settlement outflows are based on the initial amount purchased. The notional amount of the swap (GBP 407,500,000) is reduced in line with the repayment of the Class A Compartment UK 2018-1 Notes. As at December 31, 2019, the notional amount of the swap was GBP 124,509,376 (EUR 146,343,883) (2018: GBP 334,752,248; EUR 374,274,068). The fair value of the swap of Compartment UK 2018-1 as at December 31, 2019 was GBP -119,624 (EUR -140,602) (2018: GBP -250,120; EUR -279,611).

**22 Advances, loans and emoluments granted to members of the administrative, managerial and supervisory bodies**

There are no advances, loans or emoluments granted to the members of the management and supervisory bodies during the financial year (2018: none).

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**23 Subsequent events**

Subsequent to the year end, on April 8, 2020 Compartment UK 2020-1 was created for the purpose of securitizing a portfolio of auto loans.

Subsequent to the year end, on April 3, 2020 Compartment 11 was created for the purpose of securitizing a portfolio of auto loans.

In the first months of 2020, a pandemic of coronavirus disease (COVID-19) around the world, has led to numerous cases causing an economic instability. As the business of Silver Arrow S.A. is highly dependent on the performance of MBB and MBFS, the assessment of the risks and possible economic and financial impact of the pandemic on Silver Arrow is based on the economic and financial performance assessment as well as the assessment of possible risks of MBB and MBFS. In its financial statements MBB mentions that the current situation is marked by increased uncertainty on the market, and considerable restrictions for individuals and companies alike as well as that there is a possibility of an economic downturn and even a recession resulting from the current situation. More precisely, there are such risks as a decline in unit sales for manufacturers with corresponding effects on new business for MBB, as well as the negative effects on customers' creditworthiness and payment behavior associated with an economic downturn which may lead to rising expenses for risk provisions and higher rates of default on loans than provided for in the planning, with corresponding consequences for receivables from customers. The negative impact on customers' creditworthiness implies a higher risk of default of certain customers and an increase of the risk of non-recoverability of the loans. For Silver Arrow, there is a risk of a higher value adjustment on underlying assets (portfolio of loans) as well as possibility for a lower initial volumes of Loan portfolio for Compartments to be opened in the foreseen future. However, given the fact that neither the exact time for end of pandemic nor an economic recovery after the pandemic are forecastable at the moment of preparation of these annual accounts, the precise ramifications could not be foreseen at the time these financial statements were prepared.

