

THE DEFINITIVE TERMS OF THE TRANSACTION DESCRIBED HEREIN ARE SET OUT IN THE FINAL JAPANESE LANGUAGE VERSION OF INFORMATION MEMORANDUM. RECIPIENTS OF THIS ENGLISH LANGUAGE INFORMATION MEMORANDUM ARE REMINDED THAT ONLY THE FINAL JAPANESE LANGUAGE INFORMATION MEMORANDUM IS THE DOCUMENT EVIDENCING THE TRUST BENEFICIAL INTERESTS AND ASSET BACKED LOANS TO THE SECOND TRUST IN FINAL FORM.

THIS ENGLISH TRANSLATION IS FOR THE SOLE PURPOSE OF FACILITATING UNDERSTANDING ONLY, AND SHALL NOT HAVE ANY BINDING EFFECT.

IF ANY INCONSISTENCY EXISTS BETWEEN THIS ENGLISH TRANSLATION AND THE JAPANESE LANGUAGE INFORMATION MEMORANDUM, THE JAPANESE LANGUAGE INFORMATION MEMORANDUM SHALL PREVAIL.

SILVER ARROW JAPAN 2024-1
TRUST BENEFICIAL INTERESTS OF THE SECOND TRUST
AND
ASSET BACKED LOANS TO THE SECOND TRUST

INFORMATION MEMORANDUM

June 26, 2024

SMBC NIKKO SECURITIES INC.

**(Registration Number of Money Lender: Kanto-Zaimukyokucho (5)
014171)**

Note To Investors

- 1. This Information Memorandum is prepared in connection with the Beneficial Interests of the Second Trust (as defined below) and the Asset Backed Loans to the Second Trust (as defined below).**
- 2. The trust beneficial interests (the “Beneficial Interests of the Second Trust”) backed by the loan receivables of the asset-backed loan (the “Asset Backed Loan to the First Trust”) entrusted by SMBC Nikko Securities Inc.(“Nikko” or “Lead Arranger”) as trustor and the initial beneficiary, to Apex Group Trust (Japan) Company Limited (“Apex Group”), in its capacity as Trustee of the Second Trust under the Second Trust Agreement, will be sold to investors by Nikko as the Lead Manager (“Lead Manager”).**
- 3. The Asset Backed Loans to the Second Trust are loans to be provided by lenders (“ABL Lenders to the Second Trust”) to the Trustee of the Second Trust pursuant to the Asset Backed Loan Agreements to the Second Trust.**
- 4. Please note that no filing has been made in respect of the solicitation for offering to purchase the Beneficial Interest of the Second Trust pursuant to Paragraph 1 of Article 4 of the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”), since they fall under Article 3 of the Financial Instruments and Exchange Act.**
- 5. This Information Memorandum is neither a prospectus under Article 13, nor a document to be delivered prior to the execution of a contract under Article 37-3, of the Financial Instruments and Exchange Act, nor is it a document to be delivered upon the execution of a contract under the Money Lending Business Act (Law No. 32 of 1983, as amended).**
- 6. The holders of the Beneficial Interest of the Second Trust are prohibited from assigning, pledging or creating any other security interest over the Beneficial Interest of the Second Trust without the prior written approval of the Trustee of the Second Trust. When a holder of the Beneficial Interest of the Second Trust assigns the Beneficial Interest of the Second Trust and requests the approval of the Trustee of the Second Trust in connection with such assignment, it will cause the assignee thereof to submit a document to the Trustee of the Second Trust in which the assignee agrees to the covenants and the assumption of all of the obligations of the beneficiaries and certain limitations of the Beneficial Interest of the Second Trust under the Second Trust Agreement, including, but not limited to, the non-petition covenant under the Second Trust Agreement. For more details, see Part 1 (Information about Products), III (Matters Concerning the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust), item 3 (Other Matters Regarding the Beneficial Interest of the Second Trust and Asset Backed Loans to the Second Trust) below.**
- 7. The ABL Lenders to the Second Trust are prohibited from assigning, pledging or creating any other security interest over Asset Backed Loans to the Second Trust without the prior written approval of the Trustee of the Second Trust. When an ABL Lender assigns Asset Backed Loans to the Second Trust and requests the approval of the Trustee of the Second Trust in connection with such assignment, it will cause**

the assignee thereof to submit a document to the Trustee of the Second Trust in which the assignee agrees to the covenants and certain limitations of the Asset Backed Loans to the Second Trust under the Asset Backed Loan Agreements to the Second Trust, including, but not limited to, the non-petition covenant under the Asset Backed Loan Agreements to the Second Trust and the limited pool of assets to which recourse can be made. For more details, see Part 1 (Information about the Products), III (Matters Concerning the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust), item 3 (Other Matters Regarding the Beneficial Interest of the Second Trust and Asset Backed Loans to the Second Trust) below.

8. The payment of principal of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust will not be insured or guaranteed by any person or entity and there is a risk that the holders of the Beneficial Interest of the Second Trust and the ABL Lenders to the Second Trust may suffer a loss of principal due to the insolvency or other deterioration of financial condition of the Obligor or for other reasons. In addition, the market value of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust will be subject to fluctuations due to changes in the interest rate or the value of the Asset Backed Loan to the First Trust, etc., and such fluctuations may cause a loss to the holders of the Beneficial Interest of the Second Trust and the ABL Lenders to the Second Trust. Please consider and make your own investment decision on whether or not to purchase the Beneficial Interest of the Second Trust or lend the Asset Backed Loans to the Second Trust after fully reviewing this Information Memorandum, consulting with your legal and financial advisors, if necessary, and with sufficient knowledge and experience, understanding the characteristics, risks, etc. of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust. With respect to the risks associated with the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust, please carefully review Part 1 (Information about the Products), III (Matters Concerning the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust), item 4 (Factors Which Could Have a Material Effect on the Redemption of Principal and Distribution of Dividends on the Beneficial Interest of the Second Trust and the Repayment of Principal and Payment of Interest on the Asset Backed Loans to the Second Trust) below. However, please note that this Information Memorandum does not specify or indicate all the risks of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust.
9. This Information Memorandum abridges and summarizes the provisions of the Second Trust Agreement, the Asset Backed Loan Agreements to the Second Trust and other Transaction Documents. In considering whether to purchase the Beneficial Interest of the Second Trust or lend the Asset Backed Loans to the Second Trust, please also refer to the relevant Transaction Documents.
10. To the extent that the Lead Manager makes a market in the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for those products. The price at which the Lead Manager may be willing to purchase those products, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price or face value of such products and significantly lower than the price at which it may be willing to sell those products.
11. If the Lead Manager becomes holders of any of those products, through market-making activity or otherwise, any actions that it takes in its capacity as beneficiary

or lender, including voting and/or provision of consents, will not necessarily be aligned with the interests of other beneficiaries of the Beneficial Interest of the Second Trust or lenders of the Asset Backed Loans to the Second Trust.

12. Subject to the terms and conditions set forth in the Placement Service Agreement between MBF and the Lead Manager, the Lead Manager will receive an arrangement fee from MBF. In addition to the above fees, fees and expenses such as legal fees, trustee fees, rating agency fees, servicing fees etc. will be paid in relation to this transaction.
13. The Lead Manager expects it will derive various ancillary benefits from this transaction, and its incentives may not be aligned with those of the ABL Lenders to the Second Trust or the purchasers under the Trust Beneficial Interest Sale and Purchase Agreements. In particular, the Lead Manager expects that a completed transaction will enhance its ability to assist clients and counterparties in the transaction and in other transactions. The Lead Manager expects to derive fees and other revenues from these transactions. In addition, participating in a successful transaction and providing related services to clients may enhance relationships between the Lead Manager and various parties, facilitate additional business development, and enable the Lead Manager to obtain additional business and generate additional revenue. The Lead Manager also expects to benefit from a completed transaction because the transaction may establish a market precedent, thus enhancing ability of the Lead Manager to conduct similar transactions in the future, and provide a valuation data point for similar products.
14. The Lead Manager has entered into a Basic Contract for the Implementation of Dispute Resolution Procedures with the Financial Instruments Mediation Assistance Center (“FINMAC”), a Designated Dispute Resolution Organization, regarding Specified Type I Financial Instruments Business as prescribed in Paragraph 2 of Article 156-38 of the Financial Instruments and Exchange Act. In addition, the Lead Manager has arranged for complaints to be settled by the complaint resolution procedures of FINMAC, and disputes to be resolved by the mediation procedures of FINMAC for Specified Type II Financial Instruments Business as prescribed in Paragraph 3 of the said article. If you are to utilize FINMAC for any complaints or disputes in relation to this transaction, please contact FINMAC (Tel: 0120-64-5005). Further, the Lead Manager has entered into a basic contract for the dispute resolution procedures with Japan Financial Services Association, a designated dispute resolution organization under the Lending Business Act. If you are to utilize Japan Financial Services Association for any complaints or disputes in relation to this transaction, please contact Japan Financial Services Association Money Lending Business Consultation and Dispute Resolution Center (Tel: 0570-051-051).
15. If any regulatory authority or any other authorized governmental agency requires the Trustee of the Second Trust to report the transfer price of the Beneficial Interest of the Second Trust or the Asset Backed Loans to the Second Trust, or the method of payment thereof, the holders of the Beneficial Interest of the Second Trust or the ABL Lenders to the Second Trust will, upon request from the Trustee of the Second Trust, promptly provide the necessary report or relevant information to the Trustee of the Second Trust.
16. The Second Trust Agreement, the Asset Backed Loan Agreements to the Second Trust and all other Transaction Documents will be construed under and governed by the laws of Japan.

17. Capitalized terms which are not otherwise defined in the body of this Document are defined in Part 4 (Definitions) below.

INFORMATION MEMORANDUM

June 26, 2024

Silver Arrow Japan 2024-1	
Name of Product	The Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust
Form of Product	Trust Beneficial Interest (Private Placement/Not Listed) Loan
Name of Trustor of the Second Trust and mediator of the Asset Backed Loans to the Second Trust	SMBC Nikko Securities Inc.
Place of Head Office of Trustor of the Second Trust and mediator of the Asset Backed Loans to the Second Trust	3-1, Marunouchi 3 Chome, Chiyoda-ku, Tokyo
Name of Trustee of the Second Trust	Apex Group Trust (Japan) Company Limited
Place of Head Office of Trustee of the Second Trust	Ark Hills Sengokuyama Mori Tower 40F, 9-10, Roppongi 1-chome, Minato-ku, Tokyo
Name of Lead Manager	SMBC Nikko Securities Inc.
Place of Head Office of Lead Manager	SMBC Nikko Securities Inc. 3-1, Marunouchi 3 Chome, Chiyoda-ku, Tokyo
Main Governing Law	Japanese Law

The Product for this Information Memorandum

Name of Produce and Amount:

Silver Arrow Japan 2024-1	The Beneficial Interests of the Second Trust	JPY 35,500,000,000
Silver Arrow Japan 2024-1	The Asset Backed Loans to the Second Trust	JPY 34,500,000,000

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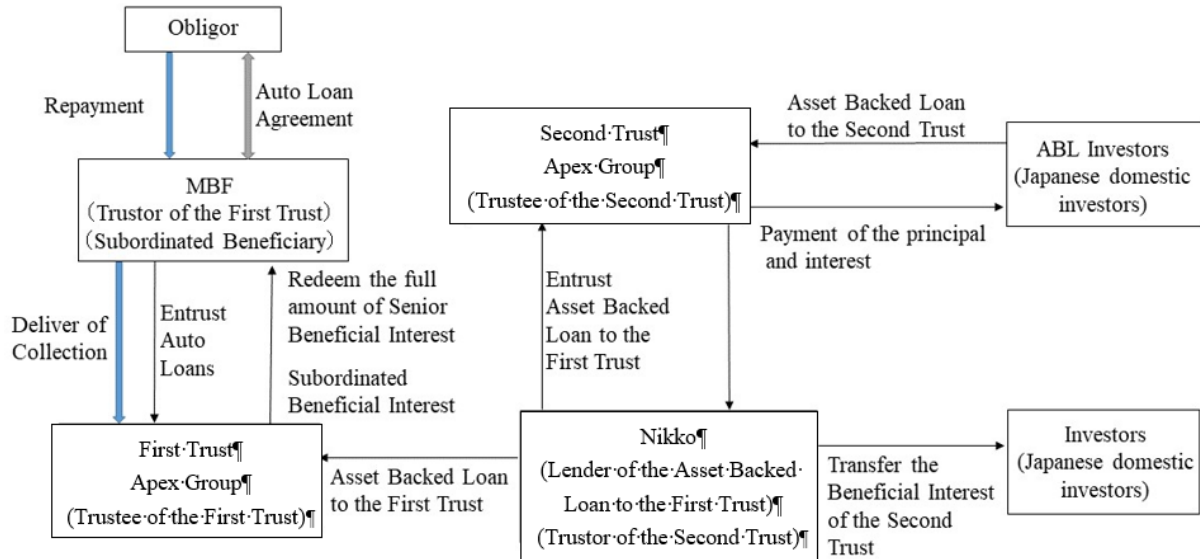
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PART 1.
INFORMATION ABOUT THE PRODUCTS

I. Basic Structure Etc.

1. Summary of the Structure

Structure Diagram



(1) Outline of the Structure

- ① Under the First Trust Agreement, to be entered into by and between Mercedes-Benz Finance Co., Ltd. (“**MBF**”) as Trustor of the First Trust, and Apex Group, as Trustee of the First Trust, on June 26, 2024, MBF will entrust Initial Auto Loan Receivables to the Trustee of the First Trust on the Trust Commencement Date. After that entrustment and by the Drawdown Date, MBF and the Trustee of the First Trust will perfect that entrustment against third parties by registering the entrustment of the Initial Auto Loan Receivables in accordance with the Perfection Act. MBF will also entrust the Cash Collateral Amount to the Trustee of the First Trust on the Cash Entrustment Date.
- ② The First Trustee will issue the Initial Senior Beneficial Interests and the Subordinated Beneficial Interests under the First Trust Agreement and MBF will be the initial beneficiary of those Beneficial Interests.
- ③ The Trustee of the First Trust will enter into the Asset Backed Loan Agreement to the First Trust with Nikko on June 26, 2024, and will borrow money thereunder on June 28, 2024 and on the same date redeem the Initial Senior Beneficial Interests to be created by the entrustment of the Initial Auto Loan Receivables on the Trust Commencement Date with the funds made available thereby.
- ④ Nikko and Apex Group, as Trustee of the Second Trust, will enter into the Second Trust Agreement on June 26, 2024, and Nikko will entrust the Loan Receivables under the Asset Backed Loan Agreement to the First Trust to the Trustee of the Second Trust on the Trust Commencement Date of the Second Trust and such entrustment will be promptly perfected by the approval of the Trustee of the First Trust as borrower of the Asset Backed Loan to the First Trust with a certified and notarized date stamp (*kakutei hizuke*).

- ⑤ The Trustee of the Second Trust, in accordance with the instruction of the Initial Beneficiary of the Second Trust, will enter into the Asset Backed Loan Agreements to the Second Trust with the ABL Lenders to the Second Trust on June 26, 2024, and will borrow money thereunder on June 28, 2024 (the “**Settlement Date**”) and on the same date redeem the Beneficial Interests of the Second Trust with the funds made available thereby up to the equivalent amount of the proceeds from the Asset Backed Loans to the Second Trust.
- ⑥ After the partial redemption of the Beneficial Interests of the Second Trust described in ⑤ above, Nikko, as Initial Beneficiary of the Second Trust, will assign and transfer its remaining Beneficial Interests of the Second Trust under Trust Beneficial Interest Sale and Purchase Agreements to be entered into by and between Nikko and certain purchasers, and such assignment and transfer will be perfected by obtaining a certified and notarized date stamp (*kakutei hizuke*) on the written approval of the Trustee of the Second Trust.
- ⑦ MBF and the Trustee of the First Trust will enter into the Servicing Agreement on June 26, 2024. Under the terms of the Servicing Agreement, the collection of the Auto Loan Receivables from the Obligors will be delegated to MBF, who will conduct such business on behalf of the Trustee of the First Trust. MBF and the Trustee of the First Trust will enter into the Sub-Servicing Agreements with each of JACCS Co., Ltd. (“**JACCS**”) and Orient Corporation (“**Orico**”). Under the terms of the respective Sub-Servicing Agreements, a certain part of the business delegated to MBF under the Servicing Agreement will be sub-delegated to JACCS and Orico.
- ⑧ (i) On each Additional Entrustment Date (Revolving Period) and only if the conditions set forth in Article 3.1(b) of the First Trust Agreement are satisfied, MBF may additionally entrust the Additional Auto Loan Receivables to the Trustee of the First Trust by obtaining the Trustee of the First Trust's consent, and (ii) in the case of occurrence of a Down Grade Trigger, MBF shall additionally entrust the additional Auto Loan Receivables or money to the Trustee of the First Trust. After such additional entrustment of Auto Loan Receivables, MBF and the Trustee of the First Trust will perfect that additional entrustment against third parties by registering the additional entrustment of such Auto Loan Receivables in accordance with the Perfection Act. The Additional Senior Beneficial Interests to be created by the additional entrustment of Additional Auto Loan Receivables will be redeemed, in principle, during the Revolving Period.

(2) Summary of Credit Enhancement

Credit Enhancement by the Subordinated Beneficial Interests

The Initial Senior Beneficial Interests and the Subordinated Beneficial Interest will be created with respect to the entrustment of the Initial Auto Loan Receivables. In addition, Additional Senior Beneficial Interests will be created with respect to the entrustment of the Additional Auto Loan Receivables. The Subordinated Beneficial Interests will be held by MBF throughout the Trust Period.

The aggregate Outstanding Principal Balance of the Initial Auto Loan Receivables as of the Initial Cut-off Date was 74,468,162,656 yen. The amount of the initial principal of the Initial Senior Beneficial Interests is 70,000,000,000 yen and the amount of the initial principal of the Subordinated Beneficial Interest is 4,468,162,656 yen. The principal amount of the Subordinated Beneficial Interest will be increased by (i) the entrustment of the Cash Collateral Amount on the Cash Entrustment Date, and (ii) the additional entrustment of the additional Auto Loan Receivables or the Additional Cash Collateral Amount, as the case may be, on the Additional Entrustment Date (Down Grade Trigger).

The amount of principal of the Additional Senior Beneficial Interest created upon the entrustment of the Additional Auto Loan Receivables on each Additional Entrustment Date (Revolving Period) shall be an amount equal to the aggregate Outstanding Principal Balance of such Additional Auto Loan Receivables as of the relevant Additional Entrustment Cut-Off Date (Revolving Period).

The First Trust Agreement provides that during the Trust Period, the Available Distribution Profit Amount will be distributed, after payment of the expenses of the First Trust, including taxes and public charges, Fees for the Trustee of the First Trust and Servicer and the Costs of Second Trust, towards the payment of interest on the Asset Backed Loan to the First Trust. Payments to the Subordinated Beneficiary as the redemption on the principal of the Subordinated Beneficial Interest will only be made after all of the obligation under the Asset Backed Loan to the First Trust have been paid. In such case, payments of the principal of and dividend on the Subordinate Beneficial Interest to the Subordinated Beneficiary will only be made after all other prior distributions have been made and when any amounts still remain in the Principal Ledger and the Profit Ledger after such distributions. In addition, the principal amount of the Subordinated Beneficial Interest will fluctuate in accordance with the change of the amount of the Cash Collateral Ledger.

The First Trust Agreement also provides that any Uncollectable Auto Loan Receivables may be distributed to the Subordinated Beneficiary as a distribution *in kind*, only if a Servicer Replacement Event does not occur. In such case, the Subordinated Principal Balance will be reduced by an amount equal to the Outstanding Principal Balance of such Uncollectable Auto Loan Receivables distributed *in kind* as the redemption of the principal.

Credit Enhancement through Overcollateralization

If the Overcollateralization Ratio is below 4% as of each Trust Calculation Date, an Early Amortization Event will occur. The Overcollateralization Ratio means the ratio of one minus the fraction of (a) the Asset Backed Loan Principal Balance as of the relevant Trust Calculation Date as numerator, and (b) the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of such relevant Trust Calculation Date as denominator.

2. Related Parties

(a) Trustor of the First Trust, Servicer:

Mercedes-Benz Finance Co., Ltd.

(b) Trustee of the First Trust, borrower of the Asset Backed Loan to the First Trust, Trustee of the Second Trust and borrower of the Asset Backed Loans to the Second Trust:

Apex Group Trust (Japan) Company Limited

(c) Lender of the Asset Backed Loan to the First Trust, Trustor of the Second Trust, and Initial Beneficiary of the Second Trust:

SMBC Nikko Securities Inc.

(d) Guarantors and Sub-Servicers:

JACCS Co., Ltd. and Orient Corporation

(e) Rating Agency:

Moody's SF Japan Kabushiki Kaisha

(f) Examiner of the Auto Loan Receivables:

Tokyo Kyodo Accounting Office

(g) Seller of the Beneficial Interests of the Second Trust

SMBC Nikko Securities Inc.

3. Name and Type of Beneficial Interest of the Second Trust and Status of Beneficial Interest of the Second Trust and Asset Backed Loans to the Second Trust

(1) Name of Beneficial Interest of the Second Trust

Silver Arrow Japan 2024-1 The Beneficial Interests of the Second Trust

(2) Type of Beneficial Interest of the Second Trust

Trust beneficial interest, as provided in Item 1, Paragraph 2 of Article 2 of the Financial Instruments and Exchange Act, which is not a certificate of beneficial interest as provided in Article 185 of the Trust Act or Item 14, Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act.

(3) Status of Beneficial Interest of the Second Trust and Asset Backed Loans to the Second Trust

Each Beneficial Interest of the Second Trust will have the same priority, interests and rights among themselves and the Asset Backed Loans to the Second Trust with respect to the priority of payment without having any priority or subordination over each other with respect to the distribution of the dividend on and redemption of the principal of the Beneficial Interests of the Second Trust or payment of the interest on and principal of the Asset Backed Loans to the Second Trust.

The ABL Lenders to the Second Trust will have recourse only to the Trust Assets of the Second Trust and will have no recourse against the Trustee of the Second Trust's own assets as borrower under the Asset Backed Loans to the Second Trust.

(4) Ratings

The Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust are expected to be rated Aaa(sf) by Moody's SF Japan Kabushiki Kaisha. These ratings will be assigned to the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust based on the assessment of the probability that there will be sufficient funds to pay dividends and interest on a timely basis and the full redemption and repayment of principal on or before the Second Trust Payment Date falling in December 2032. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency. A suspension, reduction or withdrawal of the rating assigned to the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust may adversely affect the market price of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust.

4. Summary of Principal Features of Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust

	Principal Features of the Beneficial Interest of the Second Trust	Principal Features of the Asset Backed Loans to the Second
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		Trust
Nominal Amount	35,500,000,000yen	34,500,000,000 yen
Scheduled Dividend / Interest Rate	0.66% per annum	0.66% per annum
Issue Price / Loan Amount	100 per cent	100 per cent
Scheduled Redemption / Repayment Date	The Second Trust Payment Date in June 2028	The Second Trust Payment Date in June 2028
Final Redemption / Repayment Date	The Second Trust Payment Date in December 2032	The Second Trust Payment Date in December 2032
Expected Ratings	Aaa(sf) by Moody's	Aaa(sf) by Moody's
Form	Trust beneficial interest, as provided in Item 1, Paragraph 2 of Article 2 of the Financial Instruments and Exchange Act, which is not a certificate of beneficial interest as provided in Article 185 of the Trust Act or Item 14, Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act.	Asset Backed Loan

II. Matters Concerning the Sale of the Beneficial Interest of the Second Trust and Lending of the Asset Backed Loans to the Second Trust

1. Matters Concerning the Sale of the Beneficial Interest of the Second Trust

(1) Unit price

100 million yen per unit.

(2) Aggregate amount of the Beneficial Interest of the Second Trust

70,000,000,000 yen.

(3) Issue price

100% of the principal amount of the Beneficial Interest of the Second Trust.

(4) Deadline for offer to purchase and method of offer to purchase

The offer to purchase will be made by way of execution of a Trust Beneficial Interest Sale and Purchase Agreement with Nikko until June 26, 2024.

(5) Purchase Price payment date and method of payment

On the Settlement Date, the purchase price for the Beneficial Interest of the Second Trust will be paid to Nikko in accordance with the method set forth in the Trust Beneficial Interest Sale and Purchase Agreement.

(6) Sales fee

No sales fee will be charged on the purchaser of the Beneficial Interest of the Second Trust.

(7) Method of placement

The Beneficial Interest of the Second Trust will be placed with less than 499 investors.

2. Matters Concerning the Lending of the Asset Backed Loans to the Second Trust

(1) Deadline of the lending and method of lending

On June 26, 2024, the offer to lend will be made by way of execution of an Asset Backed Loan Agreement to the Second Trust between the ABL Lender to the Second Trust and the Trustee of the Second Trust, as borrower.

(2) Drawdown Date to the Second Trust and method of drawdown

The Asset Backed Loan to the Second Trust is to be made by the time specified in the Asset Backed Loan Agreement to the Second Trust on June 28, 2024, the Drawdown Date to the Second Trust, by remitting the loan amount specified in the Asset Backed Loan Agreement to the Second Trust to the Collection Account. The expenses in relation to such remittance will be borne by the ABL Lenders to the Second Trust.

III. Matters Concerning the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust

1. Payment Date for Dividends and Interest

(1) Payment Dates

The payment of the dividend on the Beneficial Interest of the Second Trust and interest on the Asset Backed Loans to the Second Trust is to be made on the Second Trust Payment Date. The initial Second Trust Payment Date will be July 29, 2024, and thereafter on the 28th day of each month and on the Trust Termination Date of the Second Trust; provided, however, that where such day is not a Business Day, payment will be made on the immediately following Business Day.

(2) Scheduled dividend/interest rate

0.66% per annum.

(3) Calculation of Dividend and Interest

The dividends payable in relation to the Beneficial Interests of the Second Trust and the interest on the Asset Backed Loans to the Second Trust on each Second Trust Payment Date will be paid in accordance with the following paragraph and Part II (Information Regarding the Trust Assets), I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period, B. (The Second Trust) below, and the terms and conditions of the Asset Backed Loans to the Second Trust, as the case may be, to each of the Beneficiaries of the Second Trust and each of the ABL Lenders to the Second Trust in proportion to the Principal Balance of the Beneficial Interests of the Second Trust of each of the Beneficiaries of the Second Trust and the Principal

Balance of the Asset Backed Loans to the Second Trust of each of the ABL Lenders to the Second Trust on the first day of the relevant Interest Calculation Period.

The amount of the dividend and interest payable to each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust will be calculated based on the Principal Balance of the Beneficial Interests of the Second Trust of each of the Beneficiaries of the Second Trust and the Principal Balance of the Asset Backed Loans to the Second Trust of each of the ABL Lenders to the Second Trust as of the first day of the relevant Interest Calculation Period multiplied by the Applicable Interest Rate, on a per diem basis, calculated on the basis of a 360-day year consisting of 12 months of 30 days irrespective of actual number of days of a calendar month, wherein divisions will be done at the end of the calculation, and fractions of less than one yen will be rounded down. In order to calculate the amount of the dividend and interest payable for the first Interest Calculation Period, the Interest Calculation Period means the period from but excluding, the Drawdown Date to the Second Trust, to and including, the initial Second Trust Payment Date. In the event that : (i) the first or last Interest Calculation Period is longer than one calendar month, such Interest Calculation Period shall be deemed to be a period of 30 days plus the number of calendar days in excess of such calendar month; and (ii) the first or last Interest Calculation Period is shorter than one calendar month, such Interest Calculation Period shall be deemed to be a period of 30 days minus the number of calendar days short of such calendar month.

If all or any part of the dividend and interest payable to each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust is not paid on a Second Trust Payment Date due to a shortfall of cash in the Trust Assets of the Second Trust, such unpaid dividend and interest will be paid on the immediately following Second Trust Payment Date in accordance with the Second Trust Agreement and the Asset Backed Loan Agreements to the Second Trust.

2. Redemption of Beneficial Interest of the Second Trust and Repayment of Asset Backed Loans to the Second Trust

(1) Redemption and Repayment Dates

After the expiration of the Revolving Period, the same dates as the payment dates set forth in 1(1) (*Payment Dates*) above.

(2) Redemption of the Beneficial Interest of the Second Trust and Repayment of the Asset Backed Loans to the Second Trust

During the Revolving Period, no principal of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust will be redeemed or repaid. After the expiration of the Revolving Period, the aggregate amount of the principal of the Beneficial Interests of the Second Trust and the principal of the Asset Backed Loans to the Second Trust will be the amount of all principal repayment of the Loan Receivables from the Trustee of the First Trust to the Trustee of the Second Trust after deducting outstanding tax, the Trust Expenses, distribution of dividends on the Beneficial Interests of the Second Trust and interest on the Asset Backed Loan to the Second Trust. Such amount will be redeemed or repaid to the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust in proportion to their respective principal amount on the first day of the relevant Interest Calculation Period, subject to the following paragraph and Part II (Information Regarding the Trust Assets), I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period, B. (The Second Trust) below, and the terms and conditions of the Asset Backed Loans to the Second Trust, as the case may be.

The amount of the redemption of principal of the Beneficial Interests of the Second Trust and the amount of the repayment of the principal of the Asset Backed Loans to the Second Trust to be distributed to each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust will be the amount equal to any and all principal repayment of the Loan Receivables from the Trustee of the First Trust to the Trustee of the Second Trust in the relevant Trust Calculation Period divided on a pro rata basis among the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust based on the Principal Balance of the Beneficial Interests of the Second Trust of each of the Beneficiaries of the Second Trust and the Principal Balance of the Asset Backed Loans to the Second Trust of each of the ABL Lenders to the Second Trust as of the first day of the relevant Interest Calculation Period and fractions less than one yen will be rounded down.

With respect to the above paragraph, to the extent that there exists any fractional units of a yen resulting from the calculation of the principal amount payable to each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust, such fractional units of yen shall be aggregated and shall be reserved in the Collection Account until the next Second Trust Payment Date.

During the Revolving Period, no principal in respect of the Asset Backed Loan to the First Trust will be repaid. After the expiration of the Revolving Period but prior to the occurrence of an Early Amortization Event, to the extent available under the Available Distribution Amount and subject to Part II (Information Regarding the Trust Assets), I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period), A. (The First Trust) below, and the terms and conditions of the Asset Backed Loan to the First Trust, as the case may be, the Asset Backed Loan Principal Payment Amount will be paid to the Trustee of the Second Trust as repayment thereof on each First Trust Payment Date.

Following the occurrence of an Early Amortization Event, to the extent available under the Available Distribution Amount and subject to Part II (Information Regarding the Trust Assets), I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period), A. (The First Trust) below, and the terms and conditions of the Asset Backed Loan to the First Trust, as the case may be, the Beneficial Interest of the Second Trust and the Asset Backed Loan to the First Trust will be repaid in full.

(3) Final Redemption/Repayment Date

The Second Trust Payment Date in December 2032.

(4) Expected Redemption/Repayment Amounts and Expected Weighted Average Life

The Collections collected from the Trust Assets of the First Trust may not necessarily add up to the originally expected amount depending upon the status of early redemption and the occurrence of any default of Auto Loan Receivables that occurred during the relevant month. As for the Beneficial Interest of the Second Trusts and the Asset Backed Loans to the Second Trust, the actual principal redemption/repayment amount on each Second Trust Payment Date may vary depending upon the status of such Collections, which may result in the redemption/repayment amount, the redemption/repayment years and the weighted average life thereof being different from initial expectations. It is hereby anticipated the redemption/repayment amount, the redemption/repayment years and the weighted average life

of the Beneficial Interest of the Second Trusts and the Asset Backed Loans to the Second Trust, based upon the following assumptions, will be as follows:

Assumptions:

- (i) No losses or delinquencies occur; and
- (ii) The annualized conditional prepayment rate is 15%, the Clean-Up Call is exercised, and no Early Amortization Event occurs.

It should be noted that the actual amortization of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust may differ substantially from the amortization scenario indicated below.

Expected Amortization		
15% CPR, 0% Gross Losses/Delinquencies, Clean-Up Call Exercised, no Early Amortization Event		
WAL:		2.42 years
Period (Month-Year)	Principal Amount Outstanding at Month End	Amortization
Jun-2024	70,000,000,000	
Jul-2024	70,000,000,000	-
Aug-2024	70,000,000,000	-
Sep-2024	70,000,000,000	-
Oct-2024	70,000,000,000	-
Nov-2024	70,000,000,000	-
Dec-2024	70,000,000,000	-
Jan-2025	70,000,000,000	-
Feb-2025	70,000,000,000	-
Mar-2025	70,000,000,000	-
Apr-2025	70,000,000,000	-
May-2025	70,000,000,000	-
Jun-2025	70,000,000,000	-
Jul-2025	67,321,311,634	2,678,688,366
Aug-2025	64,466,597,002	2,854,714,632
Sep-2025	61,871,753,838	2,594,843,164
Oct-2025	59,414,051,350	2,457,702,488
Nov-2025	56,832,455,001	2,581,596,349
Dec-2025	54,494,318,514	2,338,136,487
Jan-2026	51,872,943,599	2,621,374,915
Feb-2026	49,293,369,127	2,579,574,472
Mar-2026	47,058,997,114	2,234,372,013
Apr-2026	44,913,507,548	2,145,489,566
May-2026	42,567,122,542	2,346,385,006

Jun-2026	40,560,900,179	2,006,222,363
Jul-2026	38,563,260,786	1,997,639,393
Aug-2026	36,427,076,714	2,136,184,072
Sep-2026	34,540,422,446	1,886,654,268
Oct-2026	32,747,766,520	1,792,655,926
Nov-2026	30,847,091,156	1,900,675,364
Dec-2026	29,207,017,456	1,640,073,700
Jan-2027	27,470,410,016	1,736,607,440
Feb-2027	25,543,994,400	1,926,415,616
Mar-2027	23,982,327,078	1,561,667,322
Apr-2027	22,482,631,772	1,499,695,306
May-2027	20,813,287,163	1,669,344,609
Jun-2027	19,397,889,524	1,415,397,639
Jul-2027	18,160,409,847	1,237,479,677
Aug-2027	16,904,027,406	1,256,382,441
Sep-2027	15,724,634,335	1,179,393,071
Oct-2027	14,666,674,570	1,057,959,765
Nov-2027	13,493,383,254	1,173,291,316
Dec-2027	12,457,091,887	1,036,291,367
Jan-2028	11,257,226,162	1,199,865,725
Feb-2028	10,022,213,288	1,235,012,874
Mar-2028	9,057,487,191	964,726,097
Apr-2028	8,053,235,841	1,004,251,350
May-2028	6,934,123,978	1,119,111,863
June-2028	-	6,934,123,978

(5) Weighted Average Life

The weighted average life of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust refers to the average amount of time that will elapse (on the basis of a 360-day year, a 30- day month, irrespective of actual number of days of a calendar month) from the date of issue of the Beneficial Interests of the Second Trust and the Drawdown Date to the Second Trust to the date of redemption or repayment of the principal of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust to the purchasers of the Beneficial Interests of the Second Trust and the ABL Lenders to the Second Trust (assuming no gross losses or delinquencies). The weighted average life of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust will be influenced by, amongst other things, the rate at which the Auto Loan Receivables are paid, which may be in the form of scheduled amortisation, prepayments or liquidations.

**Expected Weighted Average Life and
Expected Maturity**

**0% Gross Losses/Delinquencies, Clean-Up Call Exercised, no Early Amortization
Event**

Beneficial Interest of the Second Trust Asset Backed Loans to the Second Trust			
CPR	Weighted Average Life	First Principal Payment Month-Year	Maturity Month-Year
9%	2.55 years	July-2025	September-2028
11%	2.51 years	July-2025	August-2028
13%	2.46 years	July-2025	July-2028
15%	2.42 years	July-2025	June-2028
17%	2.38 years	July-2025	June-2028
19%	2.34 years	July-2025	May-2028
21%	2.29 years	July-2025	April-2028

Assuming that the gross losses and delinquencies are 0%, the Clean-Up Call is exercised and no Early Amortization Event occurs.

The above figures are based on the pool cut as of the Initial Cut-off Date.

3. Other Matters Regarding the Beneficial Interest of the Second Trusts and the Asset Backed Loans to the Second Trust

(1) Restriction of Assignment

The holders of the Beneficial Interest of the Second Trust and the ABL Lenders to the Second Trust are prohibited from dividing, assigning, pledging or creating any other security interest over any of the Beneficial Interest of the Second Trust and the Asset Backed Loans to the Second Trust without the prior written approval of the Trustee of the Second Trust. The Trustee of the Second Trust will not unreasonably reject, withhold or delay such approval regarding the assignment of the Beneficial Interest of the Second Trust as long as the requirements under paragraph (2) below are satisfied.

(2) Method of Assignment

When a holder of the Beneficial Interest of the Second Trust or an ABL Lender to the Second Trust intends to assign its Beneficial Interest of the Second Trust or its Asset Backed Loan to the Second Trust, as the case may be, such person (in this Clause 3 (Other Matters Regarding the Beneficial Interest of the Second Trusts and the Asset Backed Loans to the Second Trust), the “Assignor”) will (i) notify the Trustee of the Second Trust of the trade name, address, etc. of the assignee and the scheduled date of such assignment by no later than seven (7) Business Days prior to the scheduled date of such assignment; provided, however, that if the Trustee of the Second Trust is required to conduct identification at the time of transaction with regard to the assignee pursuant to Article 4 of the Act on Prevention of Transfer of Criminal Proceeds (Law No. 22 of 2007, as amended), the Assignor shall notify the Trustee of the Second Trust of such information as necessary for the identification at the time of transaction within a period which will allow the Trustee of the Second Trust to complete the above identification at the time of transaction before such assignment, (ii) subject to completion of the above-mentioned identification at the time of transaction by the Trustee of the Second Trust, submit and will cause the assignee thereof to jointly submit (x) the Request

for Approval of Assignment of the Beneficial Interest of the Second Trust and Approval Thereof (the “**Request for Approval of Assignment of the Beneficial Interests of the Second Trust and Approval Thereof**”) substantially in the form attached to the Second Trust Agreement or (y) the Request for Approval of Assignment of the Asset Backed Loans to the Second Trust and Approval Thereof (the “**Request for Approval of Assignment of the Asset Backed Loan to the Second Trust and Approval Thereof**”) substantially in the form attached to the Asset Backed Loan Agreement to the Second Trust, to the Trustee of the Second Trust by no later than three (3) Business Days prior to the scheduled date of such assignment and (iii) (x) in the case of the assignment of the Beneficial Interest of the Second Trust, cause the assignee thereof to make certain representations and warranties and agree to the covenants with respect to (a) the assumption of the obligations of the Beneficiaries of the Second Trust and certain limitations of the Beneficial Interest of the Second Trust under the Second Trust Agreement, including, but not limited to, the non-petition covenants and other agreements as provided in the Second Trust Agreement and (b) item (5) (c) (Restrictions on and Undertakings of the Beneficiaries of the Second Trust) below and the agreements set forth in the Request for Approval of Assignment of the Beneficial Interests of the Second Trust and Approval Thereof, or (y) in the case of the assignment of the Asset Backed Loan to the Second Trust, cause the assignee thereof to make certain representations and warranties and agree to the covenants with respect to the assumption of the obligations of the Assignor, as the Lender and certain limitations of the Loan to the Second Trust under the Asset Backed Loan Agreements to the Second Trust, including, but not limited to, the non-petition covenants and other agreements as provided in the Asset Backed Loan Agreements to the Second Trust as set forth in the Request for Approval of Assignment of the Asset Backed Loan to the Second Trust and Approval Thereof. Provided, however, that if assignment of the Beneficial Interests of the Second Trust is made by the Initial Beneficiary of the Second Trust to its assignee, the period of time required to give notice and submit documents to the Trustee of the Second Trust as set forth in (i) and (ii) above shall not apply. In the case of the assignment of the Beneficial Interest of the Second Trust, the Trustee of the Second Trust will affix a seal of approval on the Request for Approval of Assignment of the Beneficial Interests and Approval Thereof. The Trustee of the Second Trust shall obtain a certified and notarized date stamp (*kakutei hizuke*) on the Request for Approval of Assignment of the Beneficial Interests and Approval Thereof with a seal of approval affixed thereto. In the case of the assignment of the Asset Backed Loan to the Second Trust, the Trustee of the Second Trust will affix a seal of approval on the Request for Approval of Assignment of the Asset Backed Loan to the Second Trust and Approval Thereof. The assignee or the Assignor will obtain a certified and notarized date stamp (*kakutei hizuke*) on the Request for Approval of Assignment of the Asset Backed Loan to the Second Trust and Approval Thereof with a seal of approval affixed thereto. Provided, however, that the Trustee of the Second Trust will not approve the assignment of the Beneficial Interest of the Second Trust and the Asset Backed Loan to the Second Trust, if:

- (a) the scheduled date of such assignment falls during the period starting on the Business Day immediately following the Reporting Date to the Second Trust Payment Date;
- (b) it has not received a document with respect to the assignee’s agreement set forth in paragraph (2)(iii) above;
- (c) the assignee has any relationship with, is engaged with or otherwise falls under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and engages in any Anti-Social Conduct;
- (d) the assignee is (i) a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended), (ii) a resident in the United States or (iii) a person acting for the account or benefit of a person described in (i) or (ii);

- (e) the assignee is not a specified investor (*tokutei tousehika*) as defined under Paragraph 31 of Article 2 of the Financial Instruments and Exchange Act;
- (f) in the event that the assignee is a foreign corporation, the foreign corporation does not satisfy conditions (i) and (ii) as described below or does not submit the documents set forth in (iii) below to the Trustee of the Second Trust;
- (g) in the case of an assignment of the Beneficial Interest of the Second Trust, as a result of the assignment of the Beneficial Interest of the Second Trust, the total number of Beneficiaries of the Second Trust exceeds 499 or the total number of units of the Beneficial Interests of the Second Trust exceeds 499;
- (h) in the case of an assignment of the Asset Backed Loan to the Second Trust, the performance by the assignee of its duties under the Asset Backed Loan Agreement to the Second Trust, infringes, violates, is contrary to, or constitutes a default under, any Applicable Law applicable to the assignee or all material consent, license, approval or authorization of any government authority required to be obtained by the assignee in connection with the performance of its duties under the Asset Backed Loan Agreement to the Second Trust has not been obtained or is invalid and suspended; or
- (i) in the case of an assignment of the Asset Backed Loan to the Second Trust, as a result of the assignment of the Asset Backed Loan to the Second Trust, the value of each Asset Backed Loan to the Second Trust is less than one hundred million yen.

If the assignee is a foreign corporation as described in (f) above, the Assignor will agree that the approval by the Trustee of the Second Trust to such assignment will not be given unless (i) the foreign corporation has a branch in Japan, (ii) such branch is exempted from Japanese withholding tax to the satisfaction of the Trustee of the Second Trust and (iii) the foreign corporation (x) presents its current certificate of exemption of withholding tax and submits a copy thereof to the Trustee of the Second Trust and other person who is deemed necessary (by the Trustee of the Second Trust) and (y) delivers a document in form and substance satisfactory to the Trustee of the Second Trust containing an agreement by the foreign corporation to present a new certificate of exemption of withholding tax to and submit a copy thereof to the Trustee of the Second Trust and other person who is deemed necessary (by the Trustee of the Second Trust) when the effective period of the then current certificate of exemption of withholding tax expires. If the Trustee of the Second Trust or the Trust Assets of the Second Trust suffer any damage as a result of the expiration of the effective period of such certificate or other matter nullifying the certificate attesting to the exemption of withholding tax, or any other reason, the Assignor or the foreign corporation which acquires the Beneficial Interest of the Second Trust or the Asset Backed Loan to the Second Trust will compensate the Trustee of the Second Trust or the Trust Assets of the Second Trust immediately for such damage.

(3) Assignment of the Asset Backed Loan to the Second Trust without consent

If the Loan Receivables to the Second Trust are assigned in breach of or failing to perform the obligation under Article 17.1 to Article 17.3 of the Asset Backed Loan Agreements to the Second Trust (such assignment is referred to as the “**Noncompliant Assignment**”, the assignor under the Noncompliant Assignment as the “**Noncompliant Assignor**”, the assignee under the Noncompliant Assignment as the “**Noncompliant Assignee**”, and the assigned receivables as the “**Non-compliantly Assigned Receivables**”), the Trustee of the Second Trust may take either of the following measures as long as the Noncompliant Assignor has the right to receive repayment pursuant to Article 466 (3) of the Civil Code, provided that the Trustee of the Second Trust shall not be liable for any damages arising out of or as a result of such measures.

- (a) The Trustee of the Second Trust does not need to handle any additional procedures which is necessary for treating the Noncompliant Assignee as the creditor of the Loan Receivables; and
- (b) The Trustee of the Second Trust may treat the Noncompliant Assignor as the creditor of the Non-compliantly Assigned Receivables. In this case, the Trustee of the Second Trust shall pay the principal and interest of the Non-compliantly Assigned Receivables to the Noncompliant Assignor.

The Noncompliant Assignor and the Noncompliant Assignee shall resolve the dispute arising from the Noncompliant Assignment on their own cost and responsibility. If the Trustee of the Second Trust, other lenders (excluding other Noncompliant Assignees) and the Trust Beneficiaries suffer damages based on the Noncompliant Assignment, the Noncompliant Assignor shall compensate such damages.

(4) Charges and Expenses

All expenses incurred in connection with the assignment of the Beneficial Interest of the Second Trust and the Asset Backed Loan to the Second Trust will be jointly and severally borne by the Assignor and the assignee.

(5) Restrictions on and Undertakings of the Beneficiaries of the Second Trust

- (a) No Trust Beneficiary of the Second Trust shall request to inspect or copy the documents to the Trustee of the Second Trust as provided in Paragraph 1 of Article 38 of the Trust Act, except where such inspection or copy of the documents relates to information which is necessary to prepare disclosure materials in relation to the status of the Trust Assets of the Second Trust set forth in Paragraph 2 of Article 37 of the Trust Act, any other important information relating to the Second Trust or any other information which is unlikely to have a materially adverse effect on the interests of any person other than the Trust Beneficiaries of the Second Trust. The Trustor of the Second Trust as the Initial Trust Beneficiary of the Second Trust agrees to the foregoing.
- (b) No Beneficiary of the Second Trust will request the disclosure of the matters specified in paragraph 1 of Article 39 of the Trust Act to the Trustee of the Second Trust, notwithstanding the provisions of Paragraphs 1 and 2 of Article 39 of the Trust Act.
- (c) Each Beneficiary of the Second Trust will agree not to exercise the following rights:
 - (i) petition for the dismissal of the Trustee under Paragraph 1 of Article 58 of the Trust Act;
 - (ii) petition for a court order for the modification of the Second Trust under Paragraph 1 of Article 150 of the Trust Act; or
 - (iii) petition for a court order for the termination of the Second Trust under Paragraph 1 of Article 165 of the Trust Act.
- (d) No Beneficiary of the Second Trust will, in connection with the Trust Assets of the Second Trust, be entitled to petition for the commencement of proceedings for bankruptcy or other similar insolvency proceedings under the laws of Japan or any foreign law or cause a third party to petition or join or agree to any petition made by a third party, in any jurisdiction during the period starting on the Trust Commencement Date of the Second Trust and ending on the date which is one year and one day from the

day on which the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust receive the payment of all money payable under the Beneficial Interests of the Second Trust and the Asset Backed Loan to the Second Trust. No Beneficiaries of the Second Trust shall file a petition of attachment (*sashiosae*), provisional attachment (*kari-sashiosae*), other compulsory execution procedure or protective order against the Trustee of the Second Trust's own proprietary assets and trust assets other than the Trust Assets of the Second Trust; provided, however, (i) the second sentence of this paragraph (d) shall not apply to the case where such petition against the Trustee of the Second Trust's own proprietary assets is based on any damage or losses of the Beneficiary of the Second Trust as a result of the negligence or wilful misconduct of the Trustee of the Second Trust and (ii) this paragraph (d) shall not apply to the case where the Trustee of the Second Trust shall be liable in accordance with the Second Trust Agreement.

(6) Restrictions on and Undertakings of the ABL Lenders to the Second Trust

With regard to the obligations of the Trustee of the Second Trust owed to the ABL Lenders to the Second Trust in the Asset Backed Loan Agreements to the Second Trust (except for the obligations incurred as a result of the negligence or wilful misconduct of the Trustee of the Second Trust), no ABL Lender to the Second Trust will have recourse against the Trustee of the Second Trust's own proprietary assets and trust assets other than the Trust Assets of the Second Trust. In the event that the Trustee of the Second Trust's obligations owed to any ABL Lender to the Second Trust in any Asset Backed Loan Agreement to the Second Trust (except for the obligations incurred as a result of the negligence or wilful misconduct of the Trustee of the Second Trust) have not been completely satisfied by the Trust Assets of the Second Trust, such ABL Lender to the Second Trust will be deemed to have waived all claims which remain outstanding.

No ABL Lender to the Second Trust will file a petition of attachment (*sashiosae*), provisional attachment (*kari sashiosae*), other compulsory execution procedure or protective order against the Trustee of the Second Trust's own proprietary assets and trust assets other than the Trust Assets of the Second Trust for the obligations of the Trustee of the Second Trust owed to the ABL Lenders to the Second Trust in the Asset Backed Loan Agreements to the Second Trust (except, with respect to the Trustee of the Second Trust's own proprietary assets, for the obligations incurred as a result of the negligence or wilful misconduct of the Trustee of the Second Trust).

No ABL Lender to the Second Trust will, in connection with Trust Assets of the Second Trust, be entitled to petition for the commencement of proceedings for bankruptcy or other similar insolvency proceedings under the laws of Japan or any foreign law or cause a third party to petition or join or agree to any petition made by a third party, in any jurisdiction, for the period starting from the Drawdown Date to the Second Trust and ending on the date that is one year and one day following the day on which the ABL Lender to the Second Trust receives the repayment of all money payable under the Asset Backed Loan Agreements to the Second Trust.

In the Second Trust Agreement and the Asset Backed Loan Agreement to the Second Trust, each ABL Lender to the Second Trust and the Trustee of the Second Trust will confirm that all of such ABL Lender to the Second Trust's claims against the Trustee of the Second Trust under the Asset Backed Loan Agreement to the Second Trust will be contractually subordinated claims (*Yakujo Retsugo Hasan Saiken*) as provided in paragraph 2 of Article 99 of the Bankruptcy Act on the bankruptcy procedure of the Trust Assets of the Second Trust.

4. Factors Which Could Have a Material Effect on the Redemption of Principal and Distribution of Dividends on the Beneficial Interest of the Second Trust and the Repayment of Principal and Payment of Interest on the Asset Backed Loans to the Second Trust

The redemption of the principal of and distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of and payment of interest on the Asset Backed Loans to the Second Trust is conditional upon the payment under the Trust Assets of the Second Trust, which is itself dependent on the payment from the First Trust.

- (a) Risk of the shortage of the Collection of Auto Loan Receivables against the amount necessary for the redemption of, and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of the interest on the Asset Backed Loans to the Second Trust

Since the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on the Asset Backed Loans to the Second Trust, are affected by the collection status of the Auto Loan Receivables constituting the Trust Assets of the First Trust, the amount to be paid may be less than the amount necessary for the scheduled distribution of dividends of and payment of interest of, and even the scheduled redemption or repayment of the principal of the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust, depending on the status of losses and overdue amounts of the Auto Loan Receivables. Furthermore, as the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust are only made from the Trust Assets of the First Trust composed of trust money and the Auto Loan Receivables, the holders of the Beneficial Interests of the Second Trust and the ABL Lenders to the Second Trust may suffer a loss in the event the aggregate amount of such Trust Assets of the First Trust become less than the amount necessary for the redemption of, and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of the interest on the Asset Backed Loans to the Second Trust.

However, the payment obligation of the Auto Loan Receivables is guaranteed by the Guarantor in principle in accordance with the guarantee agreement between MBF and the Guarantor (the “**Guarantee Agreement**”). If an Obligor fails to make payments of the Auto Loan Receivables, or any Auto Loan Receivables become accelerated in accordance with the terms of the Auto Loan Agreement, the Guarantor will perform the guaranty obligation in accordance with the Guarantee Agreement. However, under the Guarantee Agreement the Guarantor is exempted from its guaranty obligations, among other items, (i) if the Auto Loan Agreement was made based on the fraud by the Dealer, or the Dealer and the Obligor, and the Guarantor did not know such fact without negligence when the Guarantor entered into the Auto Loan Agreement; (ii) if the Obligor can assert the defense against MBF pursuant to the Installment Sales Act and it is impossible or significantly difficult for the Guarantor, to whom MBF delegates the collection service, to make a claim to the Obligor due to the existence of such defense; (iii) if MBF and the Obligor amend the Auto Loan Receivables without obtaining the consent of the Guarantor; or (iv) in other cases where the obligation to repay the Auto Loan Receivables are considered not to be performed due to the reason attributable to MBF or the Dealer.

The above mentioned risk is mitigated to the extent that the credit enhancement, including the senior-subordinated structure under the First Trust Agreement, is provided for in the Beneficial Interests of the Second Trust and the Asset Backed Loans to the Second Trust.

- (b) Risk of the Auto Loan Receivables being prepaid in full

As mentioned in (a) above, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust are affected by the collection status of the Auto Loan Receivables constituting the Trust Assets of the First Trust.

The Auto Loan Agreement provides that an Obligor may make an early repayment if it pays certain early payment charges. The amount of the Collection in the case of early repayments shall be deemed as the amount equivalent to the aggregate amount of the Outstanding Principal Balance of the Auto Loan Receivables and the accrued interest corresponding to the Monthly Period in which MBF collects such prepayments, and therefore, depending on the timing and amount of early repayments, the redemption of the principal of, and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust would be affected.

The above mentioned risk is mitigated to the extent that the credit enhancement, including the senior-subordinated structure under the First Trust Agreement, is provided for the Beneficial Interests of the Second Trust and the Asset Backed Loan to the Second Trust.

(c) Risk associated with the Insolvency Proceedings of MBF as the Trustor of the First Trust

With respect to Auto Loan Receivables:

In connection with the entrustment of the Auto Loan Receivables from MBF to the Trustee of the First Trust under the First Trust Agreement, there is a risk that collection of the Asset Backed Loan to the First Trust by the Trustee of the Second Trust could be affected if, in bankruptcy (*hasan*), civil rehabilitation (*minji-saisei*), or corporate reorganization (*kaisha-kosei*) or other insolvency proceedings (collectively, the “**Insolvency Proceedings**”) relating to MBF, the court or a receiver (*kanzainin*) determined that (i) the rights of the Trustee of the First Trust in the Auto Loan Receivables were deemed to be a security interest or (ii) ownership of such Auto Loan Receivables still belonged to MBF as a bankrupt estate (*hasan zaidan*), an obligor to be rehabilitated (*saisei saimusha*) or a corporation to be reorganized (*kousei gaisha*). However, for the following reasons, the foregoing risk is expected to be low:

- (i) MBF and the Trustee of the First Trust intend a true transfer of the Auto Loan Receivables (which is not a security by way of assignment or other security interest), and the terms and conditions of the First Trust Agreement reflect such intention of the parties. In addition, at a duly convened meeting of the Board of Directors of the Trustor of the First Trust the Board of Directors of the Trustor of the First Trust approved a resolution in which the First Entrustment is to be made under true transfer;
- (ii) Under the First Trust Agreement, MBF has no authority or power with respect to such Auto Loan Receivables, other than to retain its rights and obligations as Servicer under the Servicing Agreement with respect to the Auto Loan Receivables to be assigned and transferred to the Trustee of the First Trust and the holding of the Additional Senior Beneficial Interests and the Subordinated Beneficial Interests;
- (iii) Under the First Trust Agreement, MBF has no right to request a repurchase or delivery of the Auto Loan Receivables from the Trustee of the First Trust, except for certain limited cases as prescribed by the First Trust Agreement, or has no obligation to repurchase the Auto Loan Receivables from the Trustee of the First Trust, except for certain limited cases as prescribed by the First Trust Agreement. Under the First Trust Agreement, the Trustee of the First Trust is not entitled to request that MBF repurchase the Auto Loan Receivables entrusted to it or make any payment by way of delivery of such Auto Loan Receivables, except for certain limited cases as prescribed by the First Trust Agreement, or has no obligation to accept an offer to repurchase by MBF, except for certain limited cases as prescribed by the First Trust Agreement;
- (iv) MBF has the right to receive from the Trustee of the First Trust reasonable Servicing Fees as Servicer under the Servicing Agreement. MBF in its capacity as Senior

Beneficiary with respect to the Additional Senior Beneficial Interests and Subordinated Beneficiary, may also receive dividends on the Subordinated Beneficial Interests, subject to certain conditions. However, other than such rights, MBF has no right over the Collections of the Auto Loan Receivables entrusted to the Trustee of the First Trust or any profit from the investment thereof;

- (v) MBF will hold the Subordinated Beneficial Interests during the Trust Period and the entrustment of additional Auto Loan Receivables or money to the Trustee of the First Trust will be made in the case where the Down Grade Trigger occurs, which will enable MBF to provide credit enhancement to the Trustee of the Second Trust and consequently the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust, however, the level of such credit enhancement does not significantly exceed the appropriate ratio reasonably calculated as the level of the credit enhancement required in light of factors including the credit ratings assigned by the Rating Agency and the nature of the pool of the Auto loan Receivables. Most of risks regarding the Auto Loan Receivables are transferred to the Trustee of the First Trust and the remaining risk in the Trustor of the First Trust is limited, therefore the level of the credit enhancement will still not negate the legal characteristics of the First Entrustment being an entrustment without creation of any security interest. Also, additional entrustment of the Additional Auto Loan Receivables may be made during the Revolving Period, however, such additional entrustment will not be made for the purpose of the credit enhancement, therefore such additional entrustment will not negate the legal characteristics of the First Entrustment being an entrustment without creation of any security interest;
- (vi) The entrustment of the Auto Loan Receivables from MBF to the Trustee of the First Trust under the First Trust Agreement will be perfected against any third party other than the Obligors, as provided by the Perfection Act; and
- (vii) MBF will have no responsibility to secure the credit of the Obligors at the time of repayment of the Auto Loan Receivables entrusted to the Trustee of the First Trust. Accordingly, if a delay or default has arisen with respect to such Auto Loan Receivables beyond the initial expectation, any loss resulting therefrom will be incurred by the ABL Lenders to the First Trust and the Trustee of the Second Trust and consequently the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust, and MBF will not indemnify the Trustee of the First Trust and the Trustee of the Second Trust for such loss.

With respect to the Guarantee by the Guarantor:

Under the Guarantee Agreement, MBF shall pay guarantee fees to the Guarantor, which may be construed that the payment of the guarantee fee and performance of the Guarantor's obligation are a compensatory relationship. As a result, if MBF enters any Insolvency Proceedings, the receiver (*kanzainin*) of MBF may have an option to terminate the Guarantee Agreement as an outstanding bilateral contract in accordance with Article 53 of the Bankruptcy Act, Article 49 of the Civil Rehabilitation Act, and Article 61 of the Corporate Reorganization Act (collectively, the “**Insolvency Laws**”). When the receiver (*kanzainin*) of MBF exercises its termination right under the Insolvency Laws, the Auto Loan Receivables are no longer guaranteed by the Guarantor. As a result, a risk exists that the payment under the Auto Loan Receivables will depend only on the payments from the Obligors.

- (d) Risk associated with Insolvency Proceedings of MBF as Servicer

With respect to the remittance of the Collections:

The servicing of the Auto Loan Receivables will be performed by MBF, the original holder of the Auto Loan Receivables. In the event MBF enters into Insolvency Proceedings, the collection of the Auto Loan Receivables by MBF may be temporarily suspended, or the Collections may be mixed with the general property of MBF, and as a result, the redemption of the principal and the payment of the dividends of the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on the Asset Backed Loans to the Second Trust may suffer adverse effects.

However, the above mentioned risk is mitigated to the extent that the senior and subordination structure is adopted under the First Trust Agreement, and the Servicing Agreement can be terminated in certain cases as described below.

With respect to a Servicer Replacement Event:

As described in Part 2 (Information Regarding the Trust Assets), II. (Summary of the Assets Constituting the Trust Assets), item 2. (Collection of Assets Constituting the Trust Assets), (5) (Servicer Replacement Event), the First Trust Agreement and the Servicing Agreement provide that (i) if a Servicer Replacement Event occurs, the Trustee of the First Trust may promptly cancel and terminate the delegation of the servicing to MBF, and (ii) the Trustee of the First Trust itself or another third party will succeed to MBF, as Servicer. The risk associated with the occurrence of an Insolvency Proceeding of the Servicer is reduced if the delegation of the servicing is terminated and a successor is appointed in this way. However, the Servicer Replacement Events also include the filing a petition for the commencement of Insolvency Proceedings. The provisions permitting the termination of the agreement due to the filing of a petition for the commencement of Insolvency Proceedings (the “**Termination Clause**”) could be found by a court to be ineffective since the Termination Clause infringes upon the right to choose whether to perform or terminate a bilateral outstanding agreement given by Article 53 of the Bankruptcy Act, Article 49 of the Civil Rehabilitation Act and Article 61 of the Corporate Reorganization Act to a receiver (*kanzainin*) or a rehabilitation debtor. If the Termination Clause is considered to be null and void by a court, there is a risk that the transfer of the servicing business to the Trustee of the First Trust or a third party designated by the Trustee of the First Trust would be impossible as a result and the redemption of the principal and the payment of the dividends of the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust could suffer adverse effects.

- (e) Risk associated with Insolvency Proceedings relating to the Trustee of the First Trust and Trustee of the Second Trust

In accordance with Article 25 of the Trust Act, when the Trustees of the First Trust and the Trustee of the Second Trust (collectively, the “**Trustee**”) commences Insolvency Proceedings, the Auto Loan Receivables and cash in the Trust Assets will not be included in the bankruptcy estate, rehabilitating debtor’s assets or the reorganizing company’s assets. However, if the Trustee breaches its obligation to segregate the Trust Assets from its own proprietary assets under the Trust Act, and as a result the identification of the Trust Assets becomes difficult, there is a risk that the Trust Assets will not be properly identified and will be treated as assets belonging to Trustee instead. In addition, set-off by the Obligors of the Auto Loan Receivables and the Obligors’ receivables against the Trustee may be valid based on the proviso of Paragraph 1, Article 22 of the Trust Act in the case, among others, where such Obligor does not know without negligence that such Auto Loan Receivables belong not to the Trustee’s own proprietary assets but to the trust assets.

The risk of the Trustee failing to properly segregate the Trust Assets is limited to a degree as the Trustee’s primary business is in the trust business, and it will be engaged to maintain, manage and invest the Trust Assets under the First Trust Agreement and the Second Trust

Agreement. However, if the Trustee commences Insolvency Proceedings, there is a possibility that its trust business will be suspended tentatively, which may have an adverse impact on the timely distribution of dividends and the payment of principal of the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust.

(f) Risk associated with the Insolvency Proceedings of JACCS and Orico as Guarantors

The payment obligation of the Auto Loan Receivables is guaranteed by JACCS or Orico as Guarantors. If the Obligor delays its payment or defaults the payment of the Auto Loan Receivables, the Guarantor is obligated to perform its obligation under the Guarantee Agreement. If either of the Guarantor commences Insolvency Proceedings, the payment under the Auto Loan Receivables guaranteed by such Guarantor depends only on the payment from the Obligors. With respect to the payment under the Guarantee Agreements, see item (a) (Risk of the shortage of the Collection of Auto Loan Receivables against the amount necessary for the redemption of, and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of the interest on the Asset Backed Loans to the Second Trust) above.

(g) Risk associated with the Insolvency Proceedings of JACCS and Orico as Sub-Servicers

Pursuant to each of the Consignment Agreements, JACCS and Orico are engaged in providing most of services relating to the Auto Loan Receivables, such as credit analysis of Obligors, negotiation with Obligors, collection of the installment payments from Obligors and the transfer of such collections to MBF, storage of the Auto Loan Agreements and data of the Obligors and other related services. Furthermore, under the Sub-Servicing Agreement entered into among the Trustee of the First Trust, MBF and JACCS and the Sub-Servicing Agreement entered into among the Trustee of the First Trust, MBF and Orico, JACCS and Orico will undertake to perform the same services as are currently provided to MBF in the relevant Consignment Agreement as a sub-servicer delegated by MBF and the Trustee of the First Trust. If JACCS or Orico commences Insolvency Proceedings, the collection of the Auto Loan Receivables made by such Sub-Servicer and other services provided by such Sub-Servicer may be temporarily suspended or upon a failure of the Servicer to perform its duty under the Servicing Agreement, the expected role to be performed by such Sub-Servicer is not performed and as a result of the redemption of the principal and payment of the dividends of the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust may suffer adverse effects thereby.

If a Sub-Servicer Replacement Event occurs with respect to either Sub-Servicer, the Trustee of the First Trust may promptly terminate the delegation of the servicing to such Sub-Servicer in accordance with the Sub-Servicing Agreement and appoint the other Sub-Servicer who is not the party to the terminated Sub-Servicing Agreement or another entity in accordance with the First Trust Agreement. A Sub-Servicer Replacement Event includes the filing of a petition for the commencement of Insolvency Proceedings with respect to the Sub-Servicer. With respect to the risk associated with such Termination Clause, see item (d) (Risk associated with Insolvency Proceedings of MBF as Servicer) above.

(h) Risk relating to reliance on representations and warranties

The First Trust Agreement will include certain representations and warranties by MBF in favor of the Trustee of the First Trust and the Trustee of the Second Trust. These representations and warranties include, among others, that the Auto Loan Receivables and/or Auto Loan Agreement satisfy the Eligibility Criteria on the relevant Cut-off Date. The Trustee of the First Trust and the ABL Lender to the First Trust will not be obliged or expected to investigate,

search or confirm compliance with, or the accuracy of, those representations and warranties. If certain representations and warranties were false or incorrect in any material respect as of the time when such representations and warranties were made, MBF is obliged under the First Trust Agreement to repurchase all or any affected Auto Loan Receivables after making notification to the Trustee of the First Trust. Such a repurchase is made on the immediately following Remittance Date of the date on which notice to the Trustee of the First Trust is made or the Trustee of the First Trust receives such notice from the Trustor of the First Trust. MBF's ability to fulfill this undertaking is dependent on the availability of funds to make such repurchase and may be affected by the solvency of MBF. In addition, if such mistake or false representations and warranties are objectively material as of the time when such representations and warranties were made but MBF does not notify the Trustee of the First Trust of such mistake or false representations and warranties, such Auto Loan Receivables will not be practically subject to the repurchase. Therefore, in the event the mistake or false representations and warranties are not reasonably determined to be material, the Trust Assets of the First Trust may be deteriorated.

(i) Risk associated with non-perfection of entrustment of the Auto Loan Receivables against Obligor

The First Trust Agreement provides that the Trustor of the First Trust will register the entrustment of the Auto Loan Receivables with the Trustee of the First Trust after the Trust Commencement Date or each Additional Entrustment Date in accordance with the Perfection Act. As registration of a transfer of receivables under the Perfection Act has the legal effect of perfection against a third party only, the perfection of the entrustment of the Auto Loan Receivables against the Obligor is initially reserved in the First Trust Agreement. Given this, the Trustee of the First Trust may not claim the rights concerning the Auto Loan Receivables transferred to itself against the Obligor without perfecting such transfer of receivables against the Obligor. If MBF becomes bankrupt, the collection by the Trustee of the First Trust may suffer adverse effects as a result of such non-perfection against the Obligor. However, if MBF commences Insolvency Proceedings, the Trustee of the First Trust may promptly cancel the delegation of the servicing to MBF. In that case, the First Trust Agreement and the Servicing Agreement provide that the Trustee of the First Trust on behalf of MBF, will issue the notices to the Obligor so that the entrustment of the Auto Loan Receivables to the Trustee of the First Trust will be perfected against the Obligor without delay.

In addition, in the case where the Obligor offset the Auto Loan Receivables by the Obligor's receivables against MBF obtained prior to when the transfer of the Auto Loan Receivables from MBF to the Trustee of the First Trust by entrustment is perfected against the Obligor, the Trustee of the First Trust shall not invalidate such set-off. However, under the First Trust Agreement, MBF represents and warrants to and for the benefit of the Trustee of the First Trust, the ABL Lender to the First Trust and (after the entrustment of the Loan Receivables pursuant to the Second Trust Agreement) the Trustee of the Second Trust with respect to the Auto Loan Receivables on the relevant Cut-off Date that such Auto Loan Receivables are not subject to the right of defense of set-off and covenants that MBF shall not take any step which would result in any Auto Loan Receivable ceasing to meet the Eligibility Criteria (including, without limitation, acts which would result in any Obligor having a defence or cause of defence against either the Servicer or the Trustee of the First Trust in respect of payments due under the relevant Auto Loan Agreement). Therefore, such representations, warranties and covenants are expected to reduce the risk of such set-off by the Obligor to such extent.

(j) Risk concerning the register of the Purchased Vehicles

Pursuant to the Auto Loan Agreement, the Consignment Agreement and the Dealer Agreement, when an Obligor purchases a Purchased Vehicle from a Dealer, the purchase price of the Purchased Vehicle is paid up front in full to the Dealer by MBF for the benefit of the Obligor.

Registered ownership of the Purchased Vehicle is initially held by the Dealer; however, beneficial title in the Purchased Vehicle is transferred to MBF upon payment by MBF of the purchase price of the Purchased Vehicle to the Dealer until the Obligor makes all payments due to MBF under the Auto Loan Agreement. In the event the Obligor defaults on its payments under the applicable Auto Loan Agreement and JACCS or Orico, as guarantor, makes payments to MBF, upon the performance in full of its obligations under the guarantee, beneficial title to the Purchased Vehicle will then be transferred from MBF to JACCS or Orico, and will be held by JACCS or Orico until such time as JACCS's or Orico's claim against the Obligor is settled or otherwise extinguished. Pursuant to the Consignment Agreement, JACCS, Orico or the Dealer will be the registered owner of the Purchased Vehicle in general and in some limited circumstances MBF.

At the time when the Auto Loan Receivables are entrusted to the Trustee of the First Trust pursuant to the First Trust Agreement, the beneficial title to each Purchased Vehicle held by MBF will also be transferred to the Trustee as security for payment of the Auto Loan Receivables. Although the Trustee of the First Trust will not be recorded as the registered owner of the Purchased Vehicles at such time, upon the occurrence of an Insolvency Event of the registered owner of a Purchased Vehicle or a Servicer Replacement Event and if requested by the Trustee of the First Trust, MBF will take all steps necessary to have the Purchased Vehicles registered in the name of the Trustee of the First Trust or any third party designated by the Trustee of the First Trust.

In a Supreme Court decision dated June 4, 2010 (Case No. 284 of 2009 (*uke*) – Incident Regarding Requested Delivery of Vehicle) (the “**2010 Case**”), a credit company providing an automobile loan was prohibited from reclaiming and taking ownership of a vehicle registered in the dealer's name following the debtor's initiation of insolvency proceedings since it was found that the credit provider was not the registered owner of vehicle. Applying to the 2010 Case, if Insolvency Proceedings were commenced in relation to the Obligor of a Purchased Vehicle, there is a risk that a demand by the Trustee of the First Trust for the transfer of registered ownership of the relevant Purchased Vehicle as a right of separate satisfaction (*betsujo-ken*) may not be upheld. However, a Osaka District Court decision dated January 13, 2017 (Case No. 1965 of 2016 (*wa*) – Incident Regarding Requested Exercise of Right of Avoidance) (the “**2017 Case**”) determined that in the case where the credit sales company acquired the receivables and the security interests (retained ownership) from the dealer by statutory subrogation (*houtei-daii*), the credit sales company may exercise the retained ownership as a right of separate satisfaction (*betsujo-ken*) without the registration of the vehicle. The difference between the 2010 Case and the 2017 Case is that, in the 2017 Case, the court found that the agreement provided “in the case where the defendant (the credit sales company) pays to the dealer on behalf of the obligor, the defendant (the credit sales company) shall be subrogated by operation of law to the claims of the dealer pursuant to the provisions of the Civil Code” and the agreement clearly provided that the retained ownership to be exercised by the credit sales company is established by the dealer and the credit sales company, as subrogee, shall exercise it. The 2017 Case is considered to have determined that, since the subrogee may exercise the right without perfection in the case of statutory subrogation, the credit sales company may assert the retained ownership without the registration of the vehicle. If the 2017 Case applies in this transaction, even when Insolvency Proceedings were commenced in relation to any Obligor of a Purchased Vehicle, the Trustee of the First Trust may request, as a right of separate satisfaction (*betsujo-ken*), the transfer of registered ownership of the relevant Purchased Vehicle registered under the name of the Dealer. In addition, in this transaction, the ownership of the Purchase Vehicles will be transferred to the Trustee of the First Trust, for the purpose of obtaining the ratings from the Rating Agency, and the collection of the Defaulted Receivables from the related Purchased Vehicle is not taken into account and the credit enhancement level in consideration of the above risk is set.

- (k) Risk associated with the fact that a secondary market for the Beneficial Interests of the Second Trust or Asset Backed Loan to the Second Trust has not been established to date

As a secondary market for the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust has not been established, the liquidity of the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust will not be guaranteed. Accordingly, it is expected that the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust will be restricted in terms of when the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust can be sold, and such limitation may adversely affect the sales price or may result in the inability of such sale to be completed. Therefore, the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust may not recover their investment costs by selling the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust, and as a result, they may suffer a loss similar to in case where the principal amount of the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust may not be fully redeemed or repaid. In addition, if the credit rating of the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust is downgraded by the Rating Agency, the sales price may also be affected. Furthermore, as the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust has a risk relating to the timing of the redemption or repayment of the principal, in the event the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust is purchased at a price other than the face value thereof, the investment yield may, as a result, become different from the initially expected yield and, consequently, they may not recover the principal amount thereof.

- (l) Risk associated with defense (including defense under the Installment Sales Act) and other assertions from the Obligor

The Auto Loan Receivables involve the risk of various defenses asserted by the Obligors against the payment thereof. Such defenses may include (i) the denial of the right capacity, intent capacity or capacity for action of an Obligor as a natural person, (ii) the assertion of a defect in the manifestation of intention (such as a mistake and fraud) upon entering into an Auto Loan Agreement, (iii) the assertion of the withdrawal of the offer as provided for in the Installment Sales Act, (iv) the assertion of any event of nullity or rescission as provided for in the Consumer Contract Act (Law No. 61 of 2000, as amended) and (v) the assertion that the Purchased Vehicle does not conform to the terms of the sales agreement (the “**Non-conformity**”), among other things, whether they are rational or not. Furthermore, as the Auto Loan Agreement and the sales agreement between the Obligor and a Dealer have some relevance to each other though they are separate and independent agreements, such events as dissatisfaction or insecurity about the Dealer's performance of, or its ability to perform, its obligations under the sales agreement may be asserted as reasons for suspension of payments in relation to the Auto Loan Receivables (whether rational or not). The Auto Loan Receivables are subject to the Instalment Sales Act: if (i) the Purchased Vehicle is not delivered to the Obligor, (ii) any Non-conformity exists in the Purchased Vehicle, (iii) the Purchased Vehicle is not consistent with the sample, catalogue or other materials, (iv) services as the conditions of sale of the Purchased Vehicle are not provided or (v) with regard to the sale of the Purchased Vehicle, any other event attributable to the Dealer has occurred, the Obligor's suspension of payments to the Trustee of the Auto Loan Receivables may be justifiable under the Instalment Sales Act.

If such suspension of payments by the Obligor occurs at a certain percentage or higher, the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the ABL receivables may be adversely affected.

In this regard, if the Obligor fails to make the payment or the Auto Loan Receivables become default, the Guarantor performs its guaranty obligation, however, in certain cases, the Guarantor is exempted from its guaranty obligation under the Guarantee Agreement. In such case, MBF is obliged to repurchase the Auto Loan Receivables with respect to such Obligor under the First Trust Agreement.

The above mentioned risk is mitigated to the extent that the guaranty payment or the repurchase of the Auto Loan Receivables with respect thereto will be made as mentioned above.

(m) Risk associated with the Dealer (including fraud risk)

Under the Installment Sales Act, in the event of a default in the performance of the contractual obligations, including the non-delivery of the Purchased Vehicle, due to the bankruptcy of a Dealer or any other similar cause, or the Dealer's misconduct, including the fraudulent use of a name in arranging credit, the Obligor's suspension of payments to the Trustee of the Auto Loan Receivables may be justifiable, as discussed in item (l) (Risk associated with defense (including defense under the Installment Sales Act) and other assertions from the Obligor) above. Under the Guarantee Agreement, the Guarantor is generally exempted from its guaranty obligation, if such suspension of payments by the Obligor is caused by the Dealer's misconduct.

If such suspension of payments by the Obligor occurs at a certain percentage or higher, the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loans to the Second Trust may be adversely affected.

However, if such suspension of payments occurs based on the Installment Sales Act, MBF is obliged to repurchase the Auto Loan Receivables with respect to such Obligor under the First Trust Agreement as mentioned in item (l) (Risk associated with defense (including defense under the Installment Sales Act) and other assertions from the Obligor) above, and the above mentioned risk is mitigated to the extent that such obligation is performed by MBF.

(n) Risk associated with the account bank (of trust account)

The Trustee of the First Trust will manage the Collections related to the Auto Loan Receivables in the Trust Management Accounts or invest such Collections in the Qualified Bank satisfying specified criteria and the Trustee of the Second Trust will manage the cash belonging to the Second Trust in the Collection Account in the Qualified Bank satisfying specified criteria. As a result, the holding and management of cash belonging to the Trust Assets of the First Trust and the Trust Assets of the Second Trust involves risks associated with the credit status of the financial institution with which each such account is maintained, as well as the credit statuses of other investees.

However, if the bank in which the Trustee of the First Trust or the Trustee of the Second Trust opened a bank account is no longer a Qualified Bank, the Trustee of the First Trust or the Trustee of the Second Trust is obliged to open a new bank account for trust management in another Qualified Bank, transfer all money in the old bank account for trust management to new one in accordance with certain conditions as provided in the First Trust Agreement or the Second Trust Agreement, as the case may be, and to the extent that obligations are performed in a timely manner, the above mentioned risk is mitigated.

(o) Risk associated with double assignment of the Auto Loan Receivables (including, credit risk of the subordinated assignee)

With regard to the Auto Loan Receivables, (i) prior to the perfection of the entrustment of the Auto Loan Receivables under the First Trust Agreement against third parties, the Auto Loan Receivables might be assigned by MBF to any third party other than the Trustee of the First Trust and the assignment might be perfected (against the Obligors and/or third parties), and (ii) after the perfection of the entrustment of the Auto Loan Receivables under the First Trust Agreement against third parties, the Auto Loan Receivables might be assigned by MBF in contravention of the First Trust Agreement to any third party other than the Trustee of the First Trust and the assignment might be perfected against the Obligors. In this regard, case (i) constitutes a violation of the representations and warranties by MBF and MBF will be obligated to indemnify all damages, losses and expenses incurred by the Trust Assets of the First Trust, the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust or the Trustee of the First Trust. Case (ii) constitutes a violation of the covenants by MBF and MBF will be obligated to repurchase the Auto Loan Receivables that were doubly assigned. However, if MBF does not comply with the indemnification or repurchase obligation, in case (i), the Trustee of the First Trust would be an assignee junior to the other assignee in the double assignment (the “**Third-Party Assignee**”) and the entrustment by MBF of the Auto Loan Receivables could not be perfected against the Third-Party Assignee and consequently, a deficit would be registered in the Trust Assets of the First Trust and consequently, there is a risk that the redemption of the principal of and the distribution of dividends on the Beneficial Interests of the Second Trust, and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust might adversely be affected.

In case (ii), while the Trustee could legally claim that the Trustee of the Second Trust is the assignee in preference to the Third-Party Assignee, the requirement for the perfection against the Obligors in the second assignment would be fulfilled earlier by the Third-Party Assignee and consequently, the Third-Party Assignee would collect the receivables from the Obligors in preference to the Trustee.

In such event, the Trustee of the First Trust should be required to recover the cash attributable to the Trust Assets of the First Trust under normal circumstances by requesting the Third-Party Assignee to deliver the cash alleged to have unduly been collected; if the Third-Party Assignee would not immediately agree to the delivery request, there is a risk that the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the redemption of the principal of and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust might be adversely affected.

(p) Risk where the Trust Assets become collateral of unexpected obligations

If the Trust Assets of the First Trust become collateral for obligations other than the Asset Backed Loan to the First Trust and other expected obligations under the relevant Transaction Documents or if the Trust Assets of the Second Trust become collateral for obligations other than the obligation against the Beneficiary of the Second Trust and the ABL Lenders to the Second Trust, and other expected obligations under the Second Trust Agreement or the Asset Backed Loan Agreement to the Second Trust, there is a risk that the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust may incur a loss.

(q) Risk of bankruptcy of the Trust Assets

In the event of the commencement of bankruptcy proceedings in respect of the Trust Assets of the First Trust or the Second Trust in accordance with the provisions of Chapter 10-2 of the Bankruptcy Act, the repayment of the principal of, and interest on, the Asset Backed Loan to the First Trust or the redemption of the principal of, and dividends on the Beneficial Interests

of the Second Trust and the repayment of the principal of, and interests on the Asset Backed Loan to the Second Trust are made in the bankruptcy proceedings of the First Trust and/or the Second Trust, respectively, pursuant to the provisions of the Bankruptcy Act, and eventually, there is a risk that the redemption of the principal of and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust may be adversely affected.

The above mentioned risk is mitigated to the extent that in the relevant Transaction Documents including, but not limited to, the First Trust Agreement, the Asset Backed Loan Agreement to the First Trust, the Servicing Agreement, the Second Trust Agreement and the Asset Backed Loan Agreement to the Second Trust, the relevant parties thereto, including, but not limited to the Trustor of the First Trust in its capacity as the creditor of trust receivables, the holder of the Subordinated Beneficial Interests under the First Trust and the Servicer, the Trustee of the First Trust, the ABL Lender to the First Trust, the Trustor of the Second Trust in its capacity as the creditor of trust receivables, the Beneficiary of the Second Trust, the ABL Lender to the First Trust and the Trustee of the Second Trust, in case of the Trustees of the First Trust and the Second Trust, to the extent the trustee's duty of care will permit, agree that they will not petition for the commencement of proceedings for bankruptcy or other similar proceedings under the laws of Japan or any foreign law, in any jurisdiction, or cause a third party to petition or join or agree to a petition made by third parties, for the period starting on the Trust Commencement Date and ending on the date on which one year and one day from the day on which, with regard to the First Trust, all amounts owing under the Asset Backed Loan Agreement to the First Trust and with regard to the Second Trust, all amounts owing in respect of the Beneficial Interests of the Second Trust and owing under the Asset Backed Loan Agreement to the Second Trust have been paid in full. (In this Section 4. Factors Which Could Have a Material Effect on the Redemption of Principal and Distribution of Dividends on the Beneficial Interests of the Second Trust and the Repayment of Principal and Payment of Interest on the Asset Backed Loans to the Second Trust, these clauses hereinafter referred to as "non-petition clauses").

(r) Risk of avoidance or rescission of fraudulent act

In the event of the commencement of any Insolvency Proceedings in respect of MBF, there is a risk that the entrustment of the Auto Loan Receivables by MBF to the Trustee of the First Trust under the First Trust Agreement may be avoided, or rescinded as a fraudulent act or fraudulent trust, by the receiver (*kanzainin*) or the supervisors, or creditors of MBF.

In addition, in the event of the commencement of any Insolvency Proceedings in respect of the Trustor of the Second Trust, there is a risk that the entrustment of the Loan Receivables by the Trustor of the Second Trust to the Trustee of the Second Trust under the Second Trust Agreement may be avoided, or rescinded as a fraudulent act or fraudulent trust, by the receiver (*kanzainin*) or the supervisor, or creditors of MBF.

However, above mentioned risk is mitigated to the extent that in the First Trust Agreement, MBF as the Trustor of the First Trust, and in the Second Trust Agreement, the Trustor of the Second Trust, represents and warrants as of the Trust Commencement Date of the First Trust or the Second Trust, as the case may be, that, among others, it is not insolvent, no Insolvency Event with respect to the Trustor of the First Trust or the Trustor of the Second Trust, as the case may be, has occurred and it has neither fraudulent nor unlawful intention in the entrustment of the Auto Loan Receivables to the Trustee of the First Trust or the Loan Receivables to the Trustee of the Second Trust, as the case may be.

(s) Risk of non-performance of MBF's repurchase obligations of Auto Loan Receivables

MBF as the Trustor of the First Trust is obligated to repurchase all outstanding or affected Auto Loan Receivables, as the case may be, if any of the representations and warranties made by it were false or incorrect in any material respect as of the time when such representations and warranties were made or MBF breaches certain covenants. However, in the event of the commencement of the Insolvency Proceedings in respect of MBF, there is a possibility that the repurchase of the related Auto Loan Receivables by MBF will not be ensured. In that event, there is a risk that the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust may incur a loss.

The above mentioned risk is mitigated to the extent that the credit enhancement, including the credit enhancement by the Subordinated Beneficial Interests under the First Trust Agreement, is provided for the benefit of the holders of the Beneficial Interests of the Second Trust and the Asset Backed Loan to the Second Trust. In addition, if there are any Uncollectable Auto Loan Receivables during the previous Monthly Period reported on the Reporting Date and MBF does not repurchase the Uncollectable Auto Loan Receivables, the Trustee of the First Trust may, subject to the terms provided in the First Trust Agreement, distribute such Uncollectable Auto Loan Receivables to MBF as the Subordinated Beneficiary as a redemption *in kind* of the Subordinated Beneficial Interests on the immediately following First Trust Payment Date up to the Subordinated Principal Balance.

(t) Risk of change of law, tax, etc.

Legislative change may increase clerical burdens and expenses for the management or collection of the Auto Loan Receivables and have an adverse effect on the collection status of the Auto Loan Receivables by the Servicer or the Sub-Servicer, as well as the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the First Trust, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust.

Furthermore, if as a result of tax reforms, new taxes are levied in relation to the repayment of the Auto Loan Receivables or the Loan Receivables, the distribution of dividends on, and the redemption of the principal of, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust or otherwise any change is made to legislation or taxation in general, the distribution of dividends on, and the redemption of the principal of, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust may adversely be affected.

In this regard, upon the occurrence of a Tax Event, MBF, as the Trustor of the First Trust, is entitled to, but not obliged to, repurchase all of the Auto Loan Receivables outstanding in accordance with the First Trust Agreement. The above mentioned risk will be mitigated if such repurchase option is exercised by MBF.

(u) Risk that the Beneficial Interests of the Second Trust and the Asset Backed Loan to the Second Trust will not be treated in same priority under the insolvency proceedings

The Second Trust Agreement provides that the distribution of dividends on, the Beneficial Interests of the Second Trust and the payment of interest on the Asset Backed Loan to the Second Trust will be made on a *pari passu* basis, that the redemption of the principal of the Beneficial Interests of the Second Trust and the repayment of the principal of the Asset Backed Loan to the Second Trust will be made on a *pari passu* basis and that if the cash belonging to the Trust Assets of the Second Trust is insufficient for such payments, payments will be made on a *pro rata* basis in proportion to the outstanding principal of the Beneficial Interests of the

Second Trust and the outstanding principal of the Asset Backed Loan to the Second Trust. Meanwhile, Article 101 of the Trust Act provides that beneficial interests will be subordinated to trust claims. Accordingly, upon liquidation of the Trust, specifically, notwithstanding the provisions of the Second Trust Agreement contemplated to treat the interests under the Beneficial Interests of the Second Trust and the claims under the Asset Backed Loan to the Second Trust on a *pari passu* basis, if no sufficient funds to be appropriated for the redemption of the principal of, and the payment of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust, it may be required to preferentially pay the principal and interest in respect of the Asset Backed Loan to the Second Trust as trust claims and in such event, the redemption of the principal of, and the payment of dividends on, the Beneficial Interests of the Second Trust may adversely be affected.

In the event of the commencement of bankruptcy proceedings in respect of the Trust Assets of the Second Trust, the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust will receive the redemption of the principal and the payment of dividends, or the repayment of the principal and the payment of interest in the bankruptcy proceedings. Meanwhile, Paragraph 2 of Article 244-7 of the Bankruptcy Act provides that when an order of the commencement of bankruptcy proceedings is made, trust claims will get preference over beneficial interests. Accordingly, in the bankruptcy proceedings of the Trust Assets of the Second Trust, notwithstanding the provisions of the Second Trust Agreement contemplated to treat the beneficial interests related to the Beneficial Interests of the Second Trust and the Asset Backed Loan to the Second Trust on a *pari passu* basis, the principal and interest in respect of the Asset Backed Loan to the Second Trust as trust claims may preferentially be paid and in such event, the redemption of the principal of, and the payment of dividends on, the Beneficial Interests of the Second Trust may adversely be affected.

In order to mitigate the above mentioned risk non-petition clauses are provided in the Second Trust Agreement and the Asset Backed Loan Agreement to the Second Trust, provided however; as for the Trustee of the Second Trust, application of such clauses are limited to the extent permissible in light of the due care of a prudent manager as the trustee. In addition in the Asset Backed Loan Agreement to the Second Trust, the ABL Lenders to the Second Trust and the Trustee of the Second Trust confirm that the claims of the ABL Lenders to the Second Trust against the Trustee of the Second Trust will be contractually subordinated claims (*Yakujo Retsugo Hasan Saiken*) in accordance with paragraph 2 of Article 99 of the Bankruptcy Act on the bankruptcy procedure of the Trust Assets of the Second Trust.

(v) Risk associated with competing transaction by the Trustee

Paragraph 1 of Article 32 of the Trust Act restricts any act that a trustee may carry out in the course of administering trust affairs based on the trustee's power on the calculation of the trustee's own property or its Interested Party but which the trustee's failure to carry out would be contrary to the interests of a beneficiary (a "**Competitive Transaction**"). The First Trust Agreement and the Second Trust Agreement, in accordance with Item 1 of Paragraph 2 of Article 32 of the Trust Act, provide that the Trustees of both Trusts will be allowed to conduct some specified Competitive Transactions. Consequently, if the either Trustee conducts any such Competitive Transaction, profits that would be attributable to the Trust Assets of either the First Trust or the Second Trust, as the case may be, may be attributable not to the relevant Trust Assets but to such Trustee, and the Trust Assets of the First Trust or the Second Trust, as the case may be, may decrease, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust may be adversely affected.

However, this risk is mitigated by the fact that the Trustees of the First Trust and the Second Trust are permitted to conduct such Competitive Transactions only to the extent that they do not breach their obligations, including the duty to care as a prudent fiduciary, provided in the respective Trust Agreements.

(w) Risk associated with conflict-of-interest transaction by the Trustee

Paragraph 2 of Article 29 of the Trust Business Act restricts transactions by a trustee itself or its Interested Party with the trust assets. In the meantime, the First Trust Agreement provide that the Trustee of the First Trust, as the case may be, will be allowed to invest deposits with a financial institution, which is the Trustee of the First Trust's Interested Party, as a counterparty. In addition, in the First Trust Agreement, when the Trustee of the First Trust liquidates the Trust Assets of the First Trust, it will sell them at fair market price to a third party, which may include the Trustee of the First Trust's Interested Party. Consequently, if the Trustee of the First Trust conducts such any transaction, a conflict of interest will occur. In such event, there is a risk that the Trust Assets of the First Trust or the Trust Assets of the Second Trust, as the case may be, may incur a loss, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the Asset Backed Loan to the Second Trust may be affected.

The above mentioned risk is mitigated to the extent that conflicts of interest with the Interested Party of the Trustee of the First Trust pursuant to the provisions of the First Trust Agreement above will only be consented to if the transaction is made under terms and conditions which are not unfavorable to those to be made under the terms and conditions of the ordinary transaction of same kind and amount under the similar situations under Paragraph 3 item 2 (d) of Article 41 of the Enforcement Regulation relating to the Trust Business Act.

(x) Risk of cancellation or rescission of the Auto Loan Agreement in accordance with the Installment Sales Act

With regard to the Auto Loan Receivables, in the event of a default in the performance of the obligations under an Auto Loan Agreement, including the non-delivery of the Purchased Vehicle, due to the bankruptcy of the Dealer or any other similar cause, or the Dealer's misconduct, including the fraudulent use of a name in arranging credit, the Obligor's suspension of payments to the Trustee in respect of the Auto Loan Receivables may be justifiable under the Installment Sales Act. Furthermore, if a Dealer enters into an agreement on sales of TBIs substantially exceeding the ordinarily required quantity by the method of door-to-door sales or makes a false statement about important facts in making solicitation to enter into an Auto Loan Agreement by the method of door-to-door sales, telemarketing sales or specified multilevel marketing personal contracts, such Auto Loan Agreement (excluding any auto loan agreement executed prior to the enforcement of the Act to Amend Part of the Act on Specified Commercial Transactions and the Installment Sales Act and any Auto Loan Agreement for which the Trustor received an offer prior to the enforcement of the said Act and which was executed after the enforcement thereof) may be rescinded or cancelled under the Installment Sales Act. Under the Guarantee Agreement, the Guarantor is generally exempted from its guaranty obligations, if such suspension of payments by the Obligor is caused by the Dealer's misconduct. If such rescission or cancellation occurs at a certain percentage or higher, there is a risk that the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the ABL receivables may be adversely affected.

Furthermore, if an Auto Loan Agreement relating to the Auto Loan Receivables relates to an Auto Loan Agreement by the method of door-to-door sales, telemarketing sales or specified multilevel marketing personal contracts and such Auto Loan Agreement relating to the Auto Loan Receivables is rescinded or cancelled due to any of the reasons described above, the Obligor's demand for restitution of the amount paid from the Trustee may be justifiable. If such demand for restitution of the amount paid occurs at a certain percentage or higher, there is a risk that the Trust Assets of the First Trust, and then the Trust Assets of the Second Trust may decrease, and consequently, the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the ABL receivables may adversely be affected.

Under the Guarantee Agreement, the Guarantor is generally exempted from its guaranty obligation, if it is judged that the obligation in relation to the Auto Loan Receivable is not performed due to the reason attributable to the Dealer.

The above mentioned risk is mitigated to the extent that MBF, as the Trustor of the First Trust represents and warrants that with respect to the Auto Loan Receivables to be entrusted, (i) no fraud or misrepresentation was made by the relevant Dealer or any of its employees to the Obligor upon or prior to the execution of the relevant Auto Loan Agreement and in the case where the relevant Obligor is treated as a consumer pursuant to Japanese law, the Dealer has fully complied with all consumer legislation applicable to the sale of the Purchased Vehicle to the Obligor, (ii) the Auto Loan Agreement complies with all Japanese legal requirements and is not subject to any adverse claim, litigation, dispute, set off, counterclaim or any other defence whatsoever, and all payments of the Auto Loan Receivables are payable free of set-off or any deduction, and (iii) any Auto Loan Agreement with respect to an Auto Loan Receivable does not fall under the agreements promulgated in the items of Paragraph 1, Article 9 of the Specified Commercial Transaction Act (Law No. 57 of 1976, as amended), *Rensa Hambai Kojin Keiyaku* or *Gyoumu Teikyou Yuuin Hambai Kojin Keiyaku* provided in item 1(i) or (ii) of Article 8 of the Installment Sales Act. In addition, notwithstanding the representations and warranties by MBF as the Trustor of the First Trust mentioned above, if such suspension of payment occurs based on the Installment Sales Act, MBF is obliged to repurchase the Auto Loan Receivables with respect to such Obligor under the First Trust Agreement as described in item (m) (Risk associated with defense (including defense under the Installment Sales Act) and other assertions from the Obligor) above.

(y) Risk of the revocation of the register of the *Touroku Kobetsu Shinyou Konyu Assen Gyosha*

MBF is registered as a *Touroku Kobetsu Shinyou Konyu Assen Gyosha* under Article 35-3-23 of the Installment Sales Act. It is possible that MBF falls within certain items as set forth in the Installment Sales Act, the register can be revoked by the Japanese Minister of Economy, Trade and Industry. If revoked, MBF will no longer be able to engage in the *Touroku Kobetsu Shinyou Konyu Assen Gyosha* business. Under Article 35-3-34 of the Installment Sales Act, if MBF ceases to be registered as a *Touroku Kobetsu Shinyou Konyu Assen Gyosha*, the Dealers may terminate prospectively their contracts regarding intermediation of individual credit purchases with MBF. In such case, the additional entrustment of receivables upon the occurrence of the Down Grade Trigger may be difficult, and consequently the redemption of the principal of, and the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the ABL receivables may adversely be affected.

(z) Risk of resignation of the Trustees of the First Trust and the Second Trust

It is provided in the First Trust Agreement and the Second Trust Agreement that the Trustee of the First Trust and the Trustee of the Second Trust may resign from its position as trustee to the First Trust or the Second Trust, as the case may be, if the Trustee of the First Trust or

the Trustee of the Second Trust decides to cease carrying on its trustee business in Japan. Therefore, there is a risk that the First Trust or the Second Trust will be terminated upon the Trustee's own unilateral decision to cease carrying on its trustee business in Japan.

(aa) Risk related to Eligible Investments

It is provided in the First Trust Agreement that The Trustee of the First Trust may invest the cash contained in the Trust Assets of the First Trust in Eligible Investment. Eligible Investments may be subject to investment risk. It may be the case that such Eligible Investments will be irrecoverable due to insolvency of a debtor under such Eligible Investments or of a financial institution involved in such Eligible Investments. In such case, none of the transaction parties will be responsible for any consequential loss or shortfall. However, aforementioned credit risk is mitigated as each Eligible Investment, at the time of investment, must be rated as required.

(bb) Risk Associated with Revisions to Framework for Determining Regulatory Capital Requirements for Securitization Products

Pursuant to Article 14-2 of the Banking Act, for their sound management of services, banks must comply with certain criteria to determine the soundness of its management. As "criteria for determining whether the adequacy of the Bank's equity capital is appropriate in light of circumstances such as the assets owned by that Bank" (in other words as "capital adequacy requirement") under Item 1 thereof, "Criteria for a Bank to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by it under the Provision of Article 14-2 of the Banking Act (Financial Services Agency Notice No. 19 of 2006, as amended)" has been laid down. In addition, similar regulations have been laid down in connection with bank holding companies, shinkin banks, credit cooperative and federations, ultimate designated parent companies, labour banks and federations of labour banks, agricultural cooperatives and Norinchukin Bank. In relation to such regulations above, the amendments to the Notice on Capital Adequacy Ratio were published on March 15, 2019 and such amendment has been in force since March 31, 2019. The amendment stipulates that the framework for determining regulatory capital requirements for securitization products be revised and capital requirements for simple, transparent and comparable securitization products (STC Requirements) be introduced (note: such amendment also provides that if it cannot be confirmed that the originator will retain exposure greater than a specified percentage, the risk weight applicable to such securitisation exposure will, in principle, be three times higher.). As a result of the application of each amended notice to the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust, compared to before the amendment, calculations of the risk weights applicable to the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust may change and their liquidity and price may be adversely affected by reducing the motivation of banks, bank holding companies, shinkin banks, credit cooperative and federations, ultimate designated parent companies, labour banks and federations of labour banks, agricultural cooperatives and Norinchukin Bank to buy the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust.

MBF holds the Subordinated Beneficial Interest as the Subordinated Beneficiary throughout the Trust Period and the Beneficiary is prohibited from assigning, splitting, entrusting (including by declaration of trust), pledging or creating any other security interest over the Beneficial Interest under the First Trust Agreement. In addition, MBF covenants that MBF shall not make the situation under which MBF does not substantially undertake credit risks of the Subordinated Beneficial Interest in whole or in part by hedging or any other ways. However, MBF's breach in the covenants to undertake credit risks of the Subordinated Beneficial Interest will not trigger re-purchase obligation of MBF and the MBF's obligation in such a situation is to make an effort to correct such violation and to have a good faith

discussion with relevant parties. Further, the Trustee of the First Trust, the Lead Arranger and any other related parties do not represent or warrant for MBF's undertaking of credit risks or bear any responsibility. In buying the Beneficial Interests of the Second Trust and making the Asset Backed Loans to the Second Trust, it is necessary for the investors to evaluate the effect on calculation of risk weight of the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust on their own.

(cc) Risk related to the Return Option

As for the Auto Loan Receivables which will be entrusted to the Trustee of the First Trust pursuant to the First Trust Agreement, the Obligors have an option to settle the final instalment by selling the Purchased Vehicle to the Dealer or MBF (the "**Return Option**").

With respect to the Return Option against the Dealer:

The Obligor's offer to return the Purchased Vehicle to the Dealer is characterized as the exercise of the Obligor's option to re-sell the vehicle to the Dealer at the market price of the Purchased Vehicle. In addition, as a result of the exercise of such option it may be considered that the Obligor's delegation to the Dealer to pay the amount equivalent to the market price to MBF (or the Trustee of the First Trust as the transferee of the Auto Loan Receivables) on behalf of the Obligors for final instalment (auto loan obligation of the Obligor) will be legally established.

If the bankruptcy (*hasan*) procedure, the civil rehabilitation (*minji saisei*) procedure or the corporate reorganization (*kaisha kousei*) procedure commences for the Dealer, the Dealer's receiver (*kanzainin*) or the Dealer as civil rehabilitation debtor (the "**Receiver (*kanzainin*), etc.**") may terminate or select to perform such re-sale agreement because it is an executory bilateral agreement.

If the Receiver (*kanzainin*), etc. terminates the re-sale agreement, since the Obligor is not able to pay by way of exercising the Return Option, the Trustee of the First Trust will be able to make a claim for final instalment to the Obligor. On the other hand, if the Receiver (*kanzainin*), etc. selects to perform the re-sale agreement, the re-sale agreement between the Dealer and the Obligor will not constitute the defense against MBF (or the Trustee of the First Trust as the transferee of the Auto Loan Receivables), and, until the Dealer pays the amount equivalent to the market price of the Purchased Vehicles, MBF (or the Trustee of the First Trust as the transferee of the Auto Loan Receivables) is able to make claim for final instalment to the Obligor.

With respect to the Return Option against MBF:

The Obligor's offer to return the Purchased Vehicle to the MBF is characterized as the exercise of the Obligor's option to re-sell the vehicle to MBF at the price of final instalment of the Purchased Vehicle and set-off of the re-sale money receivable and Auto Loan Receivables (final instalment amount).

If the bankruptcy (*hasan*) procedure, the civil rehabilitation (*minji saisei*) procedure or the corporate reorganization (*kaisha kousei*) procedure in relation to MBF commences, Receiver (*kanzainin*), etc. of MBF may terminate or select to perform such re-sale agreement because it is an executory bilateral agreement.

If the Receiver (*kanzainin*), etc. terminates the re-sale agreement, since the set-off, which assumes the existence of the re-sale agreement will not be effective, the Trustee of the First Trust will be able to make a claim for final instalment to the Obligor. If the Receiver (*kanzainin*), etc. terminates the re-sale agreement, the Obligor is able to claim for damage as

bankruptcy creditor, rehabilitation creditor or reorganization creditor (Paragraph 1, Article 54 of the Bankruptcy Act, Paragraph 5, Article 49 of the Civil Rehabilitation Act, or Paragraph 5, Article 61 of the Corporate Reorganization Act). The question is whether the set-off by the Obligor of the Auto Loan Receivables against such damage claim may be permitted under such insolvency proceedings. The Tokyo District Court decision dated March 23, 2012 (Case No. 40705 of 2011 (*wa*)) may be a court precedent relevant to this issue. In such decision, the court declined set-off by the damage claim under Paragraph 1, Article 54 of the Bankruptcy Act applying Item 1, Paragraph 1, Article 72 of the Bankruptcy Act by analogy. If this Tokyo District Court decision will apply, the Obligor is not able to set-off the Auto Loan Receivables by the damage claim (Item 1, Paragraph 1, Article 72 of the Bankruptcy Act applying by analogy, Item 1, Paragraph 1, Article 93-2 of the Civil Rehabilitation Act applying by analogy, or Item 1, Paragraph 1, Article 49-2 of the Corporate Reorganization Act applying by analogy), and therefore the Trustee of the First Trust is able to make claim for final instalment to the Obligor. However, since there is no Supreme Court decision in relation to this issue and there is a scholarly opinion opposing to this Tokyo District Court decision, there is a possibility that the set-off by the Obligor of the Auto Loan Receivables against the damage claim is accepted and the Trustee of the First Trust is not able to make all the claim for final instalment to the Obligor. However, even if such set-off is accepted, the amount of such damage claim is considered to be limited to the surplus of the amount of the final instalment over the market price of the Purchased Vehicle. Therefore, the Trustee of the First Trust will be able to make claim for the amount of final instalment minus such surplus amount to the Obligor.

On the other hand, if the Receiver (*kanzainin*), etc. selects to perform the re-sale agreement, the Trustee of the First Trust will be able to make claim for unjust enrichment on the amount of final instalment to the Receiver (*kanzainin*), etc. as claims on the estate or common benefit claims. However, if it turns out that the bankruptcy estate or reorganization company's asset of MBF falls short to pay the total amount of claims on the estate or common benefit claims, claims on the estate or common benefit claims will be paid in proportion to the amount of each claim (if it turns out that the civil rehabilitation debtor's asset falls short to pay the total amount of the common benefit claims, the civil rehabilitation procedure will be discontinued and the bankruptcy procedure will commence, and the common benefit claims under the civil rehabilitation procedure will be paid in proportion to the amount of each claim as claims on the estate under the bankruptcy procedure). Therefore, in such case, the Trustee of the First Trust will not be able to collect all amount of the unjust enrichment, and consequently the distribution of dividends on, the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of interest on, the ABL receivables may adversely be affected.

(dd) Risk related to regulations on Mercedes-Benz

Mercedes-Benz Group AG and its subsidiaries (“**Mercedes-Benz**”) are continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to various laws and regulations in connection with diesel exhaust emissions.

The corresponding activities of various authorities worldwide are partly ongoing, as described below. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of Mercedes-Benz with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles. These

agreements have become final and effective. The authorities took the position that Mercedes-Benz had failed to disclose Auxiliary Emission Control Devices (AECDs) in certain of its US diesel vehicles and that several of these AECDs were illegal defeat devices.

As part of these settlements, Mercedes-Benz has denied the allegations by the authorities and has not admitted liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for the affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Mercedes-Benz paid the civil penalties.

In April 2016, the U.S. Department of Justice (DOJ) requested that Mercedes-Benz conduct an internal investigation. Mercedes-Benz conducted such an internal investigation in cooperation with the DOJ's investigation. In March 2024, the DOJ informed Mercedes-Benz that based on the information available to it, it has closed its investigation; thus, the DOJ will not bring any criminal charges against the Mercedes-Benz.

In Canada, the environmental regulator Environment and Climate Change Canada ("ECCC") is conducting an investigation in connection with Diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act as well as potential undisclosed AECDs and defeat devices. Mercedes-Benz continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Mercedes-Benz in September 2019 based on a negligent violation of supervisory duties thereby concluding the related administrative offense proceedings against Mercedes-Benz. In July 2021, the local court of Böblingen issued penal orders against three Mercedes-Benz employees based on, amongst others, fraud, which have become final. The criminal investigation proceedings of the Stuttgart public prosecutor's office against further Mercedes-Benz employees on the suspicion of, amongst others, fraud have meanwhile been discontinued.

Between 2018 and 2020, the German Federal Motor Transport Authority ("KBA") issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls as well as, in some cases, stops of the first registration. In autumn 2022 and in December 2023, the KBA issued further decisions regarding vehicles equipped with various EU6 or EU5 diesel engines. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question and has filed timely objections against the KBA's administrative orders and determinations mentioned above. Insofar as the KBA has not remedied the objections, Mercedes-Benz has filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Mercedes-Benz continues to cooperate fully with the KBA. To a large extent, the remedial actions requested by the KBA were developed by Mercedes-Benz and assessed and approved by the KBA; the necessary recalls were initiated. For some of the vehicles affected by the KBA's decision from December 2023, developments, examinations and approvals of the remedial measures are still pending. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by Mercedes-Benz as a precautionary measure, also with regard to the used-car, leasing and financing businesses. In the course of its regular market supervision, the KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In addition, Mercedes-Benz continues to be in a dialogue with the German Federal Ministry for Digital and Transport (BMDV) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMDV, it cannot be ruled out completely that additional administrative

orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In addition to the aforementioned authorities, authorities of various foreign states, particularly the South Korean Ministry of Environment and the South Korean competition authority (Korea Fair Trade Commission) are conducting various investigations and/or procedures in connection with diesel exhaust emissions. In this context, these South Korean authorities have made determinations and imposed sanctions against Mercedes-Benz, which Mercedes-Benz appealed. In the same context, national antitrust authorities of various countries are also conducting investigations, including the South Korean antitrust authority, which has made certain findings and imposed fines on some car manufacturers. In February 2024, the criminal proceeding in South Korea was concluded.

Mercedes-Benz continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the past developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Mercedes-Benz and/or its employees will be taken or administrative orders will be issued. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur. Regarding the proceedings and processes still in progress, Mercedes-Benz cannot at this time make any statement to their outcome.

In light of the legal positions taken by U.S. regulatory authorities and the KBA as well as the South-Korean Ministry of Environment, amongst others, it cannot be ruled out that, besides these authorities, one or more authorities worldwide will reach the conclusion that other passenger cars and/or vans with the brand name Mercedes-Benz or other brand names of the Mercedes-Benz Group are equipped with impermissible defeat devices. Likewise, such authorities could take the view that certain functionalities and/or calibrations are not proper and/or were not properly disclosed. It cannot be ruled out that Mercedes-Benz will become subject to, as the case may be, significant additional fines and other sanctions, measures and actions. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations or findings. Thus, a negative allegation or finding in one proceeding carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, the ability of Mercedes-Benz to defend itself in proceedings could be impaired by concluded proceedings and their underlying allegations as well as by unfavourable results or developments in any of the information requests, inquiries, investigations, administrative or criminal orders, legal actions and/or proceedings discussed above.

At the date of this Information Memorandum, there are no indications that recent developments will have a material negative impact on payments on the entrusted Auto Loan Receivables, but there can be no assurance that the information requests, inquiries, investigations, administrative or criminal orders, legal actions and/or proceedings discussed above and any future disclosure or settlement by or with respect to Mercedes-Benz will not adversely affect the businesses of Mercedes-Benz or ultimately the payments on the entrusted Auto Loan Receivables and/or the redemption of, and the distribution of dividends on the Beneficial Interests of the Second Trust and the repayment of the principal of, and the payment of the interest on the Asset Backed Loans to the Second Trust.

5. Other Matters

(1) Usage of proceeds

Nikko, as Initial Beneficiary of the Second Trust, will receive the redemption of the Beneficial Interests of the Second Trust from the Asset Backed Loans to the Second Trust and from the sales proceeds of the Beneficial Interest of the Second Trust. It will apply such redemption amount and sales proceeds to the amount of the Asset Backed Loan to the First Trust which it lends to the Trustee of the First Trust. The proceeds of the Asset Backed Loan to the First Trust will be used for the redemption of the Initial Senior Beneficial Interest under the First Trust Agreement.

As the initial beneficiary of the Initial Senior Beneficial Interest under the First Trust Agreement, MBF will receive such redemption amount and use such proceeds as funding for business.

PART 2.
INFORMATION REGARDING THE TRUST ASSETS

I. Summary of Trust Assets

1. Outline of Legal Structure of Trust Assets

The Civil Code, the Companies Act (Law No. 86 of 2005, as amended), the Trust Act and certain other acts apply to the rights and duties of the Trustor of the First Trust, the Trustee of the First Trust, the Trustor of the Second Trust and the Trustee of the Second Trust, as well as, the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act and other applicable insolvency laws. The Financial Instruments and Exchange Act will apply to Nikko as financial instruments business operators thereunder. The Money Lending Business Act will apply to Nikko as lender under the Asset Backed Loan to the First Trust. The Trust Business Act applies to the Trustee of the First Trust and the Trustee of the Second Trust.

The Financial Instruments and Exchange Act will apply to the offering of the Beneficial Interest of the Second Trust. The Civil Code, the Companies Act and the Trust Act will apply with respect to the consideration of the validity of the Beneficial Interests under civil laws and regulations. In addition, the Trust Business Act applies to the Beneficial Interest of the Second Trust, since such act will apply to the Trustee.

The entrustment of the Auto Loan Receivables from the Trustor of the First Trust to the Trustee of the First Trust is to be perfected against third parties by way of registration of the transfer of receivables under the Perfection Act after such entrustment. Upon the occurrence of a Servicer Replacement Event or a Sub-Servicer Replacement Event, the Trustor of the First Trust will promptly perfect the transfer of receivables against the Obligors in case of the occurrence of a Servicer Replacement Event, by sending all the Obligors a notice of the entrustment, and in case of the occurrence of a Sub-Servicer Replacement Event, by sending the Obligors that are the object of the Servicing Activities that such Sub-Servicer had been sub-delegated. If the Trustor of the First Trust fails to send such notice, the Trustee of the First Trust may notify the Obligors of such entrustment.

The entrustment of the Loan Receivables from the Trustor of the Second Trust to the Trustee of the Second Trust is to be perfected against the underlying obligor and third parties by obtaining approval from the Trustee of the First Trust, as borrower of the Asset Backed Loan to the First Trust, stamped with a certified and notarized date stamp (*kakutei hizuke*) under the Civil Code. With respect to the entrustment of loan receivables arising under the Asset Backed Loan to the First Trust by Nikko, as Trustor of the Second Trust, Nikko is to send notice to the Trustee of the Second Trust pursuant to Paragraph 1 of Article 24 of the Money Lending Business Act and take other steps necessary under the Money Lending Business Act and the Trustee of the Second Trust is to send a notice to the Trustee of the First Trust as borrower of the Asset Backed Loan to the First Trust pursuant to Paragraph 2 of Article 24 of the Money Lending Business Act.

The transfer of the Beneficial Interests of the Second Trust to assignees will be perfected by obtaining the approval from the Trustee of the Second Trust stamped with a certified and notarized date stamp (*kakutei hizuke*) under the Trust Act.

With respect to the assets belonging to the trust assets, according to paragraph 1 of Article 23 of the Trust Act, except where based on a claim pertaining to an obligation covered by the trust assets (including a right arising with respect to the trust assets), no execution, provisional seizure, provisional disposition, or exercise of a security interest or an auction (excluding an auction for the exercise of a security interest) nor collection proceedings for delinquent national tax may be enforced. Even when an order for the commencement of bankruptcy is entered against a trustee,

no assets belonging to the trust assets will be included in the bankruptcy estate (Article 25 of the Trust Act).

The Beneficial Interest of the Second Trust is not a beneficial interest to be issued as a certificate of beneficial interest under the trust with a certificate of beneficial interest as provided in Article 185 of the Trust Act, but a beneficial interest to be deemed as “securities” under item 1, paragraph 2 of Article 2 of the Financial Instruments and Exchange Act.

2. Characteristics of Trust Assets

The Trust Assets of the First Trust consist of Auto Loan Receivables, money to be entrusted, the investment earnings from Eligible Investments, all rights under the agreements to which the Trustee of the First Trust is a party and other assets which are provided by Article 16 of the Trust Act, as trust assets. The primary assets of the First Trust are the Auto Loan Receivables.

The Trust Assets of the Second Trust consist of Loan Receivables from the Asset Backed Loan to the First Trust. The payment of the interest on and the principal of the Asset Backed Loan to the First Trust will be made by the Trustee of the First Trust from the Trust Assets of the First Trust.

3. History of Trust Assets

The main assets of the First Trust, the Initial Auto Loan Receivables, are to be entrusted by the Trustor of the First Trust on the Trust Commencement Date. On the Cash Entrustment Date, cash is to be entrusted by the Trustor of the First Trust to the Trustee of the First Trust. After the Trust Commencement Date, on each Additional Entrustment Date (Revolving Period) or in the case of the occurrence of a Down Grade Trigger, additional Auto Loan Receivables or additional cash may be entrusted by the Trustor of the First Trust to the Trustee of the First Trust. Other assets belonging to the Trust Assets of the First Trust after the Trust Commencement Date are the investment earnings from Eligible Investments and assets which are provided by Article 16 of the Trust Act, as trust assets.

The Loan Receivables are to be entrusted on the Drawdown Date to the Trustee of the Second Trust, which will be the Trust Commencement Date of the Second Trust. Under the Second Trust, no assets are scheduled to be entrusted after the Trust Commencement Date of the Second Trust. The assets which are provided by Article 16 of the Trust Act, as trust assets, will be the Trust Assets of the Second Trust after the Trust Commencement Date of the Second Trust.

4. Management of the Trust Assets

(1) Related parties regarding the Trust Assets

The Trustee of the First Trust will manage, invest and dispose of the Trust Assets of the First Trust in accordance with the First Trust Agreement. The Trustee of the First Trust will delegate some of its trust business to the Trustor of the First Trust, as Servicer. The Servicer will delegate to the Sub-Servicer a part of trust business delegated to it from the Trustee of the First Trust.

The Trustee of the Second Trust will manage the Trust Assets of the Second Trust in accordance with the Second Trust Agreement.

(2) Management, investment and disposition of the Trust Assets

(a) Summary of management of the Trust Assets under the First Trust Agreement

The Trustee of the First Trust will carry out the following as trustee of the First Trust in addition to the other duties provided for in the First Trust Agreement and any business related thereto:

- (i) administration, collection and disposition of the Auto Loan Receivables constituting the Trust Assets of the First Trust;
- (ii) investment of the money contained in the Trust Assets of the First Trust in accordance with the First Trust Agreement; and
- (iii) actions necessary to maintain, improve and utilize the Trust Assets of the First Trust.

The following will not be included in the scope of business to be performed by the Trustee of the First Trust:

- (i) where the Trustee of the First Trust carries out any action strictly in accordance with instructions, directions or requests of the Subordinated Beneficiary or its agent, consideration of the rationality of such instructions, directions or requests and the results of carrying out such instructions, directions or request;
- (ii) where the Trustee of the First Trust seeks advice from lawyers, certified public accountants, certified tax accountants or other professionals or where the Trustee of the First Trust delegates to any of the trust business (except in relation to collection of the Auto Loan Receivables) to any of them, consideration of such advice or supervision or administration of such delegation; provided, however, that the Trustee of the First Trust is responsible for the selection and appointment of lawyers, certified public accountants and certified tax accountants and other professionals; and
- (iii) the administration and supervision of any act of the Trustor of the First Trust (except for any act of the Trustor of the First Trust as Servicer), the Subordinated Beneficiary and its agent.

The Trustee of the First Trust will delegate to the Trustor of the First Trust, in accordance with the appointment by the Trustor of the First Trust, as the Subordinated Beneficiary, the administration of the Trust of the First Trust and any other matters incidental thereto as set out in the First Trust Agreement to the extent permitted by Applicable Laws. Such delegation will be governed by the Servicing Agreement and the Trustor of the First Trust will act as the Servicer thereunder. If, and to the extent that, any conflict exists between the First Trust Agreement and the Servicing Agreement, the Servicing Agreement will prevail.

Certain items of the administration of the Trust of the First Trust will be delegated to the Trustor of the First Trust as Servicer as follows, which is limited to the extent permitted under Applicable Laws:

- (i) the collection and administration of the Auto Loan Receivables, to the extent permitted by Applicable Law, including (i) receiving the Collections and (ii) corresponding and negotiating with the Obligors in respect of the Auto Loan Receivables or in respect of defences raised by the Obligors relating thereto, and, where applicable, liaising and negotiating with the Dealers in respect of the Dealer Contracts;

- (ii) transferring the Collections from its own bank account to the Trust Management Account;
- (iii) preparing the Monthly Report and submitting it to the Trustee of the First Trust on the Reporting Date, and submitting copies thereof to the Rating Agency and any other person in accordance with the Servicing Agreement;
- (iv) keeping custody of and maintaining the Auto Loan Receivables and the Related Documents in accordance with the Servicing Agreement; and
- (v) any other matters incidental thereto and otherwise provided for under the Servicing Agreement.

With respect to the administration of the Auto Loan Receivables and other related business delegated by the Trustee of the First Trust to the Servicer and the Sub-Servicer, See Part 2 (Information Regarding the Trust Assets), II. (Summary of the Assets Constituting the Trust Assets), item 2. (Collection of Assets Constituting the Trust Assets) below.

(b) Summary of management of the Trust Assets under the Second Trust Agreement

The Trustee of the Second Trust will carry out the following business as trustee of the Second Trust in addition to the other duties provided in the Second Trust Agreement and any business related thereto:

- (i) administration of the Loan Receivables constituting the Trust Assets of the Second Trust; and
- (ii) actions necessary to maintain the Trust Assets of the Second Trust.

The Trustee of the Second Trust may delegate to a third party the administration of the Trust of the Second Trust and any other matters incidental thereto to the extent permitted by and in accordance with all Applicable Laws.

(c) Obligations of the Trustees

(i) Obligations of the Trustee of the First Trust

The Trustee of the First Trust will carry on its trust business faithfully for the Beneficiary and the ABL Lender to the First Trust (following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust) with the due care of a prudent manager in accordance with the First Trust Agreement and Applicable Laws.

The Trustee of the First Trust may take any act or action, including the actions set forth below, that the Trustee of the First Trust may carry out in the course of administering trust affairs of the First Trust based on the Trustee of First Trust's powers as a trustee, if the Trustee of the First Trust's failure to carry out such an act would be contrary to the interests of the Beneficiary and the ABL Lender to the First Trust (following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust) for the account of its own property or any of its Interested Parties, to the extent that it does not conflict with the interests of the Beneficiary of the First Trust and the ABL Lender to the First Trust (following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust), and is permitted under the Trust Act and other Applicable Laws:

- (a) lending money to the Obligors;
- (b) receiving claims from the Obligors other than the Auto Loan Receivables;
- (c) accepting entrustment of claims which are similar to the Auto Loan Receivables;
and
- (d) receiving and disposing claims which are similar to the Auto Loan Receivables.

The Beneficiary will confirm that the powers, the authorities, the duties and obligations of the Trustee of the Second Trust as set forth under the Second Trust Agreement does not create any conflict of interest with the Beneficiary.

Unless otherwise provided for in the First Trust Agreement, the Trustee of the First Trust need not give any notice under Paragraph 3 of Article 31 or Paragraph 3 of Article 32 of the Trust Act or any other reports or notices to the Beneficiary; provided, however, that this will not apply if the Trustee of the First Trust breaches any Applicable Law or if not giving notice would (objectively) cause material damage to the Beneficiary and the Trustee of the Second Trust. In such case, the Trustee of the First Trust will give the relevant notice to the Beneficiary and the Trustee of the Second Trust.

The Trustee of the First Trust will not be liable to the Beneficiary for any loss or damage suffered by the Beneficiary or in relation to the Trust Assets of the First Trust irrespective of the reasons therefor to the extent that it carries on the trust business in accordance with the First Trust Agreement and Applicable Laws; provided, however, that it will not apply to the case where the Trustee of the First Trust is liable in accordance with Article 23 of the Trust Business Act.

Except to the extent provided in the First Trust Agreement to the contrary, the liabilities of the Trustee of the First Trust thereunder will be limited to the Trust Assets of the First Trust and under no circumstances will any person have any recourse to any asset of the Trustee of the First Trust other than the Trust Assets of the First Trust; provided, however, to the extent that the Beneficiary, the Trust Assets of the First Trust or the ABL Lender to the First Trust (following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust) incur any damages or losses as a result of the negligence or wilful misconduct of the Trustee of the First Trust, the Trustee of the First Trust will be liable from its own property.

If either of the following events has occurred due to any failure by the Trustee of the First Trust to perform any of its duties under the First Trust Agreement or any Applicable Law, the Beneficiary and the ABL Lender to the First Trust (following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust) may require the Trustee of the First Trust to take the action set forth in the relevant item; provided, however, that with respect to Item (b), the foregoing shall not apply if the restoration of the Trust Assets to the original condition is extremely difficult or requires excessive expenses, or otherwise there are any special circumstances which make it inappropriate to require the Trustee of the First Trust to restore the Trust Assets to the original condition:

- (a) If the Trust Assets incur any loss: Compensation for such loss

(b) If any change occurs to the Trust Assets: Restoration to the original condition

The Trustee of the First Trust will provide public notice (*koukoku*) under the First Trust Agreement by publishing the relevant information in the *Nikkan Kogyo Shimbun*, unless otherwise provided for under Applicable Laws. The timing requirements for providing such public notices will be determined in accordance with Applicable Laws.

The Trustee of the First Trust will covenant with the Trustor of the First Trust that it will not, and not permit any of its subsidiaries, directors, officers or employees to be (i) an Anti-Social Force or (ii) an Anti-Social Force Related Party and that it will not conduct, and will not permit any third party to conduct, Anti-Social Conduct.

The Trustee of the First Trust will not engage in any conduct which may cause criminal responsibility related to fraud, embezzlement, bankruptcy crimes, crimes against the competition law, guarantees of profit, active bribery, acceptance of bribe or other crimes related to corruption committed by the employees of the Trustee of the First Trust or third party within the framework of the transaction with the Trustor of the First Trust set forth in the First Trust Agreement and the Servicing Agreement (in the case of a conduct that may cause a crime engaged in by third party, only if an employee of the Trustee of the First Trust is aware in advance that the third party will engage in that crime). In addition, the Trustee of the First Trust will be obligated to comply with all laws and regulations applied to the Trustee of the First Trust and the transaction with the Trustor of the First Trust.

(ii) Obligations of the Trustee of the Second Trust

The Trustee of the Second Trust will carry on its trust business faithfully for the benefit of the Beneficiaries of the Second Trust with the due care of a prudent manager in accordance with the Second Trust Agreement and Applicable Law.

The Trustee of the Second Trust may take any act or action, including the following actions set forth below, that it may carry out in the course of administering trust affairs of the Second Trust based on its powers as a trustee, if its failure to carry out such an act would be contrary to the interests of a beneficiary for the account of its own property or any of its Interested Parties, to the extent that it does not conflict with the interests of the Beneficiary of the Second Trust and is permitted under the Trust Act and other Applicable Laws:

- (a) lending money to the Obligors;
- (b) receiving claims to the Obligors other than the Auto Loan Receivables;
- (c) accepting entrustment of claims which are similar to the Auto Loan Receivables;
- (d) receiving and disposing claims which are similar to the Auto Loan Receivables;
- (e) accepting entrustment of claims which are similar to the Loan Receivables; and
- (f) receiving and disposing claims which are similar to the Loan Receivables.

Each Beneficiary of the Second Trust will confirm that the powers, the authorities, the duties and obligations of the Trustee of the First Trust as set forth under the First Trust Agreement do not create any conflict of interests with any of the Beneficiaries of the Second Trust.

Unless otherwise provided for in the Second Trust Agreement, the Trustee of the Second Trust need not give any notice under Paragraph 3 of Article 31 and Paragraph 3 of Article 32 of the Trust Act and any other reports or notices to the Beneficiary of the Second Trust; provided, however, that this will not apply if the Trustee of the Second Trust breaches any Applicable Law or if not giving notice would (objectively) cause material damage to the Beneficiary of the Second Trust and the ABL Lenders to the Second Trust. In such case, the Trustee of the Second Trust will give the relevant notice to the Beneficiary of the Second Trust and the ABL Lenders to the Second Trust.

The Trustee of the Second Trust will not be liable to the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust for any losses or damages suffered by the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust or in relation to the Trust Assets of the Second Trust irrespective of the reasons therefor to the extent that it carries on the trust business in accordance with the Second Trust Agreement and Applicable Law; provided, however, that this will not apply to the case where the Trustee of the Second Trust is liable in accordance with Article 23 of the Trust Business Act.

Except to the extent expressly provided in the Second Trust Agreement to the contrary, the liabilities of the Trustee of the Second Trust under the Second Trust Agreement will be limited to the Trust Assets of the Second Trust and under no circumstances will any person have any recourse to any asset of the Trustee of the Second Trust (including the assets of other trusts for which the Trustee of the Second Trust acts as trustee, including, but not limited to, the First Trust) other than the Trust Assets of the Second Trust; provided, however, to the extent that the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust or the Trust Assets of the Second Trust incur any damages or losses as a result of the negligence or wilful misconduct of the Trustee of the Second Trust, the Trustee of the Second Trust will be liable from its own property.

If either of the following events has occurred due to any failure by the Trustee of the Second Trust to perform any of its duties, the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust may require the Trustee of the Second Trust to take the action set forth in the relevant item; provided, however, that with respect to Item (b), the foregoing shall not apply if the restoration of the Trust Assets to the original condition is extremely difficult or requires excessive expenses, or otherwise there are any special circumstances which make it inappropriate to require the Trustee of the Second Trust to restore the Trust Assets to the original condition:

- (a) If the Trust Assets incur any loss: Compensation for such loss
- (b) If any change occurs to the Trust Assets: Restoration to the original condition

The Trustee of the Second Trust will provide public notice (*koukoku*) under the Second Trust Agreement by publishing the relevant information in the *Nikkan Kogyo Shimbun*, unless otherwise provided for under Applicable Laws. The timing requirements for providing such public notices will be determined in accordance with Applicable Laws.

(d) Management of cash in the Trust Assets

(i) Bank Accounts

The Trustee of the First Trust will establish (on or before the Trust Commencement Date) the Trust Management Account with a Qualified Bank and the ledgers as set forth in the First Trust Agreement in the Trust Management Account. If the bank at which such Trust Management Account is held is no longer a Qualified Bank, the Trustee of the First Trust will promptly (but in any case within sixty (60) calendar days) open another Trust

Management Account with another Qualified Bank and transfer all moneys then held in the existing Trust Management Account to the new Trust Management Account.

The Trustee of the Second Trust will establish (on or before the Trust Commencement Date of the Second Trust) the Collection Account with a Qualified Bank and the ledger as set forth in the Second Trust Agreement in the Collection Account. If the bank at which such Collection Account is held is no longer a Qualified Bank, the Trustee of the Second Trust will promptly (but in any case within sixty (60) calendar days) open another Collection Account with another Qualified Bank and transfer all moneys then held in the existing Collection Account to the new Collection Account.

(ii) Eligible Investments

The First Trust Agreement provides that the Trustee of the First Trust may invest the cash contained in the Trust Assets of the First Trust in Eligible Investments, separately from or jointly with the cash belonging to other trusts which are held by the Trustee of the First Trust and are being invested in the same manner, for the purpose of reasonably contributing to the safe and efficient investment of such cash and on the understanding that the Trust Assets of the First Trust will not be harmed thereby. The Trustee of the First Trust will not be prohibited from delegating such investment to any financial institution which is an Interested Party of the Trustee of the First Trust to the extent permitted by Applicable Laws.

(iii) Distribution of the Trust Assets during the Trust Period

A. The First Trust

On each Trust Calculation Date prior to the occurrence of any Early Amortization Event during the Trust Period, the Trustee of the First Trust shall conduct a calculation of the Trust Assets of the First Trust and calculate the Available Distribution Profit Amount, transfer cash in the Cash Collateral Ledger to the Profit Ledger and pay or transfer such Available Distribution Profit Amount in the Profit Ledger in accordance with the following provisions and order on the immediately following First Trust Payment Date:

- (a) payment of taxes imposed with respect to the Trust Assets, including the amount which was not paid on any preceding First Trust Payment Date;
- (b) payment of the Trust Expenses of the First Trust, including the Fees for the Trustee of the First Trust and the amount which was not paid on any preceding First Trust Payment Date;
- (c) payment of the Servicing Fee to the Servicer, including the amount which was not paid on any preceding First Trust Payment Date;
- (d) payment of the interest of the Asset Backed Loan to the First Trust of which was carried over in accordance with Article 16.3 by on the immediately preceding First Trust Payment Date;
- (e) payment to the Trustee of the Second Trust of interest on the Asset Backed Loan to the First Trust accruing during the relevant Interest Calculation Period;
- (f) transfer to the Cash Collateral Ledger until the balance thereof is equal to the Cash Collateral Ledger Target Balance (for the amount of the difference between the amount of cash in the Cash Collateral Ledger as of the prior day of such Trust

Calculation Date and the amount of transfer under this item, the Subordinated Principal Balance shall be decreased (in case where the amount of cash in the Cash Collateral Ledger is decreased, in this case the principal of the Subordinated Beneficial Interest shall be regarded as redeemed for such amount));

- (g) if the Trustee of the First Trust distributes any Uncollectable Auto Loan Receivables to the Subordinated Beneficiary as a redemption of principal *in kind* of the Subordinated Beneficial Interest pursuant to Article 19.1 on any prior First Trust Payment Date, transfer to the Principal Ledger up to such amount of redemption of principal. Further, the Subordinated Principal Balance shall be increased by such amount;
- (h) transfer to the Principal Ledger of the Default Trap Amount in relation to such Trust Calculation Date; and
- (i) payment to the Subordinated Beneficiary of the dividend of the Subordinated Beneficial Interest for all the amount remaining.

Notwithstanding the above paragraphs, during the Revolving Period, if and only if main body of Article 6.2 of the Servicing Agreement is applicable and proviso thereof is not applicable, for the purpose of conducting the calculation of the Trust Assets of the First Trust (including the calculation of the amount of redemption of the Additional Senior Beneficial Interest pursuant to Item (f) of Article 18.2 of the First Trust Agreement on each First Trust Payment Date), the Deferred Amount to be delivered to the Trustee of the First Trust on each First Trust Payment Date pursuant to the Servicing Agreement shall be included in the Available Principal Distribution Amount as of such First Trust Payment Date, provided that the right of the Trustee of the First Trust to receive the Deferred Amount shall be treated as a monetary claim constituting the Trust Assets of the First Trust as of the Trust Calculation Date. Furthermore, on each First Trust Payment Date during the Revolving Period, if and only if main body of Article 6.2 of the Servicing Agreement is applicable and proviso thereof is not applicable, the Servicer's obligation to deliver the Deferred Amount shall be set-off against the Trustee of the First Trust's obligation to pay the redemption amount of the Additional Senior Beneficial Interest to the Senior Beneficiary pursuant to Item (f) of Article 18.2 of the First Trust Agreement on such First Trust Payment Date by the amount equal to the Deferred Amount.

On each Trust Calculation Date prior to the occurrence of any Early Amortization Event during the Trust Period, the Trustee of the First Trust shall conduct a calculation of the Trust Assets of the First Trust and calculate the Available Distribution Principal Amount and pay such amount in the Principal Ledger after the distribution pursuant to Article 18.1 of the First Trust Agreement in accordance with the following provisions and order on the immediately following First Trust Payment Date:

- (a) payment of taxes imposed with respect to the Trust Assets which remains after the distribution pursuant to Article 18.1 of the First Trust Agreement, including the amount which was not paid on any preceding First Trust Payment Date;
- (b) payment of the Trust Expenses of the First Trust which remains after the distribution pursuant to Article 18.1 of the First Trust Agreement, including the Fees for the Trustee of the First Trust and the amount which was not paid on any preceding First Trust Payment Date;
- (c) payment of the Servicing Fee to the Servicer which remains after the distribution pursuant to Article 18.1 of the First Trust Agreement, including the amount which was not paid on any preceding First Trust Payment Date;

- (d) payment of the interest of the Asset Backed Loan to the First Trust of which was carried over in accordance with Article 16.3 of the First Trust Agreement on the immediately preceding First Trust Payment Date, which remains after the distribution pursuant to Article 18.1 of the First Trust Agreement;
- (e) payment to the Trustee of the Second Trust of the interest of the Asset Backed Loan to the First Trust with respect to the relevant Interest Calculation Period which remains after the distribution pursuant to Article 18.1 of the First Trust Agreement;
- (f) prior to the expiration of the Revolving Period, payment to the Senior Beneficiary for the redemption of any Additional Senior Beneficial Interest; and
- (g) prior to the expiration of the Revolving Period, any residual amount shall be carried forward to the next Trust Calculation Date; and following the expiration of the Revolving Period, payment to the Trustee of the Second Trust of the Asset Backed Loan Principal Payment Amount for all the amount remaining.

Notwithstanding the provisions of Article 18.1 of the First Trust Agreement, after the occurrence of any Early Amortization Event, the Trustee of the First Trust shall conduct a calculation of the Trust Assets of the First Trust and calculate the Available Distribution Profit Amount, transfer cash in the Cash Collateral Ledger to the Profit Ledger and pay or transfer such Available Distribution Profit Amount in the Profit Ledger in accordance with the following provisions and order on the immediately following First Trust Payment Date:

- (a) payment of taxes imposed with respect to the Trust Assets, including the amount which was not paid on any preceding First Trust Payment Date;
- (b) payment of the Trust Expenses of the First Trust, including the Fees for the Trustee of the First Trust and the amount which was not paid on any preceding First Trust Payment Date;
- (c) payment of the Servicing Fee to the Servicer, including the amount which was not paid on any preceding First Trust Payment Date;
- (d) payment of the interest of the Asset Backed Loan to the First Trust of which was carried over in accordance with Article 16.3 of the First Trust Agreement on the immediately preceding First Trust Payment Date;
- (e) payment to the Trustee of the Second Trust of interest on the Asset Backed Loan to the First Trust with respect to the relevant Interest Calculation Period;
- (f) transfer to the Cash Collateral Ledger until the balance thereof is equal to the Cash Collateral Ledger Target Balance; and
- (g) transfer to the Principal Ledger of all the remaining amount.

Notwithstanding the provisions of Article 18.2 of the First Trust Agreement, after the occurrence of any Early Amortization Event, the Trustee of the First Trust shall conduct a calculation of the Trust Assets of the First Trust and calculate the Available Distribution Principal Amount and pay or transfer such amount in the Principal Ledger after the distribution pursuant to Article 18.3 of the First Trust Agreement in accordance with the following provisions and order on the immediately following First Trust Payment Date:

- (a) payment of taxes imposed with respect to the Trust Assets which remains after the distribution pursuant to Article 18.3, including the amount which was not paid on any preceding First Trust Payment Date;
- (b) payment of the Trust Expenses of the First Trust which remains after the distribution pursuant to Article 18.3 of the First Trust Agreement, including the Fees for the Trustee of the First Trust and the amount which was not paid on any preceding First Trust Payment Date;
- (c) payment of the Servicing Fee to the Servicer which remains after the distribution pursuant to Article 18.3 of the First Trust Agreement, including the amount which was not paid on any preceding First Trust Payment Date;
- (d) payment of the interest of the Asset Backed Loan to the First Trust of which was carried over in accordance with Article 16.3 of the First Trust Agreement on the immediately preceding First Trust Payment Date, which remains after the distribution pursuant to Article 18.3 of the First Trust Agreement;
- (e) payment to the Trustee of the Second Trust of interest on the Asset Backed Loan to the First Trust with respect to the relevant Interest Calculation Period which remains after the distribution pursuant to Article 18.3 of the First Trust Agreement; and
- (f) payment to the Trustee of the Second Trust of Asset Backed Loan Principal Payment Amount for all the amount remaining and, if and only if any Additional Senior Beneficial Interest is outstanding, payment to the Senior Beneficiary for the redemption of such Additional Senior Beneficial Interest.

If the funds available for each payment under the First Trust Agreement are less than the total amount to be paid or redeemed with the same priority as such payment or redemption, then the available funds will be paid or redeemed in proportion to each such amount to be paid or redeemed with the same priority (if the amount includes a fraction of less than one yen, it shall be discarded).

B. The Second Trust

The Trustee of the Second Trust shall, (i) on each Trust Calculation Date during the Trust Period, conduct a calculation on the Trust Asset of the Second Trust and calculate the expected amount of cash in the Collection Account on the immediately following Second Trust Payment Date based on the Trust Assets Status Report delivered by the Trustee of the First Trust on the same date and (ii) on the immediately following Second Trust Payment Date, (x) transfer the amount equivalent to the principal to the Principal Collection Ledger and the amount equivalent to the profit to the Profit Collection Ledger and (y) distribute the amount in the Profit Collection Ledger in accordance with the following provisions and order. If any cash remains after payment in accordance with (a) to (d) below, such amount shall be held in the Collection Account and carried forward to the immediately following Trust Calculation Date:

- (a) payment of taxes imposed with respect to the Trust Assets, including the amount which was not paid on any preceding Second Trust Payment Date;
- (b) payment of the Trust Expenses of the Second Trust, including the amount which was not paid on any preceding Second Trust Payment Date;
- (c) the following payments in the same priority; and

- (i) payment to the Trust Beneficiaries of the Second Trust of the dividend of which was carried over in accordance with Article 12.3 of the Second Trust Agreement on the immediately preceding Second Trust Payment Date
 - (ii) payment of the interest of the Asset Backed Loans to the Second Trust of which was carried over in accordance with Article 12.3 of the Second Trust Agreement on the immediately preceding Second Trust Payment Date
- (d) the following payments in the same priority.
- (i) payment to the Trust Beneficiaries of the Second Trust of the dividend with respect to the relevant Interest Calculation Period
 - (ii) payment to the ABL Lenders to the Second Trust of the interest of the Asset Backed Loans to the Second Trust with respect to the relevant Interest Calculation Period

In accordance with the following provisions and order, the Trustee of the Second Trust shall distribute the amount in the Principal Collection Ledger after the distribution pursuant to Article 14.1 of the Second Trust Agreement. If any cash remains after payment in accordance with (a) to (e) below, such amount shall be held in the Collection Account and carried forward to the immediately following Trust Calculation Date:

- (a) payment of taxes imposed with respect to the Trust Assets which remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement, including the amount which was not paid on any preceding Second Trust Payment Date;
 - (b) payment of the Trust Expenses of the Second Trust which remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement, including the amount which was not paid on any preceding Second Trust Payment Date;
- (c) the following payments in the same priority;
- (i) payment to the Trust Beneficiaries of the Second Trust of the dividend which was carried over in accordance with Article 12.3 of the Second Trust Agreement on the immediately preceding Second Trust Payment Date and remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement
 - (ii) payment of the interest of the Asset Backed Loans to the Second Trust which was carried over in accordance with Article 12.3 of the Second Trust Agreement on the immediately preceding Second Trust Payment Date and remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement
- (d) the following payments in the same priority; and
- (i) payment to the Trust Beneficiaries of the Second Trust of the dividend with respect to the relevant Interest Calculation Period which remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement
 - (ii) payment to the ABL Lenders to the Second Trust of the interest of the Asset Backed Loans to the Second Trust with respect to the relevant Interest Calculation Period which remains after the distribution pursuant to Article 14.1 of the Second Trust Agreement

- (e) following the expiration of the Revolving Period, the following payments in the same priority.
 - (i) redemption of the principal of the Beneficial Interests of the Second Trust to the Trust Beneficiaries of the Second Trust
 - (ii) payment of the principal of the Asset Backed Loans to the Second Trust to the ABL Lenders to the Second Trust

If the funds available for each payment in the above is less than the total amount to be paid or distributed with the same priority as such payment, then the available funds will be paid or distributed in proportion to each such amount to be paid or distributed with the same priority.

C. Taxes, Public Charges and other Expenses of the First Trust and the Second Trust and Fees for the Trustee

The Trustee will pay out of the Trust Assets of the relevant Trust taxes and other public charges pertaining to the Trust Assets of the relevant Trust.

The Trust Expenses of the relevant Trust incurred by it from time to time which are reasonable and necessary for the administration of the Trust in accordance with the respective Trust Agreement will be paid from the Trust Assets of the First Trust in the case of the First Trust and from the Trust Assets of the Second Trust, in the case of the Second Trust; provided, however, that the Trust Expenses of the First Trust include the Rating Fees and the Cost of the Second Trust. If no Insolvency Event has occurred with respect to the Subordinated Beneficiary and the Trust Assets of the First Trust fall short of (or are expected to fall short of) the amount required for such payment amount, the Trustee of the First Trust may request the Subordinated Beneficiary to pay such shortfall; provided, further, that such amount may not be charged to the Trustee of the Second Trust. If the Trust Assets of the Second Trust fall short of (or are expected to fall short of) the amount required for such payment amount, the Trustee of the Second Trust may request the Trustee of the First Trust to pay such shortfall. If the Trustee of the First Trust is requested by the Trustee of the Second Trust to pay the shortfall (including any expected shortfall) of the Trust Expenses of the Second Trust, the Trustee of the First Trust will be entitled to claim that shortfall from the Subordinated Beneficiary, subject to no Insolvency Event having occurred with respect to the Subordinated Beneficiary.

The Trustor of the First Trust will, on the Trust Commencement Date of the Second Trust, pay the Trustee of the First Trust, in its capacity as Trustee of the First Trust and as Trustee of the Second Trust, the amount separately agreed between the Trustor of the First Trust and the Trustee of the First Trust, in its capacity as Trustee of the First Trust and as Trustee of the Second Trust, as the initial Trustee's Fee.

The Fees for the Trustee of the First Trust during Trust Period of the First Trust will be 620,568 yen (excluding consumption tax) for the initial Trust Calculation Period and thereafter equal to the product of the sum of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the first day of the relevant Trust Calculation Period multiplied by 1 basis point per annum (0.01% p.a.) multiplied by a fraction of one over twelve (1/12), subject to a minimum aggregate payment of 100,000 yen per month, excluding consumption tax and, will be due and payable on each First Trust Payment Date and the Trust Termination Date.

The Fees for the Trustee of the Second Trust during the Trust Period of the Second Trust will be 620,568 yen (excluding consumption tax) for the initial Trust Calculation Period

and thereafter equal to the product of the sum of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the first day of the relevant Trust Calculation Period multiplied by 1 basis point per annum (0.01% p.a.) multiplied by a fraction of one over twelve (1/12), subject to a minimum aggregate payment of 100,000 yen per month, excluding consumption tax and will be included in the Cost of the Second Trust and paid in accordance with the First Trust Agreement.

(e) Repurchase of the Auto Loan Receivables by the Trustor of the First Trust

Trustor of the First Trust's Obligation to Repurchase Auto Loan Receivables due to a Breach of Representation and Warranties, etc.

A. If, during a Monthly Period,

- (a) any of the representations and warranties made by the Trustor of the First Trust in Article 5.2 of the First Trust Agreement, which relate to the Auto Loan Receivables are determined to be false or incorrect in any material respect as of the time when such representations and warranties were made;
- (b) in relation to the Auto Loan Receivables, it is confirmed objectively that the paragraph (z) of the Eligibility Criteria ceases to be met (excluding the case of (a) above);
- (c) the Trustor of the First Trust breaches certain select covenants;
- (d) payment under an Auto Loan Agreement is suspended by an Obligor due to any defense raised by an Obligor in accordance with the Auto Loan Agreement; or
- (e) the Trustor of the First Trust terminates or cancels an Auto Loan Agreement prior to its scheduled maturity as a result of a cancellation in connection with the agreed termination of the relevant underlying sale purchase contract of the Purchased Vehicle between an Obligor and the Dealer after the Trust Commencement Date,

then the Trustor of the First Trust will give notice of the occurrence of the events set forth in (a), (c), (d) and (e) above to the Trustee of the First Trust by no later than the Reporting Date with respect to the Monthly Period. If the Trustor of the First Trust is the Servicer, the Trustor of the First Trust will report the occurrence of such event to the Trustee of the First Trust by the Monthly Report in accordance with the Servicing Agreement. The Trustee of the First Trust shall, upon its acknowledgement of the occurrence of the event set forth in (b) above, consult with the Trustor of the First Trust in good faith for a reasonable period with respect to recognition of the occurrence of the event, and after such consultation, shall give notice of the occurrence of the event to the Trustor of the First Trust without delay. The Trustor of the First Trust will repurchase each affected Auto Loan Receivable (in the case of the occurrence of the event set forth in (a) above in respect of item (d) of Article 5.2 of the First Trust Agreement, all of the Additional Auto Loan Receivables entrusted on relevant Additional Entrustment Date (Revolving Period) pursuant to Article 3.1(b) of the First Trust Agreement shall be the affected Auto Loan Receivable) from the Trustee of the First Trust, (x) in the case of the occurrence of the events set forth in (a), (c), (d) and (e) above, on the Remittance Date immediately following such Reporting Date, and (y) in the case of the occurrence of the event set forth in (b) above, on the Remittance Date immediately following the date of the said notice of such event from the Trustee of the First Trust. The repurchase price of such Auto Loan Receivables will be equal to the aggregate amount of the Outstanding Principal Balance of the affected Auto Loan Receivables as of the last day of the Monthly Period immediately preceding such Remittance Date. The Trustor of the First Trust will pay

such repurchase price to the Trustee of the First Trust by bank transfer to the Trust Management Account. The Trustee of the First Trust will make no representations, warranties or guarantees with respect to such repurchased Auto Loan Receivables. Any costs associated with such repurchase will be borne by the Trustor of the First Trust.

- B. If any of the representations and warranties made by the Trustor of the First Trust in Article 5.1 of the First Trust Agreement other than set forth in paragraph (u) thereof were false or incorrect in any material respect as of the time when such representation and warranties were made, or the Trustor of the First Trust breaches in material respect any of certain select covenants, the Trustor of the First Trust will immediately give notice to the Trustee of the First Trust of the occurrence of such event and repurchase all outstanding Auto Loan Receivables, on the immediately following Remittance Date (if the Trustee of the First Trust has not received such notice from the Trustor of the First Trust on such Remittance Date, on the next Remittance Date). The repurchase price of such Auto Loan Receivables will be equal to the aggregate amount of the Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the last day of the Monthly Period immediately preceding such Remittance Date. The Trustor of the First Trust will pay such repurchase price to the Trustee of the First Trust by bank transfer to the Trust Management Account. The Trustee of the First Trust will make no representations, warranties or guarantees with respect to such repurchased Auto Loan Receivables. Any costs associated with such repurchase will be borne by the Trustor of the First Trust.
- C. Upon payment in full of the applicable repurchase price in accordance with A or B above, the title to the repurchased Auto Loan Receivable will be transferred to the Trustor of the First Trust definitively and without requiring any action on the part of the Trustee of the First Trust.
- D. If any Auto Loan Receivable is repurchased and transferred to the Trustor of the First Trust pursuant to the First Trust Agreement, the Trustee of the First Trust will authorize the Trustor of the First Trust to take all and any action necessary or appropriate to perfect the transfer of such Auto Loan Receivable and to exercise its right to such Auto Loan Receivables at its own cost and responsibility. The Trustee of the First Trust may not withdraw, cancel or terminate such authorization without the prior approval of the Trustor of the First Trust in writing on the condition that the Trustor of the First Trust has performed the payment obligation of the repurchase price and complied with any other obligations under the First Trust Agreement.

Trustor of the First Trust's Right to Repurchase Auto Loan Receivables due to Clean-up Call and Tax Event

- A Upon the Clean-up Call Conditions being satisfied and the Trustor of the First Trust giving a notice of that effect to the Trustee of the First Trust by no later than the end of the month preceding the month that the Clean-up Call is exercised, the Trustor of the First Trust may repurchase all of the outstanding Auto Loan Receivables by paying the Clean-up Call Repurchase Price to the Trustee of the First Trust by bank transfer to the Trust Management Account on the following Remittance Date. The Trustee of the First Trust will make no representations, warranties or guarantees with respect to the Auto Loan Receivables to be repurchased by way of the Clean-up Call. Any costs associated with such repurchase will be borne by the Trustor of the First Trust. The Trustor of the First Trust may opt to defer payment of a part of the Clean-up Call Repurchase Price until the First Trust Payment Date immediately following such Remittance Date, for the amount in excess of the amount of (a) the then outstanding aggregate principal amount of the Beneficial Interest of the Second Trust and Asset Backed Loan to the Second Trust,

less (b) the Principal Collection during the Monthly Period immediately preceding such Remittance Date, unless the Trustee of the First Trust objects to it by such Remittance Date.

- B. If a Tax Event occurs, then, the Trustor of the First Trust may, by giving written notice of the occurrence of such event to the Trustee of the First Trust, repurchase all of the outstanding Auto Loan Receivables on the Remittance Date immediately after such date of notice (or, if the Trustee of the First Trust has not received such notice from the Trustor of the First Trust on such Remittance Date, on the next Remittance Date). The repurchase price of such Auto Loan Receivables will be equal to the aggregate amount of the Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the last day of the Monthly Period immediately preceding such Remittance Date plus the accrued and unpaid interest up to but excluding such date. The Trustor of the First Trust will pay such repurchase price to the Trustee of the First Trust by bank transfer to the Trust Management Account. The Trustee of the First Trust will make no representations, warranties or guarantees with respect to such repurchased Auto Loan Receivables. Any costs associated with such repurchase will be borne by the Trustor of the First Trust.
- C. Upon the payment in full of the applicable repurchase price in accordance with A or B above, title to the repurchased Auto Loan Receivables will be transferred to the Trustor of the First Trust definitely and without requiring any action on the part of the Trustee of the First Trust.

If any Auto Loan Receivable is repurchased and transferred to the Trustor of the First Trust pursuant to the First Trust Agreement, the Trustee of the First Trust will authorize the Trustor of the First Trust to take all and any action necessary or appropriate to perfect the transfer of such Auto Loan Receivable and to exercise its rights to such Auto Loan Receivables at its own cost and responsibility. The Trustee of the First Trust may not withdraw, cancel or terminate such authorization without the prior approval of the Trustor of the First Trust in writing on the condition that the Trustor of the First Trust has performed the payment obligation of the repurchase price and complied with any other obligations under the First Trust Agreement.

Trustor of the First Trust's Obligation to Pay Compensation Amounts due to the Exercise of Refinance Option or Selling Option by an Obligor

If, during a Monthly Period, any Obligor has duly exercised its Refinance Option or Selling Option in accordance with the Auto Loan Agreement to which it is a party and the credit guideline of the Trustor of the First Trust, the Trustor of the First Trust, as Servicer, shall pay the Compensation Amount to the Trustee of the First Trust by bank transfer to the Trust Management Account on the Remittance Date immediately following such Reporting Date, and the costs of such bank transfer will be borne by the Trustor of the First Trust. Upon the payment of the Compensation Amount by the Trustor of the First Trust, the relevant Auto Loan Receivable will be deemed to have been repaid in full by such Compensation Amount.

Distribution of Uncollectable Auto Loan Receivables

If there are any Uncollectable Auto Loan Receivables reported on the Reporting Date, the Trustee of the First Trust may distribute such Uncollectable Auto Loan Receivables, which is equivalent to the amount transferred to the Principal Ledger out of the Default Trap Amount under I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period), A. (The First Trust) above to the Subordinated Beneficiary as a distribution of dividend *in kind* of the Subordinated

Beneficial Interests on the immediately following the First Trust Payment Date, and the Trustee of the First Trust may distribute such Uncollectable Auto Loan Receivables (excluding ones which is distributed as distribution of dividend of the Subordinated Beneficial Interests pursuant to this paragraph) as a redemption of principal *in kind* of the Subordinated Beneficial Interests up to the Subordinated Principal Balance; provided, that such distribution of the Uncollectable Auto Loan Receivables to the Subordinated Beneficiary will be made prior to the distribution in accordance with I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (d) (Management of cash in the Trust Assets), (iii) (Distribution of the Trust Assets during the Trust Period), A. (The First Trust) above and I (Summary of Trust Assets), 4. (Management of the Trust Assets), (2) (Management, investment and disposition of the Trust Assets), (f) (Disposition of the Trust Assets) A. below and not be made after the occurrence of a Servicer Replacement Event. The Subordinated Principal Balance will be reduced by the equivalent amount of the Outstanding Principal Balance of the Uncollectable Auto Loan Receivables distributed *in kind* as a redemption of principal as of the date of such distribution. If and when Uncollectable Auto Loan Receivables are distributed to the Subordinated Beneficiary, all rights, interests, title and benefits relating to such Uncollectable Auto Loan Receivables including all Related Security will automatically transfer, to the Subordinated Beneficiary. Any cost associated with such distribution will be borne by the Subordinated Beneficiary. The Trustee of the First Trust will make no representations or warranties in respect of any such distribution.

(f) Disposition of the Trust Assets

- A. If the First Trust is terminated pursuant to the terms of the First Trust Agreement, the Trustee of the First Trust will dispose the Trust Assets of the First Trust in accordance with the First Trust Agreement by the Trust Termination Date of the First Trust; provided, however, if there is sufficient money in the Available Distribution Amount in the Trust Management Account on the Trust Calculation Date immediately preceding the Trust Termination Date of the First Trust to pay items (a) to (f) below, the Trustee of the First Trust shall not dispose the Trust Asset of the First Trust in accordance with the First Trust Agreement .

If the Trustee of the First Trust disposes the Trust Assets of the First Trust in accordance with the First Trust Agreement, it will, in order to sell the Trust Assets of the First Trust to a third party, which may be an Interested Party of the Trustee of the First Trust, at fair market value, have two or more independent third parties offer their desired purchase price of the Trust Assets of the First Trust to the Trustee of the First Trust, and sell the same to a third party who has offered the highest purchase price thereof; provided, however, that the Trustor of the First Trust may, if it agrees in writing with the Trustee of the First Trust, purchase all the Auto Loan Receivables existing as of the Trust Termination Date of the First Trust at the aggregate amount of the Outstanding Principal Balance of all outstanding Auto Loan Receivables plus the accrued and unpaid interest of the Auto Loan Receivables up to but excluding such date (excluding, if any Uncollectable Auto Loan Receivables remain in the Trust Assets of the First Trust, the aggregate amount of the Outstanding Principal Balance of all outstanding Auto Loan Receivables plus the accrued and unpaid interest of the Auto Loan Receivables up to but excluding such date). The proceeds from such disposition will be credited to the Principal Ledger. For the avoidance of doubt, the Trustee of the First Trust will not be liable to the Subordinated Beneficiary or the Trustee of the Second Trust for finding another third party who will offer a more preferable purchase price, as long as the Trustee of the First Trust fulfils the above procedure and is not deemed to make any material deviation in the exercise of its discretion.

The Trustee of the First Trust will not be liable for any loss incurred by the Subordinated Beneficiary and the Trustee of the Second Trust or any other third party for the sale of the Trust Assets of the First Trust (including the determination of the purchase price of the Trust Assets of the First Trust for the sale) as long as the Trustee of the First Trust performs its obligations with due care in accordance with the provisions of the First Trust Agreement and Applicable Laws.

On the Trust Calculation Date immediately preceding the Trust Termination Date of the First Trust, the Trustee of the First Trust shall transfer all amounts in the Profit Ledger and the Cash Collateral Ledger to the Principal Ledger and calculate the amount of cash in the Trust Management Account and then, on the Trust Termination Date of the First Trust, pay such amounts in accordance with the following provisions:

- (a) payment of taxes imposed with respect to the Trust Assets, including the amount which was not paid on any preceding First Trust Payment Date;
- (b) payment of the Trust Expenses of the First Trust, including the Fees for the Trustee of the First Trust and the Cost of the Second Trust to be paid at the timing of the termination of the Second Trust, and the amount which was not paid on any preceding First Trust Payment Date;
- (c) payment of the Servicing Fee to the Servicer, including the amount which was not paid on any preceding First Trust Payment Date;
- (d) payment of the interest of the Asset Backed Loan to the First Trust of which was carried over in accordance with Article 16.3 on the immediately preceding First Trust Payment Date;
- (e) payment to the Trustee of the Second Trust of interest on the Asset Backed Loan to the First Trust with respect to the period from but excluding the immediately preceding Second Trust Payment Date to and including the Trust Termination Date of the First Trust;
- (f) payment to the Trustee of the Second Trust of the Asset Backed Loan Principal Payment Amount, and payment to the Senior Beneficiary for the redemption of any Additional Senior Beneficial Interest (if any);
- (g) payment to the Subordinated Beneficiary of the Subordinated Principal Balance; and
- (h) payment to the Subordinated Beneficiary of the profit distribution of the Subordinated Beneficial Interest for all the amount remaining.

If and only if the payment of a part of the Clean-up Call Repurchase Price is deferred until the First Trust Payment Date immediately following such Clean-up Call in accordance with Article 10.1 of the First Trust Agreement, which is the Trust Termination Date of the First Trust, (i) for the purpose of the calculation and payment in accordance with Article 21.3 of the First Trust Agreement, such deferred amount to be paid to the Trustee of the First Trust on the Trust Termination Date of the First Trust shall be included in the amount of cash in the Trust Management Account as of the Trust Termination Date of the First Trust, provided that the right of the Trustee of the First Trust to receive such deferred amount shall be treated as a monetary claim constituting the Trust Assets of the First Trust as of the Trust Calculation Date immediately preceding the Trust Termination Date of the First Trust, and (ii), on the Trust Termination Date of the First Trust, the Trustor of the First Trust's obligation to pay such deferred amount on the Trust Termination Date of the First Trust shall be set-off against the Trustee of the

First Trust's obligation to pay the relevant amount to the Subordinated Beneficiary pursuant to Article 21.3 of the First Trust Agreement on the Trust Termination Date of the First Trust by the corresponding amount.

If the funds available for each payment under the First Trust Agreement are less than the total amount to be paid or redeemed with the same priority as such payment or redemption, then available funds will be paid or redeemed in proportion to each such amount to be paid or redeemed with the same priority (if the amount includes a fraction of less than one yen, it shall be discarded).

After all obligations under the Asset Backed Loan to the First Trust have been repaid in full and all payments required to be made pursuant to items (a) through (f) above have been made in full, all assets remaining within the First Trust, if any, will be distributed to the Subordinated Beneficiary as redemption of the Subordinated Beneficial Interests, at the aggregate Outstanding Principal Balance of the Auto Loan Receivables if such remaining assets are the Auto Loan Receivables, and at the amount which the Trustee of the Second Trust reasonably considers as the fair market value of such asset as of Trust Termination Date of the First Trust, until the balance of the Subordinated Beneficiary Interest becomes zero (0), and the remaining amount, if any, as a distribution *in kind* of earnings. Upon distribution *in kind* of the Auto Loan Receivables to the Subordinated Beneficiary, the Trustee of the First Trust will authorize the Subordinated Beneficiary to perfect the distribution of the Auto Loan Receivables and take any and all actions deemed necessary or appropriate for the Subordinated Beneficiary to exercise its rights thereto at the cost and responsibility of the Subordinated Beneficiary. The Trustee of the First Trust may not withdraw, cancel or otherwise terminate such authorization without the prior approval of the Subordinated Beneficiary in writing.

If and to the extent that any interest on, or remaining in, the principal balance of the Asset Backed Loan to the First Trust falls short after the distribution in accordance with the above, such shortfall will be borne by the Trustee of the Second Trust as a creditor with respect to the Asset Backed Loan to the First Trust.

- B On the Trust Calculation Date immediately preceding the Trust Termination Date of the Second Trust, the Trustee of the Second Trust shall transfer all amounts in the Profit Collateral Ledger to the Principal Collection Ledger and calculate the amount of cash in the Collection Account and then, on the Trust Termination Date of the Second Trust, pay such amounts in accordance with the following provisions:
- (a) payment of taxes imposed with respect to the Trust Assets, including the amount which was not paid on any preceding Second Trust Payment Date;
 - (b) payment of the Trust Expenses of the Second Trust, including the amount which was not paid on any preceding Second Trust Payment Date;
 - (c) the following payments in the same priority;
 - (i) payment to the Trust Beneficiaries of the Second Trust of the dividend of which was carried over in accordance with Article 12.3 on the immediately preceding Second Trust Payment Date
 - (ii) payment of the interest of the Asset Backed Loans to the Second Trust of which was carried over in accordance with Article 12.3 on the immediately preceding Second Trust Payment Date
 - (d) the following payments in the same priority;

- (i) payment to the Trust Beneficiaries of the Second Trust of the dividend with respect to the periods from but excluding the immediately preceding Second Trust Payment Date to and including the Trust Termination Date of the Second Trust
 - (ii) payment to the ABL Lenders to the Second Trust of the interest of the Asset Backed Loans to the Second Trust with respect to the periods from but excluding the immediately preceding Second Trust Payment Date to and including the Trust Termination Date of the Second Trust (e) the following payments in the same priority;
 - (i) redemption of the principal of the Beneficial Interests of the Second Trust to the Trust Beneficiaries of the Second Trust
 - (ii) payment of the principal of the Asset Backed Loans to the Second Trust to the ABL Lenders to the Second Trust
 - (f) if the principal of the Beneficial Interests of the Second Trust and the principal of the Asset Backed Loans to the Second Trust have been reduced to zero and there is remaining amount in the Collection Account after the distribution pursuant to the preceding items, payment of the remaining amount to the Trustor of the First Trust.
- (g) Calculation of Trust Assets and reporting

- A. The Trustee of the First Trust will, by each Trust Calculation Date, conduct a calculation of the Trust Assets of the First Trust and calculate the Available Distribution Amount based on the Monthly Report delivered by the Servicer on or prior to the immediately preceding Reporting Date, and prepare a Trust Assets Status Report relating to the Trust Calculation Period containing the items required under the Trust Business Act and other Applicable Laws. Then, the Trustee of the First Trust will deliver (or disclose by electronic means or otherwise) the Trust Assets Status Report to the Beneficiary, the Trustee of the Second Trust and the Rating Agency and such other persons designated by the Trustee of the Second Trust in accordance with the First Trust Agreement. If the Trustee of the First Trust carries out the transaction provided for in Paragraph 2 of Article 29 of the Trust Business Act during a Trust Calculation Period, it will prepare and deliver a report setting out the status of such transaction to the Beneficiary, the Trustee of the Second Trust and Nikko.

If the Beneficiary and the Trustee of the Second Trust do not object to or query the distribution made in respect of the Trust Assets of the First Trust in accordance with the calculation conducted pursuant to the above within three (3) Business Days (provided, however, in the case of the calculation conducted in connection with the termination of the First Trust, one (1) month) after receiving such distribution, the Beneficiary and the Trustee of the Second Trust will be deemed to have approved the calculation and the distribution carried out by the Trustee of the First Trust. Should the Trustee of the First Trust duly receive such objection or query, the Trustee of the First Trust will take all necessary and appropriate steps at its discretion by the next Trust Calculation Date (or without delay in the case of the termination of the First Trust).

The Trustor of the First Trust, while acting in its capacity as Servicer, will be responsible for the contents of the Monthly Report. On each Trust Calculation Date, the Trustee of the First Trust may, in calculating the Trust Assets of the First Trust, rely on the Monthly Report received on or prior to the Reporting Date in respect of the relevant Trust Calculation Period.

In the event that it turns out on or before four Business Days prior to the Trust Calculation Date that for whatever reason, the Collections which the Servicer paid to the Trustee of the First Trust on the Remittance Date were less than the Collections which the Servicer should have paid pursuant to the Servicing Agreement, the Trustor of the First Trust shall pay the amount equal to the deficit to the Trustee of the First Trust by no later than the second Business Days prior to the Trust Calculation Date, in which case such amount so paid shall be treated as Collections collected in the Monthly Period immediately preceding such Trust Calculation Date, and shall form a part of the Available Distribution Amount calculated on such Trust Calculation Date and be distributed on the First Trust Payment Date immediately following such Trust Calculation Date, and if the deficit turns out on or later than three Business Days prior to the Trust Calculation Date, the Trustor of the First Trust shall pay the amount equal to the deficit to the Trustee of the First Trust as soon as practically possible and the amount so paid shall be treated as Collections collected in the Monthly Period in which such Trust Calculation Date falls and shall form a part of the Available Distribution Amount calculated on the Trust Calculation Date in the next calendar month and be distributed on the First Trust Payment Date in the next calendar month.

- B. The Trustee of the Second Trust will, by each Trust Calculation Date, conduct a calculation with respect to the Trust Assets of the Second Trust based on the Trust Assets Status Report of the First Trust delivered by the Trustee of the First Trust on the same date and prepare a Trust Assets Status Report of the Second Trust relating to the relevant Trust Calculation Period containing the items required under the Trust Business Act and other Applicable Laws. Then the Trustee of the Second Trust will deliver (or disclose by electronic means or otherwise) the Trust Assets Status Report of the Second Trust, together with the corresponding copies of the Trust Assets Status Report of the First Trust and the Monthly Report, to the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust, the Rating Agency, Nikko and any other person who is deemed necessary by the Trustee of the Second Trust. If the Trustee of the Second Trust conducts the transaction provided in Paragraph 2 of Article 29 of the Trust Business Act during the Trust Calculation Period, it will prepare and deliver the report stating the status of the transaction to the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust.

Each Beneficiary of the Second Trust may request the Trustee of the Second Trust to make the Trust Assets Status Report regarding the Trust Assets of the First Trust submitted by the Trustee of the First Trust to the Trustee of the Second Trust available for inspection by the Beneficiary of the Second Trust at any time during normal business hours at the main office of the Trustee of the Second Trust.

If no Beneficiary of the Second Trust or ABL Lender to the Second Trust objects to or queries the distribution made in respect of the Trust Assets of the Second Trust in accordance with the calculation conducted pursuant to the Second Trust Agreement within three (3) Business Days (provided, however, in the case of the calculation conducted in connection with the termination of the Second Trust, one (1) month) after receiving such distribution, the Beneficiary of the Second Trust and the ABL Lenders to the Second Trust will be deemed to have approved the calculation and the distribution carried out by the Trustee of the Second Trust. Should the Trustee of the Second Trust duly receive such objection or query, the Trustee of the Second Trust will take all necessary and appropriate steps in its discretion by the next Trust Calculation Date (or without delay in the case of the termination of the Second Trust).

(3) Summary of First Trust Agreement and Second Trust Agreement

(a) In addition to matters described in other parts of this document, the First Trust Agreement includes the following provisions (it does not mean that all provisions of the First Trust Agreement are included):

(i) Term of Trust of the First Trust and Termination of the First Trust

A. Unless otherwise provided in the First Trust Agreement, the term of the First Trust will commence on the Trust Commencement Date and will end on the Trust Termination Date of the First Trust.

B. In First Trust Agreement the “**Trust Termination Event of the First Trust**” will mean the earlier of the following events:

(a) the First Trust Final Maturity Date;

(b) it is ascertained that all outstanding obligations under the Asset Backed Loan to the First Trust will be repaid in full by the Trustee of the First Trust on the immediately following First Trust Payment Date;

(c) it is determined that the Second Trust Agreement is terminated in accordance with its terms;

(d) the Trustor of the First Trust repurchases all outstanding Auto Loan Receivables in accordance with the terms of First Trust Agreement; and

(e) the Trustee of the First Trust sends a written notice of the termination of the First Trust Agreement to the Subordinated Beneficiary and the Trustee of the Second Trust, informing of the occurrence of any of the following events:

(i) it is legally impossible for the Trustee of the First Trust to carry out its obligations as trustee under the First Trust Agreement as a result of the occurrence of events not attributable to the Trustee of the First Trust;

(ii) it has become extremely difficult or impossible for the Trustee of the First Trust to perform its duties under the First Trust Agreement due to circumstances not attributable to the Trustee of the First Trust including, but not limited to, changes in the Applicable Laws and the Trustor of the First Trust admit such difficulty, and any court order or administrative order to terminate the First Trust; and

(iii) it has become extremely difficult or impossible for the Trustee of the First Trust to perform its duties under the First Trust Agreement, due to circumstances not attributable to the Trustee of the First Trust including, but not limited to, war, natural disasters and other so-called force majeure events, and the Trustor of the First Trust admit such difficulty.

(f) the outstanding amount of the Auto Loan Receivables excluding the Uncollectable Auto Loan Receivables has become zero.

If any Trust Termination Event of the First Trust occurs, the First Trust Agreement will terminate (i) in the case of (a) above, on the date on which such event occurs, (ii) in the case of (b), (d), (e) and (f) above, on the date of the First Trust Payment Date immediately following the date on which such event occurs (provided however, (x) if such event occurs within the period from but excluding any Trust Calculation Date to the First Trust Payment Date immediately following the Trust Calculation

Date, on the First Trust Payment Date of immediately following that First Trust Payment Date; and (y) if such event falls under (d) above as a result of application of Article 10.1 of the First Trust Agreement and payment of deferred amount pursuant to Article 10.1 of the First Trust Agreement is made on the First Trust Payment Date, on such First Trust Payment Date on which such event occurs), and (iii) in the case of (c) above, the Second Trust Termination Date (each such date, the “**Trust Termination Date of the First Trust**”).

Notwithstanding Paragraph 1 of Article 164 of the Trust Act, the First Trust will not be terminated by the agreement among the Trustor of the First Trust, the Subordinated Beneficiary and the Trustee of the Second Trust.

(ii) Termination and Resignation of Trustee of the First Trust

- A. Notwithstanding the provisions of Paragraph 1 of Article 58 of the Trust Act, neither the Trustor of the First Trust nor the Beneficiary may dismiss the Trustee of the First Trust, except where (i) the Trustee of the First Trust has breached any of its representations and warranties regarding the First Trust Agreement or has committed any other breach of the First Trust Agreement, (ii) a petition has been filed for the commencement of bankruptcy proceedings or other insolvency proceedings with respect to the Trustee of the First Trust, (iii) the Trustee of the First Trust has suspended payment of, or has become incapable of paying, its debts generally with respect to its own assets, (iv) any administrative action has been imposed on the Trustee of the First Trust which may have a material adverse effect on its ability to perform its duties relating to the First Trust under the First Trust Agreement, or (v) Applicable Laws (including Paragraph 4 of Article 58 of the Trust Law, but excluding Paragraph 1 of such article) provide to dismiss the Trustee of the First Trust.

If the Trustee of the Second Trust is dismissed or resigns in accordance with the Second Trust Agreement, the Trustee of the First Trust will be dismissed at the same time without requiring any further action under the First Trust Agreement. Furthermore, if any of the following events occurs with respect to the Trustee of the First Trust, the Trustee of the Second Trust in its capacity as a creditor with respect to the Asset Backed Loan to the First Trust may dismiss the Trustee of the First Trust by notifying the Trustee of the First Trust and the Rating Agency in writing of such dismissal:

- (a) the Trustee of the First Trust fails to perform its payment obligations under the First Trust Agreement and fails to remedy such failure within three (3) Business Days after the due date of such payment, except where such failure is due to a shortfall of cash in the Trust Assets of the First Trust;
- (b) the Trustee of the First Trust fails to perform in any material respect its obligations under the First Trust Agreement other than the payment obligations described in (a) above, and fails to remedy such failure within thirty (30) calendar days after the receipt of a written notice from the Trustee of the Second Trust;
- (c) any representations and warranties made by the Trustee of the First Trust under the First Trust Agreement are determined to be false or incorrect in any material respect with reference to the facts as of the Trust Commencement Date;
- (d) an Insolvency Event occurs with respect to the Trustee of the First Trust; or

- (e) an administrative disposition is applied against the Trustee of the First Trust which may adversely interfere with its capacity to perform its obligations in relation to the First Trust under the First Trust Agreement or the Trust Act.
- B. Upon providing notice to the Beneficiary and the Trustee of the Second Trust, the Trustee of the First Trust may resign from its position as trustee to the First Trust upon the occurrence of any of the following events:
- (a) the Trustee of the First Trust decides to cease carrying on its trustee business in Japan;
 - (b) it has become extremely difficult or impossible for the Trustee of the First Trust to perform its duties under the First Trust Agreement;
 - (c) the Trustee of the First Trust selects a qualified third party which meets the Trustee Eligibility Criteria and which has been approved by the Subordinated Beneficiary and the Trustee of the Second Trust (such approval not to be unreasonably withheld or delayed) to act as a Successor Trustee; or
 - (d) the Trustee of the Second Trust resigns from its position as trustee to the Second Trust in accordance with the Second Trust Agreement.

If the Trustee of the First Trust is dismissed or resigns pursuant to the First Trust Agreement, except for (c) of B above, the Successor Trustee will be appointed in accordance with the Second Trust Agreement and will act as successor to the Trustee of the First Trust in accordance with the provisions thereof.

No termination or resignation of the Trustee of the First Trust will take effect until the Successor Trustee has been appointed and accepted such appointment and succeeded to and assumed the rights and obligations thereof under the First Trust Agreement from the Trustee of the First Trust. The Trustee of the First Trust shall perform the business necessary to succeed the trust business of the First Trust to the Successor Trustee. For the avoidance of doubt, until the Successor Trustee accepts the appointment as trustee of the First Trust, the Trustee of the First Trust will continue to perform its duties under the First Trust Agreement and will receive the applicable Fees for the Trustee of the First Trust during the relevant period.

Upon its termination or resignation, the Trustee of the First Trust will promptly settle the existing rights and obligations of the Trustee of the First Trust as against the Trustor of the First Trust, the Beneficiary and the Trustee of the Second Trust and deliver to the Successor Trustee or to a person designated by the Trustor of the First Trust, all records, files, and information held in accordance with the First Trust Agreement. The Trustee of the First Trust will transfer any and all moneys held in the account established under the First Trust Agreement and any other moneys held under the First Trust Agreement to new account in accordance with the terms of the First Trust Agreement as specified by the Successor Trustee and notify the Trustor of the First Trust, in its capacity as Servicer, and the Sub-Servicer, if any, of such accounts. The Trustee of the First Trust will effectively transfer the title to the Trust Assets of the First Trust (including the Auto Loan Receivables) to the Successor Trustee and take any and all proceedings required for the perfection of such title and the transfer thereof. All costs and expenses necessary for such proceedings shall be borne by the Trustee of the First Trust.

The Successor Trustee will, without any further action or authorization, to succeed and assume all of the rights, title, interests, benefits and obligations of the Trustee

of the First Trust under the First Trust Agreement and the Transaction Documents to which the Trustee of the First Trust is a party and will replace the Trustee of the First Trust in the performance thereof; provided, however, that the rights and obligations assumed by the Successor Trustee under the First Trust Agreement will not include any rights or obligations which have already been fully exercised or performed by the Trustee of the First Trust prior to the appointment of the Successor Trustee.

Upon the dismissal or resignation of the Trustee of the First Trust pursuant to the provisions of the First Trust Agreement, the dismissed or resigning Trustee of the First Trust shall be entitled to receive, on the date on which such amount would have fallen to be paid, all fees, expenses and other money accrued up to the effective date of termination or resignation but shall not be entitled to any other or further compensation except as required by Applicable Laws.

(iii) Information

Upon the Trustee of the Second Trust's request, the Trustee of the First Trust will make a detailed statement of the Auto Loan Receivables available for inspection by the Trustee of the Second Trust at any time during normal business hours at the main office of the Trustee of the First Trust unless prohibited from doing so under Applicable Laws which purport to protect information relating to Obligors.

The Trustee of the First Trust will, upon imposing appropriate obligations of confidentiality on the relevant party, deliver to the Trustee of the Second Trust, the Rating Agency and, upon prior written consent of the Trustor of the First Trust who shall not unreasonably withhold such consent, such other persons as the Trustee of Second Trust may specify (including, but not limited to, the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust), information provided by the Trustor of the First Trust or other third parties relating to the First Trust Agreement unless prohibited from doing so under Applicable Laws which purport to protect information relating to the Obligors. The Trustee of the First Trust will cause the Rating Agency or the Trustee of the Second Trust to notify the Trustee of the First Trust of such matter in writing in advance if the Rating Agency or the Trustee of the Second Trust intends to appoint such third party and the Trustee of the First Trust will report the name of such third party to the Trustor of the First Trust in advance.

(iv) Representation and Warranties

A. The Trustor of the First Trust shall represent and warrant to and for the benefit of the Trustee of the First Trust, the ABL Lender to the First Trust, and following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust, that each of the following is true and accurate as of the Trust Commencement Date, each Additional Entrustment Date, the execution date of the Asset Backed Loan Agreement to the First Trust and the Second Trust Agreement and the Drawdown Date:

(a) it is a company duly incorporated and validly existing under the laws of Japan with full power and authority to conduct its business as presently conducted and it has taken all necessary corporate and legal action to authorize the execution and delivery of the Transaction Documents to which the Trustor of the First Trust is a party, and that such documents constitute or will constitute valid, legally binding and enforceable obligations of the Trustor of the First Trust, except as may be limited by the Bankruptcy Act, the Civil Rehabilitation

Act, the Corporate Reorganization Act, special liquidation or other Applicable Laws generally affecting such obligations;

- (b) the execution, delivery and performance by the Trustor of the First Trust, including the assignment and transfer of the Auto Loan Receivables to the Trustee of the First Trust does not infringe or violate and is not contrary to, and does not constitute a default under, the articles of incorporation and other internal regulations of the Trustor of the First Trust, any Applicable Law, or any of the provisions of loan agreements, security agreements, trust deeds, or any other agreements or documents to which the Trustor of the First Trust is a party or under which the Trustor of the First Trust or its assets are bound, and will not result in the creation of any mortgage, pledge, lien or other security interest upon the Trustor of the First Trust's properties or assets pursuant to any provision of such agreements or documents;
- (c) there are no pending actions, arbitrations or administrative proceedings against the Trustor of the First Trust, which could reasonably be expected to have a material adverse effect on the ability of the Trustor of the First Trust or the Servicer to perform their obligations hereunder or under the Servicing Agreement and, to the best of the Trustor of the First Trust's knowledge, no such actions, arbitrations or administrative proceedings have been threatened against it;
- (d) it is not (i) unable to pay its debts, (ii) subject to a suspension of payments or (iii) insolvent, and it will not come to be in any of the situations in (i) through (iii) above as a result of any transaction contemplated in relation to the establishment of the First Trust;
- (e) no Insolvency Event relating to the Trustor of the First Trust has occurred and is continuing, and to the best of the Trustor of the First Trust's knowledge, in respect of the Trustor of the First Trust, (i) no petition for any proceedings relating to an Insolvency Event has been filed, and (ii) no clearing house (*tegata kokanjo*) has taken any steps for the suspension of the settlement of promissory notes or bills of exchange drawn by the Trustor of the First Trust and no such action is threatened;
- (f) no board resolution or shareholders' resolution of the Trustor of the First Trust has been passed in respect of its dissolution or liquidation;
- (g) the Trustor of the First Trust has the power, authority, and legal right to originate, acquire and own, or enter into and execute, the Related Documents;
- (h) the Trustor of the First Trust has not sold, assigned, entrusted (including by declaration of trust), exchanged or otherwise disposed of to any third party other than the Trustee of the First Trust any option with respect to the Auto Loan Receivables, the Purchased Vehicles, the Auto Loan Agreements or the Related Security, nor has it created or incurred to exist any mortgage, pledge, lien or any other security or encumbrance with respect thereto;
- (i) all material consents, licenses and approvals of every government authority required to be obtained by the Trustor of the First Trust in connection with the execution, delivery and performance of the First Trust Agreement and the Servicing Agreement have been obtained and are valid and subsisting;

- (j) the Trustor of the First Trust has neither fraudulent nor unlawful intent in entrusting the Auto Loan Receivables to the Trustee of the First Trust;
 - (k) no Servicer Replacement Event has occurred and is continuing;
 - (l) the Trustor of the First Trust does not have any relationship with, is not engaged with or does not otherwise fall under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and does not engage in any Anti-Social Conduct;
 - (m) the Trustor of the First Trust is registered as *Touroku Kobetsu Shinyou Konyu Assen Gyosha* under Article 35-3-23 of the Installment Sales Act;
 - (n) the Trustor of the First Trust is not a "US person" as defined in 902(k) of Regulation S under Securities Act of 1933 of the United States;
 - (o) the Trustor of the First Trust's computer systems are capable of segregating the trust assets under the First Trust Agreement from its own assets;
 - (p) the Trustor of the First Trust's most recently audited financial statements provide an accurate and fair reflection of the Trustor of the First Trust's financial status as of the date of the audited financial statements and during the relevant period ending on such date and have been prepared in compliance with accounting principles generally accepted and continuously applicable to the Trustor of the First Trust in Japan;
 - (q) there has been no change in the Trustor of the First Trust's financial status or business performance subsequent to the preparation date of the financial statements which may have a material adverse effect on the ability of the Trustor of the First Trust to perform its obligations and duties or the enforceability or collectability of the Auto Loan Receivables under the First Trust Agreement.
 - (r) there are no material inaccuracies or misrepresentations in any information (including written documents, electronic records and other tangible forms of information) provided by the Trustor of the First Trust to the Trustee of the First Trust in relation to the First Trust;
 - (s) the Trustor of the First Trust has not violated any judgments, orders, decisions or any other dispositions by any court, arbitration body, official body or any other similar external body applicable to it;
 - (t) the Sub-Servicer satisfies the Criteria for appointment as provided in Article 26.7 of the First Trust Agreement; and
 - (u) the Trustor of the First Trust has not made the situation under which, for the purpose of Notice on Capital Adequacy Ratio, it does not substantially undertake credit risks of the Subordinated Beneficial Interest in whole or in part by hedging or any other ways.
- B. The Trustor of the First Trust shall represent and warrant to and for the benefit of the Trustee of the First Trust, the ABL Lender to the First Trust, and following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust, that each of the following is true and accurate as of the Trust Commencement Date, each Additional Entrustment Date, the execution date

of the Asset Backed Loan Agreement to the First Trust and the Second Trust Agreement, the Drawdown Date and the Drawdown Date of the Second Trust:

- (a) each Auto Loan Receivable is assignable and the entrustment thereof under the First Trust Agreement will not result in a breach of the Trustor of the First Trust's internal regulations or any Applicable Laws;
 - (b) each Auto Loan Receivable and Auto Loan Agreement (as applicable) satisfies the Eligibility Criteria;
 - (c) the Trustor of the First Trust holds directly or indirectly all the material documents related to each Auto Loan Receivable; and
 - (d) (as of each Additional Entrustment Date (Revolving Period) on which the additional entrustment of the Additional Auto Loan Receivables is to be made pursuant to Article 3.1(b) of the First Trust Agreement only) if the contemplated additional entrustment would be made pursuant to Article 3.1(b) of the First Trust Agreement, immediately following such additional entrustment, all Auto Loan Receivables constituting the Trust Assets of the First Trust satisfy all of the Concentration Limitations.
- C. The Trustee of the First Trust shall represent and warrant to and for the benefit of the Subordinated Beneficiary, the ABL Lender to the First Trust and following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust, that each of the following is true and accurate as of the Trust Commencement Date, each Additional Entrustment Date, the execution date of the Asset Backed Loan Agreement to the First Trust and the Second Trust Agreement, the Drawdown Date and the Drawdown Date of the Second Trust:
- (a) it is a trust company duly incorporated and validly existing under the laws of Japan with full power and authority to conduct its business as presently conducted, including the permission to conduct trust business under the Trust Business Act, and has taken all necessary corporate and legal action to authorize the execution and delivery of the Transaction Documents to which the Trustee of the First Trust is a party, and that such documents constitute valid, legally binding and enforceable obligations of the Trustee of the First Trust, except as may be limited by the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, special liquidation or other Applicable Laws generally affecting such obligations;
 - (b) the execution, delivery and performance by the Trustee of the First Trust of the Transaction Documents, including the undertaking of the entrustment of the Auto Loan Receivables from the Trustor of the First Trust, does not infringe or violate and is not contrary to, and does not constitute a default under the articles of incorporation and other internal regulations of the Trustee of the First Trust and any Applicable Laws;
 - (c) there are no pending actions, arbitrations or administrative proceedings against the Trustee of the First Trust which could reasonably be expected to have a material adverse effect upon the ability of the Trustee of the First Trust to perform its obligations hereunder and to the best of the Trustee of the First Trust's knowledge, no such actions, arbitrations or administrative proceedings have been threatened against it;

- (d) it is not currently (i) unable to pay its debts, (ii) subject to a suspension of payments or (iii) insolvent, and it will not come to be in any of the situations in (i) through (iii) above as a result of any transactions contemplated in relation to the establishment of the First Trust;
 - (e) no Insolvency Event relating to the Trustee of the First Trust has occurred and is continuing, and to the best of the Trustee of the First Trust's knowledge, no petition for any proceedings relating to an Insolvency Event in respect of it has been filed;
 - (f) no board resolution or shareholders' resolution of the Trustee of the First Trust has been passed in respect of its dissolution or liquidation;
 - (g) all material consents, licenses, approvals and authorizations of every government authority required to be obtained by the Trustee of the First Trust in connection with the execution, delivery and performance of the Transaction Documents to which the Trustee of the First Trust is a party have been obtained and are valid and subsisting;
 - (h) the Trustee of the First Trust has not taken any of the conducts provided for in Paragraph 1 of Article 24 of the Trust Business Act in connection with the entrustment of the First Trust; and
 - (i) the Trustee of the First Trust does not have any relationship with, is not engaged with or does not otherwise fall under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and does not engage in any Anti-Social Conduct.
 - (j) any assets held by the Trustee of the First Trust for each of its customers and other third parties in any trust (including but not limited to the trust pursuant to the First Trust Agreement) are segregated and separately identified in its books of account and all other records from the property held by it in a separate trust or from its own property;
 - (k) the Trustee of the First Trust has, prior to the execution of the First Trust Agreement, explained to the Trustor of the First Trust in advance the matters listed in Article 25 of the Trust Business Act;
 - (l) the Trustee of the First Trust has established a system for segregating the Trust Assets from its own assets and other trust assets and other systems for preventing damage to Trust Assets or loss of credibility of the trust business pursuant to Paragraph 3 of Article 28 of the Trust Business Act; and
 - (m) there has been no change by Sanne Group Japan KK's acquisition of all shares of the Trustee of the First Trust on 30th September 2020 and Apex Group Ltd.'s acquisition of Sanne Group PLC on 4th August 2022 which had a material adverse effect on the ability of the Trustee of the First Trust to perform its obligations under the Transaction Documents to which the Trustee of the First Trust is a party.
- (v) Covenants
- A. The Trustor of the First Trust shall covenant with the Trustee of the First Trust for the benefit of the Trustee of the First Trust and the ABL Lender to the First Trust,

and following the entrustment of the Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust, that it shall:

- (a) maintain its existence as a *kabushiki kaisha* and its registration as *Touroku Kobetsu Shinyou Konyu Assen Gyosha* under Article 35-3-23 of the Instalment Sales Act;
- (b) comply with all Applicable Laws applicable to it, its assets and business, and the Related Documents;
- (c) properly perform all procedures and actions required by the Trust Act, the Trust Business Act, the Personal Information Protection Act, the Perfection Act and all other Applicable Laws in the performance of its obligations under the First Trust Agreement and the Servicing Agreement;
- (d) completely perform and comply with its obligations under each Related Document and all obligations related thereto within the prescribed time frame;
- (e) in connection with the handling of the Auto Loan Receivables and the handling of the Auto Loan Agreements, comply with all material terms of the Trustor of the First Trust's business policies relating to the provision of credit and collections (including, but not limited to the Servicing Procedures);
- (f) pay or cause the relevant Obligor to pay all consumption tax, local consumption tax, and other taxes and dues, and all other expenses imposed on or in relation to the Auto Loan Receivables and Purchased Vehicles relating thereto;
- (g) allow the Trustee of the First Trust or an agent appointed by the Trustee of the First Trust to inspect and copy the registers, records and documents related to the Auto Loan Receivables and interview the Trustor of the First Trust's auditors regarding the status of the Trustor of the First Trust's performance of its obligations in respect of the Auto Loan Receivables or the First Trust Agreement, and interview the Trustor of the First Trust's officers and employees who have knowledge as to the status thereof, at the Trustor of the First Trust head office during ordinary business hours, to the extent reasonably necessary;
- (h) maintain registers or other records relating to the Auto Loan Receivables that clearly identify the Auto Loan Receivables as having been entrusted to the Trustee of the First Trust;
- (i) give notice to the Trustee of the First Trust, without delay, (i) of any litigation or other dispute which may affect the performance or enforceability of any Transaction Documents that has been filed or commenced against it or (ii) if it becomes aware of the possibility that such litigation or other dispute may occur or (iii) if an event which may have a material effect on the Trustor of the First Trust's financial status or business status has occurred;
- (j) provide reasonable cooperation to the Trustee of the First Trust to enable the Trustee of the First Trust (i) to deliver notifications and reports in relation to the First Trust or (ii) to provide notices in relation to the Auto Loan Receivables and (iii) to take such other action as the Trustee of the First Trust is required to take pursuant to the terms of the First Trust Agreement;

- (k) appropriately perform its obligations under the Sub-Servicing Agreement and the Consignment Agreement with the Sub-Servicer in accordance with the terms thereof and comply with any reasonable instructions given by the Trustee of the First Trust;
- (l) during the period of the Trustee of the First Trust's delegation of the Servicing Activities to the Trustor of the First Trust, as the Servicer under the Servicing Agreement, (i) comply with the obligations of the Trustor of the First Trust, as the Servicer, as set out in the Servicing Agreement, and (ii) the Trustor of the First Trust, as the Servicer, shall cause the Sub-Servicer to (x) comply with the same matters set out in each item (excluding the matters which target the Trustor of the First Trust only by nature) of the covenants provided herein, and (y) satisfy the criteria for appointment provided in Article 26.7 the First Trust Agreement during the period of the Servicer's sub-delegation of a part of the Servicing Activities to the Sub-Servicer with the consent of the Trustee of the First Trust in accordance with the First Trust Agreement (as to (x) above, in each item of the covenants provided in this article, each reference to the Trustor of the First Trust or the Servicer shall be replaced by the Sub-Servicer);
- (m) defend, in accordance with the Trustee of the First Trust's reasonable instructions, Trustee of the First Trust's right and title to, and interest in, the Auto Loan Receivables against all third party claims;
- (n) if (i) any of the matters represented or warranted by the Trustor of the First Trust in the First Trust Agreement were found to be false or incorrect as of the time when the representations were made, (ii) any covenant contained in this article or any other obligation under the First Trust Agreement or the Servicing Agreement is violated, (iii) any Servicer Replacement Event or Sub-Servicer Replacement Event occurs, (iv) any legal action, arbitration or administrative proceeding is commenced against the Trustor of the First Trust, which could reasonably be expected to have a material adverse effect on the Trustor of the First Trust under the First Trust Agreement or the Servicer under the Servicing Agreement or if, to the best of the Trustor of the First Trust's knowledge, any such action, arbitration or administrative proceeding is threatened, or (v) any deterioration in the Trustor of the First Trust's financial or operating condition or any material facts relating thereto, which could reasonably be expected to have a material adverse effect on the Trustor of the First Trust's ability to perform its duties as the Servicer under the Servicing Agreement, or the Trustee of the First Trust's interest or the Trustee of the Second Trust's interest in the Auto Loan Receivables occurs or is threatened to occur, in each case, report the same promptly to the Trustee of the First Trust;
- (o) cooperate with the Trustee of the First Trust to use its reasonable efforts in obtaining approvals, consents and permissions from, or reporting or providing notices to, the relevant authorities and taking all other necessary actions relating to the Auto Loan Receivables and the Obligors as reasonably requested by the Trustee of the First Trust;
- (p) upon the request of the Trustee of the First Trust, deliver to the Trustee of the First Trust an accurate and complete copy of the Trustor of the First Trust's financial statement prepared in accordance with generally-accepted accounting principles in Japan and such financial statement is to be audited by an independent auditor, for each fiscal year during the term of the First Trust Agreement;

- (q) take all reasonable action necessary to preserve and protect at all times the Trustee of the First Trust's right and title to, and interest in, the Auto Loan Receivables, in such manner and in such places as may be required by the Applicable Laws;
- (r) unless otherwise permitted by the First Trust Agreement or the Servicing Agreement, not take any step which would result in any Auto Loan Receivable ceasing to meet the Eligibility Criteria as of the date of such step, including, without limitation, acts which would result in any Obligor having a defense or cause of defense against either the Servicer or the Trustee of the First Trust in respect of payments due under the relevant Auto Loan Agreement, or any other action which would harm the rights of the Trustee of the First Trust in relation to the Auto Loan Receivables;
- (s) unless otherwise permitted by the First Trust Agreement or the Servicing Agreement, not terminate or cancel an Auto Loan Agreement prior to its scheduled maturity without the prior written consent of the Trustee of the First Trust, other than as a result of (i) a termination due to a prepayment pursuant to the Auto Loan Agreement or (ii) a cancellation in connection with the agreed termination of the relevant underlying sale purchase contract of the Purchased Vehicle between an Obligor and the Dealer, who entered into a Dealer Contract, after the Trust Commencement Date or each Additional Entrustment Date on which relevant Auto Loan Receivable is entrusted, as the case may be;
- (t) except as otherwise contemplated by the First Trust Agreement or the Servicing Agreement, not sell, pledge, assign or transfer to any third party, entrust (including by declaration of trust) or acquiesce to the creation, incur, assume or suffer to exist any lien, charge or security interest in the Auto Loan Receivables, Purchased Vehicles, Related Security or Auto Loan Agreements (for avoidance of doubt, Sub-Servicer's being registered as the owner of Purchased Vehicles does not violate this item);
- (u) unless otherwise permitted by the First Trust Agreement or the Servicing Agreement, without the prior written approval of the Trustee of the First Trust, not (i) postpone, delay or discharge the payments due in respect of the Auto Loan Receivables, (ii) change, eliminate, discharge or waive any other provision of any Related Document, (iii) conduct any settlement with respect to the Auto Loan Receivables, or (iv) conduct any other actions having the similar effect as any of the above;
- (v) unless otherwise permitted by the First Trust Agreement or the Servicing Agreement and without the prior written approval of the Trustee of the First Trust, not (i) change any material business policies related to any Related Document or Transaction Document (including, but not limited to its credit guideline and the Servicing Procedures) in a way that exceeds the scope necessary and reasonable for the Trustor of the First Trust, or as Servicer, to properly conduct its business and which may have a material effect on the Trustee of the Second Trust, or (ii) transfer a material part of its business related to any Related Document; provided, however, that this shall not be the case where such change or transfer is reasonably determined not to have an adverse effect on the performance by the Trustor of the First Trust of its obligations under the Transaction Documents and the Trustee of the Second Trust's rights under the Asset Backed Loan Agreement to the First Trust;

- (w) not perform any merger, corporate split, taking over of business, transfer of business, share exchange, share transfer or delegation of management or any similar action or negotiate with any third party as to the same, where the Trustee of the First Trust reasonably determines that the taking of such action may have a material adverse effect on the Trustor of the First Trust's financial or business conditions, or performance of its obligations under the Transaction Documents;
 - (x) not take any steps that could reasonably be expected to have a material adverse effect on the Trustee of the First Trust's interest in the Auto Loan Receivables;
 - (y) not (i) have any funding relationship whatsoever with any Anti-Social Force, (ii) cooperate with or be involved in the maintenance or operation of any Anti-Social Force or (iii) select any Anti-Social Force to serve as director, etc., hire any Anti-Social Force as an employee or involve any Anti-Social Force in its management;
 - (z) not, and not permit any of its subsidiaries, directors, officers or employees to be (i) an Anti-Social Force or (ii) an Anti-Social Force Related Party;
 - (aa) not conduct, and shall not permit any third party to conduct, Anti-Social Conduct;
 - (bb) not engage in any conduct which may cause criminal responsibility related to fraud, embezzlement, bankruptcy crimes, crimes against the competition law, guarantees of profit, active bribery, acceptance of bribe or other crimes related to corruption committed by the employees of the Trustor of the First Trust or third party within the framework of the transaction with the Trustee of the First Trust set forth in the First Trust Agreement and the Servicing Agreement (in the case of a conduct that may cause a crime engaged in by third party, only if an employee of the Trustor of the First Trust is aware in advance that the third party will engage in that crime), and be obligated to comply with all laws and regulations applied to the Trustor of the First Trust and the transaction with the Trustee of the First Trust;
 - (cc) not make the situation under which the Trustor of the First Trust does not substantially undertake credit risks of the Subordinated Beneficial Interest in whole or in part by hedging or any other ways; and
 - (dd) if the provisions regarding the treatment of securitization exposure under the Notice on Capital Adequacy Ratio are amended, upon the request from the Senior Beneficiaries or the ABL Lender to the First Trust (after the entrustment of Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust), have a good faith discussion about necessary measures under the amended Notice on Capital Adequacy Ratio with such Senior Beneficiaries or ABL Lender to the First Trust (after the entrustment of Loan Receivables pursuant to the Second Trust Agreement, the Trustee of the Second Trust).
- B. The Trustee of the First Trust shall treat any information relating to the Auto Loan Receivables and the Obligors (including, without limitation, personal information as defined in the Protection of Personal Information Act, relating to the Obligors) obtained pursuant to the First Trust Agreement as confidential in accordance with the Master Definitions Schedule, except as required by the Applicable Laws.

The Trustee of the First Trust shall appropriately segregate the Trust Assets of the First Trust by keeping the details of such assets in its books and other records separate from its own assets, assets of other trusts and other assets of its customers and other parties so that the Trust Assets of the First Trust are always readily identifiable.

(b) In addition to matters described in other parts of this document, the Second Trust Agreement will include the following provisions:

(i) Term of Trust of the Second Trust and Termination of the Second Trust

A. Unless otherwise provided in the Second Trust Agreement, the term of the Second Trust will commence on the Trust Commencement Date of the Second Trust and will end on the Trust Termination Date of the Second Trust.

B. In the Second Trust Agreement the “**Trust Termination Event of the Second Trust**” will mean the earlier of the following events:

(a) the Second Trust Final Maturity Date;

(b) all Beneficiaries of the Second Trust and all ABL Lenders to the Second Trust request the termination of the Second Trust Agreement to the Trustee of the Second Trust;

(c) it is determined that the First Trust Agreement is terminated in accordance with the its terms; and

(d) the Trustee of the Second Trust sends a written notice of the termination of the Second Trust Agreement to the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust and the Rating Agency, informing the occurrence of any of the following events:

(i) it is legally impossible for the Trustee of the Second Trust to carry out its obligations as trustee under the Second Trust Agreement as a result of the occurrence of events not attributable to the Trustee of the Second Trust;

(ii) it has become extremely difficult or impossible for the Trustee of the Second Trust to perform its duties under the Second Trust Agreement due to circumstances not attributable to the Trustee of the Second Trust including, but not limited to, reform of Applicable Laws, changes in court cases, changes in the guidelines or interpretation of the relevant authority and the Trustor of the First Trust admit such difficulty, and any court order or administrative order to terminate the Second Trust Agreement; and

(iii) it has become extremely difficult or impossible for the Trustee of the Second Trust to perform its duties under the Second Trust Agreement, due to circumstances not attributable to the Trustee of the Second Trust including, but not limited to, war, natural disasters and other so-called force majeure events, and the Trustor of the First Trust admit such difficulty.

If any Trust Termination Event of the Second Trust occurs, the Second Trust Agreement will terminate (i) in the case of (a) above, on the date on which such event occurs and (ii) in the case of (b) to (d) above, on the Second Trust Payment Date immediately following the date on which such event occurs (each such date,

the “**Trust Termination Date of the Second Trust**”) (if such event occurs within the period from but excluding any Trust Calculation Date to the Second Trust Payment Date immediately following the Trust Calculation Date, on the Second Trust Payment Date of immediately following that Second Trust Payment Date).

Notwithstanding Paragraph 1 of Article 164 of the Trust Act, the Second Trust will not be terminated by the agreement between the Trustor of the Second Trust and the Beneficiaries of the Second Trust.

(ii) Termination and Resignation of Trustee of the Second Trust

- A. Notwithstanding the provisions of Paragraph 1 of Article 58 of the Trust Act, neither the Trustor of the Second Trust nor the Beneficiaries of the Second Trust may dismiss the Trustee of the Second Trust, except where (i) the Trustee of the Second Trust has breached any of its representations and warranties regarding the Second Trust Agreement or has committed any other breach of the Second Trust Agreement, (ii) a petition has been filed for the commencement of bankruptcy proceedings or other insolvency proceedings with respect to the Trustee of the Second Trust, (iii) the Trustee of the Second Trust has suspended payment of, or has become incapable of paying, its debts generally with respect to its own assets, (iv) any administrative action has been imposed on the Trustee of the Second Trust which may have a material adverse effect on its ability to perform its duties relating to the Second Trust under the Second Trust Agreement, or (v) Applicable Laws (including Paragraph 4 of Article 58 of the Trust Law, but excluding Paragraph 1 of such article) provide to dismiss the Trustee of the Second Trust.
- B. If the Trustee of the First Trust is dismissed in accordance with the First Trust Agreement, the Trustee of the Second Trust will be dismissed at the same time without requiring any further action. Furthermore, if any of the following events occur, the Majority Beneficiaries and ABL Lenders may jointly dismiss the Trustee of the Second Trust by notifying the Trustee of the Second Trust in writing of such dismissal:
- (a) the Trustee of the Second Trust fails to perform its payment obligations under the Second Trust Agreement and fails to remedy such failure within three (3) Business Days after the due date of such payment, except where the cash in the Collection Account is insufficient to perform its payment obligations;
 - (b) the Trustee of the Second Trust fails to perform in any material respect its obligations under the Second Trust Agreement other than the payment obligations described in (a) above, and fails to remedy such failure within thirty (30) calendar days after the receipt of a written notice from the Majority Beneficiaries and ABL Lenders;
 - (c) any representations and warranties made by the Trustee of the Second Trust under the Second Trust Agreement are false or incorrect in any material respect with reference to the facts as of the Trust Commencement Date of the Second Trust;
 - (d) an Insolvency Event occurs with respect to the Trustee of the Second Trust; or
 - (e) an administrative disposition is applied against the Trustee of the Second Trust which may adversely interfere with its capacity to perform its obligations in relation to the Second Trust under the Second Trust Agreement or the Trust Act.

- C. Upon providing notice to each Beneficiary of the Second Trust and ABL Lender to the Second Trust, the Trustee of the Second Trust may resign from its position as trustee to the Second Trust upon the occurrence of any of the following events:
- (a) the Trustee of the Second Trust decides to cease carrying on its trustee business in Japan;
 - (b) it has become extremely difficult or impossible for the Trustee of the Second Trust to perform its duties under the Second Trust Agreement;
 - (c) the Trustee of the Second Trust selects a qualified third party which meets the Trustee Eligibility Criteria and which has been approved by each Beneficiary of the Second Trust and ABL Lender to the Second Trust (such approval not to be unreasonably withheld or delayed) to act as a Successor Trustee; or
 - (d) the Trustee of the First Trust resigns from its position as trustee to the First Trust in accordance with the First Trust Agreement.

If the Trustee of the Second Trust is dismissed or resigns pursuant to the Second Trust Agreement, except for (c) of C above, the Majority Beneficiaries and ABL Lenders will, jointly appoint a Successor Trustee which meets the Trustee Eligibility Criteria and is willing to accept the appointment as trustee under the Second Trust Agreement, provided however, the Trustor of the Second Trust has to consult with the Trustor of the First Trust and obtain the consent by the Trustor of the First Trust prior to such appointment, unless the Servicer Replacement Event has occurred.

Notwithstanding the provisions set forth in the Second Trust Agreement, no termination or resignation of the Trustee of the Second Trust will take effect until the Successor Trustee has been appointed and accepted such appointment and succeeded to and assumed the rights and obligations thereof under the Second Trust Agreement from the Trustee of the Second Trust. The Trustee of the Second Trust shall perform the business necessary to succeed the trust business of the Second Trust to the Successor Trustee. For the avoidance of doubt, until the Successor Trustee accepts the appointment as trustee of the Second Trust, the Trustee of the Second Trust will continue to perform its duties under the Second Trust Agreement and will receive the applicable Fees for the Trustee of the Second Trust during the relevant period.

Upon its termination or resignation, the Trustee of the Second Trust will promptly settle the existing rights and obligations of the Trustee of the Second Trust as against the Trustor of the Second Trust and the Beneficiaries of the Second Trust and deliver to the Successor Trustee or to a person designated by the Majority Beneficiaries and ABL Lenders, all records, files, and information held in accordance with the Second Trust Agreement. The Trustee of the Second Trust will transfer any and all moneys held in the account established under the Second Trust Agreement and any other moneys held under the Second Trust Agreement to a new account in accordance with the Second Trust Agreement specified by the Successor Trustee. The Trustee of the Second Trust will effectively transfer the title to the Trust Assets of the Second Trust to the Successor Trustee and take any and all proceedings required for perfection of such title and the transfer thereof. All costs and expenses necessary for such proceedings shall be borne by the Trustee of the Second Trust.

The Successor Trustee will, without any further action or authorization, to succeed to and assume all of the rights, title, interests, benefits and obligations of the Trustee

of the Second Trust under the Second Trust Agreement and the Transaction Documents to which the Trustee of the Second Trust is a party and will replace the Trustee of the Second Trust in the performance thereof; provided, however, that the rights and obligations assumed by the Successor Trustee under the Second Trust Agreement will not include any rights or obligations which have already been fully exercised or performed by the Trustee of the Second Trust prior to the appointment of the Successor Trustee.

Upon the dismissal or resignation of the Trustee of the Second Trust pursuant to the provisions of the Second Trust Agreement, the dismissed or resigning Trustee of the Second Trust shall be entitled to receive, on the date on which such amount would have fallen to be paid, all fees, expenses and other money accrued up to the effective date of termination or resignation but will not be entitled to any other or further compensation except as required by Applicable Laws.

(iii) Determination among the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust

The procedures to determine the consent of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust will be as follows:

- (a) if a Beneficiary of the Second Trust or an ABL Lender to the Second Trust decides that an event which should be determined by all of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust or the Majority Beneficiaries and ABL Lenders occurs, the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust may give written notice to the Trustee of the Second Trust requesting the Trustee of the Second Trust to determine the intentions of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust by submitting the "Request for Determination of Intention," substantially in the form attached to the Second Trust Agreement.
- (b) if the Trustee of the Second Trust receives the Request for Determination of Intention in accordance with (a) above, it will give notice to each of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust by sending a "Notice of Determination of Intention and Response", substantially in the form attached to the Second Trust Agreement.
- (c) if the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust receive notice as provided in (b) above, the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust will notify the Trustee of the Second Trust of its intention by sending the Notice of Determination of Intention and Response within five (5) Business Days (or otherwise as determined by the Trustee of the Second Trust and specified in the Notice of Determination of Intention and Response) from the date when the notice as provided in (b) is made, unless otherwise provided in the Notice of Determination of Intention and Response. If the response sent by any Beneficiary of the Second Trust or ABL Lender to the Second Trust is subject to conditions, it will be deemed that the response of such Beneficiary of the Second Trust or ABL Lender to the Second Trust is against the proposal described in the Notice of Determination of Intentions and Responses. If a Beneficiary of the Second Trust or ABL Lender to the Second Trust fails to notify its intention with respect the above within the specified period, such Beneficiary of the Second Trust or ABL Lender to the Second Trust shall be deemed to approve of the proposal.
- (d) if the intentions of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust are determined in accordance with (c) above, the Trustee of the Second

Trust will send a “Notice of Determination of Intention”, substantially in the form attached to the Second Trust Agreement, to all of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust.

- (e) if the instruction from the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust is necessary in the Second Trust Agreement and the intentions of all of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust or the Majority Beneficiaries and ABL Lenders is determined in accordance with (a) to (c) above, the instruction of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust will be deemed to be made at the time the Notice of Determination of Intentions as provided in (d) above is sent by the Trustee of the Second Trust.

If the Trustee of the Second Trust determines that an event which should be determined by the intention among all of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust or the Majority Beneficiaries and ABL Lenders (including the case where the instruction to the Trustee of the First Trust regarding the consultation with Sub-Servicer under Paragraph 9, Item (1) of the Sub-Servicing Agreement is necessary) has occurred, the Trustee of the Second Trust may send written notice requesting all of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust to determine their intentions. The procedures after sending the notice to all of the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust will be made in accordance with (c) and (d) as provided above.

If the Trustee of the Second Trust determines the intention among the Beneficiaries of the Second Trust and ABL Lenders to the Second Trust, the Trustee of the Second Trust will calculate the Principal Balance of the Beneficial Interests of the Second Trust held by the Beneficiaries of the Second Trust and the Principal Balance of the Asset Backed Loan to the Second Trust held by the ABL Lenders to the Second Trust as of the Second Trust Payment Date immediately preceding the date of such calculation.

(iv) Information

Upon the request of a Beneficiary of the Second Trust, the Trustee of the Second Trust will make a detailed statement of the Trust Assets of the Second Trust available for inspection by the Beneficiary of the Second Trust at any time during normal business hours at the main office of the Trustee of the Second Trust to the extent permitted by Applicable Laws. The Trustee of the Second Trust will send the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust and the Rating Agency the respective copies of the Trust Assets Status Report prepared by the Trustee of the First Trust in accordance with the First Trust Agreement and the Monthly Report together with the Trust Asset Status Report of the Second Trust as provided in the Second Trust Agreement unless prohibited from doing so under Japanese laws. If the Trustee of the Second Trust discloses the information in accordance with terms of the Second Trust Agreement to each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust, the Trustee of the Second Trust will obtain confirmation in writing from the Beneficiary of the Second Trust and the ABL Lenders to the Second Trust confirming the observance of the obligation provided in the paragraph below.

None of the Beneficiaries of the Second Trust or the ABL Lenders to the Second Trust will disclose the information regarding the transaction purported in the First Trust and the Second Trust, including that which is obtained from inspection and request under the Second Trust Agreement, to the Obligors or a third party, unless it is required by Applicable Laws, it is required by its parent company (as defined in item 4 of Article 2 of the Companies Act of Japan (Law No. 86 of 2005, as amended)) (the “**Parent**

Company”) to disclose to the parent company for the purpose of the Parent Company's internal management, etc. to the extent necessary for such purposes, or it is necessary for it to disclose to its legal advisors, certified public accountants, certified tax accountants or the Rating Agency with respect to transactions contemplated by the Second Trust Agreement and the First Trust Agreement and will not utilize such information for any purpose other than those relating to the Second Trust Agreement. Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust will indemnify each of the Trustee of the Second Trust, the Trustor of the Second Trust, the Trustee of the First Trust and the Trustor of the First Trust, as the case may be, against any losses, liabilities and damage caused as a result of its breaches of any of the above obligations.

Notwithstanding the above paragraph, each of the Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust may disclose the information regarding the First Trust and the Second Trust, when it is necessary for the purpose of the management of, or assignment or mediation of assignment of the Beneficial Interests of the Second Trust or the Asset Backed Loan to the Second Trust to a potential assignee thereof or a financial instruments dealer, upon imposing substantially the same obligations of confidentiality as those imposed in the paragraphs above on such persons to the extent necessary for that purpose.

(v) Representation and Warranties

- A. The Trustor of the Second Trust shall represent and warrant to and for the benefit of the Trustee of the Second Trust, the Trust Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust that each of the following is true and accurate as of the execution date of the Second Trust Agreement and the Trust Commencement Date of the Second Trust (provided, however, that with respect to items (j) and (k) only, the representations and warranties shall be as of the Trust Commencement Date of the Second Trust only):
- (a) the Trustor of the Second Trust is a company duly incorporated and validly existing under the laws of Japan and is a financial instruments business operator as defined in the Financial Instruments and Exchange Act, with full power and authority to conduct its business, including the money lending business under the Money Lending Business Act, and it has taken all necessary corporate and legal action to authorize the execution, delivery of, and performance of the transactions contemplated by, the Asset Backed Loan Agreement to the First Trust and the Second Trust Agreement, including but not limited to giving the Asset Backed Loan to the First Trust to the Trustee of the First Trust and entrustment of the Loan Receivables to the Trustee of the Second Trust, and that such agreements constitute or will constitute valid, legally binding and enforceable obligations of the Trustor of the Second Trust, except as may be limited by the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, special liquidation or other Applicable Laws generally affecting such obligations;
 - (b) the Loan Receivables held by the Trustor of the Second Trust are assignable and the execution, delivery and performance by the Trustor of the Second Trust, including the assignment and transfer of the Loan Receivables to the Trustee of the Second Trust does not infringe or violate and is not contrary to, or does not constitute a default under, the articles of incorporation and other internal regulations of the Trustor of the Second Trust, any Applicable Law applicable to the Trustor of the Second Trust, or any of the provisions of loan agreements, security agreements, trust deeds, or any other agreements or documents to which the Trustor of the Second Trust is a party or under which

the Trustor of the Second Trust or its assets are bound, and will not result in the creation of any mortgage, pledge, lien or other security interest upon the Trustor of the Second Trust's properties or assets pursuant to any provision of such agreements or documents;

- (c) there are no pending actions, arbitrations or administrative proceedings against the Trustor of the Second Trust, which could reasonably be expected to have a material adverse effect on the ability of the Trustor of the Second Trust to perform its obligations hereunder, and, to the best of the Trustor of the Second Trust's knowledge, no such actions, arbitrations or administrative proceedings is or are threatened;
- (d) the Trustor of the Second Trust is not (i) unable to pay its debts, (ii) subject to a suspension of payments or (iii) insolvent, and it will not come to be in any of the situations in (i) through (iii) above as a result of any transaction contemplated in relation to the establishment of the Second Trust;
- (e) no Insolvency Event relating to the Trustor of the Second Trust has occurred and is continuing, and to the best of the Trustor of the Second Trust's knowledge, in respect of the Trustor of the Second Trust, (i) no petition for any proceedings relating to an Insolvency Event has been filed, and (ii) no clearing house (*tegata kokan jo*) has taken any steps for the suspension of the settlement of promissory notes or bills of exchange drawn by the Trustor of the Second Trust and no such action is threatened;
- (f) no board resolution or shareholders' resolution of the Trustor of the Second Trust has been passed in respect of its dissolution or liquidation;
- (g) the Trustor of the Second Trust has not sold, assigned, exchanged or otherwise disposed of to any third party other than the Trustee of the Second Trust any option with respect to the Loan Receivable, nor has it entrusted (including by declaration of trust), created or incurred any mortgage, pledge, lien or any other security or encumbrance with respect thereto;
- (h) all material consents, licenses, approvals and authorizations of every relevant authority required to be obtained by the Trustor of the Second Trust in connection with the execution, delivery and performance of the Asset Backed Loan Agreement to the First Trust and the Second Trust Agreement have been obtained and are valid and subsisting;
- (i) the Trustor of the Second Trust has neither fraudulent nor unlawful intent in assigning and entrusting the Loan Receivable to the Trustee of the Second Trust;
- (j) the Trustor of the Second Trust shall treat the entrustment of the Loan Receivables as a transfer of assets on its accounting books to be executed in accordance with applicable laws of Japan and shall not include such Loan Receivables as assets in such accounting books of the Trustor of the Second Trust on and after the Trust Commencement Date of the Second Trust;
- (k) the Trustor of the Second Trust has paid the aggregate principal amount of the Asset Backed Loan to the First Trust pursuant to the Asset Backed Loan Agreement to the First Trust to the Trustee of the First Trust on the Drawdown Date; and

- (l) the Trustor of the Second Trust does not have any relationship with, is not engaged with or does not otherwise fall under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and does not engage in any Anti-Social Conduct; and
- (m) neither the Trustor of the Second Trust nor any of its subsidiaries or affiliates, or, their respective directors, officers, or employees, is currently a person with whom dealings are restricted or prohibited by any Sanctions.

“Sanctions” means any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by major countries or organizations such as the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, the European Union, the French Republic, Her Majesty’s Treasury or Japan.

B. The Trustee of the Second Trust shall represent and warrant to and for the benefit of the Trustor of the Second Trust, the Trust Beneficiaries of the Second Trust and the ABL Lenders to the Second Trust that each of the following is true and accurate as of the execution date of the Second Trust Agreement and the Trust Commencement Date of the Second Trust:

- (a) the Trustee of the Second Trust is a trust company duly incorporated and validly existing under the laws of Japan, with full power and authority to conduct its business as presently conducted, including the permission to conduct trust business under the Trust Business Act, and has taken all necessary corporate and legal action to authorize the execution and delivery of the Second Trust Agreement, and that the Second Trust Agreement constitutes valid, legally binding and enforceable obligations of the Trustee of the Second Trust, except as may be limited by the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, special liquidation or other Applicable Laws generally affecting such obligations;
- (b) the execution, delivery and performance by the Trustee of the Second Trust of the Transaction Documents to which it is a party, including the undertaking of the entrustment of the Loan Receivables from the Trustor of the Second Trust, does not infringe or violate and is not contrary, and does not constitute a default under, the articles of incorporation and other internal regulations of the Trustee of the Second Trust, any Applicable Law applicable to the Trustee of the Second Trust or any of the provisions of loan agreements, security agreements, trust deeds, or any other agreements or documents to which the Trustee of the Second Trust is a party or under which the Trustee of the Second Trust or its assets are bound, and will not result in the creation of any mortgage, pledge, lien or other security interest upon the Trustee of the Second Trust's properties or assets pursuant to any provision of such agreements or documents;
- (c) there are no pending actions, arbitrations or administrative proceedings against the Trustee of the Second Trust which could reasonably be expected to have a material adverse effect upon the ability of the Trustee of the Second Trust to perform its obligations hereunder, to the best of the Trustee of the Second Trust's knowledge, no such actions, arbitrations or administrative proceedings have been threatened against it;
- (d) the Trustee of the Second Trust is not (i) unable to pay its debts, (ii) subject to a suspension of payments or (iii) insolvent, and it will not come to be in any of

the situations in (i) through (iii) above as a result of any transactions contemplated in relation to the establishment of the Second Trust;

- (e) no Insolvency Event relating to the Trustee of the Second Trust has occurred and is continuing, and to the best of the Trustee of the Second Trust's knowledge, in respect of the Trustee of the Second Trust, (i) no petition for any proceedings relating to an Insolvency Event has been filed, and (ii) no clearing house (tegata kokan jo) has taken any steps for the suspension of the settlement of promissory notes or bills of exchange drawn by the Trustee of the Second Trust and no such action is threatened;
- (f) no board resolution or shareholders' resolution of the Trustee of the Second Trust has been passed in respect of its dissolution or liquidation;
- (g) all material consents, licenses, approvals and authorizations of every relevant authority required to be obtained by the Trustee of the Second Trust in connection with the execution, delivery and performance of the Transaction Documents to which the Trustee of the Second Trust is a party have been obtained and are valid and subsisting;
- (h) the Trustee of the Second Trust has not taken any of the conduct provided for in Paragraph 1 of Article 24 of the Trust Business Act in connection with the entrustment of the Second Trust;
- (i) the Trustee of the Second Trust does not have any relationship with, is not engaged with or does not otherwise fall under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and does not engage in any Anti-Social Conduct;
- (j) any assets held by the Trustee of the Second Trust for each of its customers and other third parties in any trust (including but not limited to the trust pursuant to the Second Trust Agreement) are segregated and separately identified in its books of account and all other records from the property held by it in a separate trust or from its own property;
- (k) neither the Trustee of the Second Trust nor any of its subsidiaries or affiliates, or, their respective directors, officers, or employees, is currently a person with whom dealings are restricted or prohibited by any Sanctions;
- (l) the Trustee of the Second Trust has established a system for segregating the Trust Assets from its own assets and other trust assets and other systems for preventing damage to Trust Assets or loss of credibility of the trust business pursuant to Paragraph 3 of Article 28 of the Trust Business Act; and
- (m) there has been no change by SANNE Group Japan KK's acquisition of all shares of the Trustee of the Second Trust on 30th September 2020 and Apex Group Ltd.'s acquisition of Sanne Group PLC on 4th August 2022 which had a material adverse effect on the ability of the Trustee of the Second Trust to perform its obligations under the Transaction Documents to which the Trustee of the Second Trust is a party.

(vi) Covenants

- A. The Trustor of the Second Trust shall covenant with the Trustee of the Second Trust for the benefit of the Trustee of the Second Trust, that it shall, on and after the Trust Commencement Date of the Second Trust:
- (a) take all reasonable action necessary to preserve and protect at all times the Trustee of the Second Trust's right and title to, and interest in, the Loan Receivables, in such manner and in such places as may be required by Applicable Laws;
 - (b) except as otherwise contemplated by the Second Trust Agreement, not sell, pledge, assign or transfer to any third party, or entrust (including by declaration of trust), grant, create, incur, assume or suffer to exist any lien, charge or security interest in its Loan Receivables;
 - (c) defend, cause to be defended or cooperate in the Trustee of the Second Trust's defense, as the case may be, in accordance with the Trustee of the Second Trust's reasonable instructions, the Trustee of the Second Trust's right and title to, and interest in, its Loan Receivables against all third party claims;
 - (d) not take any steps that could reasonably be expected to have a material adverse effect on the Trustee of the Second Trust's interest in its Loan Receivables;
 - (e) if (i) any of the matters represented or warranted by the Trustor of the Second Trust in Article 4.1 of the Second Trust were false or incorrect as of the time when the representations were made or (ii) any legal action, arbitration or administrative proceedings is or are commenced against it, which could reasonably be expected to have a material adverse effect upon its ability to perform its obligations hereunder, or if, to its knowledge, such action, arbitration or administrative proceedings is threatened, to the extent not prohibited or restricted by Applicable Laws, or any relevant authority having jurisdiction over the Trustor of the Second Trust, report the same to the Trustee of the Second Trust promptly;
 - (f) cooperate with the Trustee of the Second Trust to use its reasonable efforts in obtaining approvals, consents and permissions from, or reporting or providing notices, to the relevant authorities and take all other necessary actions relating to its Loan Receivables;
 - (g) not (i) have any funding relationship whatsoever with any Anti-Social Force, (ii) cooperate with or be involved in the maintenance or operation of any Anti-Social Force or (iii) select any Anti-Social Force to serve as director, etc., hire any Anti-Social Force as an employee or involve any Anti-Social Force in its management;
 - (h) not, and not permit any of its subsidiaries, directors, officers or employees to be (i) an Anti-Social Force, (ii) an Anti-Social Force Related Party, or (iii) a person with whom dealings are restricted or prohibited by any Sanctions; and
 - (i) shall not conduct, and shall not permit any third party to conduct, Anti-Social Conduct.
- B. The Trustee of the Second Trust shall appropriately segregate the Trust Assets of the Second Trust by keeping the details of such assets in its books and records separate its own assets from the assets of its customers and other parties so that the Trust Assets of the Second Trust are always readily identifiable.

- C. The Trustee of the Second Trust shall covenant with the Trustor of the Second Trust for the benefit of the Trustor of the Second Trust, that it shall, on and after the Trust Commencement Date of the Second Trust:
- (a) not (i) have any funding relationship whatsoever with any Anti-Social Force, (ii) cooperate with or be involved in the maintenance or operation of any Anti-Social Force or (iii) select any Anti-Social Force to serve as director, etc., hire any Anti-Social Force as an employee or involve any Anti-Social Force in its management;
 - (b) not, and not permit any of its subsidiaries, directors, officers or employees to be (i) an Anti-Social Force or (ii) an Anti-Social Force Related Party or (iii) a person with whom dealings are restricted or prohibited by any Sanctions; and
 - (c) shall not conduct, and shall not permit any third party to conduct, Anti-Social Conduct.

II. Summary of Assets Constituting Trust Assets

1. Outline of Legal Structure of Assets Constituting Trust Assets

As mentioned in I (Summary of Trust Assets), item 2 (Characteristics of Trust Assets) above, the primary assets comprising the Trust Assets of the First Trust are the Auto Loan Receivables. The Civil Code and the Installment Sales Act will apply to the Auto Loan Receivables. When an Obligor becomes insolvent, the Bankruptcy Act, the Civil Rehabilitation Act or the Corporate Reorganization Act will apply to that Obligor.

Each Auto Loan Receivable derives from an Auto Loan Agreement using the form of the Schedule A to Annex C of the First Trust Agreement, which is either the Welcome Plan or the Ordinary Loan and has been entered into among the Trustor of the First Trust, the Guarantor, a Dealer and the Obligor.

2. Origination and Collection of Assets Constituting Trust Assets

(1) Origination of the Auto Loan Receivables

Under the relevant Consignment Agreement, each of the Sub-Servicers is consigned by MBF to provide most of the services of the Auto Loan Receivables with MBF, such as conducting the credit analysis of the Obligor, negotiating with the Obligors, collecting the Auto Loan Receivables from the Obligors and transferring them to MBF, scoring the Auto Loan Agreements and data of the Obligors and other related services.

The following is a summary of the origination of the Auto Loan Receivables:

Loan application: An auto loan application is completed by the purchaser of the vehicle and the Dealer forwards the completed form to the Sub-Servicer. Or, the application is submitted digitally via the system. The Sub-Servicer checks the application for completeness.

Credit scoring: Once the auto loan application is completed, the Sub-Servicer makes credit scoring through its scoring system.

Funding: Once the auto loan application has been approved by the Sub-Servicer and the purchaser has confirmed to conclude the Auto Loan Agreement, the Dealer is so informed by the Sub-Servicer. The Auto Loan Agreement signed by the applicant is then sent to the Sub-

Servicer, where it is reviewed against the auto loan application to ensure that the terms of the actual contract comply with the terms of the approved auto loan application. If the Auto Loan Agreement is signed digitally, it is stored in the system. Provided that the terms of the contract match the terms of the approved auto loan application, MBF pays the outstanding amount of the vehicle price to the Dealer for the benefit of the purchaser and the purchaser as Obligor shall owe the Auto Loan Receivables equivalent to the aggregate amount of such outstanding amount of the vehicle price and the instalment payment fee.

(2) Collection of the Auto Loan Receivables and Delivery to the Trustee of the First Trust

Pursuant to the terms and conditions of the Servicing Agreement, the Trustee of the First Trust will appoint the Trustor of the First Trust as Servicer to service the Auto Loan Receivables on its behalf and delegate to the Servicer the performance of the following functions:

- (a) the collection and administration of the Auto Loan Receivables, to the extent permitted by Applicable Laws, including receiving the Collections, corresponding and negotiating with the Obligors in respect of the Auto Loan Receivables or in respect of defenses raised by the Obligors relating thereto, and, where applicable, liaising and negotiating with the Dealers in respect of the Dealer Contracts;
- (b) transferring the Collections from the Servicer's own bank account to the Trust Management Account;
- (c) preparing the Monthly Report and submitting it to the Trustee of the First Trust on the Reporting Date and submitting copies thereof to the Rating Agency and other persons pursuant to the Servicing Agreement;
- (d) keeping custody of and maintaining the Auto Loan Receivables and the Related Documents in accordance with the Servicing Agreement; and
- (e) any other matters incidental thereto or otherwise provided for under the Servicing Agreement.

In the Servicing Agreement, the Servicer shall bear the following obligations:

- (a) perform its obligations thereunder in compliance with all Applicable Laws and maintain the standards of a qualified, prudent and responsible manager; and
- (b) unless otherwise provided for in the Servicing Agreement or in the First Trust Agreement, perform its duties as Servicer, in accordance with its standard procedures in effect from time to time (the “**Servicing Procedures**”), which are available for the Trustee of the First Trust’s periodic review in accordance with the Servicing Agreement.

Under the Sub-Servicing Agreement, the Sub-Servicer will undertake to perform the same services as are currently provided to MBF in the Consignment Agreement as a sub-servicer delegated by the Trustee of the First Trust.

Based on the Auto Loan Agreements, the Sub-Servicer withdraws installment payments then due from the bank account of the Obligor automatically on the 27th day of each month (subject to a “following business day” convention). All scheduled payments the Sub-Servicer receives from Obligors are made by direct debit. A payment schedule is mailed to the Obligor before the payment is made.

All payments with respect to the Auto Loan Agreements, including but not limited to, payments collected by direct debit on the 27th day of each month, prepayments, payments by

JACCS and Orico under the relevant Guaranty Agreement and delinquent penalties, are credited by the Sub-Servicer to MBF on the 27th of each month, as the case may be (subject to a “following business day” convention).

MBF as Servicer will (i) on the first Remittance Date, deliver all Collections for the period from and including the next Business Day following the Cut-off Date to and including the last day of the first Monthly Period, and (ii) on each Remittance Date thereafter, deliver all such Collections received by the Servicer from the Obligors during the Monthly Period immediately preceding the Remittance Date, to the Trustee of the First Trust by bank transfer to the Trust Management Account.

Notwithstanding anything to the contrary in the preceding paragraph, during the Revolving Period, if and only if all of the items (a) and (b) below are satisfied on each Remittance Date, MBF as the Servicer shall deliver the Deferred Amount to the Trustee of the First Trust on the First Trust Payment Date immediately following such Remittance Date:

- (a) no Early Amortization Event has occurred and continuing; and
- (b) the Servicer, as the Trustor of the First Trust, has submitted the Application of Additional Entrustment to the Trustee of the First Trust for the purpose of entrustment to the Trustee of the First Trust of the Additional Auto Loan Receivables whose aggregate Outstanding Principal Balance as of the relevant Additional Entrustment Cut-Off Date (Revolving Period) shall not be greater than the remaining amount of the Available Principal Distribution Amount after the application of Items (a) to (e) of Article 18.2 of the First Trust Agreement on the First Trust Payment Date immediately following such Remittance Date.

Provided, that, (i) upon the occurrence of an Early Amortization Event after such Remittance Date, (ii) if MBF as the Trustor of the First Trust, decides not to entrust to the Trustee of the First Trust the Additional Auto Loan Receivables as described in (b) above or the Trustee of the First Trust decides not to grant consent required for such entrustment after such Remittance Date, or (iii) in case if preceding paragraph ceases to be applicable after the relevant Remittance Date due to the breach of either (a) or (b) above, the Servicer shall deliver the Deferred Amount to the Trustee of the First Trust immediately.

For the avoidance of doubt, (i) if main body of Article 6.2 of the Servicing Agreement is not applicable, the Servicer shall deliver all Collections on each Remittance Date in accordance with Article 6.1 of the Servicing Agreement, and (ii) if main body of Article 6.2 of the Servicing Agreement is applicable, the Servicer shall deliver all Collections (except for the Deferred Amount) on each Remittance Date in accordance with Article 6.1 of the Servicing Agreement.

(3) Monthly Report

In accordance with the Servicing Agreement, for each Monthly Period, the Servicer will prepare a Monthly Report, which will be provided to each of the Trustee of the First Trust, the Trustee of the Second Trust, the Rating Agency and such other person as the Trustee of Second Trust may specify. The Servicer will agree that a copy of such Monthly Report may be provided by the Trustee of the Second Trust to the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust, the Rating Agency, Nikko and any other person who is deemed necessary by the Trustee of the Second Trust.

(4) Servicing Fees

On each First Trust Payment Date, the Trustee of the First Trust will pay the Servicer a Servicing Fee in arrears for each Monthly Period immediately preceding such First Trust Payment Date in an amount equal to one-twelfth of 0.65% per annum multiplied by the aggregate Outstanding Principal Balance of the Auto Loan Receivables outstanding as of the beginning of the preceding Monthly Period, excluding consumption tax, in accordance with the priority of payments set forth in the First Trust Agreement. However, before the occurrence of Early Amortization Event, such Servicing Fee may be deducted from the Collections to be delivered to the Trustee of the First Trust.

All costs and expenses incurred by the Servicer including fees for the Sub-Servicers in performing its obligations under the Servicing Agreement will be borne by the Servicer.

(5) Servicer Replacement Event

If any of the following events (each, a “**Servicer Replacement Event**”) occurs, the Trustee of the First Trust may, in accordance with the instruction of the Trustee of the Second Trust, terminate the Servicing Agreement and the delegation of the Servicing Activities to the Servicer under the Servicing Agreement upon prior written notice to the Trustee of the Second Trust and the Rating Agency. The Trustee of the First Trust will not be liable for such termination unless such determination to terminate the Servicing Agreement and the delegation of the Servicing Activities to the Servicer was as a result of the negligence or wilful misconduct of the Trustee of the First Trust:

- (a) occurrence of an Insolvency Event in relation to the Servicer;
- (b) any failure by the Servicer to deliver or cause to be delivered any required payment to the Trustee of the First Trust under the Servicing Agreement and the other Transaction Documents to which it is a party (in any capacity) and such failure remains unremedied for 5 Business Days following notice by the Trustee of the First Trust to the Servicer of such failure;
- (c) any failure by the Servicer to duly observe or perform in any material respect any other of its covenants or agreements under the Servicing Agreement and the other Transaction Documents to which it is a party and such failure remains unremedied for 30 calendar days following notice by the Trustee of the First Trust to the Servicer of such failure;
- (d) any misrepresentation in any material respect by the Servicer under the Servicing Agreement and the other Transaction Documents to which it is a party, and such misrepresentation shall remain unremedied for 30 Business Days;
- (e) it becomes unlawful for the Servicer to perform any material obligation under the Servicing Agreement and the other Transaction Documents to which it is a party (in any capacity);
- (f) the Servicing Agreement becomes void, voidable or otherwise unenforceable; or
- (g) the Trustee of the First Trust finds material matters which makes it necessary to terminate the Servicing Agreement and the delegation of the Servicing Activities to the Servicer under the Servicing Agreement to protect the rights or interests of the Trustee of the Second Trust under the First Trust Agreement.

If the Servicing Agreement and the delegation of the Servicing Activities to the Servicer under the Servicing Agreement is terminated in accordance with the above, the Trustee of the First Trust will perform the Servicing Activities within the scope of its power and authority. If the Trustee of the First Trust determines that a Successor Servicer shall be appointed for the

benefit of the Trustee of the Second Trust, the Trustee of the First Trust shall delegate the Servicing Activities to a Successor Servicer in accordance with the terms of the First Trust Agreement.

If a Servicer Replacement Event occurs and the Servicing Agreement and the delegation of the Servicing Activities are terminated, the Servicer will, or will cause a third party to, immediately send a notice of the entrustment (the form of which will be attached to the Servicing Agreement) to all the Obligors existing at that time. The Servicer appoints the Trustee of the First Trust as its attorney-in-fact to send such notice to the Obligors, if and when the Servicing Agreement and the delegation of the Servicing Activities are terminated. The Servicer's obligations and the appointment of the Trustee of the First Trust under this item (5) will remain in effect until after the termination of the Servicing Agreement.

In the Servicing Agreement, the Servicer covenants to the Trustee of the First Trust that if the delegation of the Servicing Activities to the Servicer under the Servicing Agreement is terminated by the Trustee of the First Trust in accordance with the terms of the Servicing Agreement, it will cease to perform any Servicing Activities, including any servicing of the Auto Loan Receivables from the Obligors unless otherwise requested in writing by the Trustee of the First Trust and it will cooperate with reasonable requests of the Trustee of the First Trust and the Successor Servicer on the administration pertaining to such termination, including, but not limited to: (a) the immediate suspension of any automatic transfer of Collections from Obligors' accounts to the Servicer's account and preparation and delivery of notifications of the new payment manner; (b) providing the Trustee of the First Trust or the Successor Servicer with the Auto Loan Agreements and other documents and materials concerning the Obligors that have been maintained by the Servicer in accordance with the Servicing Agreement; (c) providing the Trustee of the First Trust or the Successor Servicer with data necessary for the collection of the Auto Loan Receivables; and (d) any other functions reasonably designated by the Trustee of the First Trust for facilitating the takeover of the Servicing Activities.

3. Contents of Assets Constituting Trust Assets

(1) Eligibility Criteria

The Auto Loan Receivables constituting the Trust Assets of the First Trust must satisfy the following Eligibility Criteria as of the Cut-off Date on which relevant Auto Loan Receivables is chosen:

- (a) all required consents, approvals and authorizations have been obtained in respect of entering into each Auto Loan Agreement;
- (b) each Auto Loan Receivable is governed by Japanese law and each Auto Loan Receivable is payable in yen;
- (c) each Auto Loan Receivable is a fully disbursed loan and the interest rate type applicable to each Auto Loan Receivable is a fixed interest rate;
- (d) each Auto Loan Agreement has been validly entered into in connection with one (1) Purchased Vehicle and is secured by such vehicle;
- (e) at least one (1) monthly payments have been made in respect of each Auto Loan Receivable and no payment due under the Auto Loan Agreement is overdue;

- (f) all monthly payments in respect of each Auto Loan Receivable are required to be made within eighty-four (84) months after the date of origination of such Auto Loan Receivables;
- (g) all monthly payments in respect of each Auto Loan Receivable are required to be made through account transfer on the twenty-seventh (27th) day of each month in equal monthly instalments, and without skipped or irregular payments (except for the payment in months which are designated as bonus payment months), or those which includes the Balloon Payments as final payment;
- (h) the Auto Loan Receivables are jointly and severally guaranteed by JACCS or Orico;
- (i) each Auto Loan Receivable derives from an Auto Loan Agreement using the form of the Schedule A to Annex C of the First Trust Agreement, which is either the Welcome Plan or the Ordinary Loan and has been entered into among the Trustor of the First Trust, the Guarantor, a Dealer and the Obligor, and such Auto Loan Agreement is in full force and effect and legally valid and binding in accordance with its terms and all Applicable Laws;
- (j) each Auto Loan Agreement has been originated in the ordinary course of the Trustor of the First Trust's business in accordance with its underwriting and management procedures;
- (k) no fraud or misrepresentation was made by the relevant Dealer or any of its employees to the Obligor upon or prior to the execution of the relevant Auto Loan Agreement and to the extent that the relevant Obligor is treated as a consumer under Japanese law, the Dealer has fully complied with all applicable consumer legislation;
- (l) the Trustor of the First Trust, the Guarantor and the Obligor have complied with all obligations of the Related Documents and any Applicable Laws applicable to the transaction under the Related Documents;
- (m) the Auto Loan Agreement complies with all Japanese laws and is not subject to any adverse claim, litigation, dispute, set off, counterclaim or any other defense whatsoever, and all payments of the Auto Loan Receivables are payable free of set-off or any deduction;
- (n) the Trustor of the First Trust has not entered into an agreement with the Obligor in respect of an Auto Loan Receivable according to which the repayment of the Auto Loan Receivable would be suspended (except for those based on the Refinance Option);
- (o) no Auto Loan Agreement, Auto Loan Receivable or Purchased Vehicle is the subject of any encumbrance or security interest whatsoever (other than the Related Security);
- (p) no attachment, provisional attachment or other compulsory execution, provisional remedy or tax delinquency proceeding has been commenced with respect to the Auto Loan Receivable;
- (q) no amendment has been made with respect to the Auto Loan Receivable where such amendment is to the conditions of payment such as an extension of the initially contracted term of payment, or the payment amount of instalments or interest payable or any other material term which could affect the credit capability of the Obligor including the change of the Obligor;

- (r) to secure the relevant Auto Loan Receivables, the beneficial ownership of the relevant Purchased Vehicles has been transferred from the Dealer to the Trustor of the First Trust, and is and will be validly held by the Trustor of the First Trust until payment in full of such Auto Loan Receivables pursuant to the Auto Loan Agreement, and is free from attachments or any other encumbrance by any third parties, and that upon the entrustment of the Auto Loan Receivables, such withheld ownership shall be validly transferred from the Trustor of the First Trust to the Trustee of the First Trust;
- (s) no receivables from maintenance or other services regarding the Purchased Vehicles are included in the Auto Loan Receivables;
- (t) no receivables derived from either the Super Welcome Plan or the Refinance Loan are included in the Auto Loan Receivables;
- (u) no Auto Loan Agreement with respect to the Auto Loan Receivables falls under the agreements promulgated in the items of Paragraph 1, Article 9 of the Specified Commercial Transactions Act (Law No. 57 of 1976, as amended), Rensa Hambai Kojin Keiyaku or Gyomu Teikyou Yuuin Hambai Kojin Keiyaku provided in item 1(i) or (ii) of Article 8 of the Installment Sales Act;
- (v) the Obligor, if a corporate entity, has been established in Japan and is not an affiliate of Mercedes-Benz Group AG, and if an individual, has its place of residence in Japan;
- (w) the Obligor is not employed by Mercedes-Benz Group AG or its affiliate;
- (x) no bankruptcy proceedings or any other insolvency proceedings are pending with respect to the Obligor;
- (y) the Obligor has not expressed any intention to refuse the submission of its personal data to the Trustee of the First Trust upon the assignment of the Auto Loan Receivables. Upon the execution of the Auto Loan Agreement, there is no fact that conflicts with the Trustor of the First Trust's consent on the submission of its personal data to the Trustee of the First Trust, such as the Obligor was in a position where he/she was unable to request non-assignment provision upon his/her entering into the relevant Auto Loan Agreement;
- (z) the Obligor does not have any relationship with, is not engaged with or does not otherwise fall under any of the categories included in the definition of, Anti-Social Forces and Anti-Social Forces Related Party and does not engage in any Anti-Social Conduct;
- (aa) each Auto Loan Receivable is distinguishable from other claims against the other obligors;
- (bb) the Trustor of the First Trust is the sole and rightful owner of the Auto Loan Receivable and has not assigned or entrusted the Auto Loan Receivable to any third party other than the Trustee of the First Trust (including by declaration of trust);
- (cc) the Trustor of the First Trust is not prohibited from selling, transferring or assigning its rights in respect of the Auto Loan Receivables and the Auto Loan Receivables may be transferred by way of sale and assignment and, such transfer is not limited by contractual or legal provisions nor any requirement to give prior notice to or obtain consent from the Obligor in relation to any such transfer or assignment;

(dd) if an individual guarantees the Auto Loan Receivables and the Obligor incurs the Auto Loan Receivables for the purpose of his/her business, the Trustor of the First Trust does not recognize the Obligor's non fulfillment of the obligation against such guarantor to provide information set forth in Paragraph 1 of Article 465-10 in the Civil Code; and

(ee) the Auto Loan Receivables are chosen at random from among all receivables satisfying the Eligibility Criteria held by the Trustor of the First Trust.

(2) Composition of the Auto Loan Receivables

Please see the Exhibit hereto.

The statistical information contained therein is given as of the Initial Cut-off Date in relation to a pool of Auto Loan Receivables. The characteristics of the Auto Loan Receivables will change over time and there can be no assurance that the Auto Loan Receivables will have characteristics similar to those presented in the following tables as of any other date.

4. Historical Performance Data

Please see the Exhibit hereto.

MBF has extracted data on the historical performance of the Auto Loan Receivables portfolio.

PART 3.
SUMMARY OF RELATED PARTIES

(Unless otherwise specified, the financial figures of the related parties are provided on a consolidated basis)

1. Overview of the Trustee

Apex Group Trust (Japan) Company Limited

(1) Name, Amount of Capital and Business Purposes, etc.

- (a) Name: Apex Group Trust (Japan) Company Limited
- (b) Address: Ark Hills Sengokuyama Mori Tower 40F, 9-10, Roppongi 1-chome, Minato-ku, Tokyo
- (c) Name of representative director: Hiroyuki Kamioka
- (d) Amount of capital: JPY 350 million(as of March 31, 2023)
- (e) Business purposes: Trust Business
- (f) Main shareholder (as of March 31, 2023): Apex Group Japan KK

(2) Related Roles

Trustee of the First Trust, borrower of the Asset Backed Loan to the First Trust, Trustee of the Second Trust and borrower of the Asset Backed Loan to the Second Trust.

(3) Capital Relationship

There is no capital relationship with the other transaction parties.

(4) Financial Overview (*non-consolidated*)

- (a) Summary of main assets and debts for the most recent two fiscal years
(Unit: 1 million yen,
units rounded down)

	As of March 31, 2022	As of March 31, 2023
Total assets	702	847
Total debts	78	81
Total capital	624	766

(b) Summary of profits (losses) for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023
Operating revenue	294	324
Ordinary income	20	95
Net income	▲46	141

2. Overview of the Trustor of the First Trust

Mercedes-Benz Finance Co., Ltd.

(1) Name, Amount of Capital and Business Purposes, etc.

(a) Name: Mercedes-Benz Finance Co., Ltd.

(b) Address: World Business Garden, Marive West 8F, 6-1, Nakase 2-chome, Mihama-ku, Chiba-city, Chiba

(c) Name of representative director: Andreas Lehr and Susanne Thissen

(d) Amount of capital: JPY 4.4 billion (as of December 31, 2023)

(e) Business purposes: Money lending, lease and instalment sales intermediary business.

(f) Main shareholder (as of December 31, 2023): Mercedes-Benz Mobility AG

(2) Related Roles

Trustor of the First Trust and Servicer.

(3) Capital Relationship

There is no capital relationship with the other transaction parties.

(4) Financial Overview (*non-consolidated*)

(a) Summary of main assets and debts for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	As of December 31, 2022	As of December 31, 2023
Total assets	545,084	602,397
Total debts	480,229	534,780
Total capital	64,854	67,616

(b) Summary of profits (losses) for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Sales	26,884	24,747
Ordinary income	8,294	7,834
Net income	5,610	5,316

3. Overview of the Lead Manager

SMBC Nikko Securities Inc.

(1) Name, Amount of Capital and Business Purposes, etc.

(a) Name: SMBC Nikko Securities Inc.

(b) Address: Shin-Marunouchi Building, 3-1, Marunouchi 3-chome Chiyoda-ku,
Tokyo, 100-6521

(c) Name of representative director: Shuji Yoshioka

(d) Amount of capital: JPY 135 billion (as of March 31, 2023)

(e) Business purposes: Financial Instruments Business.

(f) Main shareholders (as of March 31, 2024): Sumitomo Mitsui Financial Group, Inc.

(2) Related Roles

Lender of the Asset Backed Loan to the First Trust, Trustor of the Second Trust and the Initial Beneficiary of the Second Trust.

(3) Capital Relationship

There is no capital relationship with the other transaction parties.

(4) Financial Overview (*non-consolidated*)

(a) Summary of main assets and debts for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	As of March 31, 2022	As of March 31, 2023
Total assets	13,979,899	14,993,217
Total debts	13,099,627	14,147,220
Total capital	880,272	845,997

(b) Summary of profits (losses) for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023
Operating revenue	333,183	262,888
Ordinary income	59,620	▲38,342
Net income	44,258	▲32,314

4. Overview of other Related Parties

Orient Corporation.

(1) Name, Amount of Capital and Business Purposes, etc.

(a) Name: Orient Corporation.

(b) Address: 2-1, Kojimachi 5-chome, Chiyoda-ku, Tokyo

(c) Name of representative director: Tetsuo Imori

(d) Amount of capital: JPY 150,075 million (as of March 31, 2023)

(e) Business purposes: Credit card business, loan business, solution business, guarantee business, installment business, bank guarantee business.

(f) Main shareholders (as of March 31, 2023): Mizuho Financial Group, Inc., ITOCHU Corporation, Custody Bank of Japan, Ltd. and others.

(2) Related Roles

Guarantor of the Auto Loan Receivables and Sub-Servicer.

(3) Capital Relationship

There is no capital relationship with the other transaction parties.

(4) Financial Overview

(a) Summary of main assets and debts for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	As of March 31, 2022	As of March 31, 2023
Total assets	3,752,049	3,670,029
Total debts	3,535,211	3,440,253
Total capital	216,837	229,775

(b) Summary of profits (losses) for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023
Operating revenue	229,806	227,693
Ordinary income	28,994	23,070
Net income	19,549	19,212

JACCS Co., Ltd.

(1) Name, Amount of Capital and Business Purposes, etc.

(a) Name: JACCS Co., Ltd.

(b) Address: 1-18, Ebisu 4-chome, Shibuya-ku, Tokyo

(c) Name of representative director: Ryo Murakami

(d) Amount of capital: JPY 16,138.18 million (as of March 31, 2023)

(e) Business purposes: Shopping credit, auto loan, credit card, loan card, credit, guaranty of housing loan and servicing.

(f) Main shareholders (as of March 31, 2023): MUFG Bank, Ltd., The Master Trust Bank of Japan, Ltd., Custody Bank of Japan, Ltd. and others.

(2) Related Roles

Guarantor of the Auto Loan Recivables and Sub-Servicer.

(3) Capital Relationship

There is no capital relationship with the other transaction parties.

(4) Financial Overview

(a) Summary of main assets and debts for the most recent two fiscal years

(Unit: 1 million yen,

units rounded down)

	As of March 31, 2022	As of March 31, 2023
Total assets	3,215,006	3,575,732
Total debts	3,022,789	3,365,126
Total capital	192,217	210,605

(b) Summary of profits (losses) for the most recent two fiscal years

(Unit: 1 million yen,
units rounded down)

	From April 1, 2021 to March 31, 2022	From April 1, 2022 to March 31, 2023
Operating revenue	164,070	173,506
Ordinary income	26,786	31,769
Net income	18,432	22,139

**PART 4.
DEFINITIONS**

"**ABL Lender to the First Trust**" means Nikko.

"**ABL Lenders to the Second Trust**" means the lenders to the Trustee of the Second Trust under the Asset Backed Loan Agreement to the Second Trust.

"**Act on Prevention of Transfer of Criminal Proceeds**" means the Act on Prevention of Transfer of Criminal Proceeds (Law No. 22 of 2007, as amended).

"**Additional Assignment Amount**" means the amount calculated by multiplying the Additional Cash Collateral Amount and 1.09.

"**Additional Auto Loan Receivables**" means the Auto Loan Receivables to be entrusted to the Trustee of the First Trust in accordance with Article 3.1(b) of the First Trust Agreement during the Revolving Period.

"**Additional Cash Collateral Amount**" means the amount calculated by multiplying 1.00 and the sum of (i) the average Principal Collections as of the Additional Entrustment Date (Down Grade Trigger) for twelve (12) months from and including the Monthly Period in which the Additional Entrustment Date (Down Grade Trigger) belongs, (ii) the average Profit Collections as of the Additional Entrustment Date (Down Grade Trigger) for twelve (12) months from and including the Monthly Period in which the Additional Entrustment Date (Down Grade Trigger) belongs and (iii) the product of the sum of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables on the immediately preceding Trust Calculation Date multiplied by fifteen percent (15%) multiplied by a fraction of one over twelve (1/12).

"**Additional Entrustment Cut-Off Date (Down Grade Trigger)**" means the date on which the Trustor of the First Trust chooses the Auto Loan Receivables subject to the additional entrustment pursuant to Item (a) of Article 4-2 of the First Trust Agreement. The Additional Entrustment Cut-Off Date (Down Grade Trigger) will be determined by the Trustor of the First Trust and the Trustee of the First Trust for each additional entrustment.

"**Additional Entrustment Cut-Off Date (Revolving Period)**" means each Reporting Date of the relevant Monthly Period within the Revolving Period preceding an Additional Entrustment Date (Revolving Period).

"**Additional Entrustment Date**" means individually or collectively, the Additional Entrustment Date (Revolving Period) and the Additional Entrustment Date (Down Grade Trigger).

"**Additional Entrustment Date (Down Grade Trigger)**" means the date on which the Trustor of the First Trust shall entrust the Auto Loan Receivables to the Trustee of the First Trust, and the Trustee of the First Trust shall undertake the entrustment of the Auto Loan Receivables, under the additional entrustment pursuant to Item (a) of Article 4-2 of the First Trust Agreement. The Additional Entrustment Date (Down Grade Trigger) will be determined by the Trustor of the First Trust and the Trustee of the First Trust for each additional entrustment.

"**Additional Entrustment Date (Revolving Period)**" means the 5th Business Date after the Reporting Date within the Revolving Period on which the Additional Auto Loan Receivables are entrusted in accordance with Article 3.1(b) of the First Trust Agreement.

"Additional Senior Beneficial Interest" means each additional Senior Beneficial Interest created pursuant to each entrustment of Additional Auto Loan Receivables on an Additional Entrustment Date (Revolving Period) in accordance with Article 12.3 of the First Trust Agreement.

"Agent of Trustee" means, with respect to Articles 3.10 and 3.11 of the First Trust Agreement, any agent designated by the Trustee of the First Trust.

"Anti-Social Conduct" means:

- (a) a demand with violence;
- (b) an unreasonable demand beyond legal responsibility;
- (c) an action with the use of intimidating speech and behaviour or violence in relation to transactions;
- (d) an action to defame the reputation of or interfere with the business of others through fraud, the spreading of rumours or violent or forceful means; or
- (e) any act similar to or analogous to the foregoing.

"Anti-Social Forces" means:

- (a) an organized crime group (*bouyoku-dan*; "Organized Crime Group");
- (b) a member of an Organized Crime Group (*bouyoku-dan-in*; "Organized Crime Group **Member**");
- (c) a company or a person who had been an Organized Crime Group Member, but five (5) years has not passed since he/she disaffiliated from all Organized Crime Groups;
- (d) a quasi member of an Organized Crime Group (*bouyoku-dan-jun-kosei-in*);
- (e) a company related to an Organized Crime Group (*bouyoku-dan-kankei-kigyou*);
- (f) a corporate racketeer (*sokaiya-tou*);
- (g) a group engaged in criminal activities under the pretext of conducting social campaigns or political activities (*shakai-undo-to-hyobo-goro*);
- (h) a crime group specializing in intellectual crimes (*tokushu-chino-bouyoku-shudan-tou*);
or
- (i) a company or persons similar or equivalent to sub-paragraphs (a) through (h) above.

"Anti-Social Forces Related Party" means a company or a person or any director, officer or employee thereof:

- (a) who has a relationship with any Anti-Social Force by which the Anti-Social Forces

control the management of the person or the company;

- (b) who has a relationship with any Anti-Social Force by which the Anti-Social Forces are substantially involved in the management operations of the company or the person;
- (c) who has a relationship with any Anti-Social Force by which the company or the person is deemed to use the Anti-Social Forces for a wrong purpose such as generating unfair profits for it or a third party or causing damage to a third party;
- (d) who has a relationship with any Anti-Social Force by which the company or the person is deemed to be involved in the Anti-Social Forces by the activities such as providing financing, favours, etc. to the Anti-Social Forces; or
- (e) whose director or a person who is substantially involved in the management of them has a socially unacceptable relationship with any Anti-Social Force.

"Applicable Interest Rate" means 0.66% per annum.

"Applicable Laws" means any law, treaty, cabinet order, regulation, decision, rule, license and permit, certification, order, directive, supervision or guideline, etc. of all applicable government agencies (including any regulation and rule of self-regulatory organizations) presently or in the future in effect, including without limitation, any judicial or administrative order, consent, decision, settlement or judgment, and includes any amendment or modification made thereto and any interpretation by competent government agencies thereof from time to time.

"Application of Additional Entrustment" means, with respect to the First Trust Agreement, an application by the Trustor of the First Trust for the entrustment of the Additional Auto Loan Receivables to the Trustee of the First Trust, substantially in the form as set forth in ANNEX F to the First Trust Agreement.

"Approval of Entrustment" means, with respect to the Second Trust Agreement, approvals of entrustment of the Loan Receivables from the Trustee of the First Trust as borrower of the Asset Backed Loan to the First Trust, substantially in the form as set forth in ANNEX A to the Second Trust Agreement.

"Asset Backed Loan Agreement to the First Trust" means, the asset backed loan agreement entered into on June 26, 2024 by and between the ABL Lender to the First Trust and the Trustee of the First Trust (as amended).

"Asset Backed Loan Agreements to the Second Trust" means, collectively each of the asset backed loan agreements entered into on June 26, 2024 by and between the ABL Lenders to the Second Trust and the Trustee of the Second Trust (as amended), substantially in the form as set forth in ANNEX D to the Second Trust Agreement.

"Asset Backed Loan Principal Balance" means the principal amount of the Asset Backed Loan to the First Trust as of the Drawdown Date, less the aggregate of all Asset Backed Loan Principal Payment Amount paid prior to the relevant date.

"Asset Backed Loan Principal Payment Amount" means in respect of each First Trust Payment Date following the expiration of the Revolving Period, the amount equivalent to all the remaining amount in the Principal Ledger after the application of (i) the Items (a) to (f) of Article 18.2 of the First Trust Agreement or (ii) Items (a) to (e) of Article 18.4 of the First Trust Agreement. The Asset Backed Loan Principal Payment Amount shall not exceed the Asset Backed Loan Principal Balance.

"Asset Backed Loan to the First Trust" means the loan provided by the ABL Lender to the First Trust to the Trustee of the First Trust under the Asset Backed Loan Agreement to the First Trust.

"Asset Backed Loans to the Second Trust" means loans provided by the ABL Lenders to the Second Trust to the Trustee of the Second Trust under the Asset Backed Loan Agreements to the Second Trust.

"Assignee" means any person who becomes an assignee pursuant to the terms of a Transaction Document.

"Assignor" means any person who becomes an assignor pursuant to the terms of a Transaction Document.

"Auto Loan Agreement" means an agreement among the Trustor of the First Trust, the Guarantor, a Dealer and an Obligor under which an Auto Loan Receivable is originated.

"Auto Loan Receivables" means the auto loan receivables specified and recorded in the Details of the Auto Loan Receivables (including the Collections, retained ownership of the Purchased Vehicles, rights against joint guarantor if applicable, the Related Security, any and all rights, title, interests, and benefits of the Trustor of the First Trust incidental to such Auto Loan Receivables) to be submitted by the Trustor of the First Trust to the Trustee of the First Trust pursuant to Article 3 and Article 4-2 of the First Trust Agreement, including individually or collectively, the Initial Auto Loan Receivables, the Additional Auto Loan Receivables and any additional Auto Loan Receivables entrusted in accordance with Article 4-2 of the First Trust Agreement.

"Available Distribution Amount" means individually or collectively, Available Distribution Principal Amount and Available Distribution Profit Amount.

"Available Distribution Principal Amount" means, for each Trust Calculation Date, an amount equal to the sum of the following amounts:

- (a) the amount carried forward from the preceding Trust Calculation Date pursuant to Article 18.2(g) of the First Trust Agreement;
- (b) the Principal Collections for the Monthly Period with respect to such Trust Calculation Date;
- (c) the amount equivalent to the Default Trap Amount; and
- (d) after the occurrence of any Early Amortization Event, the remaining amount after the payment and transfer pursuant to Item (a) to (g) of Article 18.3 of the First Trust Agreement from the Available Distribution Profit Amount.

"Available Distribution Profit Amount" means, for each Trust Calculation Date, an amount equal to the sum of the following amounts:

- (a) the Profit Collections for the Monthly Period with respect to such Trust Calculation Date;
- (b) investment earnings from Eligible Investments; and
- (c) the amount equivalent to money in the Cash Collateral Ledger.

"Balloon Payments" means in certain types of Auto Loan Agreements, the deferred instalment payments during the instalment period being included in the final instalment amount.

"Banking Act" means the Banking Act of Japan (Law No. 59 of 1981, as amended).

"Bankruptcy Act" means the Bankruptcy Act of Japan (Law No. 75 of 2004, as amended).

"Beneficial Interests" means the trust beneficial interests to be created under the First Trust Agreement or the trust beneficial interests to be created under the Second Trust Agreement, including the Senior Beneficial Interest and the Subordinated Beneficial Interest.

"Beneficiary" means individually or collectively, the Senior Beneficiary and Subordinated Beneficiary.

"Business Day" means any day other than a day on which banks in Japan are required or authorised to be closed.

"Cash Collateral Amount" means 365,000,000 yen, which is entrusted as of the Cash Entrustment Date from the Trustor of the First Trust to the Trustee of the First Trust.

"Cash Collateral Ledger" means the Cash Collateral Ledger of the same name established within the Trust Management Account under the First Trust Agreement.

"Cash Collateral Ledger Target Balance" means the amount (X) required to be transferred to the Cash Collateral Ledger on each First Trust Payment Date, which is calculated in accordance with the following formula (amounts less than 1 million yen shall be rounded up):

$$X=A \times B \div 12 \times 4 + C \times 0.02\% \div 12 \times 4 + C \times 0.65\% \div 12 \times 4 + D + E \times 1,200 + F + G + H + I$$

A: The total amount of the Asset Backed Loan Principal Balance prior to calculation on each Trust Calculation Date

B: Applicable Interest Rate

C: The total amount of the Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the first day of the relevant Trust Calculation Period

D: 1.2 million yen

E: Number of the Auto Loan Receivables that exist at the time when operations commence on the first day of the relevant Monthly Period with respect to each Trust Calculation Period

F: 2 million yen

G: The amount of consumption taxes on the respective amounts calculated by $C \times 0.02\% \div 12 \times 4$, $C \times 0.65\% \div 12 \times 4$, D, E $\times 1,200$ and F

H: 5 million yen

I: The Additional Cash Collateral Amount which has been entrusted pursuant to Article 4-2 of the First Trust Agreement, if any

"**Cash Entrustment Date**" means June 28, 2024, which shall be the date when the Trustor of the First Trust entrusts the Cash Collateral Amount to the Trustee of the First Trust.

"**Certificate of Beneficial Interest**" means a certificate to be issued by a trustee to a beneficiary evidencing the Beneficial Interests under the trust agreement (*Juekiken Shosho*), which is not a certificate of beneficial interest as provided in Article 185 of the Trust Act.

"**Civil Code**" means the Civil Code of Japan (Law No. 89 of 1896, as amended).

"**Civil Rehabilitation Act**" means the Civil Rehabilitation Act of Japan (Law No. 225 of 1999, as amended).

"**Clean-up Call**" means the Trustor of the First Trust's right at its option to exercise a clean-up call to repurchase of all, but not part, of the outstanding Auto Loan Receivables from the Trustee of the First Trust when the Clean-up Call Conditions are satisfied.

"**Clean-up Call Conditions**" means on any Trust Calculation Date, the Asset Backed Loan Principal Balance is expected to be less than ten percent (10%) of the principal amount of the Senior Beneficial Interests as of the Trust Commencement Date after the distribution pursuant to Article 18.1 of the First Trust Agreement on the immediately following First Trust Payment Date.

"**Clean-up Call Repurchase Price**" means an amount equal to the aggregate amount of the Outstanding Principal Balance of the outstanding Auto Loan Receivables as of the last day of the Monthly Period immediately preceding the Remittance Date following such Trust Calculation Date plus the accrued and unpaid interest (including delinquent interest and other charges) up to but excluding such date.

"**Collection Account**" means a bank account opened with a Qualified Bank under the Second Trust Agreement, which the Trustee of the Second Trust shall establish (on or before the Trust Commencement Date of the Second Trust) in its name for the purpose of holding all cash included in the Trust Assets of the Second Trust.

"**Collections**" means money collected during a Monthly Period with respect to the Auto Loan Receivables, including the Principal Collections and Profit Collections. In addition, if the Trustor of the First Trust incurs obligation to pay the Guarantee Fee against the Guarantor, the amount before deduction of such Guarantee Fee. For the avoidance of doubt, if an Obligor makes any prepayment or a Sub-Servicer makes any payment as a result of its performance of obligation for the relevant Auto Loan Receivables, the amount of Collections with respect to such Auto Loan Receivables shall be deemed as the amount equivalent to the aggregate amount of the Outstanding Principal Balance and the accrued interest corresponding to the Monthly Period in which the Servicer collects such prepayments or payments either from the Obligor or the Sub-Servicer.

"**Compensation Amount**" means, with respect to certain types of Auto Loan Agreements, where an Obligor has exercised the Refinance Option or the Selling Option, an amount

equivalent to the amount payable by the Obligor as the final instalment payment for such Auto Loan Agreement.

"Concentration Limitations" means the limitations that the Auto Loan Receivables shall comply with during the Revolving Period as set forth below:

- (a) the Outstanding Principal Balance of the Auto Loan Receivables related to the used car vehicles must not exceed 30% of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables;
- (b) the Outstanding Principal Balance of the Auto Loan Receivables related to corporate customers must not exceed 60% of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables; or
- (c) the aggregate balance of total Balloon Payments must not exceed 60% of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables.

"Consignment Agreement" means individually or collectively, (i) the Business Consignment Agreement relating to Auto Loan Business dated December 10, 2020 between MBF and JACCS and (ii) the Business Consignment Agreement relating to Auto Loan Business dated December 10, 2020 between MBF and Orico.

"Corporate Reorganization Act" means the Corporate Reorganization Act of Japan (Law No. 154 of 2002, as amended).

"Costs of the Second Trust" means all taxes, costs and expenses in relation to the Second Trust, including the Fees for the Trustee of the Second Trust and the Trust Expenses for the Second Trust, to be distributed to the relevant payee of these amounts in accordance with the First Trust Agreement and the Asset Backed Loan Agreement to the First Trust.

"Cumulative Default Ratio" means, for each Trust Calculation Date, a ratio calculated by dividing the cumulative amount of the Defaulted Auto Loan Receivables from the Initial Cut-off Date to the last date of the Monthly Period in relation to the relevant Trust Calculation Date by sum of (i) the aggregate amount of the Outstanding Principal Balance of the Initial Auto Loan Receivables as of the Trust Commencement Date, (ii) the aggregate amount of the Outstanding Principal Balance of the Additional Auto Loan Receivables as of the Additional Entrustment Date (Revolving Period) on which relevant Additional Auto Loan Receivables are entrusted and (iii) the Additional Assignment Amount (if the Trustor of the First Trust entrusts the Auto Loan Receivables pursuant to Article 4-2 of the First Trust Agreement), which shall be rounded off to four decimal places.

"Cut-off Date" means individually or collectively, the Initial Cut-off Date, the Additional Entrustment Cut-Off Date (Revolving Period) and the Additional Entrustment Cut-Off Date (Down Grade Trigger).

"Dealer" means a dealer authorised by MBF.

"Dealer Contract" means a contract concerning the treatment of auto loans advanced under the Auto Loan Agreements between the Trustor of the First Trust and each Dealer in relation to the Auto Loan Receivables.

"Defaulted Auto Loan Receivables" means the Auto Loan Receivables which fall under the criteria below as of the Reporting Date, except for those Auto Loan Receivables for which

payment has been made in full or in part by the Guarantor in the Monthly Period immediately preceding the Reporting Date:

- (a) the Obligor is with more than three (3) months consecutive in arrears; or
- (b) MBF has declared the default in accordance with its credit policy.

"Defaulted Obligations" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreement to the First Trust and the Asset Backed Loan Agreements to the Second Trust, as applicable.

"Default Trap Amount" means the aggregate amount of the Uncollectable Auto Loan Receivables stated in the Monthly Report as of each Trust Calculation Date.

"Deferred Amount" means, if and only if main body of Article 6.2 of the Servicing Agreement is applicable, for each Remittance Date and First Trust Payment Date during the Revolving Period, an amount of the full or partial Principal Collections which is the lower of (a) the principal of the Additional Senior Beneficial Interest to be created on the Additional Entrustment Date (Revolving Period) immediately following such Remittance Date in accordance with Article 12.3 of the First Trust Agreement, or (b) the amount of the Principal Collection during the Monthly Period immediately preceding such Remittance Date.

"Details of the Auto Loan Receivables" means details with respect to the Auto Loan Receivables to be entrusted by the Trustor of the First Trust to the Trustee of the First Trust under the First Trust Agreement contained in the computer records to be delivered by the Trustor of the First Trust to the Trustee of the First Trust.

"Down Grade Trigger" means the occurrence of any of the following:

- (a) Mercedes-Benz Group AG is rated below Baa2 by Moody's or its related companies; or
- (b) Mercedes-Benz Group AG owns, directly or indirectly, less than 75% of the issued voting stocks of the Trustor.

"Drawdown Date" means June 28, 2024, which date shall be the date on which the Asset Backed Loan to the First Trust is to be made.

"Drawdown Date to the Second Trust" means June 28, 2024, which date shall be the date on which any Asset Backed Loan to the Second Trust is to be made.

"Early Amortization Event" means the occurrence of any of the following:

- (a) a Servicer Replacement Event;
- (b) a Sub-Servicer Replacement Event;
- (c) a Tax Event;
- (d) the Trustor of the First Trust does not fulfil its obligation to repurchase the Auto Loan Receivables under the First Trust Agreement;

- (e) the balance of the Cash Collateral Ledger is less than the Cash Collateral Ledger Target Balance;
- (f) the Cumulative Default Ratio exceeds 3% as of each Trust Calculation Date;
- (g) the Overcollateralization Ratio is below 4% as of each Trust Calculation Date; or
- (h) during the Revolving Period, the amount of the cash remaining unused in the Trust Management Account, after the application of Article 18.2 of the First Trust Agreement, exceeds 20% of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables for 3 consecutive Trust Calculation Date.

"Eligibility Criteria" means the conditions which have to be satisfied by the Auto Loan Receivables on the Cut-off Date on which relevant Auto Loan Receivables are chosen, as set out in ANNEX C to the First Trust Agreement.

"Eligible Investments" means investments by means of:

- (a) securities which are rated at least with a short-term rating of P-1 by Moody's or its related companies;
- (b) deposits in a bank account opened and maintained with a Qualified Bank, which may include Interested Parties of the Trustee of the First Trust, if the requirements in the Trust Business Act Order are satisfied; or
- (c) other obligations or securities that will not result in a reduction or withdrawal of the then current rating of the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust.

Such investments shall be made only on the condition that (i) it must be denominated and payable in yen, (ii) in the case of investment to securities, it shall mature no later than the next following First Trust Payment Date, (iii) in the case of deposit in a bank account, the Trustee of the First Trust is able to withdraw any amounts in such bank accounts at least two (2) Business Days prior to the following First Trust Payment Date or that the Trustee of the First Trust is able to withdraw any amounts in such bank accounts on demand, (iv) such investment shall not consist, in whole or in part, actually or potentially, of tranches of other asset-backed securities, (v) such investment must not consist, in whole or in part, actually or potentially, of credit-linked notes, swaps or other derivatives instruments (including embedded options), or synthetic securities and (vi) such investments must have a fixed principal amount due at its maturity.

"Enforcement Regulations of the Trust Business Act" means the Enforcement Regulations of the Trust Business Act of Japan (Cabinet Office Ordinance No. 107 of 2004, as amended).

"Exemption Event" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreement to the First Trust and the Asset Backed Loan Agreements to the Second Trust, as applicable.

"Fees for the Trustee of the First Trust" means the fees payable to the Trustee of the First Trust during the Trust Period of the First Trust for each Trust Calculation Period as provided for in Article 22.2 of the First Trust Agreement, being 620,568 yen (excluding consumption tax) for the initial Trust Calculation Period and thereafter equal to the product of the sum of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the

first day of the relevant Trust Calculation Period multiplied by 1 basis point per annum (0.01% p.a.) multiplied by a fraction of one over twelve (1/12), subject to a minimum aggregate payment of 100,000 yen per month, excluding consumption tax.

"Fees for the Trustee of the Second Trust" means the fees payable to the Trustee of the Second Trust during the Trust Period of the Second Trust for each Trust Calculation Period as provided for in Article 16.2 of the Second Trust Agreement, being 620,568 yen (excluding consumption tax) for the initial Trust Calculation Period and thereafter equal to the product of the sum of the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of the first day of the relevant Trust Calculation Period multiplied by 1 basis point per annum (0.01% p.a.) multiplied by a fraction of one over twelve (1/12), subject to a minimum aggregate payment of 100,000 yen per month, excluding consumption tax.

"Financial Instruments and Exchange Act" means the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).

"First Trust" means the trust established by the First Trust Agreement.

"First Trust Agreement" means the trust agreement entered into with respect to the Auto Loan Receivables, dated as of June 26, 2024, by and between the Trustor of the First Trust and the Trustee of the First Trust (Fund Code: 7342) (as amended).

"First Trust Final Maturity Date" means the First Trust Payment Date falling in December 2032.

"First Trust Payment Date" means the date which is one (1) Business Day prior to each Second Trust Payment Date. The initial First Trust Payment date will be July 26, 2024.

"Guarantee Agreement" means the guarantee agreement between MBF and the Guarantor with respect to the Consignment Agreement.

"Guarantee Fee" means fees to be paid to the Guarantor pursuant to the Guarantee Agreement.

"Guarantor" means JACCS or Orico and any successor thereto.

"Indemnified Amount" means (i) with respect to the First Trust Agreement, the amount to be paid by the Trustor of the First Trust to the Trustee of the First Trust or the Trustee of the Second Trust, if the Trustee of the First Trust or the Trustee of the Second Trust suffers any damage, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements due to any breach by the Trustor of the First Trust of its representations and warranties or other obligations under the First Trust Agreement and (ii) with respect to the Second Trust Agreement, the amount to be paid by the Trustor of the Second Trust to the Trustee of the Second Trust, if the Trustee of the Second Trust suffers any damage, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements due to any breach by the Trustor of the Second Trust of its representations and warranties or other obligations under the Second Trust Agreement.

"Initial Auto Loan Receivables" means the Auto Loan Receivables to be entrusted to the Trustee of the First Trust in accordance with Article 3.1(a) of the First Trust Agreement.

"Initial Cut-off Date" means May 31, 2024.

"Initial Senior Beneficial Interest" means the Senior Beneficial Interest created by entrustment of the Initial Auto Loan Receivables on the Trust Commencement Date in accordance with Article 12.2 of the First Trust Agreement.

"Initial Trust Beneficiary of the Second Trust" means Nikko.

"Initial Senior TBI Principal Amount" means the amount stipulated in Article 12.2 of the First Trust Agreement.

"Initial Subordinated TBI Principal Amount" means the amount stipulated in Article 12.2 of the First Trust Agreement.

"Insolvency Event" means, in relation to any entity, any of the following:

- (a) it filing a voluntary petition for commencement of bankruptcy (*hasan*), civil rehabilitation (*minji-saisei*), corporate reorganization (*kaisha-kosei*) or special liquidation (*tokubetsu-seisan*) proceedings, alternative dispute resolution for business rehabilitation or any other similar proceedings, or it entering into an arrangement or compromise with all or any class of its creditors or it voluntarily suspending payment of its obligations;
- (b) it being or admitting that it is, or being deemed under any Applicable Law to be, unable to pay its debts as they fall due;
- (c) it ceasing to carry on its business;
- (d) its liabilities exceeding its assets based on its latest audited non-consolidated balance sheet;
- (e) a court determining the commencement of bankruptcy, civil rehabilitation, corporate reorganization or special liquidation proceedings based on a petition of a third party or relevant creditors accepting, alternative dispute resolution for business rehabilitation proceedings or any other similar proceedings against it;
- (f) the entry of a decree or order by a court or agency or supervisory authority having jurisdiction for the appointment of a conservator, receiver or liquidator or the suspension of business against such entity;
- (g) the issuance of an order for preliminary execution, preservation or execution against any material part of its assets, the commencement of compulsory execution or auction proceedings or the appointment of a receiver, conservator, liquidator or similar official in respect of it or its property;
- (h) it being subject to suspension of transactions imposed by a clearing house (*tegata-kokan jo*) or densai.net Co., Ltd. or any similar action imposed by any other electronic monetary claim recording institution;
- (i) any event analogous to or of a similar effect to the events described above occurring under any Applicable Law of any relevant jurisdiction in relation to such entity; or

- (j) it passing or proposing a resolution, convening a meeting or taking any other intentional or unintentional action which causes or is likely to cause any of the events (a) through (i) above.

"Instalment Sales Act" means the Instalment Sales Act of Japan (Law No. 159 of 1961, as amended).

"Interest Calculation Period" means the period from but excluding, (i) in the case of the Asset Backed Loan to the First Trust, the Drawdown Date and (ii) in the case of the Second Trust, the Drawdown Date to the Second Trust, to and including, in each case, the initial Second Trust Payment Date, and thereafter means the respective periods from but excluding the immediately preceding Second Trust Payment Date to and including the following Second Trust Payment Date. In the event that: (i) the first or last Interest Calculation Period is longer than one calendar month, such Interest Calculation Period shall be deemed to be a period of 30 days plus the number of calendar days in excess of such calendar month; and (ii) the first or last Interest Calculation Period is shorter than one calendar month, such Interest Calculation Period shall be deemed to be a period of 30 days minus the number of calendar days short of such calendar month.

"Interested Party" means a person defined in Item 1, Paragraph 2, Article 29 of the Trust Business Act and Article 14 of the Trust Business Act Order.

"Internal Management and Control" has the meaning assigned to it in Article 3(d) of the Servicing Agreement.

"JACCS" means JACCS Co., Ltd., located at 1-18, Ebisu 4 chome, Shibuya-ku, Tokyo.

"Lender's Account" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreements to the Second Trust.

"Lending Obligation" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreement to the First Trust and the Asset Backed Loan Agreements to the Second Trust, as applicable.

"Loan" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreement to the First Trust.

"Loan Amount" means individually or collectively, the loan amount stipulated in the Asset Backed Loan Agreement to the First Trust and the Asset Backed Loan Agreement to the Second Trust.

"Loan Receivables" means loan receivables arising under the Asset Backed Loan Agreement to the First Trust in respect of principal, interest and default interest, if any (including, for the avoidance of doubt, any and all rights and title relating to the Asset Backed Loan Agreement to the First Trust).

"Loan Receivables to the Second Trust" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreements to the Second Trust.

"Loan to the Second Trust" has the meaning assigned to it in Article 1.2 of the Asset Backed Loan Agreements to the Second Trust.

"Majority Beneficiaries and ABL Lenders" means one or more Beneficiaries of the Second Trust and ABL Lenders to the Second Trust who hold the majority of the total of (a) the aggregate Principal Balance of the Beneficial Interests of the Second Trust and (b) the aggregate Principal Balance of the Asset Backed Loans to the Second Trust.

"MBF" means Mercedes-Benz Finance Co., Ltd., located at World Business Garden, Marive West 8F, 6-1, Nakase 2-chome, Mihama-ku, Chiba-city, Chiba.

"Money Lending Business Act" means the Money Lending Business Act of Japan (Law No. 32 of 1983, as amended).

"Monthly Period" means the period commencing on (and including) the date immediately following the end of preceding Monthly Period and ending on (and including) the twenty-seventh (27th) day of the following calendar month (in the case where such day is not the Business Day, the immediately following Business Day) for the duration of the Trust Period. The initial Monthly Period shall commence on the Trust Commencement Date and end on June 28, 2024 and the second Monthly Period shall commence on June 29, 2024 and end on July 29, 2024.

"Monthly Report" means the monthly report delivered to the Trustee of the First Trust in respect of the status of Collections from the Obligors during the relevant Monthly Period to be prepared by the Servicer pursuant to the Servicing Agreement.

"Moody's" means Moody's SF Japan K. K. and any successor to the credit rating business thereof.

"Nikko" means SMBC Nikko Securities Inc., located at 3-1, Marunouchi 3 Chome, Chiyoda-ku, Tokyo.

"Notice on Capital Adequacy Ratio" means both separately and together, (i) Criteria for a Bank to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by it under the Provision of Article 14-2 of the Banking Act (Financial Services Agency Notice No. 19 of 2006, as amended) (ii) Criteria for a Bank Holding Company to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by itself and its Subsidiary Corporation under the Provision of Article 52-25 of the Banking Act (Financial Services Agency Notice No. 20 of 2006, as amended), (iii) Criteria for a Shinkin Bank and Shinkin Bank Association to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by it under the Provisions of Article 14-2 of the Banking Act as applied *mutatis mutandis* pursuant to Article 89, Paragraph 1 of the Shinkin Bank Act (Financial Services Agency Notice No. 21 of 2006, as amended), (iv) Criteria for a Credit Cooperative and Federation of Credit Cooperatives to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by it under the Provisions of Article 14-2 of the Banking Act as applied *mutatis mutandis* pursuant to Article 6, Paragraph 1 of the Law Concerning Financial Services by Cooperative Unions (Financial Services Agency Notice No. 22 of 2006, as amended), (v) Criteria for a Ultimate Designated Parent Company and its Subsidiary Corporations, etc. to Determine Whether the Adequacy of its Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by them (Financial Services Agency Notice No. 130 of 2010, as amended), (vi) Criteria for a Labour Bank and Federation of Labour Banks to Determine Whether the Adequacy of its

Equity Capital is Appropriate in Light of the Circumstances such as the Assets Held by it under the Provisions of Article 14-2 of the Banking Act as applied *mutatis mutandis* pursuant to Article 94, Paragraph 1 of the Labor Banks Act (Financial Services Agency and Ministry of Health, Labour and Welfare Notice No. 7 of 2006, as amended), (vii) Criteria for an Agricultural Cooperatives, etc. to Determine the Soundness of its Management (Financial Services Agency and Ministry of Agriculture, Forestry and Fisheries Notice No. 2 of 2006, as amended) and (viii) Criteria for Norinchukin Bank to Determine the Soundness of its Management (Financial Services Agency and Ministry of Agriculture, Forestry and Fisheries Notice No. 4 of 2006, as amended).

"Obligors" means the obligors and guarantors (excluding any Guarantor) under the Auto Loan Agreements.

"Ordinary Loan" means a type of Auto Loan Agreement with regular instalment payments and without Balloon Payments, and which is not a Refinance Loan.

"Orico" means Orient Corporation., located at 2-1, Koujimachi 5 chome, Chiyoda-ku, Tokyo.

"Outstanding Principal Balance" means the principal balance of the Auto Loan Receivables as of the relevant date.

"Overcollateralization Ratio" means the ratio of one minus the fraction of (a) the Asset Backed Loan Principal Balance as of the relevant Trust Calculation Date as numerator, and (b) the aggregate Outstanding Principal Balance of all outstanding Auto Loan Receivables as of such relevant Trust Calculation Date as denominator.

"Perfection Act" means the Act on Special Provisions, etc. of the Civil Code Concerning the Perfection Requirements for the Assignment of Movables and Claims of Japan (Law No. 104 of 1998, as amended).

"Personal Information" has the meaning assigned to it in Article 2, Paragraph 1 of the Protection of Personal Information Act.

"Protection of Personal Information Act" means the Act on the Protection of Personal Information of Japan (Law No. 57 of 2003, as amended).

"Purchased Vehicle" means a vehicle to which an Auto Loan Receivable relates.

"Principal Balance of the Asset Backed Loans to the Second Trust" means the aggregate initial principal amount of the Asset Backed Loans to the Second Trust less the cumulative amount paid to the ABL Lenders to the Second Trust as repayment of the principal of the Asset Backed Loans to the Second Trust.

"Principal Balance of the Beneficial Interests of the Second Trust" means the aggregate initial principal amount of the Beneficial Interests of the Second Trust under the Second Trust Agreement less the cumulative amount paid to the Beneficiaries of the Second Trust as redemption of the principal of the Beneficial Interests of the Second Trust.

"Principal Collection" means the Collections set forth below:

- (a) all principal payments received by the Servicer in respect of the Auto Loan

Receivables after the Cut-off Date on which relevant Auto Loan Receivables are chosen, including all payments of previously unpaid instalments, all prepayments, delinquent penalties (as far as the Servicer is concerned) paid by the Obligor, and payments from the Guarantor, excluding the adjustment amount which was paid by the Obligor to the Servicer in the case where the Obligor exercised the Selling Option in relation to such Auto Loan Receivables;

- (b) any Compensation Amount paid by the Trustor of the First Trust to the Trustee of the First Trust as compensation in relation to the relevant Auto Loan Receivables in respect of which the relevant Obligor has exercised the Refinance Option or the Selling Option;
- (c) all proceeds from the enforcement of any Related Security, or disposal of any Purchased Vehicle; and
- (d) the repurchase price paid by the Trustor of the First Trust to the Trustee of the First Trust to repurchase any Auto Loan Receivables in accordance with the First Trust Agreement.

"Principal Collection Ledger" means the principal collection ledger of the same name established within the Collection Account under the Second Trust Agreement.

"Principal Ledger" means the principal ledger of the same name established within the Trust Management Account under the First Trust Agreement.

"Profit Collection" means the collections other than Principal Collection of the Collections.

"Profit Collection Ledger" means the profit collection ledger of the same name established within the Collection Account under the Second Trust Agreement.

"Profit Ledger" means the profit ledger of the same name established within the Trust Management Account under the First Trust Agreement.

"Qualified Bank" means any of the following:

- (a) a Japanese financial institution with a short-term credit rating of at least P-1 by Moody's or its related companies; or
- (b) a Japanese bank which the Rating Agency considers appropriate.

If the bank at which the Trust Management Account and the Collection Account are held no longer satisfy the criterion of a Qualified Bank, another Trust Management Account and Collection Account will be opened with another Qualified Bank within sixty (60) calendar days.

"Rating Agency" means Moody's.

"Rating Fees" means the fees owing to the Rating Agency, which exclude the initial fees paid by MBF.

"Refinance Loan" means a type of Auto Loan Agreement with regular instalment payments and without Balloon Payments, which is entered into in the case where the Obligor exercised the Refinance Option in relation to a Welcome Plan and a Super Welcome Plan.

"Refinance Option" means with respect to certain types of Auto Loan Agreements, the Obligor's option to refinance the final instalment due as a lump sum under such Auto Loan Agreements whereby the Obligor shall pay such final instalment in a number of instalments. This option may be exercised only if the Obligor meets the Trustor of the First Trust's credit guidelines.

"Related Documents" means the Auto Loan Agreements and all other documents relating to or entered in connection with the Auto Loan Receivables, the Purchased Vehicles or the Related Security.

"Related Security" means any security that secures an auto loan relating to the Auto Loan Receivables (including retained ownership of the Purchased Vehicles).

"Remittance Date" means the date on which the Servicer shall deliver the Collections of the relevant Monthly Period to the Trustee of the First Trust in accordance with the Servicing Agreement. The first Remittance Date shall be July 10, 2024 and thereafter, the Remittance Date shall be every tenth (10th) of the month during the Trust Period (in the case where such day is not the Business Day, the immediately following Business Day).

"Reporting Date" means the date on which the Servicer shall report the status of Collections from the Obligors during the relevant Monthly Period in accordance with the Servicing Agreement. The first Reporting Date shall be July 5, 2024 and thereafter the Reporting Date shall be every fifth (5th) of the month during the Trust Period (in the case where such day is not the Business Day, the immediately following Business Day).

"Request for Approval of Assignment of the Asset Backed Loan to the Second Trust and Approval Thereof" means, with respect to the Asset Backed Loan Agreement to the Second Trust, the request for approval of assignment of the Asset Backed Loan to the Second Trust and approval thereof, jointly submitted by the Assignor and Assignee, substantially in the form as set forth in ANNEX A to the Asset Backed Loan Agreement to the Second Trust.

"Request for Approval of Assignment of the Beneficial Interest of the Second Trust and Approval Thereof" means, with respect to the Second Trust Agreement, the request for approval of assignment of the Beneficial Interest of the Second Trust and approval thereof, jointly submitted by the Assignor and Assignee, substantially in the form as set forth in ANNEX B to the Second Trust Agreement.

"Revolving Period" means the period commencing on (and including) the Trust Commencement Date, and ending on (but excluding) the earlier of (a) July 2, 2025 or (b) the occurrence of an Early Amortization Event.

"Second Trust" means the trust established by the Second Trust Agreement.

"Second Trust Agreement" means the trust agreement entered into with respect to the Loan Receivables, dated as of June 26, 2024, by and between the Trustor of the Second Trust and the Trustee of the Second Trust (Fund Code: 7343) (as amended).

"Second Trust Final Maturity Date" means the Second Trust Payment Date falling in December 2032.

"Second Trust Payment Date" means July 29, 2024 and the 28th day of each month thereafter, provided, where such day is not a Business Day, the immediately following Business Day.

"Selling Option" means with respect to certain types of Auto Loan Agreements, the Obligor's option to pay the final instalment due as a lump sum under such Auto Loan Agreements whereby the Obligor shall deliver the Purchased Vehicle to MBF or the Dealer.

"Senior Beneficial Interests" means individually or collectively, the Initial Senior Beneficial Interests and the Additional Senior Beneficial Interests.

"Senior Beneficiary" means the holders of the Senior Beneficial Interests.

"Servicer" means MBF, unless the engagement of MBF as servicer is terminated, in which case Servicer shall mean the Successor Servicer, if any.

"Servicer Replacement Event" means any of the following:

- (a) occurrence of an Insolvency Event in relation to the Servicer;
- (b) any failure by the Servicer to deliver or cause to be delivered any required payment to the Trustee of the First Trust under the Servicing Agreement or the other Transaction Documents to which it is a party and such failure shall remain unremedied for five (5) Business Days following notice by the Trustee of the First Trust to the Servicer of such failure;
- (c) any failure by the Servicer to duly observe or perform in any material respect any other of its covenants or agreements under the Servicing Agreement or the other Transaction Documents to which it is a party and such failure shall remain unremedied for thirty (30) calendar days following notice by the Trustee of the First Trust to the Servicer of such failure;
- (d) any misrepresentation in any material respect by the Servicer under the Servicing Agreement and the other Transaction Documents to which it is a party, and such misrepresentation shall remain unremedied for thirty (30) calendar days;
- (e) it becomes unlawful for the Servicer to perform any material obligation under the Servicing Agreement and the other Transaction Documents to which it is a party (in any capacity);
- (f) the Servicing Agreement becomes void, voidable or otherwise unenforceable; or
- (g) the Trustee of the First Trust finds material matters which makes it necessary to terminate the Servicing Agreement and the delegation of Servicing Activities to the Servicer under the Servicing Agreement in order to protect the rights or interests of the Trustee of the Second Trust under the First Trust Agreement;

"Servicing Activities" means with respect to the First Trust Agreement and the Servicing Agreement, any of the following, which is limited to the extent permitted under Applicable Laws:

- (a) the collection and administration of the Auto Loan Receivables, to the extent permitted by Applicable Laws, including receiving the Collections, corresponding and negotiating with the Obligor in respect of the Auto Loan Receivables or in respect of defences raised by the Obligor relating thereto, and, where applicable, liaising and negotiating with the Dealers in respect of the Dealer Contracts;
- (b) transferring the Collections from the Servicer's own bank account to the Trust Management Account;
- (c) preparing the Monthly Report and submitting it to the Trustee of the First Trust on the Reporting Date, and submitting copies thereof to the Rating Agency and any other person in accordance with the Servicing Agreement;
- (d) keeping custody of and maintaining the Auto Loan Receivables and the Related Documents in accordance with the Servicing Agreement; or
- (e) any other matters incidental thereto or otherwise provided for under the Servicing Agreement.

"Servicing Agreement" means the servicing agreement entered into as of June 26, 2024, by and between the Trustee of the First Trust and the Servicer (as amended).

"Servicing Business Act" means the Act on Special Measures concerning Business of Management and Collection of Claims of Japan (Law No. 126 of 1998, as amended).

"Servicing Business License" means the business license to be granted by the Minister of Justice to a *kabushiki kaisha* in accordance with the Servicing Business Act concerning the administration and the collection of debts.

"Servicing Company" means a *kabushiki kaisha* with a Servicing Business License.

"Servicing Fees" means the Servicer's fees for performing the Servicing Activities.

"Servicing Procedures" means, with respect to the Servicing Agreement, the standard procedures of the Servicer in effect from time to time.

"Subordinated Beneficial Interest" means the Subordinated Beneficial Interest created by entrustment of the Auto Loan Receivables on the Trust Commencement Date in accordance with Article 12.2 of the First Trust Agreement

"Subordinated Beneficiary" means the holder of the Subordinated Beneficial Interest.

"Subordinated Principal Balance" means as of the relevant date of determination, the aggregate amount of the Outstanding Principal Balance of all Auto Loan Receivables outstanding, the amount in the Principal Ledger which is carried over from the immediately preceding First Trust Payment Date and the amount in the Cash Collateral Ledger minus the Asset Backed Loan Principal Balance on the immediately preceding Trust Calculation Date

(after the payments and transfers pursuant to Article 18 of the First Trust Agreement), or if such date of determination of the Subordinated Principal Balance is the First Trust Payment Date, at the beginning of such First Trust Payment Date.

"Sub-Servicer" means a person to whom the Servicer delegates a part of the Servicing Activities to with the prior written consent of the Trustee of the First Trust, being both separately and together, JACCS and Orico.

"Sub-Servicer Replacement Event" means the occurrence of an Insolvency Event and breach of the Sub-Servicer's obligations under the Sub-Servicing Agreement in relation to either Sub-Servicer.

"Sub-Servicing Agreement" means individually or collectively, (i) the Supplement to Business Operations Consignment Agreement dated June 26, 2024 entered into by and between the Servicer, JACCS as a Sub-Servicer and the Trustee of the First Trust and (ii) the Supplement to Business Operations Consignment Agreement dated the same date entered into by and between the Servicer, Orico as a Sub-Servicer and the Trustee of the First Trust.

"Successor Trustee" means any trustee appointed as a successor to the Trustee of the First Trust or the Trustee of the Second Trust in accordance with the terms of the First Trust Agreement or the Second Trust Agreement as applicable.

"Successor Servicer" means a third party to be appointed as a successor to the Servicer by the Trustee of the First Trust in accordance with the terms of the First Trust Agreement.

"Super Welcome Plan" means a type of Auto Loan Agreement with regular instalment payments and Balloon Payments. In addition to the Welcome Plan options, the Super Welcome Plan provides Obligor with the Selling Option with respect to the final instalment amount.

"Tax Event" means, as a result of any change in the Applicable Laws or in the application or interpretation thereof, after the Trust Commencement Date, Japanese withholding tax or other income taxes are imposed on (i) any payment in relation to the Auto Loan Receivables to the Servicer by a relevant Obligor, (ii) any payment of Collections by the Servicer or the Trustor of the First Trust to the Trustee of the First Trust, (iii) any payment in relation to the Asset Backed Loan to the First Trust by the Trustee of the First Trust to the Trustee of the Second Trust or (iv) any payment in relation to the Beneficial Interests of the Second Trust or the Asset Backed Loans to the Second Trust by the Trustee of the Second Trust to the holders of the Beneficial Interests of the Second Trust or the ABL Lenders to the Second Trust.

"Transaction Documents" means the First Trust Agreement, the Second Trust Agreement, the Servicing Agreement, the Asset Backed Loan Agreement to the First Trust, the Trust Beneficial Interest Sale and Purchase Agreement, the Asset Backed Loan Agreements to the Second Trust, this Master Definitions Schedule and the Sub-Servicing Agreement.

"Trust" means individually or collectively, the First Trust and the Second Trust.

"Trust Act" means the Trust Act of Japan (Law No. 108 of 2006, as amended).

"Trust Assets" means the assets pertaining to each Trust, including, without limitation, all Collections and other moneys, rights, movable property, and interests held from time to time by the Trustee of the First Trust or the Trustee of the Second Trust.

"Trust Assets Status Report" means the monthly report prepared by the Trustee of the First Trust under the First Trust Agreement and the Trustee of the Second Trust under the Second Trust Agreement, respectively, in respect of the administration and expected distribution amount of the Trust Assets under the First Trust Agreement or the Second Trust Agreement, as the case may be.

"Trust Beneficial Interest Sale and Purchase Agreements" means the trust beneficial interest sale and purchase agreements entered into with respect to the Beneficial Interests of the Second Trust, by and between Nikko and an investor.

"Trust Beneficiary" means a holder of any Beneficial Interest of the First Trust or of the Second Trust, including the Subordinated Beneficiary.

"Trust Business Act" means the Trust Business Act of Japan (Law No. 154 of 2004, as amended).

"Trust Business Act Order" means the Trust Business Act Order (Cabinet Order No.427 of 2004 as amended).

"Trust Calculation Date" means the date which is two (2) Business Day prior to each Second Trust Payment Date. The first Trust Calculation Date shall be July 25, 2024.

"Trust Calculation Period" means the period commencing on (and including) the date immediately following the last Trust Calculation Date to (and including) the current Trust Calculation Date. The initial Trust Calculation Period shall be (i) with respect to the First Trust, from and including the Trust Commencement Date to and including the first Trust Calculation Date to occur on July 25, 2024, and (ii) with respect to the Second Trust, from and including the Trust Commencement Date of the Second Trust to and including the first Trust Calculation Date to occur on July 25, 2024.

"Trust Commencement Date" means June 26, 2024, which date shall be the date when the Trustor of the First Trust entrusts the Auto Loan Receivables to the Trustee of the First Trust.

"Trust Commencement Date of the Second Trust" means June 28, 2024, which date shall be the date when the Trustor of the Second Trust entrusts the Loan Receivables to the Trustee of the Second Trust.

"Trust Expenses" means the expenses incurred by the Trustee of the First Trust or the Trustee of the Second Trust, as the case may be, which are reasonable and necessary for the administration of the Trust including any fees for bank transfer which shall be borne by the Trustee of the First Trust or the Trustee of the Second Trust in accordance with the relevant Transaction Documents, fees for account management payable to the financial institution with which an account to maintain trust money is established, attorney's fees and other expenses for conciliation, arbitration, action or other dispute settlement proceedings and consultation between the parties, expenses for notification, notice and other administrative procedures required in connection with the First Trust or the Second Trust, as the case may be, Rating Fees, Costs of the Second Trust, the Guarantee Fee (in the case where the Trustee of the First Trust incurs the obligation to pay it), the costs relating to the Sub-Servicer such as the costs which is necessary to establish a system to manage the Auto Loan Receivables, etc., other expenses necessary or useful for the performance of the trust business and damage or liability suffered or

borne by the Trustee of the First Trust or the Trustee of the Second Trust, as the case may be, in connection with the performance of the trust business; provided, however, the Fees for the Trustee of the First Trust and the Second Trust, the Servicing Fee, and damage or liability arising from the violation by the Trustee of the First Trust of the First Trust Agreement or by the Trustee of the Second Trust of the Second Trust Agreement shall not be included.

"Trust Management Account" means a bank account opened with a Qualified Bank under the First Trust Agreement, which the Trustee of the First Trust shall establish (on or before the Trust Commencement Date) in its name for the purpose of holding all Collections and any other cash included in the Trust Assets of the First Trust.

"Trust Period" means (i) with respect to the First Trust, the period from and including the Trust Commencement Date to and including the Trust Termination Date of the First Trust and (ii) with respect to the Second Trust, the period from and including the Trust Commencement Date of the Second Trust to and including the Trust Termination Date of the Second Trust.

"Trust Termination Date" means the Trust Termination Date of the First Trust and the Trust Termination Date of the Second Trust, as the context may require.

"Trust Termination Date of the First Trust" means the date on which the First Trust Agreement is terminated pursuant to Article 20.2 of the First Trust Agreement.

"Trust Termination Date of the Second Trust" means the date on which the Second Trust Agreement is terminated pursuant to Article 15.2 of the Second Trust Agreement.

"Trust Termination Event of the First Trust" means, with respect to the First Trust Agreement, the earlier of the following events:

- (a) the First Trust Final Maturity Date;
- (b) it is ascertained that all outstanding obligations under the Asset Backed Loan to the First Trust will be repaid in full by the Trustee of the First Trust on the immediately following First Trust Payment Date;
- (c) it is determined that the Second Trust Agreement is terminated in accordance with the terms thereof;
- (d) the Trustor of the First Trust repurchases all outstanding Auto Loan Receivables in accordance with the terms of the First Trust Agreement;
- (e) the Trustee of the First Trust sends a written notice of termination of the First Trust Agreement to the Subordinated Beneficiary and the Trustee of the Second Trust, informing of the occurrence of any of the following events; and
 - (i) it is legally impossible for the Trustee of the First Trust to carry out its obligations as trustee under the First Trust Agreement as a result of the occurrence of events not attributable to the Trustee of the First Trust;
 - (ii) it has become extremely difficult or impossible for the Trustee of the First Trust to perform its duties under the First Trust Agreement due to circumstances not attributable to the Trustee of the First Trust including, but not limited to, changes

in the Applicable Laws and the Trustor of the First Trust admit such difficulty, and any court order or administrative order to terminate the First Trust; and

- (iii) it has become extremely difficult or impossible for the Trustee of the First Trust to perform its duties under the First Trust Agreement, due to circumstances not attributable to the Trustee of the First Trust including, but not limited to, war, natural disasters and other so-called force majeure events, and the Trustor of the First Trust admit such difficulty.
- (f) the outstanding amount of the Auto Loan Receivables excluding the Uncollectable Auto Loan Receivables has become zero.

"Trust Termination Event of the Second Trust" means, with respect to the Second Trust Agreement, the earlier of the following events:

- (a) the Second Trust Final Maturity Date;
- (b) all Beneficiaries of the Second Trust and all ABL Lenders to the Second Trust reasonably request termination of the Second Trust Agreement to the Trustee of the Second Trust;
- (c) it is determined that the First Trust Agreement is terminated in accordance with the terms thereof;
- (d) the Trustee of the Second Trust sends a written notice of termination of the Second Trust Agreement to the Beneficiaries of the Second Trust, the ABL Lenders to the Second Trust and the Rating Agency, informing of the occurrence of any of the following events:
 - (i) it is legally impossible for the Trustee of the Second Trust to carry out its obligations as trustee under the Second Trust Agreement as a result of the occurrence of events not attributable to the Trustee of the Second Trust;
 - (ii) it has become extremely difficult or impossible for the Trustee of the Second Trust to perform its duties under the Second Trust Agreement due to circumstances not attributable to the Trustee of the Second Trust including, but not limited to, reform of Applicable Laws, changes in court cases, changes in the guidelines or interpretation of the relevant authority and the Trustor of the First Trust admit such difficulty, and any court order or administrative order to terminate the Second Trust Agreement; and
 - (iii) it has become extremely difficult or impossible for the Trustee of the Second Trust to perform its duties under the Second Trust Agreement, due to circumstances not attributable to the Trustee of the Second Trust including, but not limited to, war, natural disasters and other so-called force majeure events, and the Trustor of the First Trust admit such difficulty.

"Trustee's Fee" means the Fees for the Trustee of the First Trust, the Fees for the Trustee of the Second Trust and the initial trustee's fee being the amount separately agreed between the Trustor of the First Trust and the Trustee of the First Trust, in its capacity as Trustee of the First Trust and as Trustee of the Second Trust, to be paid by the Trustor of the First Trust on the

Trust Commencement Date of the Second Trust in accordance with Article 22.1 of the First Trust Agreement and Article 16.1 of the Second Trust Agreement.

"Trustee Eligibility Criteria" means, in relation to any entity, each of the following requirements:

- (a) it is a corporation authorized or licensed to conduct trust business in Japan; and
- (b) it satisfies the Rating Agency's criteria for an institution acting as trustee in relation to the securitization of auto loan receivables in Japan.

"Trustee of the First Trust" means the trustee in respect of the First Trust Agreement.

"Trustee of the First Trust Dismissal Event" means, with respect to the First Trust Agreement, any of the following events:

- (a) the Trustee of the First Trust fails to perform its payment obligation under the First Trust Agreement and fails to remedy such failure within three (3) Business Days after the due date of such payment, except where such failure is due to a shortfall of cash in the Trust Assets of the First Trust;
- (b) the Trustee of the First Trust fails to perform in any material respect its obligations under the First Trust Agreement other than the payment obligations described (a) above, and fails to remedy such failure within thirty (30) calendar days after the receipt of a written notice from the Trustee of the Second Trust notifying such failure;
- (c) any representations and warranties made by the Trustee of the First Trust under Article 5.4 of the First Trust Agreement are false or incorrect in any material respect with reference to the facts as of the Trust Commencement Date;
- (d) the occurrence of an Insolvency Event with respect to the Trustee of the First Trust; or
- (e) the administrative disposition is applied against the Trustee of the First Trust which may adversely interfere with its capacity to perform its obligations in relation to the First Trust under the First Trust Agreement or the Trust Act.

"Trustee of the Second Trust" means the trustee in respect of the Second Trust Agreement.

"Trustee of the Second Trust Dismissal Event" means, with respect to the Second Trust Agreement, any of the following events:

- (a) the Trustee of the Second Trust fails to perform its payment obligation under the Second Trust Agreement and fails to remedy such failure within three (3) Business Days after the due date of such payment, except where the amount in the Collection Account is insufficient to perform its payment obligations;
- (b) the Trustee of the Second Trust fails to perform in any material respect its obligations under the Second Trust Agreement other than the payment obligations described (a) above, and fails to remedy such failure within thirty (30) calendar days after the receipt of a written notice from the Majority Beneficiaries and the ABL Lenders notifying such failure;

- (c) any representations and warranties made by the Trustee of the Second Trust under Article 4.2 of the Second Trust Agreement are false or incorrect in any material respect with reference to the facts as of the Trust Commencement Date of the Second Trust;
- (d) the occurrence of an Insolvency Event with respect to the Trustee of the Second Trust; or
- (e) the administrative disposition is applied against the Trustee of the Second Trust which may adversely interfere with its capacity to perform its obligations in relation to the Second Trust under the Second Trust Agreement or the Trust Act.

"Trustor" means (i) with respect to the First Trust Agreement, MBF and (ii) with respect to the Second Trust Agreement, Nikko.

"Trustor of the First Trust" means the Trustor under the First Trust Agreement.

"Trustor of the Second Trust" means a Trustor under the Second Trust Agreement.

"Uncollectable Auto Loan Receivables" means the Auto Loan Receivables which fall under the criteria below as of the Reporting Date and the due amount of which the Guarantor has not paid in full during the Monthly Period immediately preceding the Reporting Date:

- (a) the Obligor is with more than three (3) months consecutive in arrears; or
- (b) the Servicer has declared the default in accordance with its credit policy.

"Welcome Plan" means a type of Auto Loan Agreement with regular instalment payments and Balloon Payments, which provides Obligor with the following options with respect to the final instalment amount: (i) settling the final instalment amount to retain ownership of the Purchased Vehicle or use it as a trade-in, or (ii) the Refinance Option.

EXHIBIT

Composition of the Auto Loan Receivables

The following statistical information is given in relation to a pool of Auto Loan Receivables as of the Initial Cut-off Date. The characteristics of the Auto Loan Receivables will change over time and there can be no assurance that the Auto Loan Receivables will have characteristics similar to those presented in the following tables as of any other date.

1. Distribution by Sub-Servicer

Sub-Servicer	Number of Loans	%	Outstanding Principal Balance (JPY)	%
JACCS	4,961	42.85%	25,143,939,427	45.72%
Orico	6,617	57.15%	29,856,050,555	54.28%
Total	11,578	100.00%	54,999,989,982	100.00%

2. Distribution by Vehicle Make

Vehicle Make	Number of Loans	%	Outstanding Principal Balance (JPY)	%
Mercedes Benz	11,515	99.46%	54,948,241,287	99.91%
Smart	63	0.54%	51,748,695	0.09%
Total	11,578	100.00%	54,999,989,982	100.00%

3. Distribution by New/Used

New or Used	Number of Loans	%	Outstanding Principal Balance (JPY)	%
New	8,410	72.64%	44,487,581,165	80.89%
Used	3,168	27.36%	10,512,408,817	19.11%
Total	11,578	100.00%	54,999,989,982	100.00%

4. Distribution by Vehicle Make New or Used

Vehicle Make New or Used	Number of Loans	%	Outstanding Principal Balance (JPY)	%
Mercedes Benz – New	8,396	72.52%	44,477,428,614	80.87%
Mercedes Benz – Used	3,119	26.94%	10,470,812,673	19.04%
Smart – New	14	0.12%	10,152,551	0.02%
Smart – Used	49	0.42%	41,596,144	0.08%
Total	11,578	100.00%	54,999,989,982	100.00%

5. Geographic Distribution by Prefecture

Prefecture	Number of Loans	%	Outstanding Principal Balance (JPY)	%
Tokyo	2,484	21.45%	12,394,721,126	22.54%
Osaka	1,142	9.86%	6,184,494,524	11.24%
Kanagawa	1,173	10.13%	5,680,931,533	10.33%
Aichi	848	7.32%	3,957,647,798	7.20%
Hyogo	624	5.39%	2,838,958,716	5.16%
Saitama	613	5.29%	2,727,078,478	4.96%
Fukuoka	531	4.59%	2,624,001,129	4.77%
Chiba	550	4.75%	2,545,407,347	4.63%
Kyoto	306	2.64%	1,557,934,543	2.83%
Shizuoka	359	3.10%	1,478,958,956	2.69%
Others	2,948	25.46%	13,009,855,832	23.65%
Total	11,578	100.00%	54,999,989,982	100.00%

6. Distribution by Customer Type

Customer Type	Number of Loans	%	Outstanding Principal Balance (JPY)	%
Corporate	3,895	33.64%	25,758,507,815	46.83%
Individual	7,683	66.36%	29,241,482,167	53.17%
Total	11,578	100.00%	54,999,989,982	100.00%

7. Distribution by Original Term

Original Term (months)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
<= 0	0	0.00%	0	0.00%
> 0 and <= 6	7	0.06%	3,192,911	0.01%
> 6 and <= 12	16	0.14%	9,302,436	0.02%
> 12 and <= 24	125	1.08%	178,977,553	0.33%
> 24 and <= 36	518	4.47%	1,014,592,108	1.84%
> 36 and <= 48	2,879	24.87%	12,671,182,081	23.04%
> 48 and <= 60	427	3.69%	1,789,418,300	3.25%
> 60 and <= 72	7,558	65.28%	39,166,043,993	71.21%
> 72 and <= 84	48	0.41%	167,280,600	0.30%
> 84	0	0.00%	0	0.00%
Total	11,578	100.00%	54,999,989,982	100.00%

8. Distribution by Remaining Term

Remaining Term (months)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
0 < x <= 6	1,105	9.54%	1,852,227,811	3.37%
6 < x <= 12	1,240	10.71%	2,924,649,959	5.32%
12 < x <= 24	2,517	21.74%	9,155,165,987	16.65%
24 < x <= 36	2,365	20.43%	12,142,850,867	22.08%
36 < x <= 48	2,134	18.43%	12,444,535,098	22.63%
48 < x <= 60	2,202	19.02%	16,377,003,502	29.78%
60 < x	15	0.13%	103,556,758	0.19%
Total	11,578	100.00%	54,999,989,982	100.00%

9. Distribution by Original Principal Balance

Original Principal Balance (JPY)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
0 or less	0	0.00%	0	0.00%
1 - 2,500,000	1,475	12.74%	1,545,793,429	2.81%
2,500,0001 - 5,000,000	4,062	35.08%	10,684,251,240	19.43%
5,000,0001 - 7,500,000	2,937	25.37%	13,199,723,974	24.00%
7,500,0001 - 10,000,000	1,438	12.42%	9,304,397,528	16.92%
10,000,0001 - 12,500,000	609	5.26%	5,357,415,472	9.74%
12,500,0001 - 15,000,000	417	3.60%	4,527,319,350	8.23%
15,000,0001 - 20,000,000	425	3.67%	5,989,077,656	10.89%
20,000,0001 - 25,000,000	136	1.17%	2,449,058,287	4.45%
25,000,0001 - 30,000,000	63	0.54%	1,455,701,216	2.65%
more than 30,000,0000	16	0.14%	487,251,830	0.89%
Total	11,578	100.00%	54,999,989,982	100.00%

10. Distribution by Current Principal Balance

Current Principal Balance (JPY)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
0 or less	0	0.00%	0	0.00%
1 - 2,500,000	3,652	31.54%	5,328,702,409	9.69%
2,500,0001 - 5,000,000	3,980	34.38%	14,461,928,446	26.29%
5,000,0001 - 7,500,000	2,036	17.59%	12,303,085,077	22.37%
7,500,0001 - 10,000,000	821	7.09%	7,108,139,382	12.92%
10,000,0001 - 12,500,000	461	3.98%	5,117,926,509	9.31%
12,500,0001 - 15,000,000	249	2.15%	3,399,827,711	6.18%
15,000,0001 - 20,000,000	255	2.20%	4,279,574,000	7.78%
20,000,0001 - 25,000,000	80	0.69%	1,771,740,373	3.22%
25,000,0001 - 30,000,000	37	0.32%	999,839,097	1.82%
more than 30,000,0000	7	0.06%	229,226,978	0.42%
Total	11,578	100.00%	54,999,989,982	100.00%

11. Distribution by Customer Interest Rate

Customer Interest Rate	Number of Loans	%	Outstanding Principal Balance (JPY)	%
x <= 1.00 %	238	2.06%	695,054,700	1.26%
1.00 % < x <= 1.50 %	15	0.13%	60,001,602	0.11%
1.50 % < x <= 2.00 %	1,502	12.97%	3,550,343,449	6.46%
2.00 % < x <= 2.50 %	1,448	12.51%	7,340,969,827	13.35%
2.50 % < x <= 3.00 %	5,478	47.31%	27,902,746,214	50.73%
3.00 % < x <= 3.50 %	2,081	17.97%	9,336,893,654	16.98%
3.50 % < x <= 4.00 %	678	5.86%	5,608,620,043	10.20%
4.00 % < x <= 4.50 %	138	1.19%	505,360,493	0.92%
4.50 % < x <= 5.00 %	0	0.00%	0	0.00%
5.00 % < x <= 5.50 %	0	0.00%	0	0.00%
5.50 % < x <= 6.00 %	0	0.00%	0	0.00%
6.00% < x	0	0.00%	0	0.00%
Total	11,578	100.00%	54,999,989,982	100.00%

12. Distribution by Monthly Installment Amount

Monthly Installment Amount (JPY)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
x <= 0	0	0.00%	0	0.00%
0 < x <= 20,000	489	4.22%	717,187,516	1.30%
20,000 < x <= 40,000	2,143	18.51%	4,778,884,927	8.69%
40,000 < x <= 60,000	2,539	21.93%	7,790,000,444	14.16%
60,000 < x <= 80,000	1,699	14.67%	6,743,276,635	12.26%
80,000 < x <= 100,000	1,431	12.36%	6,731,402,823	12.24%
100,000 < x <= 120,000	903	7.80%	5,144,965,663	9.35%
120,000 < x <= 140,000	601	5.19%	4,303,704,968	7.82%
140,000 < x <= 160,000	467	4.03%	3,666,361,523	6.67%
160,000 < x <= 180,000	336	2.90%	3,036,382,016	5.52%
180,000 < x <= 200,000	240	2.07%	2,348,759,076	4.27%
200,000 < x <= 250,000	353	3.05%	4,277,939,860	7.78%
250,000 < x <= 300,000	191	1.65%	2,521,558,696	4.58%
300,000 < x <= 350,000	99	0.86%	1,461,999,858	2.66%
350,000 < x <= 400,000	38	0.33%	611,044,364	1.11%
400,000 < x <= 450,000	23	0.20%	387,467,834	0.70%
450,000 < x <= 500,000	8	0.07%	139,159,325	0.25%
500,000 < x <= 600,000	12	0.10%	235,738,830	0.43%
600,000 < x <= 700,000	4	0.03%	61,473,519	0.11%
700,000 < x	2	0.02%	42,682,105	0.08%
Total	11,578	100.00%	54,999,989,982	100.00%

13. Distribution by Bonus Amount

Bonus Amount (JPY)	Number of Loans	%	Outstanding Principal Balance (JPY)	%
x ≤ 0	9,514	82.17%	47,423,918,276	86.23%
0 < x ≤ 100,000	307	2.65%	814,453,129	1.48%
100,000 < x ≤ 200,000	771	6.66%	2,483,836,891	4.52%
200,000 < x ≤ 300,000	425	3.67%	1,510,100,639	2.75%
300,000 < x ≤ 400,000	345	2.98%	1,457,282,382	2.65%
400,000 < x ≤ 500,000	86	0.74%	420,744,403	0.76%
500,000 < x ≤ 600,000	84	0.73%	488,137,845	0.89%
600,000 < x ≤ 700,000	26	0.22%	204,002,368	0.37%
700,000 < x ≤ 800,000	6	0.05%	48,660,712	0.09%
800,000 < x	14	0.12%	148,853,337	0.27%
Total	11,578	100.00%	54,999,989,982	100.00%

14. Distribution by Loan Type

Loan Type	Number of Loans	%	Outstanding Principal Balance (JPY)	%
Balloon Loan	11,342	97.96%	54,320,165,102	98.76%
Installment Loan	236	2.04%	679,824,880	1.24%
Total	11,578	100.00%	54,999,989,982	100.00%

15. Distribution by Balloon Percentage

Balloon Percentage	Number of Loans	%	Outstanding Principal Balance (JPY)	%
x ≤ 0 %	236	2.04%	679,824,880	1.24%
0 % < x ≤ 10 %	1,420	12.26%	4,772,696,105	8.68%
10 % < x ≤ 20 %	1,135	9.80%	3,375,553,021	6.14%
20 % < x ≤ 30 %	2,149	18.56%	9,040,231,856	16.44%
30 % < x ≤ 40 %	2,382	20.57%	11,956,454,102	21.74%
40 % < x ≤ 50 %	2,042	17.64%	11,950,930,556	21.73%
50 % < x ≤ 60 %	1,128	9.74%	7,026,257,334	12.78%
60 % < x ≤ 70 %	613	5.29%	3,587,147,610	6.52%
70 % < x ≤ 80 %	298	2.57%	1,794,302,866	3.26%
80 % < x ≤ 90 %	119	1.03%	562,454,325	1.02%
90 % < x ≤ 100 %	56	0.48%	254,137,327	0.46%
Total	11,578	100.00%	54,999,989,982	100.00%

Historical Performance Data

MBF has extracted data on the historical performance of the auto loan portfolio. The tables below show historical data on gross losses and prepayments for the period from January 2015 until (including) January 2024 from contracts originated since January 2015 and on which gross losses or prepayments occurred until (including) January 2024.

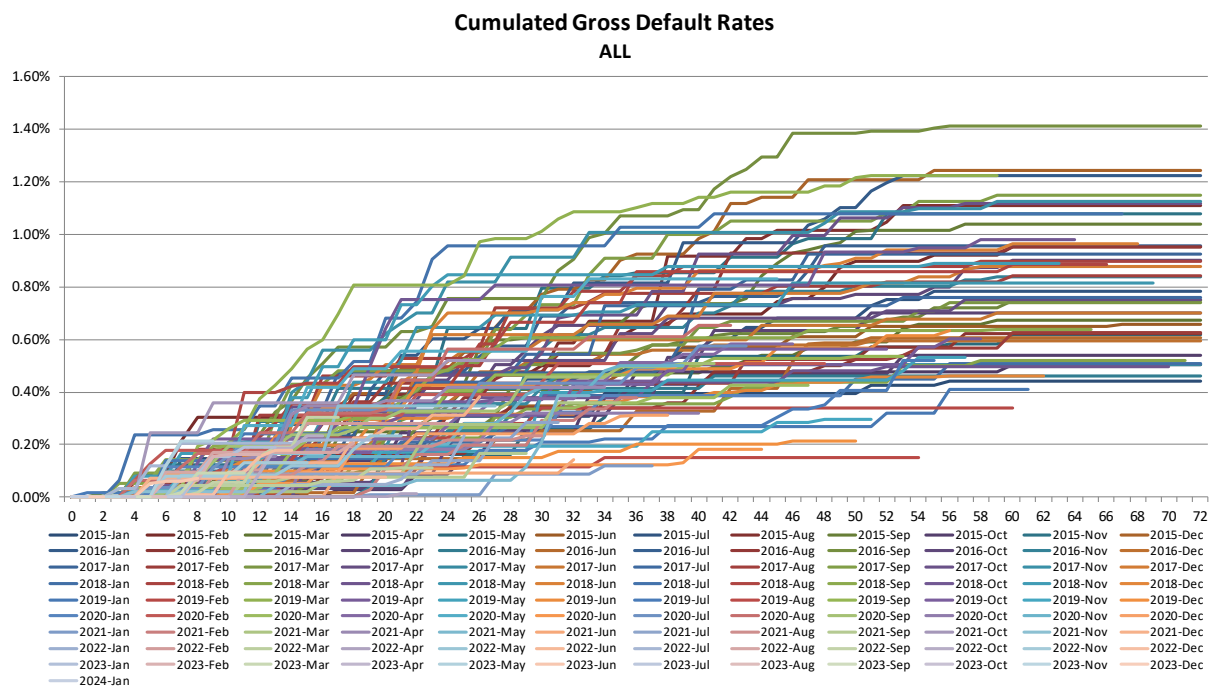
Total Portfolio

The gross losses data displayed below are in static and dynamic format. The dynamic data shows as a percentage on an annualised basis the gross losses and prepayments as against the total outstanding loan balance at the relevant time. The static data shows the cumulative gross losses realized after the specified number of months since origination, for each portfolio of loans originated in a particular month, expressed as a percentage of the original principal balance of that portfolio.

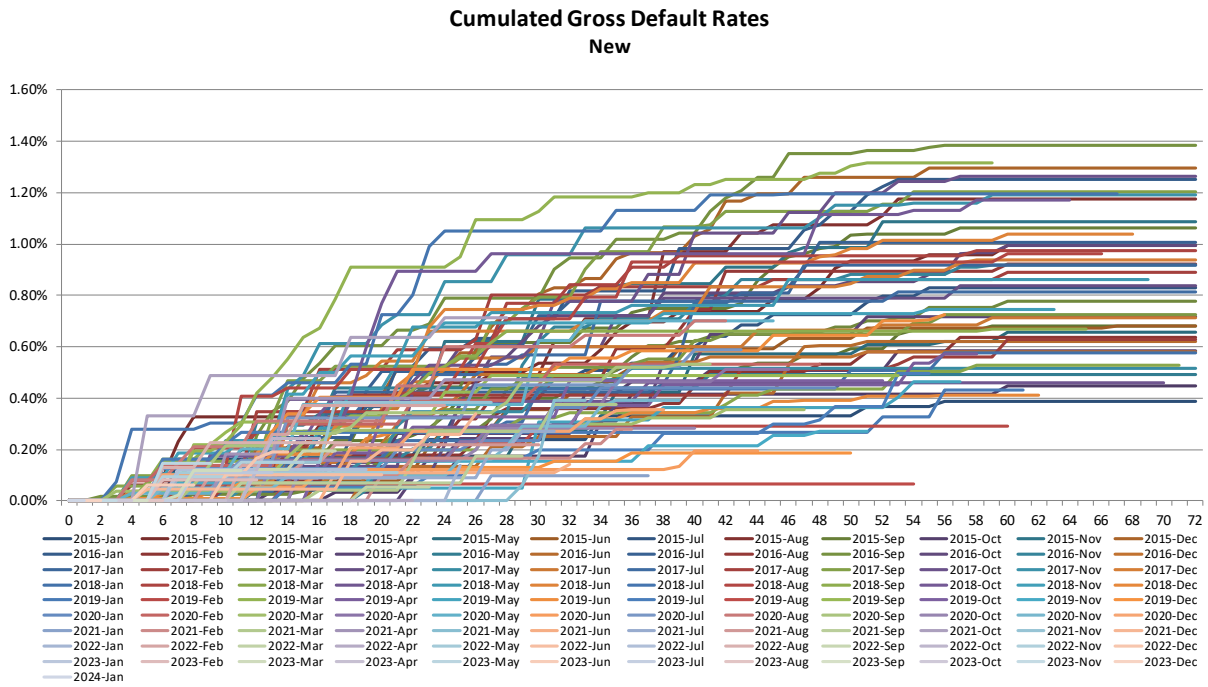
1. Static Date

(1) Gross Losses (Payment by JACCS and Orico)

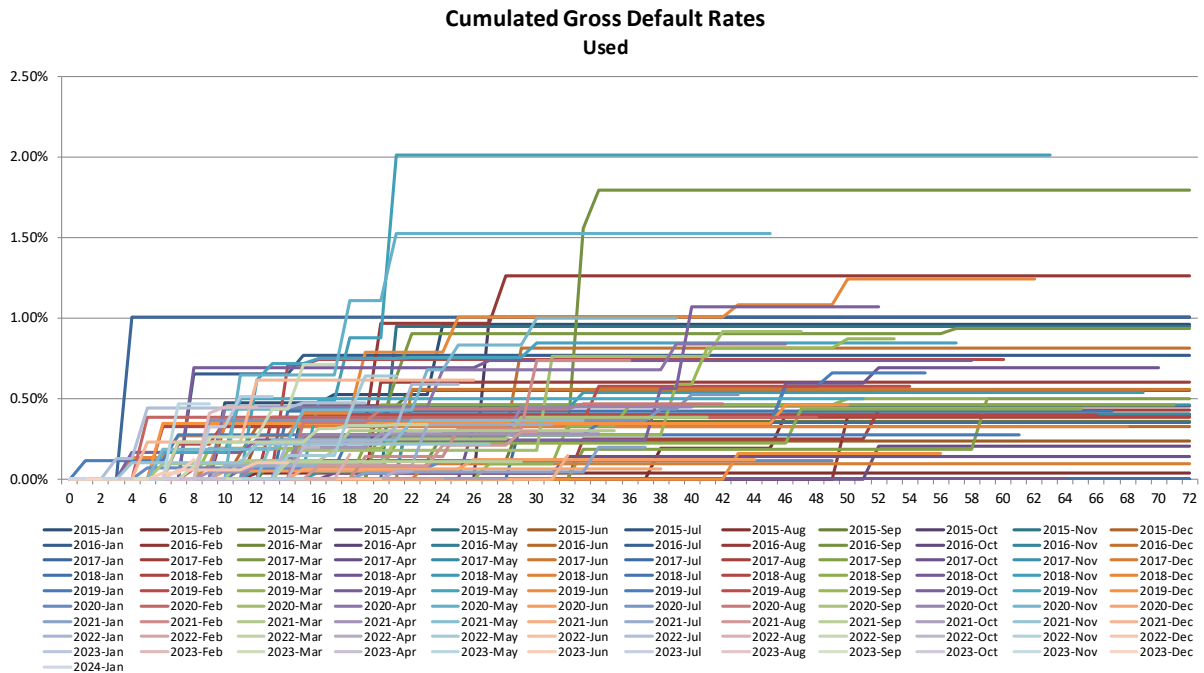
1. All Products by Monthly Vintage



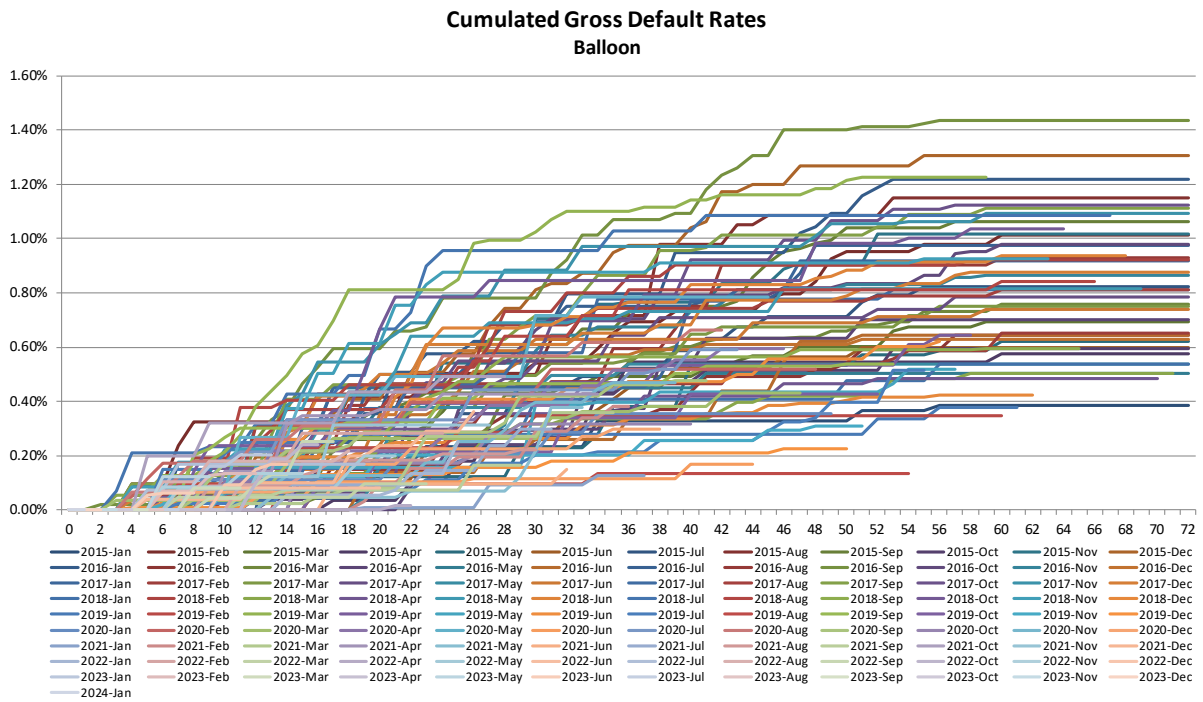
2. New Car by Monthly Vintage



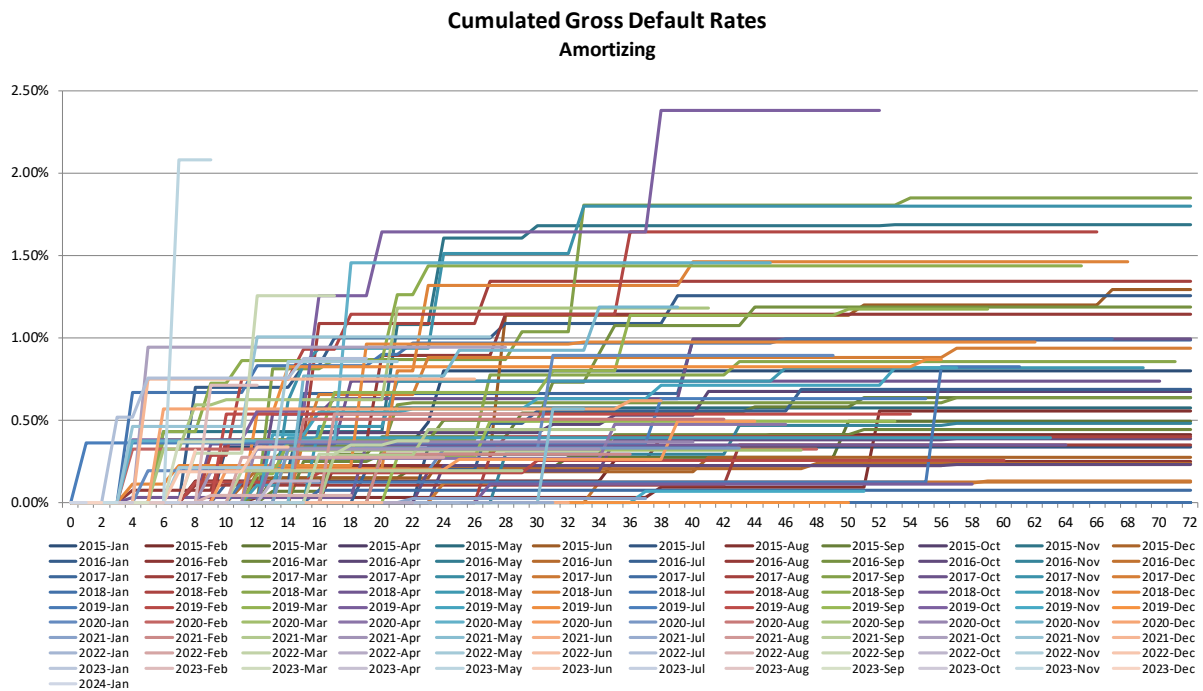
3. Used Car by Monthly Vintage



4. Balloon Loan by Monthly Vintage

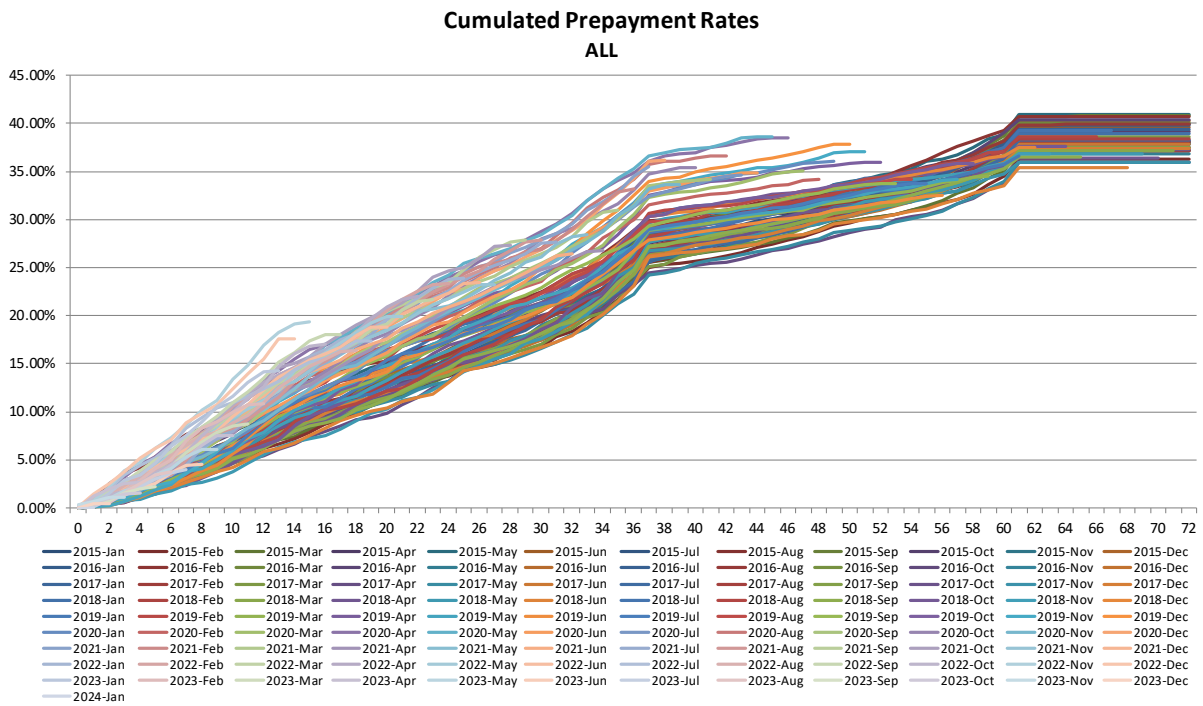


5. Installment Loan by Monthly Vintage

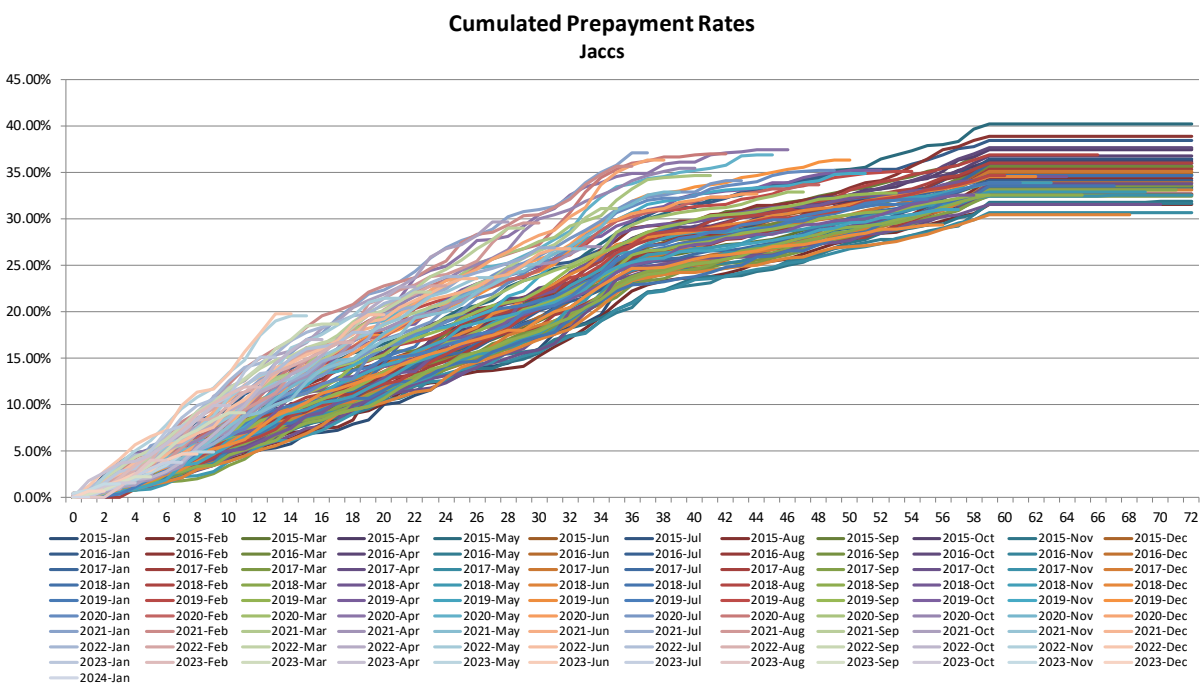


(2) Prepayments

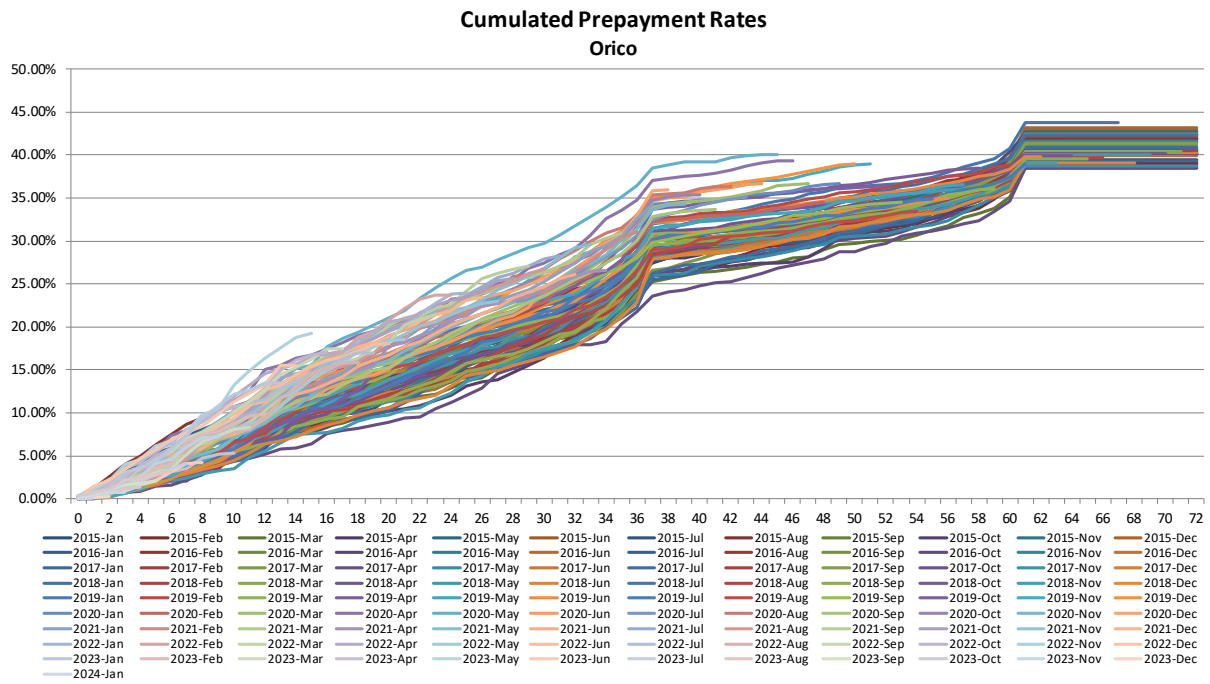
1. All Products by Monthly Vintage



2. JACCS by Monthly Vintage



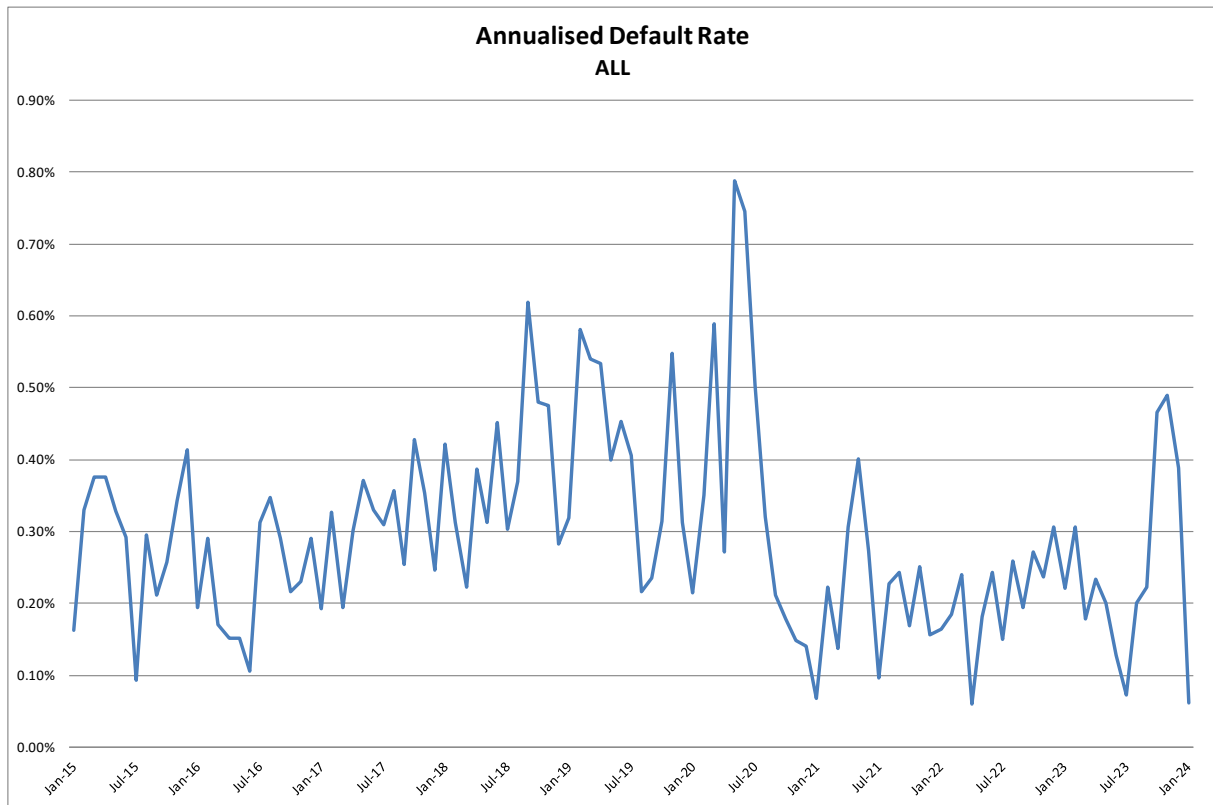
3. Orico by Monthly Vintage



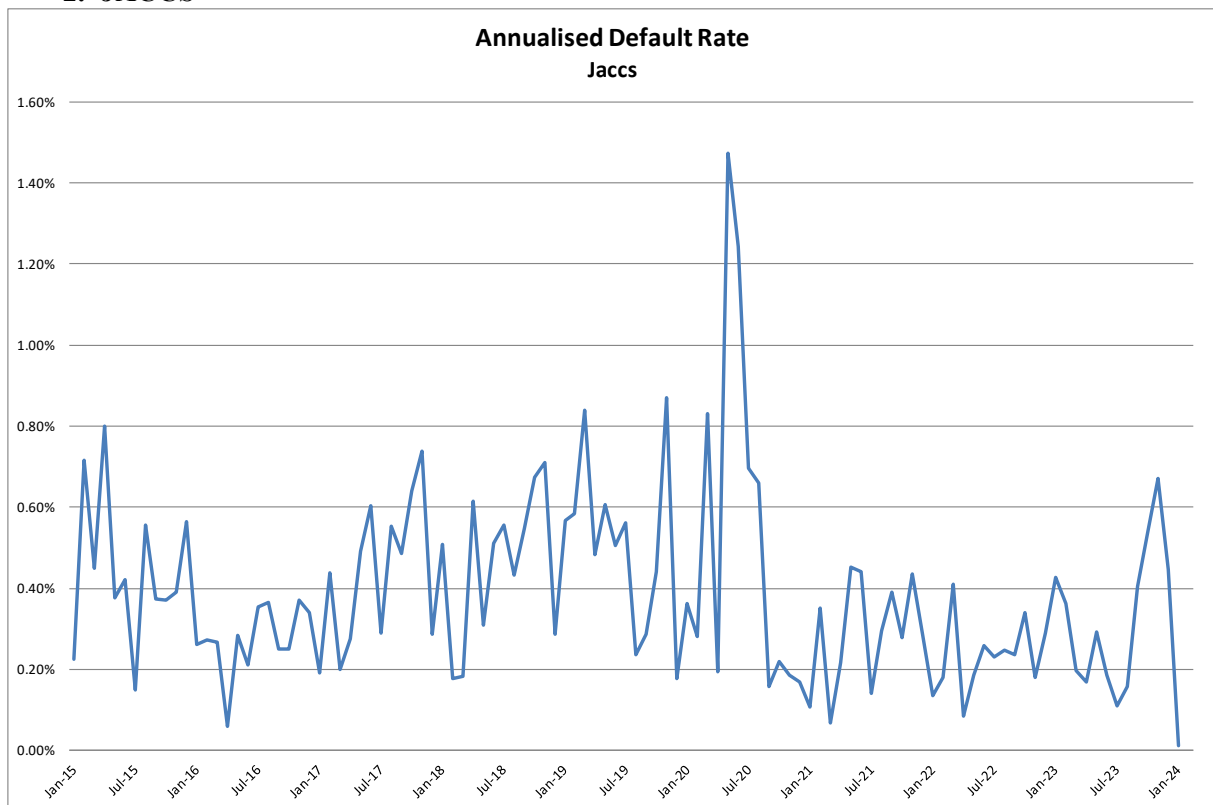
2. Dynamic Data

(1) Gross Losses (Payment by JACCS and Orico)

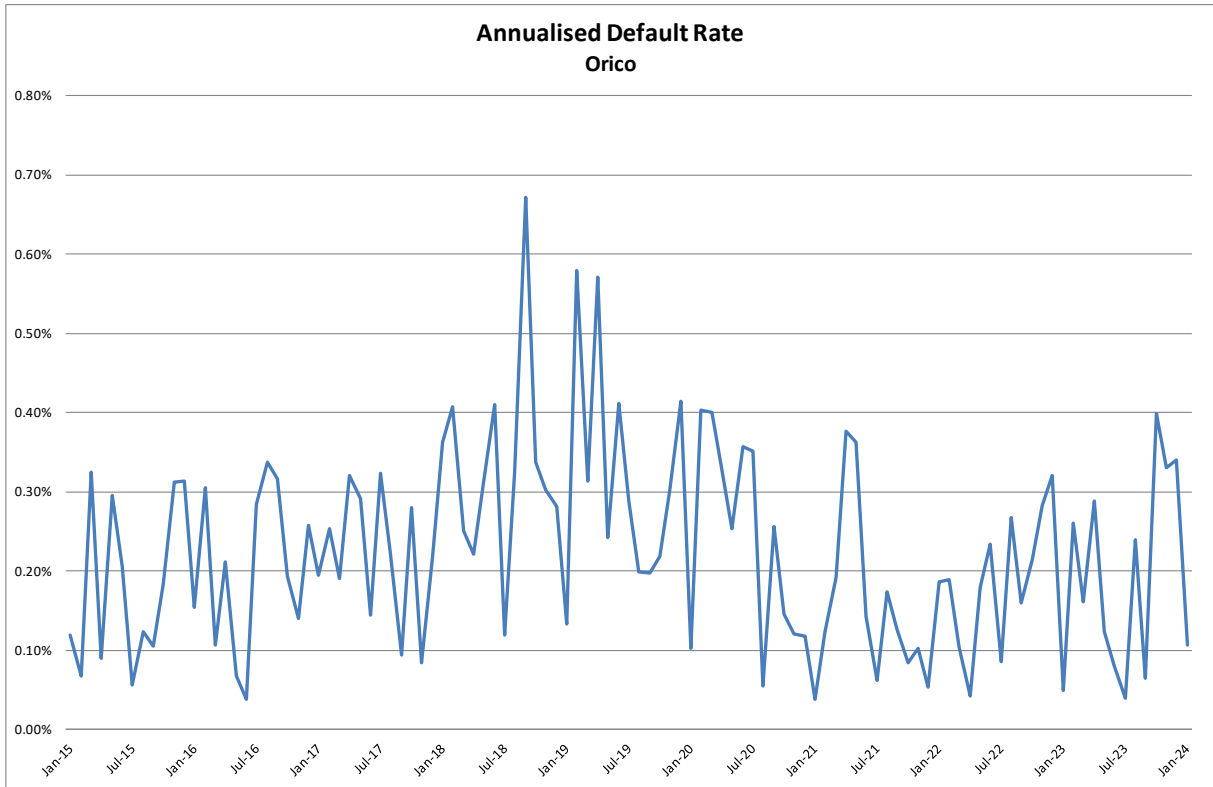
1. All Products



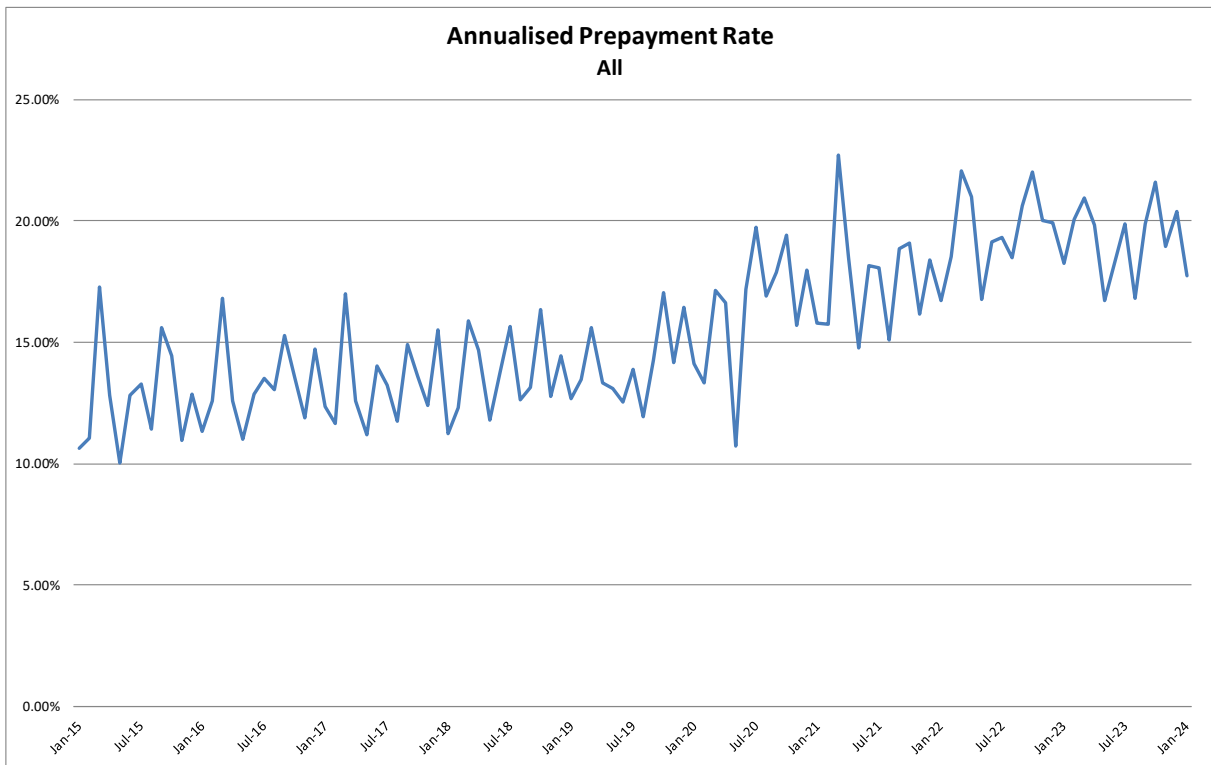
2. JACCS



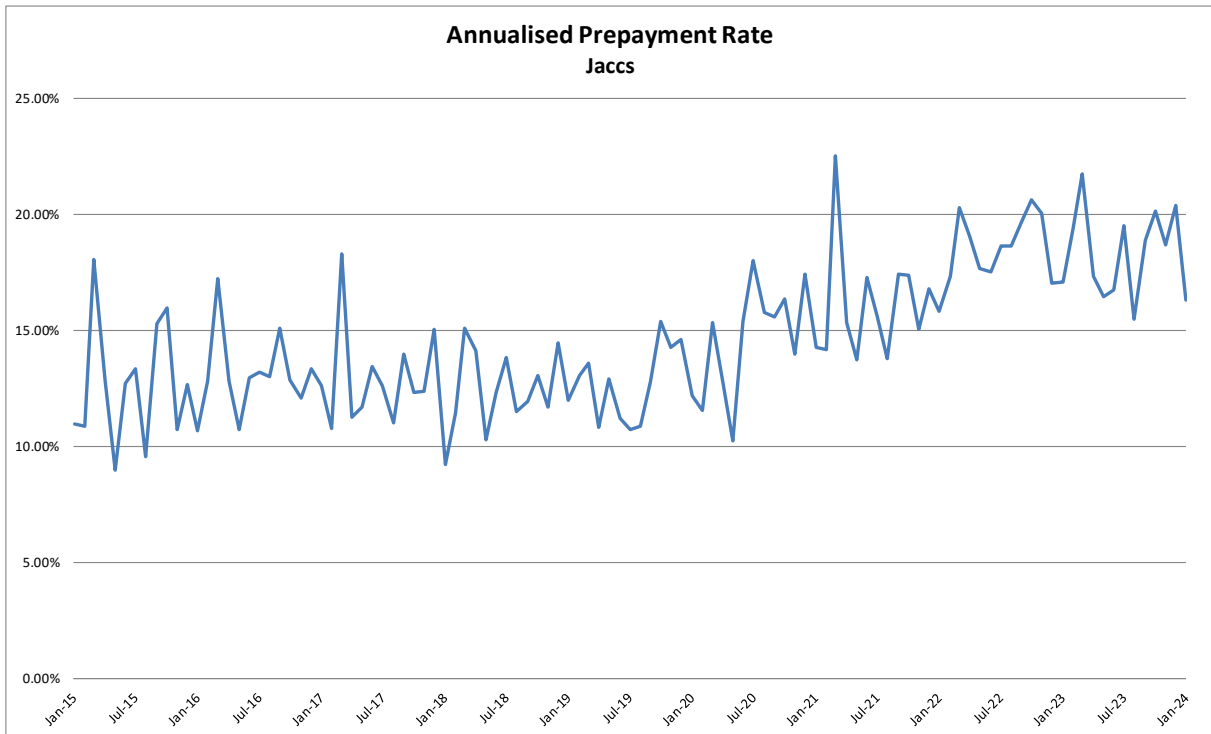
3. Orico



(2) Prepayments
1. All Products



2. JACCS



3. Orico

