

Preliminary Verification Report

In respect of the Transaction „Bavarian Sky S.A., acting in respect of its
Compartment German Auto Leases 5“



27 August 2019

Authorization of SVI as third party

STS Verification International GmbH ("SVI") has been authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht "BaFin", as the competent authority pursuant to Art 29 of the Securitisation Regulation and § 44 German Banking Act) to act in all EU countries as third party pursuant to Art 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to Art 27 (2) of the Securitisation Regulation.

Mandating of SVI and verification steps

On 2 May 2019, SVI has been mandated by the Originator (BMW Bank GmbH) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "BSKY Leases 5" (the "Transaction").

As part of our verification work, we have met with representatives of BMW Bank GmbH and BMW Group (both "BMW") to conduct an onsite due diligence meeting in Munich on 6th May 2019 ("Due Diligence"). In addition, we have discussed selected aspects of the Transaction with BMW and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of BMW and the underlying transaction documentation.

For the purposes of our analysis, we have reviewed the following documents and other information related to the Transaction:

- Draft of the Preliminary Offering Circular („Preliminary OC“)
- Draft German Legal Opinion („LO“)
- Draft Incorporated Terms Memorandum ("ITM")
- Draft Lease Receivables Purchase Agreement („LRPA“)
- Draft Servicing Agreement („Servicing Agreement“)
- Draft Swap Agreement ("Swap Agreement")

- Draft Bank Account Agreement (“Account Agreement”)
- Due Diligence Presentation by BMW („Due Diligence Presentation”)
- Investor Presentation by BMW („Investor Presentation”)
- Agreed-upon Procedures („AuP”)
- Latest version of the liability cash flow model (“CF-Model)
- Data Package received by BMW (“Data Package”)
- Draft Investor Report received from BMW (“Draft Investor Report”)
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Preliminary Verification Report provided to the Originator is evaluated on the basis of three fulfilment values (traffic light status):

Criterion is fully met	
Criterion is mostly met, but with comments or requests for missing information	
Criterion not (yet) met on the basis of available information	

The verification process is based on the SVI verification manual (“Verification Manual”), defined terms of the Verification Manual shall also apply to this report. It describes the verification process and the individual inspections in detail. The Verification Manual is applicable to all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified. Based on the Verification Manual, SVI has derived the Transaction Verification Catalogue for this Transaction as described under Verification

Method in this report. For a full description of the methodology used by SVI for the Verification can be found in the Verification Manual on our website: www.svi-gmbh.com.

Disclaimer of SVI

SVI grants a registered verification label "verified – STS VERIFICATION INTERNATIONAL" if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation ("STS Requirements"). The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the SVI verification does not affect the liability of an originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of verification services from SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation. Notwithstanding confirmation by SVI which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as set out in this Preliminary Verification Report and disclaims any responsibility for monitoring the issuer's continuing compliance with these standards or any other aspect of the issuer's activities or operations. Furthermore, SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

Investors should therefore not evaluate their investment in notes on the basis of this Preliminary Verification Report.

SVI assumes due performance of the contractual obligation thereunder by each of the parties and the representations made and warranties given in each case by any persons to SVI or in any of the documents are true, not misleading and complete.

LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Preliminary Verification Report in capital spelling, please refer to the defined terms in the section “Transaction Definitions” in the Preliminary OC.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BMW	BMW Bank GmbH and BMW Group
BSKY Leases 5	Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 5
CF-Model	Cash Flow-Model
EBA	European Banking Authority
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
Final OC	Final Offering Circular
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
Issuer	BSKY Leases 5
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)
Originator	BMW Bank GmbH
Pkw-EnVKV	Pkw-Energieverbrauchskennzeichnungsverordnung (German-law ordinance for passenger car energy consumption labelling)
Preliminary OC	Preliminary Offering Circular dated 27 August 2019
Preliminary Verification Report	Draft preliminary Verification Report prepared by SVI in respect of the Transaction
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
Seller	BMW Bank GmbH
Servicer	BMW Bank GmbH
SPV	Special Purpose Vehicle or Issuer
Transaction	The securitisation of auto lease receivables involving BSKY Leases 5 as Issuer

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the risk positions takes place by means of a true sale and is legally enforceable.	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence (Prospectus)</p> <p>The legal opinion confirms the assignment and the transfer of title to the purchased lease receivables to the SPV through a true sale with respect to the valid security transfer of title of the leased vehicles (all subject to customary qualifications).</p> <p>The legal opinion confirms the legal enforceability of the true sale, assignment or transfer against the seller and third parties with respect to the valid, legally binding and enforceable rights and obligations of the parties to the German law documents, with respect to the transfer and assignment of the purchased lease receivables and with respect to the creation of a valid, legally binding and enforceable security interest in favour of the Trustee (all subject to customary qualifications).</p> <p>The Legal Opinion confirms that there are no increased risks with regard to claw-back and re-characterisation.</p> <p>The Legal Opinion covers the review of the standard form lease agreements with respect to any restrictions on assignment. The LRPA contains in Section 10.1 in connection with Schedule 3, Part 3 of the ITM representations and warranties by the Seller as of the issue date concerning the legally valid, binding and enforceable nature of the lease agreements (which term includes by definition the general terms and conditions) under which the relevant lease receivable and lease collateral arise, its assignability and its compliance with applicable consumer financing laws.</p>
#	Criterion Article 20 (1)	Verification Report
2	Requirements for the external legal opinion	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>The LO is provided by Linklaters LLP, a well-known law firm with expertise in the area of securitisation.</p> <p>The legal opinion is made available to SVI as third-party verification agent and to competent supervisory authorities.</p>
#	Criterion Article 20 (2)	Verification Report
3	Specification of increased claw-back risks : Are there any provisions in the respective national insolvency law, which could render the transfer voidable?	<p><u>Verification Method:</u> Legal (Legal opinion)</p> <p>Other than as provided under German insolvency laws in case of fraudulent, unfair prejudicial or improperly favourable transfers there are no such increased risks. Such laws are considered non-increased claw-back risks under Art. 20 (3) of the Securitisation Regulation.</p> <p>Under applicable German insolvency law in respect of a transfer within certain time periods prior to and after the filing of insolvency proceedings the SPV must demonstrate that it had no knowledge of the seller's insolvency.</p> <p>To mitigate against this, Section 12.1 (iii) of the Subscription Agreement provides for the delivery of a solvency certificate of the Seller as condition precedent for the issuance of the notes and the LRPA (Section 10.1 together with Schedule 3 Part 1 No. 3 of</p>

the Incorporated Terms Memorandum) provides for the representation and warranty of the Seller confirming the non-occurrence of an insolvency event. The solvency certificate as well as such representation and warranty on the issue date may be used by the SPV to demonstrate its non-knowledge of the seller's insolvency.

#	Criterion Article 20 (3)	Verification Report
4	Specification of non-increased claw-back risks: National insolvency laws are harmless, as they provide for the possibility of reassignment in other unfair ways in the event of fraud, damage to creditors or favouring other creditors.	<p><u>Verification Method:</u> Legal (Legal opinion)</p> <p>Applicable German insolvency laws are considered not to represent any severe claw-back risks (see above under #3).</p>

#	Criterion Article 20 (4)	Verification Report
5	If the sale and transfer is not taking place directly between the seller and the SPV but intermediate sales take place, is the true sale still fulfilled?	<p><u>Verification Method:</u> Legal (Legal opinion, Receivable purchase agreement)</p> <p>Under the transaction structure used by BSKY Leases 5, the sale and transfer takes place directly between the Seller (who is the original lender) and the SPV acting as Issuer, i.e. without any intermediate sale taking place.</p>

#	Criterion Article 20 (5)	Verification Report
6	If the transfer of receivables takes place at a later stage , are the trigger events in relation to the seller's credit quality standing sufficiently defined?	<p><u>Verification Method:</u> Legal (Legal opinion, Receivable purchase agreement)</p> <p>The transfer of the underlying exposures will occur on the closing date of the transaction (scheduled for on or around 23 September 2019), i.e. there will be no transfer of receivables at a later stage.</p>

#	Criterion Article 20 (6)	Verification Report
7	Representations and warranties of the seller with regard to the legal condition of the underlying exposures	<p><u>Verification Method:</u> Legal (Receivable purchase agreement)</p> <p>The Seller (who is the original lender) warrants that the underlying purchased lease receivables are legally valid, binding and enforceable lease agreements and that, to the best of its knowledge, the eligible lease receivables are not encumbered or</p>

otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect, see section "ELIGIBILITY CRITERIA", items (a) and (b) of the Preliminary OC and above under #3.

#	Criterion Article 20 (7)	Verification Report
8	Clear selection criteria ('eligibility criteria') and no active portfolio management (I / III)	<p><u>Verification Method:</u> Legal (Receivable purchase agreement)</p> <p>The underlying exposures transferred from the Seller to the SPV are selected according to predetermined, clear and documented eligibility criteria, see section "ELIGIBILITY CRITERIA" in the Preliminary OC.</p> <p>The transaction is amortising and does not feature a revolving period and / or a term take-out.</p> <p>There are no exposures that will be transferred to the SPV after closing of the transaction.</p> <p>As a result of the above, the criterion "no active portfolio management" is fulfilled.</p>

#	Criterion Article 20 (7)	Verification Report
9	Clear selection criteria ('eligibility criteria') and no active portfolio management (II / III)	<p><u>Verification Method:</u> Due Diligence</p> <p>The underlying exposures in the provisional and the final pool are selected based on a well-established, random selection process.</p> <p>In case a purchased lease receivable should turn out to be not eligible, the Seller shall be deemed to have received a collection equivalent to the discounted outstanding lease balance(s) of the affected purchased lease receivable(s) and shall pay such deemed collection to the Issuer, see section "TRANSACTION OVERVIEW", subsection "Deemed Collections" of the Preliminary Offering Circular as well as clause 14 of the LRPA. There will, however, be no substitution of the ineligible receivable with a new receivable.</p>

#	Criterion Article 20 (7)	Verification Report
10	Clear selection criteria ('eligibility criteria') and no active portfolio management (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample, amongst others covers the key eligibility criteria specified for the Transaction. Please also refer to #39 for a summary of the scope of the asset audit.</p>

#	Criterion Article 20 (8)	Verification Report
11	Securitisation of a homogeneous portfolio in terms of asset classes (I / III)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>According to Art. 1 (a)(v) of the EBA Final RTS on the homogeneity of the underlying exposures the underlying exposures correspond to the asset type auto loans and leases.</p> <p>The Seller has chosen the homogeneity factor according to Art. 2 (4.) (b) of the EBA Final RTS on the homogeneity of the underlying exposures, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to lessees with residence in one jurisdiction (Germany) only, see section "ELIGIBILITY CRITERIA", item (r) of the Preliminary OC.</p>
12	Securitisation of a homogeneous portfolio in terms of asset classes (II / III)	<p><u>Verification Method:</u> Due Diligence (Underwriting and Servicing Policy)</p> <p>The underlying exposures have been originated in accordance with consistent underwriting standards, as presented in the Due Diligence and further described in # 17. No distinction is made between securitised and non-securitised receivables.</p> <p>The processes assure that only lessees resident in Germany are originated according to the underwriting policy.</p> <p>The same applies to the servicing policy, with the underlying exposures being serviced using consistent standards and no distinction being made between securitised and non-securitised receivables.</p>
13	Securitisation of a homogeneous portfolio in terms of asset classes (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>The homogeneity factor "residence in Germany" is, through the check of the key eligibility criteria "The relevant lease agreement has been entered into with a lessee which (i) if being a corporate entity has its registered office in Germany or (ii) if being an individual has its place of residence in Germany" (see section "ELIGIBILITY CRITERIA", item (r) of the Preliminary OC), part of the Pool Data and Eligibility Criteria Verification as further described in #39.</p>
14	The underlying exposures contain obligations that are contractually binding and enforceable	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>Section "ELIGIBILITY CRITERIA", item (a) of the Preliminary OC contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures, i.e. the lease agreements under which the relevant lease receivables arises. Please also refer to #1.</p>

#	Criterion Article 20 (8)	Verification Report
15	The underlying exposures have defined periodic payment streams and do not include transferable securities other than unlisted corporate bonds	<p><u>Verification Method:</u> Legal (Legal opinion, Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The underlying exposures for the transaction represent standard auto lease agreements originated by BMW Bank GmbH in respect of retail and commercial clients.</p> <p>The underlying exposures represent the finance portion (itself comprising a claim against the lessees in respect of the lease instalments - the purchased lease receivables shall not include the portions relating to the VAT, the residual value and the provision of services, see section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Lease Instalments of the Purchased Lease Receivables" of the Preliminary OC) paid by the lessee during the term of the lease agreement on a monthly basis and have defined periodic payment streams during that term.</p> <p>The eligibility criteria restrict the underlying exposures to lease receivables originated under a lease contract. The compliance of the provisional pool with the eligibility criteria has been verified through the eligibility criteria verification (see #39).</p>
#	Criterion Article 20 (9)	Verification Report
16	Are there any securitisation positions in the portfolio?	<p><u>Verification Method:</u> Legal (transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The eligibility criteria restrict the underlying exposures to lease receivables originated under a lease contract, thereby assuring that no securitisation position may become part of the portfolio. The compliance of the provisional pool with the eligibility criteria has been verified through the Pool Data and Eligibility Criteria Verification (see # 39).</p> <p>As demonstrated during the Due Diligence, the origination and/or resale of securitisation positions is not part of the business model of the Originator and not permitted under the Originators' underwriting policy.</p>
#	Criterion Article 20 (10)	Verification Report
17	Origination of underlying exposures in the ordinary course of business and in accordance with underwriting standards that are no less stringent than those applied to non-securitised risk positions	<p><u>Verification Method:</u> Legal (Underwriting and Servicing Policy) / Due Diligence</p> <p>BMW Bank GmbH is today one of Germany's leading automobile banks, active in Germany since 1971. Organisation and business processes have been developed over decades. BMW Bank GmbH is subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and the European Central Bank in accordance with the German Banking Act (Kreditwesengesetz) (please also refer to the website of BMW Bank GmbH: https://www.bmwbank.de/impressum.html).</p> <p>As presented and discussed in the Due Diligence, the well-developed, highly professional and reasonably automated organisation of BMW Bank's business procedures is in line with the volume and quantity of business transactions. Sales are made via the dealership groups for "BMW / MINI" and "Multimake".</p>

		<p>BMW Bank's business procedures assure that securitised exposures have been originated in the ordinary course of business and in accordance with uniform standards. Deviations from the underwriting policy are only permissible in well-defined and documented instances. The underlying exposures are selected for securitisation using a random selection process.</p> <p>The underlying exposures are similar to the non-securitised lease contracts in the asset type "auto loans and leases" due to the strictly random selection process.</p> <p>Since no exposures will be transferred to the Issuer after closing (static portfolio), no obligation to disclose material changes to the underwriting policy after the closing of the Transaction applies.</p>
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#	Criterion Article 20 (10)	Verification Report
18	Underwriting standards for securitised exposures are no less stringent than those applied to non-securitised exposures	<p><u>Verification Method</u>: Due Diligence</p> <p>As presented and discussed in the Due Diligence, no distinction is made between securitised and non-securitised exposures in any respect, be it applicable regulatory standards, competence grid and involvement of decision-makers, distribution channels, product types and product characteristics, annual agreements on (sales) objectives, sales management measures and bonus systems, lending standards, approval processes and incentive measures, credit processing, dunning procedures, debt collection, realisation of collateral, customer service, outsourcing of sales, underwriting and servicing activities or areas of risk controlling, accounting and reporting (except for the required reporting of ABS transactions).</p> <p>Employees of the Originator or sales staff of the dealership groups involved in the underwriting do not know whether a risk position currently being processed for application will be securitised at a later stage or not.</p>

#	Criterion Article 20 (10)	Verification Report
19	Assessment of the borrower's creditworthiness performed in accordance with Article 8 of Directive 2008/48/EC, or paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU or, if applicable, the analogous provisions of a third country	<p><u>Verification Method</u>: regulatory / legal / due diligence / data</p> <p>BMW Bank is a financial institution (Kreditinstitut) according to §1 German Banking Act. As such, the Originator is supervised by BaFin as competent national supervisory authority and by the European Central Bank. BMW Bank performs the „Assessment of the borrower's creditworthiness" with respect to lease contracts with consumers in accordance with paragraphs 1-4, point a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU as reflected in § 505 a and § 505 b German Civil Code (BGB).</p>

#	Criterion Article 20 (10)	Verification Report
20	Originator's experience (management and senior staff) in origination of risk positions	<p><u>Verification Method:</u> Regulatory (suitable proof incl. Imprint Website) / Due Diligence</p> <p>As an institution, the Originator does have substantially more than 5 years of experience in origination and underwriting of exposures similar to those securitised, see section "THE SELLER AND SERVICER" of the Preliminary OC.</p>
#	Criterion Article 20 (11)	Verification Report
21	The underlying exposures are transferred without undue delay after selection	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The date of the preliminary and final pool cuts are 31 March 2019 and [31 August 2019], respectively. Transfer of the final pool will occur at closing (scheduled for on or around the 23 September 2019), i.e. without undue delay.</p>
#	Criterion Article 20 (11)	Verification Report
22	The underlying exposures do not include any defaulted exposures or to debtors/guarantors with impaired creditworthiness	<p><u>Verification Method:</u> Regulatory (suitable proof incl. Imprint Website) / Legal (Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The Originator is an institution subject to Regulation (EU) No. 575/2013. As presented in the Due Diligence and confirmed in the Preliminary OC the purchased lease receivables are transferred to the Issuer after selection without undue delay and do not include, at the time of selection and to the best of the Originator's knowledge, exposures in default within the meaning of Article 178 (1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired lessee or guarantor (see section "ELIGIBILITY CRITERIA", items (o) and (s) of the Preliminary OC).</p> <p>Furthermore, the underlying exposures will not include purchased lease receivables relating to credit-impaired lessees or guarantors who, to the best of the Originator's knowledge, have (1) been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within 3 years prior to the transfer date of the underlying exposures to the Issuer; (2) was, at the time of origination, on a public credit registry of persons with adverse credit history; or (3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised (see section "ELIGIBILITY CRITERIA", item (s) of the Preliminary OC).</p> <p>The Originator represents, with regards to the question which sources of information has been used to identify defaulted exposures and to determine if a borrower or guarantor is credit-impaired, that information have been obtained (1) from the lessee on origination of the exposures, (2) in the course of BMW Bank's servicing of the exposures or BMW Bank's risk management procedures, or (3) from a third party, see section "ELIGIBILITY CRITERIA", items (o) and (s) of the Preliminary</p>

	Offering Circular. This is in line with the 'best knowledge' standard stipulated in the EBA Guidelines (see section "ELIGIBILITY CRITERIA", item (s) of the Preliminary OC).
	Lessees and guarantors (i) declared insolvent and/or undergone a debt-restructuring process, or (ii) found on a public or other credit registry of persons with adverse credit history are generally not eligible according to the underwriting policy, as discussed in the Due Diligence.
	The Originator has IT systems in place to ensure that defaulted exposures or exposures to lessees/guarantors with impaired creditworthiness are excluded from the provisional or final pool cut.

#	Criterion Article 20 (11)	Verification Report
23	The risk positions do not have a credit assessment or a credit score that allows a significantly higher default risk to be expected than for non-securitised risk positions	<p><u>Verification Method</u>: Due Diligence</p> <p>The most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio are the profiles of the retail and commercial customers, credit agencies' information and financial information as well as past payment behaviour. All of these factors have an impact on the credit score.</p> <p>These factors are the same for securitised and non-securitised exposures due to the strictly random selection process.</p> <p>On this basis, it can be reasonably assumed that – in comparison to non-securitised exposures - no worse performance should occur for securitised exposures for the term of the Transaction.</p> <p>The requirement that the underlying exposures do not have a "credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised" is considered to be met as the underlying exposures do not include (i) exposures that are classified as doubtful, impaired, non-performing or similar, or (ii) exposures whose credit quality (based on credit ratings or other credit quality thresholds) significantly differs from the quality of other exposures ordinarily originated by the Originator.</p>

#	Criterion Article 20 (12)	Verification Report
24	At the time of the transfer, the debtor has paid at least 1 instalment	<p><u>Verification Method</u>: Legal (Transaction documents) / Data (AuP Report)</p> <p>The Originator warrants that on the initial cut-off date at least 1 instalment has been paid in respect of each purchased lease receivable, see section "ELIGIBILITY CRITERIA", item (k) of the Preliminary Offering Circular.</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample (please also refer to #39, Article 22 (3)), covers the above mentioned eligibility criteria.</p>

#	Criterion Article 20 (13)	Verification Report
25	The repayment of the securitisation position should not be predominantly dependent on the sale of assets collateralising the underlying exposures	<p><u>Verification Method</u>: Legal (Transaction document) / Due Diligence / Data</p> <p>The Transaction does not, for the repayment of the securitisation positions, rely in any way on the sale of assets. This is achieved mainly by the fact that the residual value (RV) portion of the lease contracts, which bears the potential risk that the value of the underlying vehicle fluctuates, does not form part of the underlying exposures (also see above, #15, Art. 20 (8) of the Securitisation Regulation).</p>
#	Criterion Article 21 (1)	Verification Report
26	Risk retention (Art. 6.1 of the Securitisation Regulation), usually by the Originator	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>Holder of risk retention: BMW Bank GmbH as the Seller, as subordinated lender and as Originator, see section "RISK RETENTION" of the Preliminary Offering Circular.</p> <p>Type of risk retention: in accordance with Article 6 (3) (d) of Securitisation Regulation, see section "RISK RETENTION" of the Preliminary Offering Circular. The Seller will (i) retain the Class B Note and (ii) retain a first loss tranche constituted by the claim for repayment of a loan advance so that the sum of the aggregate principal amount of the Class B Notes and the nominal amount of the subordinated loan is equal to at least 5 per cent of the nominal amount of the "securitised exposures" (i.e. the purchased lease receivables).</p> <p>The monthly reports will also set out monthly confirmation regarding the continued holding of the risk retention by the Originator, as confirmed by the Originator (see section "RISK RETENTION" of the Preliminary Offering Circular).</p> <p>The legal obligation of the seller to hold the risk retention during the lifetime of the transaction is entered into according to section "RISK RETENTION" of the Preliminary Offering Circular.</p>
#	Criterion Article 21 (2)	Verification Report
27	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (I / II)	<p><u>Verification Method</u>: Due Diligence</p> <p>Since the lease receivables are fixed rate and the Class A Notes are floating rate, interest rate risks arise from such mismatch. Both assets and liabilities of the Issuer are EUR denominated hence no currency risk occurs.</p> <p>The purchased lease receivables bear interest at fixed rates while the Class A Notes will bear interest at floating rates based on 1-M-EURIBOR. Interest rate risk for the Class A Notes are hedged appropriately with a fixed-floating interest rate swap where the swap notional is always equal to the outstanding notes' balance.</p>

No further risks in addition to interest rate risks are hedged under the interest rate hedge agreement.

#	Criterion Article 21 (2)	Verification Report
28	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (II / II)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The legal instrument used by the Issuer to hedge interest rate risks is the Swap Agreement for the Class A Notes, see in this regard section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" as well as section "TRANSACTION OVERVIEW", subsection "Swap Agreement" of the Preliminary OC.</p> <p>The agreement considers any potential asset liability mismatch by referencing to the outstanding notes balance, and the agreement is based on the 1992 ISDA Master Agreement as established market standard.</p> <p>The requirements for eligible swap counterparties are market standard in international finance, see section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" of the Preliminary OC as well as section "MASTER DEFINITION SCHEDULE", definition of "Eligible Swap Counterparty" in the Incorporated Terms Memorandum.</p>

#	Criterion Article 21 (3)	Verification Report
29	Generally used reference rates for interest payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>No reference rates apply to the purchased lease receivables which bear fixed interest rates.</p> <p>The Class A Notes will bear interest at floating rates based on 1-M-Euribor, see section "RISK FACTORS", subsection "Interest Rate Risk" as well as section "TRANSACTION OVERVIEW", subsection "Swap Agreement" in the Preliminary OC, constituting a market standard reference rate.</p> <p>The interest for the cash accounts will be based on EONIA, also constituting a market standard reference rate, see section „Issuer Account; Interest“ in the Bank Account Agreement.</p> <p>Currency hedges are not provided for in the transaction structure.</p>

#	Criterion Article 21 (4)	Verification Report
30	Requirements in the event of an enforcement or delivery of an acceleration notice	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>After the occurrence of an Enforcement Event:</p> <ul style="list-style-type: none"> no cash will be retained with the Issuer, see section "TERMS AND CONDITIONS OF THE NOTES", subsection "Post-Enforcement Priority of Payments" in the Preliminary OC.

		<ul style="list-style-type: none"> the Available Post-Enforcement Funds will be used for the fully sequential amortisation of the securitisation positions as determined by the seniority of the securitisation position, see section "TERMS AND CONDITIONS OF THE NOTES", subsection "Post-Enforcement Priority of Payments" in the Preliminary OC. all creditors of a class of notes will be served equally. interest and principal payments are first made for the Class A Notes and then interest and principal payments are made for the subsequent Notes, hence repayments are not reversed with regard to their seniority. no automatic liquidation or sale of risk positions or assets is provided for.
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#	Criterion Article 21 (5)	Verification Report
31	Sequential repayment as fall-back in the event of a deterioration in portfolio quality for Transactions that feature a non-sequential priority of payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Transaction has a strictly sequential priority of payment.</p>

#	Criterion Article 21 (6)	Verification Report
32	Early amortisation provisions or triggers for termination of the revolving phase to include at least the following:	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>n.a. (no revolving period)</p>
	a) deterioration in the credit quality of the underlying exposures below a predefined threshold	n.a. (no revolving period)
	b) insolvency-related events in relation to the Originator or the Servicer	n.a. (no revolving period)
	c) decline in value of the underlying exposures below a predefined threshold	n.a. (no revolving period)

	d) failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	n.a. (no revolving period)
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#	Criterion Article 21 (7)	Verification Report
33	Clear rules in the Transaction documentation regarding obligations, tasks and responsibilities of the Servicer, trustees and other ancillary service providers	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Servicing Agreement provides for a clear specification of the contractual obligations, duties and responsibilities of the servicer, especially with regard to the servicing, monitoring, reporting and monthly advances to mitigate for commingling risk, as well as the provisions for a potential replacement in case of a servicer termination event, see section "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS", subsection "Servicing Agreement" of the Preliminary OC or the Servicing Agreement.</p> <p>Similar provisions for the obligations, duties and responsibilities of the Corporate Administrator (Intertrust) who is administering the Issuer, the Trustees (BNY Mellon Corporate Trustee Services, UK, as Trustee and BNY Mellon, Frankfurt Branch, as Data Trustee), the Account Bank (BNY Mellon, Frankfurt Branch) and further agents (BNY Mellon, London Branch as Calculation Agent, Paying Agent and Interest Determination Agent) are provided for in the Preliminary OC, see section "PARTIES TO THE TRANSACTION".</p> <p>The transaction documentation specifies clearly provisions that ensure the replacement of derivative counterparties, liquidity providers and the Account Bank in the case of their default, insolvency, and other specified events, where applicable. In respect of the Account Bank provisions exist for its replacement if the Account Bank ceases to be an "Eligible Counterparty" as set out in section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Bank account used for the Transaction" of the Preliminary OC.</p> <p>Also, detailed provisions exist for the obligations, duties and responsibilities of the swap counterparty (see sections "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" in the Preliminary OC).</p>

#	Criterion Article 21 (8)	Verification Report
34	Experience of the Servicer (management and senior staff) in the servicing of exposures of a similar nature to those securitised	<p><u>Verification Method:</u> Regulatory (suitable proof) / Legal (Transaction documents) / Due Diligence</p> <p>BMW Bank GmbH is a financial institution (Kreditinstitut) according to §1 German Banking Act. As such, the Originator is supervised by BaFin as competent national supervisory authority and by the European Central Bank.</p> <p>The Preliminary OC contains information on the experience of BMW Bank as a seller and servicer, see section "THE SELLER AND THE SERVICER", subsection "Incorporation, Registered Office and Purpose".</p> <p>The experience and expertise of the management and the senior staff has been confirmed during the Due Diligence.</p>

		As a result, BMW Bank as servicer is deemed to have the relevant expertise as an entity being active as servicer of lease receivables for over 45 years and as servicer of lease receivables securitisations for over 15 years, and no contrary findings were observed in the Due Diligence.
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#	Criterion Article 21 (8)	Verification Report
35	Appropriate and well documented risk management and service policies, procedures and controls	<p><u>Verification Method:</u> Regulatory (suitable proof) / Due Diligence</p> <p>As a result of the regulatory status (see # 34 above), BMW Bank has well established procedures with regard to risk management, servicing and internal control systems in place, and no contrary findings were observed in the Due Diligence.</p>

#	Criterion Article 21 (9)	Verification Report
36	Clear and coherent definitions, regulations and possible measures with regard to the servicing of non-performing exposures , specification of the priorities of payment	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>The credit and collection policy of BMW Bank (see section "CREDIT AND COLLECTION POLICY" of the Preliminary OC) which must be complied in respect of the servicing of the purchased lease receivables and the related lease collateral by the Servicer in accordance with the Servicing Agreement (as summarised in section "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS", subsection "Servicing Agreement" of the Preliminary OC) contains a description of procedures related to, among others, measures before or after termination of contracts, such as deferrals, remedies and actions relating to delinquency and default of lessees, termination of lease contracts, realisation of financed assets, other forms of restructuring and write-offs.</p> <p>The Transaction documentation clearly specifies the priorities of payment (Pre-Enforcement Priority of Payments and Post-Enforcement Priority of Payments), see section "TRANSACTION OVERVIEW" of the Preliminary OC, and the events which trigger changes in such priorities of payment, see definition of "Enforcement Event" in the section "MASTER DEFINITIONS SCHEDULE" of the Preliminary OC.</p> <p>In addition, the procedures in relation to non-performing exposures have been presented and discussed in the Due Diligence and are consistent and in line with the terms used in the Transaction documentation for non-performing exposures.</p>

#	Criterion Article 21 (10)	Verification Report
37	Clear rules in the event of conflicts between the different classes of noteholders	<p><u>Verification Method:</u> Regulatory / Legal (Transaction documents)</p> <p>The notes will be issued on the basis of the German Act on Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen - SchVG), see section "TRANSACTION OVERVIEW", subsection "Resolutions of Noteholders" as well as section "OVERVIEW OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS" of the Preliminary OC.</p>

#	Criterion Article 22 (1)	Verification Report
38	Provision of historical performance data before pricing	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence</p> <p>The historical performance data relate to the portfolio of auto lease receivables have been granted by the Seller (see section "PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" subsection "Historical performance data" in the Preliminary OC) and include the following areas:</p> <ul style="list-style-type: none"> a) Gross loss (i.e. losses before recoveries) in static format (covering the period from Q1 2009 until Q2 2019), separate for the total portfolio, commercial lessees and private lessees. b) Delinquencies measured as monthly delinquency rate (covering the period from Q1 2009 until Q2 2019). c) Annualised prepayments measured as monthly prepayment rate (covering the period from January 2014 until June 2019) <p>The focus on gross losses is consistent with the fact that the pro-rata share of sales proceeds from vehicles on defaulted leases is not available for the Transaction.</p> <p>The data history, which is provided prior to pricing, covers a period of at least 5 years required under Article 22 (1) of the Securitisation Regulation, see section "PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" subsection "Historical performance data" in the Preliminary OC.</p> <p>Given that the most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio, namely the factors described in #23, are the same to the overall portfolio for which the above mentioned historical performance data have been procured, comparability between the securitised portfolio and the Originator's overall portfolio ("substantially similar exposures") is ensured.</p>
#	Criterion Article 22 (2)	Verification Report
39	Performance of an asset audit on the basis of a sample and defined audit steps (Agreed upon Procedures, AuP) by an external independent party	<p><u>Verification Method:</u> Legal (AuP Report)</p> <p>The Originator has mandated a qualified and experienced audit firm to perform the asset audit. The asset audit and the related AuP include both of the following:</p> <ul style="list-style-type: none"> a) a verification of the compliance of the underlying exposures in the portfolio with selected key pool data fields and the key eligibility criteria (the "Pool Data and Eligibility Criteria Verification"); and b) verification that the data disclosed to investors in the Preliminary OC in respect of the underlying exposures is accurate (the "OC Data Verification"). <p>The sample drawn for the Pool Data and Eligibility Criteria Verification is representative of the securitised portfolio, based on the provisional pool cut dated 31 March 2019. This is ensured by a sufficiently large sample and random selection, applying a 99% confidence level. The final report prepared by the audit firm with regards to the Pool Data and Eligibility Criteria Verification has</p>

	<p>been made available to SVI on the 5th of June 2019. The final report confirms that the Pool Data and Eligibility Criteria Verification has occurred and that no significant adverse findings have been found.</p> <p>It is expected that the provisional pool is largely comparable with the final pool in terms of granularity and composition of the pool in terms of all applicable characteristics described in the section "PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" in the Preliminary OC. SVI will, for the purpose of preparing its Final Verification Report, compare the composition of the provisional pool with the final pool cut executed on [31 August 2019].</p> <p>The OC Data Verification has been performed by the audit firm based on the provisional pool cut dated 31 March 2019. This verification has been based on all underlying exposures (lease level data) and the scope comprises (i) information in the stratification tables (see section "PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA", subsection "Purchased Lease Receivables characteristics") correspond to the provisional pool cut and (ii) the calculation of the weighted average lives and the maturity profile of the Class A notes offered to investors (see section "EXPECTED MATURITY AND AVERAGE LIFE OF CLASS A NOTES AND ASSUMPTIONS" of the Preliminary OC).</p> <p>The final report prepared by the audit firm with regards to the OC Data Verification has been made available to SVI on 26th August 2019. The final report confirms that no significant adverse findings have been found.</p> <p>The OC Data Verification will be repeated for the final pool cut as of for [31 August 2019]. Please note that, for the purpose of compliance with the requirements of Art. 22 (2) of the Securitisation Regulation, the AuP can be based on either the preliminary or the final pool cut.</p>
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#	Criterion Article 22 (3)	Verification Report
40	<p>Provision of a precise liability cash flow model to the investors prior to pricing by the Originator; "precise" refers to the possibility for the investor to calculate the amortisation rate and, based on this, the pricing of the securitisation position</p>	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence (Cash flow model)</p> <p>A CF-Model has been prepared by Moody's Analytics on behalf of the Originator, which is provided as web-based tool and can be accessed by contacting Moody's Analytics through E-Mail (esa@moodys.com).</p> <p>SVI has been granted access to the website and the cash flow model for the Transaction prior to announcement in order to perform the steps necessary to verify the compliance under Article 22 (3) of the Securitisation Regulation. The CF-Model accurately reflects the contractual relationships and cash flows from and to the securitised portfolio, cash accounts, swap counterparties, noteholders, the Seller/Service as well as other parties involved, under various default and prepayment scenarios.</p> <p>It should be noted that the statements above reflect the result of SVI's review of the functionality of the cash flow model and can be considered as a check of plausibility, however no assurance can be given that the CF-Model calculates correctly in each and every scenario.</p> <p>The CF-Model is available on or shortly after the 27th of September 2019 and hence has been provided before pricing. The Originator undertakes to provide potential investors with the CF-Model upon request.</p>

#	Criterion Article 22 (4)	Verification Report
41	For residential mortgage loan, auto loan or leasing portfolios: publication of information on the environmental performance of the assets financed by such underlying exposures (energy performance certificates)	<p><u>Verification Method:</u> Legal (Transaction documents, Due Diligence)</p> <p>The Originator has confirmed that information on the environmental performance of the assets financed by such underlying exposures (in this case: auto leases) is intended to be provided in the form of the efficiency classes as specified by Pkw-EnVKV (§3a). The information is intended to be made available on a quarterly basis as part of the information on the underlying exposures as per Article 7 (1) (a) of the Securitisation Regulation and as applicable.</p>
#	Criterion Article 22 (5)	Verification Report
42	Compliance with the provisions of Art. 7 of the Securitisation Regulation (regarding Transparency) is the responsibility of the Originator or Sponsor	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>The Seller as the Originator confirms that it will fulfil the provisions of Art. 7 of the Securitisation Regulation as follows:</p> <ul style="list-style-type: none"> - Art. 7 (1) (a): Loan(lease) level data will be made available for the first time after the payment date that will be one month after closing (scheduled for on or around 23 September 2019) and then at least on a quarterly basis. In addition, such information will be made available before pricing at least in draft or initial form upon request. - Art. 7 (1) (b): The Preliminary OC will be made available prior to pricing. - Art. 7 (1) (c): Not applicable. - Art. 7 (1) (d): In accordance with the draft RTS for notification, the notification will be provided to investors in draft form prior to pricing and in final form prior to closing. - Art. 7 (1) (e): The investor report will be made available for the first time on the payment date one month after closing (scheduled for on or around 23 September 2019) and then at least on a quarterly basis. - Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR. - Art. 7 (1) (g): If a "Significant Event" occurs, investors will be informed immediately. <p>Until the RTS on Art. 7 has entered into force, the information according to Art. 7 (1) (a) and Art. 7 (1) (e) according to Art. 43 (7) will be provided on the basis of the CRA3 templates.</p>

As a result of the verifications documented above, we confirm to BMW Bank GmbH that the STS criteria pursuant to Article 19 to 22 of the European Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 for the transaction "**Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 5**" have been fulfilled.

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