



DEUTSCHER  
VERBRIEFUNGSSTANDARD



STS Verification  
International

**Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 8**

*(a public company incorporated with limited liability as a "société anonyme" under the laws of Luxembourg having its registered office at 287-289 route d'Arlon, L-1150 Luxembourg with registered number B 127 982)*

**EUR 800,000,000 Class A Floating Rate Notes due November 2031, issue price: 100 per cent**

**EUR 63,900,000 Class B Fixed Rate Notes due November 2031, issue price: 100 per cent**

Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 8 as defined below (the "**Issuer**"), is registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés Luxembourg*) under registration number B 127 982. Bavarian Sky S.A. is subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg law of 22 March 2004 on securitisation, as amended (the "**Luxembourg Securitisation Law**"). The exclusive purpose of Bavarian Sky S.A. is to enter into one or more securitisation transactions, each via a separate compartment ("**Compartment**") within the meaning of the Luxembourg Securitisation Law (see "*THE ISSUER*"). The Notes (as defined below) will be funding a securitisation transaction ("**Transaction**") carried out by Bavarian Sky S.A. acting in respect of its Compartment German Auto Leases 8 (the "**Compartment German Auto Leases 8**") as described further herein. All documents relating to the Transaction, as more specifically described herein, are referred to as the "**Transaction Documents**".

In this Offering Circular, a reference to the Issuer in relation to the Transaction Documents, means the Issuer acting exclusively in respect and for the account of its Compartment German Auto Leases 8.

The Class A Notes and the Class B Notes (each such class, a "**Class**", and both Classes collectively, the "**Notes**") of the Issuer are backed by a portfolio of auto lease receivables (the "**Purchased Lease Receivables**") secured by certain limited collateral more specifically described herein (the collateral and the proceeds therefrom, the "**Lease Collateral**"). The responsibility and liability of the Seller for any non-existent receivables (*Veritätshaftung*) shall be secured by security interests in certain passenger cars, light commercial vehicles or motorcycles (the "**Leased Vehicles**"). The obligations of the Issuer under the Notes will be secured by first-ranking security interests granted to BNY Mellon Corporate Trustee Services Limited (the "**Trustee**") acting in a fiduciary capacity for, *inter alia*, the Noteholders pursuant to a trust agreement (the "**Trust Agreement**") entered into between, *inter alia*, the Trustee and the Issuer and an English deed of security assignment (the "**Deed of Security Assignment**") entered into between the Trustee and the Issuer. Although all Classes will share in the same security, upon the occurrence of an Enforcement Event, the Class A Notes will rank senior to the Class B Notes, see "*TERMS AND CONDITIONS OF THE NOTES — Condition 9 (Post-Enforcement Priority of Payments)*". The Issuer will apply the net proceeds from the issue of the Notes to purchase on the Issue Date (as defined below) the Purchased Lease Receivables secured by the Lease Collateral. Certain characteristics of the Purchased Lease Receivables and the Lease Collateral as well as the Leased Vehicles are described in "*PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*".

This Offering Circular has been approved by the Luxembourg financial regulator (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**") in its capacity as competent authority under Regulation (EU) 2017/1129 – the "**Prospectus Regulation**"). The CSSF only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency requirements imposed by the Prospectus Regulation and the Luxembourg law dated 16 July 2019 on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Prospectus Law**"). Such approval should neither be considered as an endorsement of the Issuer that is the subject of this Offering Circular nor of the quality of the Notes that are the subject of this Offering Circular. In the context of such approval, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with article 6(4) of the Luxembourg

Prospectus Law. Application has also been made to the Luxembourg Stock Exchange (*Bourse de Luxembourg*) (the "**Luxembourg Stock Exchange**") for the Notes to be listed on the official list of the Luxembourg Stock Exchange on 20 November 2023 (the "**Issue Date**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market (segment for professional investors). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments. This Offering Circular constitutes a prospectus for the purpose of article 6(3) of the Prospectus Regulation. This Offering Circular will be published in electronic form on the website of the Luxembourg Stock Exchange (<https://www.luxse.com/issuer/BavarianSky/60154>).

Unless stated otherwise, the content of any websites referenced in this Offering Circular does not form part of this Offering Circular. For the avoidance of doubt, documents incorporated by reference, however, form part of this Offering Circular.

This Offering Circular will be valid until the end of the date falling 12 months after the approval of this Offering Circular, which is on 16 November 2024. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Offering Circular which may affect the assessment of the Notes, the Issuer will prepare and publish a supplement to the Offering Circular without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Offering Circular will cease to apply once the Notes have been admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange or at the latest upon expiry of the validity period of this Offering Circular set out above.

Deutsche Bank AG, Landesbank Baden-Württemberg and RBC Capital Markets (Europe) GmbH (the "**Joint Lead Managers**") will subscribe and will procure the subscription of the Notes on the Issue Date and will offer the Notes, from time to time, in negotiated transactions or otherwise, at varying prices to be determined at the time of sale, in each case in accordance with the terms of the Transaction Documents.

**For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS". Investors should make their own assessment as to the suitability of investing in the Notes.**

Unless the context requires otherwise, all capitalised terms appearing in this Offering Circular which are not defined directly in the respective section shall have the meaning given to them in the definitions section headed "**MASTER DEFINITIONS SCHEDULE**" on pages 216 *et seq.* of this Offering Circular. Any information on any website referred to in this Offering Circular is for information purposes only and does not form part of this Offering Circular and has not been scrutinised or approved by the CSSF with the exception of links to the electronic addresses where information incorporated by reference is available.

**Joint Bookrunners and Joint Lead Managers**

**Deutsche Bank AG**

**Landesbank Baden-Württemberg**

**RBC Capital Markets**

**Arranger**

**BMW Bank GmbH**

The date of this Offering Circular is 16 November 2023.

## The Notes

Class	Class Outstanding Notes Balance as of Issue Date	Interest Rate	Issue Price	Expected Ratings	Legal Final Maturity Date	ISIN Code	Common Code	CFI Code	FISN Code
A	€ 800,000,000	1-Month-EURIBOR + 0.45 per cent <i>per annum</i> , and if such rate is below zero, the Interest Rate will be zero	100 per cent	"AAA(sf)" DBRS  "AAAsf" by Fitch  "Aaa(sf)" by Moody's	Payment Date falling in November 2031	XS2701658937	270165893	DBVNFB	BAVARIAN SKY S./VAREUR NT 22001231
B	€ 63,900,000	3.0 per cent <i>per annum</i>	100 per cent	not rated	Payment Date falling in November 2031	XS2701659158	270165915	DBFNFB	BAVARIAN SKY S./EUR NT 22001231

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper for the Class A Notes and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the (i) Eurosystem eligibility criteria and (ii) the reporting requirements related to the loan(lease)-level data for asset-backed securities, as published by the European Central Bank and/or ESMA from time to time. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral at any point in time during the life of the Class A Notes. Neither the Issuer, the Managers nor the Arranger gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. The Class B Notes are not intended to be held in a manner which will allow Eurosystem eligibility.

Besides, this Transaction is intended to comply with the criteria of the Securitisation Regulation as set out in articles 19 to 22 of the Securitisation Regulation and to be recognised as a simple, transparent and standardised securitisation. The ESMA will be informed about the compliance of this Transaction with the requirements by a notification on or around the Issue Date.

Neither the Issuer, the Managers, the Seller/Service nor the Arranger gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that this Transaction or the Notes will, either upon the Issue Date, or at any or all times during their life, be compliant and thereafter remain compliant with the requirements of articles 19 to 22 of the Securitisation Regulation. In addition, no assurance can be given on how competent authorities will interpret and apply the STS requirements, any international or national regulatory guidance may be subject to change and, therefore, what is or will be required to demonstrate compliance with the STS requirements to national regulators remains unclear.

## Benchmark Regulation

Interest amounts payable under the Class A Notes are calculated by reference to EURIBOR, which is provided by European Money Markets Institute, Brussels, Belgium (the "**Administrator**"). The Administrator appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (as amended the "**Benchmark Regulation**") as it has been authorised as benchmark administrator for EURIBOR on 2 July 2019. The Administrator appears on the register of administrators established and maintained by the UK Financial Conduct Authority under the Benchmark Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (as amended the "**UK Benchmark Regulation**") and has been authorised as benchmark administrator for EURIBOR pursuant to article 30 of the UK Benchmark Regulation.

## Rating of the Notes

The Class A Notes are expected, on the Issue Date, to be rated by DBRS Ratings GmbH ("**DBRS**"), Fitch Ratings, a branch (*Zweigniederlassung*) of Fitch Ratings Ireland Limited ("**Fitch**") and Moody's Deutschland GmbH ("**Moody's**") together with DBRS and Fitch, the "**Rating Agencies**"). It is a condition to the issue of the Class A Notes that such Class of Notes is assigned the ratings indicated in the above table.

European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the European Union and registered or certified under the CRA III Regulation. Each of DBRS, Fitch and Moody's is established in the European Community and DBRS, Fitch and Moody's have been registered as at the date of this Offering Circular in accordance with the CRA III Regulation. Reference is made to the list of registered or certified credit rating agencies as last updated on 27 March 2023 published by the ESMA) under <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

The CRA III Regulation forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Credit Rating Agencies (Amendment, etc) (EU Exit) Regulations 2019 (the "**UK CRA Regulation**"). UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the UK and registered or certified under the UK CRA Regulation. In accordance with the UK CRA Regulation, the credit ratings assigned to the Notes by (i) DBRS will be endorsed by DBRS Ratings Limited, (ii) Fitch will be endorsed by Fitch Ratings Limited and (iii) Moody's will be endorsed by Moody's Investors Service Limited, as applicable, being rating agencies which are registered with the UK Financial Conduct Authority.

## Risk Retention

In compliance with article 6 Paragraph (3)(d) of Regulation (EU) 2017/2402 (the "**Securitisation Regulation**"), the Seller has undertaken to retain, on an ongoing basis until the earlier of the redemption of the Class A Notes in full and the Legal Final Maturity Date, at least 5 per cent of the nominal amount of the "securitised exposures" (i.e. the Purchased Lease Receivables) by (i) retaining until the earlier of the redemption of the Class A Notes in full and the Legal Final Maturity Date, the Class B Notes and (ii) until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, in its capacity as Subordinated Lender, providing the Subordinated Loan, provided in each case of (i) and (ii) that the Seller will not be in breach of such undertaking if the

Seller fails to so comply due to events, actions or circumstances beyond the Seller's control (*Unmöglichkeit*).

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent of the credit risk of the Notes for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. There can be no assurance that the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available.

For details, please see "*RISK RETENTION*".

### **Disclosure Requirements under Securitisation Regulation**

Article 7 of the Securitisation Regulation requires, *inter alia*, that prospective investors have readily available access to information on the underlying exposures, the underlying documentation that is essential for the understanding of the transaction, quarterly investor reports containing, *inter alia*, all materially relevant data on the credit quality and performance of the individual underlying exposures and data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation. For that purpose, materially relevant data shall be determined pursuant to article 7 as at the date of the securitisation and where appropriate due to the nature of the securitisation thereafter.

Pursuant to article 7(2) of the Securitisation Regulation, the Seller or the Issuer are required to designate amongst themselves one entity as reporting entity (the "**Reporting Entity**") to make available to the Class A Noteholders, potential investors in the Class A Notes and competent authorities the documents, reports and information necessary to fulfil the relevant reporting obligations under article 7(1) of the Securitisation Regulation. The Reporting Entity shall make the information for a securitisation transaction available by means of the European Data Warehouse in its function as a securitisation repository registered in accordance with article 10 of the Securitisation Regulation. The Seller agreed, pursuant to the Lease Receivables Purchase Agreement, to act as the Reporting Entity for this Transaction. Under the Lease Receivables Purchase Agreement and the Incorporated Terms Memorandum, the Seller covenanted to provide the relevant information pursuant to article 7(2) of the Securitisation Regulation (for the avoidance of doubt, including but not limited to any inside information relating to the securitisation that the originator, sponsor or the special purpose entity is obliged to make public in accordance with the Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as referred to in article 7(1)(f) of the Securitisation Regulation or any information relating to a significant event as referred to article 7(1)(g) of the Securitisation Regulation), subject always to any requirement of law applicable to it, provided that (i) the Seller is only required to do so to the extent that the disclosure requirements under article 7 of the Securitisation Regulation remain in effect and (ii) the Seller will not be in breach of such undertaking if the Seller fails to so comply due to events, actions or circumstances beyond the Seller's control (*Unmöglichkeit*). The Seller will also provide such further information as requested by the Class A Noteholders for the purposes of compliance of such Class A Noteholder with the requirements under the Securitisation Regulation and the implementation into the relevant national law, subject to applicable law and availability. Any failure by Seller to fulfil such obligations may cause this Transaction to be non-compliant with the Securitisation Regulation.

Each prospective investor and Noteholder is required independently to assess and determine the sufficiency of the information referred to in the preceding Paragraphs for the purposes of complying with the Securitisation Regulation, in particular with article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant. Neither the Issuer, the Seller, the Servicer,

the Arranger, any Manager nor any other party to the Transaction Documents gives any representation or assurance that such information is sufficient in all circumstances for such purposes. In addition, if and to the extent the Securitisation Regulation is relevant to any prospective investor and Noteholder, such investor and Noteholder should ensure that it complies with the Securitisation Regulation in its relevant jurisdiction. Prospective Noteholders who are uncertain as to the requirements which apply to them in any relevant jurisdiction should seek guidance from the competent regulator.

The Seller accepts responsibility for the information set out in this section "Disclosure Requirements under Securitisation Regulation".

### **STS Notification**

Pursuant to article 27(1) of Securitisation Regulation, the Seller intends to notify ESMA that the Transaction will meet the requirements of articles 19 to 22 of the Securitisation Regulation (the "**STS Notification**"). Where the Transaction is classified STS, the STS Notification would then be available for download on the website of ESMA. On 3 September 2020, the Commission Delegated Regulation (EU) 2020/1226 of 12 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council and laying down regulatory technical standards specifying the information to be provided in accordance with the STS notification requirements was published, specifying the information that the originator, sponsor and SSPE are required to provide in order to comply with their STS notification requirements. ESMA is obliged to maintain on its website a list of all securitisations which the originators and sponsors have notified as meeting the STS Requirements in accordance with article 27(5) of the Securitisation Regulation. For this purpose, ESMA has set up a register at [https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_stsre](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_stsre), which replaces the interim register previously made available by ESMA.

### **UK Securitisation Regulation**

The Notes are not intended to be issued in compliance with the Securitisation Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA, as amended by The Securitisation (Amendment) (EU Exit) Regulations 2019 (UK SI 2019/660), as further amended, supplemented or replaced, from time to time (the "**UK Securitisation Regulation**") and accordingly, potential purchasers contemplating an investment in the Notes should consult with their advisers as to whether the Transaction complies with the requirements of the UK Securitisation Regulation.

### **Distribution of the Notes and this Offering Circular**

#### ***EU PRIIPs Regulation / No Offer to EEA Retail Investors***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MiFID II or the relevant implementing national laws; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended the "**Insurance Distribution Directive**" or "**IDD**") or the relevant implementing national laws where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the

Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### ***UK PRIIPs Regulation No Offer to UK Retail Investors***

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, restated or supplemented ("**FSMA**") and any rules or regulations made under the FSMA to implement the IDD where that customer would not qualify as a professional client as defined in point (8) of article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (as amended, the "**UK Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### ***MiFID II Product Governance/ Professional investors and ECPs only target market***

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and any relevant implementing national laws; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (being a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II or the relevant implementing national laws is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Joint Lead Managers' target market assessment) and determining appropriate distribution channels.

Neither the delivery of this Offering Circular nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Offering Circular is correct as of any time subsequent to the date hereof, or, as the case may be, subsequent to the date on which this Offering Circular has been most recently amended by virtue of a supplement, or (ii) that there has been no adverse change in the financial situation of the Issuer or with respect to the Seller since the date of this Offering Circular (or, as the case may be, subsequent to the date on which this Offering Circular has been most recently amended by virtue of a supplement,) or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Offering Circular or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No action has been taken by the Issuer or the Managers that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular (nor any part hereof) nor any

information memorandum, offering circular, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Issuer and the Managers have represented that all offers and sales by them have been made and will be made on such terms.

This Offering Circular may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, the prospective investors agree to these restrictions. The distribution of this Offering Circular (or of any part thereof) and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part thereof) may come are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

This Offering Circular may only be used for the purposes for which it has been published. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of any offer to buy any of the securities offered hereby in any circumstances in which such offer or solicitation is unlawful. This Offering Circular does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered in "offshore transactions", and/or sold only outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, as amended.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Offering Circular (or of any part thereof), see "*SUBSCRIPTION AND SALE*".

### **Responsibility for the Contents of this Offering Circular**

The Issuer accepts responsibility for the information contained in this Offering Circular except that:

- (i) only the Seller and the Servicer are responsible for the information in this Offering Circular relating to the Purchased Lease Receivables, the Lease Collateral, the Leased Vehicles, the disclosure of servicing related risk factors, risk factors relating to the Purchased Lease Receivables, the information contained in "*EXPECTED MATURITY AND AVERAGE LIFE OF CLASS A NOTES AND ASSUMPTIONS*", "*PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*", "*CREDIT AND COLLECTION POLICY*" and "*THE SELLER AND SERVICER*";
- (ii) only the Swap Counterparty is responsible for the information in this Offering Circular contained in "*THE SWAP COUNTERPARTY*";
- (iii) only the Trustee is responsible for the information in this Offering Circular contained in "*THE TRUSTEE*";
- (iv) only the Account Bank and the Data Trustee is responsible for the information in this Offering Circular contained in "*THE ACCOUNT BANK AND THE DATA TRUSTEE*";



- (v) only the Calculation Agent, the Paying Agent and the Interest Determination Agent are responsible for the information in this Offering Circular contained in "*THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT*"; and
- (vi) only the Corporate Administrator is responsible for the information in this Offering Circular contained in "*THE CORPORATE ADMINISTRATOR*",

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

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

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

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

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

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

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

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

No person has been authorised to give any information or to make any representations, other than those contained in this Offering Circular, in connection with the issue, offering, subscription or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Seller, the Servicer (if different), the Data Trustee and the

Trustee (all as defined below) or by the financial institutions shown on the cover page (the **Arranger**, the **Joint Bookrunners** and the **Joint Lead Managers**) or by any other party mentioned herein.

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

**Prospective investors of the Notes should conduct such independent investigation and analysis as they deem appropriate to evaluate the merits and risks of an investment in the Notes and make their own assessment as to the suitability of investing in the Notes. If you are in doubt about the contents of this Offering Circular, you should consult your stockbroker, bank manager, legal adviser, tax adviser, accountant or other financial adviser. None of the Managers or the Arranger makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by the Issuer in connection with the Notes and accept any responsibility or liability therefore. None of the Managers or the Arranger undertakes to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers or the Arranger.**

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## RISK FACTORS

The Issuer believes that the factors referred to in this part of this Offering Circular may affect its ability to fulfil its obligations under the Notes. The risk factors which are material for the purpose of taking an informed investment decision with respect to the Notes are categorised as either (i) risks relating to the Issuer, (ii) risks relating to the Notes, (iii) risks relating to the Purchased Lease Receivables, (iv) risks relating to the Transaction Parties and (v) tax risks.

The Notes will be solely contractual obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), any substitute Servicer, the Trustee, the Swap Counterparty, the Data Trustee, the Interest Determination Agent, the Paying Agent, the Calculation Agent, the Corporate Administrator, the Managers, the Arranger, the Account Bank, the Common Safekeepers or any of their respective Affiliates or any Affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third Person or entity other than the Issuer. Furthermore, no Person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

In addition, certain factors which are material for the purpose of assessing the market risks associated with Notes are also described below.

The Issuer believes that the risks described herein are the principal risks which are specific to the situation of the Issuer and/or the Notes and which are material for taking investment decisions by the potential Noteholders and are up to date as of the date of this Offering Circular. The Issuer does not represent that the risks of holding any Notes as stated below are exhaustive. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer's financial strength in relation to this Transaction.

More than one risk factor can affect simultaneously the Issuer's ability to fulfil its obligations under the Notes. The extent of the effect of a combination of risk factors is uncertain and cannot be accurately predicted.

### I. Risks relating to the Issuer

#### *Limited resources of the Issuer*

Bavarian Sky S.A. is a special purpose entity organised under and governed by the Luxembourg Securitisation Law and, in respect of Compartment German Auto Leases 8, with no business operations other than the issue of the Notes, the purchase and financing of the Purchased Lease Receivables secured by the Lease Collateral as well as the entry into related Transaction Documents. Assets and proceeds of Bavarian Sky S.A. in respect of Compartments other than Compartment German Auto Leases 8 will not be available for payments under the Notes. Therefore, the ability of the Issuer to meet its obligations under the Notes is conditional and will depend, *inter alia*, upon receipt of:

- (a) the amount standing to the credit of the Cash Reserve Account on the relevant Cut-Off Date and the relevant Payment Date;
- (b) any Collections received by the Servicer during the Monthly Period ending on such Cut-Off Date;

- (c) any Swap Net Cashflow payable by the Swap Counterparty to the Issuer on the Payment Date immediately following the relevant Cut-Off Date;
- (d) any tax payment made by the Seller and/or Servicer to the Issuer in accordance with the Lease Receivables Purchase Agreement and/or the Servicing Agreement during such Monthly Period;
- (e) any interest earned (if any) on the amount credited to the Issuer Account (other than the Commingling Reserve Account) during such Monthly Period;
- (f) the amount standing to the credit of the Commingling Reserve Account upon the occurrence and continuance of a Servicer Termination Event as of such Cut-Off Date, to the extent necessary to cover any Servicer Shortfall caused on the part of BMW Bank as Servicer;
- (g) the amount standing to the credit of the Servicing Reserve Account upon the occurrence and continuance of a Servicing Reserve Trigger Event as of such Cut-Off Date, to the extent necessary to cover the Servicing Fee and replacement costs (if any) of the replacement Servicer; and
- (h) any payments under the other Transaction Documents in accordance with the terms thereof.

Other than the foregoing, the Issuer will have no funds available to meet its obligations under the Notes. Under the Notes the Noteholders will only have a claim for payments if and to the extent that the Issuer provides for the corresponding amount of funds, subject to the applicable Priority of Payments. If no sufficient funds are available to the Issuer, there is a risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

*Non-petition and limited recourse clauses*

Non-petition, exclusion of liability and limited recourse clauses as provided for in the Transaction Documents may be held invalid in certain circumstances under German law and where any such clause is directly contrary to the purpose of the contract, the relevant clause could, in such circumstances, be declared void. Furthermore, in relation to the procedural rights of the parties, a general prohibition for one of the parties to sue the other party might be held to contravene *bonos mores (sittenwidrig)* and might therefore be declared void. In principle, non-petition, exclusion of liability and limited recourse clauses must not be the result of disparity of bargaining power or economic resources of the parties.

The Issuer has been advised that a disparity of bargaining power does not apply in securitisation transactions in which all parties involved are corporate entities with sufficient economic and intellectual resources and that the non-petition clauses reinforce the intended transactional mechanics of the Transaction and the intended allocation of risk. The relevant limited recourse, exclusion of liability and non-petition clauses are in the interest of all Transaction Parties who are parties to agreements containing limited recourse, exclusion of liability and non-petition clauses and should not lead to an imbalance of benefits as between the Transaction Parties.

The Luxembourg Securitisation Law recognises non-petition and limited recourse clauses. As a consequence, the rights of the Transaction Parties are limited to the assets allocated to Compartment German Auto Leases 8. The Issuer will not be obliged to make any further payments to any Transaction Party in excess of the amounts received upon the realisation of the assets allocated to Compartment German Auto Leases 8. In case of any shortfall, the claims of the Transaction Parties will be extinguished. No such party will have the right to petition for the winding-up, the liquidation or the bankruptcy of the Issuer as a consequence of any shortfall.

The Noteholders may be exposed to competing claims of other creditors of the Issuer, the claims of which have not arisen in connection with the creation, the operation or the liquidation of Compartment German Auto Leases 8, if foreign courts, which have jurisdiction over assets of the Issuer allocated to Compartment German Auto Leases 8, do not recognise the segregation of assets as provided for in the Luxembourg Securitisation Law.

#### *Insolvency of Bavarian Sky S.A.*

Although Bavarian Sky S.A. will contract on a "limited recourse" and "non-petition" basis, it cannot be excluded as a risk that the assets of Bavarian Sky S.A. (that is, its aggregate assets allocated to its Compartments plus any other assets it may own) will become subject to bankruptcy proceedings.

Bavarian Sky S.A. is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, has its centre of main interests (*centre des intérêts principaux*) (for the purposes of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings) in Luxembourg, has its registered office in Luxembourg and is managed by its board of directors, each of which is professionally residing in Luxembourg. Accordingly, bankruptcy proceedings with respect to Bavarian Sky S.A. may proceed under, and be governed by, the insolvency laws of Luxembourg.

Under Luxembourg law, a company is bankrupt (*en faillite*) when it is unable to meet its current liabilities (*cessation de paiements*) and when its creditworthiness is impaired (*ébranlement de crédit*).

If Bavarian Sky S.A. fails for any reason to meet its obligations or liabilities (that is, if Bavarian Sky S.A. is unable to pay its debts as they fall due and may obtain no further credit), a creditor, who has not (and cannot be deemed to have) accepted non petition and limited recourse provisions in respect of Bavarian Sky S.A., will be entitled to make an application for the commencement of insolvency proceedings against Bavarian Sky S.A. In that case, such creditor would, however, not have recourse to the assets of any Compartment but would have to exercise its rights on the general assets of Bavarian Sky S.A. unless its rights would arise in connection with the "creation, operation or liquidation" of a Compartment, in which case, the creditor would have recourse to the assets allocated to that Compartment but it would not have recourse to the assets of any other Compartment.

Under article 448 of the Luxembourg Code of Commerce and article 1167 of Luxembourg Civil Code (*action paulienne*), transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void and can be challenged by a bankruptcy receiver without limitation of time.

Bavarian Sky S.A. can be declared bankrupt upon petition by a creditor of Bavarian Sky S.A. or at the initiative of the court or at the request of Bavarian Sky S.A. in accordance with the relevant provisions of Luxembourg insolvency laws. The conditions for opening insolvency proceedings are the suspension of payments (*cessation des paiements*) and the loss of commercial creditworthiness (*ébranlement du crédit commercial*). The failure by the company to comply with its obligations under a reorganisation plan or ensure the continuity of its assets in line with the purpose of a judicial reorganisation procedure may also constitute grounds for opening insolvency proceedings. If the above mentioned conditions are satisfied, the Luxembourg court will appoint a bankruptcy receiver (*curateur*) who will be the sole legal representative of Bavarian Sky S.A. and obliged to take such action as it deems to be in the best interests of Bavarian Sky S.A. and of all creditors of Bavarian Sky S.A. Certain preferred creditors of Bavarian Sky S.A. (including the Luxembourg tax authorities) may have a privilege that ranks senior to the rights of the Noteholders in such circumstances.

In any such circumstances, there is a risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

#### *Violation of Articles of Incorporation*

The Bavarian Sky S.A.'s Articles of Incorporation and undertakings provided in the Incorporated Terms Memorandum limit the scope of the Issuer's business. In particular, the Issuer undertakes not to engage in any business activity other than entering into and performing its obligations under the Transaction Documents and any agreements relating thereto. However, under Luxembourg law, an action by the Issuer that violates the relevant Transaction Document would still be a valid obligation of the Issuer. Further, according to Luxembourg company law, a public limited liability company (*société anonyme*) shall be bound by any act of the board of directors, even if such act exceeds the corporate object, unless it proves that the third party knew that the act exceeded the corporate object or could not in view of the circumstances have been unaware of it without the mere publication of the articles of association constituting such evidence. Any such activity which is to the detriment of the Noteholders may adversely affect payments to the Noteholders under the Notes.

## **II. Risks relating to the Notes**

#### *Liability under the Notes*

The Notes will be contractual obligations of the Bavarian Sky S.A. acting solely in respect of Compartment German Auto Leases 8. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), the Trustee, the Swap Counterparty, the Data Trustee, the Account Bank, the Interest Determination Agent, the Paying Agent, the Calculation Agent, the Joint Bookrunners, the Arranger, the Joint Lead Managers, the Common Safekeepers or any of their respective Affiliates or any Affiliate of the Issuer or any other party to the Transaction Documents other than the Issuer, or any other third person or entity other than the Issuer. Furthermore, no person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes. The Issuer will not be liable whatsoever to the Noteholders in respect of any of the Compartments of Bavarian Sky S.A. (or assets relating to such Compartments) other than Compartment German Auto Leases 8.

All payment obligations of the Issuer under the Notes constitute exclusively obligations to pay out the Available Distribution Amount or, as relevant, the Available Post-Enforcement Funds in accordance with the applicable Priority of Payments. If, following enforcement of the Security, the Available Post-Enforcement Funds prove ultimately insufficient, after payment of all claims ranking in priority to amounts due under the Notes, to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, any shortfall arising will be extinguished and the Noteholders will neither have any further claim against the Issuer in respect of any such amounts nor have recourse to any other person for the Loss sustained. The enforcement of the Security by the Trustee is the only remedy available to the Noteholders for the purpose of recovering amounts payable in respect of the Notes. Such assets and the Available Post-Enforcement Funds will be deemed to be "ultimately insufficient" at such time as no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders, and neither assets nor proceeds will be so available thereafter. If the proceeds are not sufficient to satisfy all obligations of the Issuer, there is a risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

#### *Credit Enhancement*

Losses in respect of the Purchased Lease Receivables may result in Losses for the Noteholders.

The risk to the Class A Noteholders that they will not receive the amount due to them under the Class A Notes as stated on the cover page of this Offering Circular is mitigated to a certain extent by (i) the Excess Spread, (ii) for so long as the Required Cash Reserve Amount is greater than zero, the amount credited to the Cash Reserve Account funded by way of drawing under the Subordinated Loan and (iii) in case of the Class A Notes, the subordination as to payment of the Class B Notes to the Class A Notes.

There is no assurance that the credit enhancement provided for under the Transaction will be sufficient to cover losses in respect of the Purchased Lease Receivables and that the Class A Noteholders will receive for each Class A Note the Note Principal Amount plus interest as set forth in the Conditions.

#### *Early redemption of the Notes and effect on yield*

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

Following any Payment Date on which (A) the Current Aggregate Discounted Outstanding Lease Balance is less than 10 per cent of the Initial Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the Issue Date or (B) all outstanding Class A Notes have been repaid in full, the Seller may, subject to certain conditions, request to repurchase all outstanding Purchased Lease Receivables (together with any Lease Collateral) at the then current value of such Purchased Lease Receivables plus any interest accrued thereon. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.3 (Clean-Up Call)*". Such Clean-Up Call may adversely affect the yield on each Class of Notes.

In addition, the Issuer may, subject to certain conditions, redeem all of the Notes if under applicable law the Issuer is required to make a deduction or withholding for or on account of tax (see "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.4 (Optional Tax Redemption)*"). This may adversely affect the yield on each Class of Notes.

#### *Potential Reform of EURIBOR Determinations*

Financial market reference rates and their calculation and determination procedures have come under close public scrutiny in recent years. Starting in 2009, authorities in jurisdictions such as the European Union, the United States, Japan and others investigated cases of alleged misconduct around the rate setting of LIBOR, EURIBOR and other reference rates finally resulting, *inter alia*, in the Benchmark Regulation which applies from 1 January 2018.

The interest on the Class A Notes is based on EURIBOR. EURIBOR is a benchmark within the meaning of the Benchmark Regulation. EURIBOR is administered by European Money Markets Institute ("**EMMI**") which is registered in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") as of the date of this Offering Circular. Should the EMMI become de-registered from ESMA's register of administrators and benchmarks, there is a risk that the use of EURIBOR might be banned in accordance with the Benchmark Regulation.

The Benchmark Regulation applies to "contributors", "administrators" and "users of" benchmarks (such as EURIBOR and LIBOR) in the EU, and, among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory



regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of benchmarks of unauthorised administrators.

As part of the initiatives to reform reference rate setting referred to above, there has also been discussion in the regulatory and supervisory communities about the discontinuation of certain financial market reference rates. For example, all Euro, Swiss Franc, Japanese Yen and US LIBOR settings ceased to be available or representative from 30 June 2023 at the latest. Also, with effect from 3 December 2018, the European Money Markets Institute discontinued the publication of the two-week, two-month and nine-month EURIBOR tenors. Although thus far there has been no specific indication from the European Money Markets Institute that the one-month EURIBOR tenor may also be phased out or discontinued during the life of the Notes, this cannot be ruled out as possibility in the current regulatory climate.

The EMMI performs a review of the hybrid methodology for EURIBOR on an annual basis and has indicated its intention to explore potential methods of centralising the calculation of certain contributions to that hybrid methodology. Changes in the manner of administration of benchmarks (such as EURIBOR) may result in such benchmarks performing differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. The potential elimination of a benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions (including by way of determination of an alternative base rate), early redemption, discretionary valuation of the Interest Determination Agent, delisting or result in other consequences in respect of any Notes linked to such benchmark (including but not limited to the Class A Notes whose interest rates are linked to EURIBOR). Upon the delivery of a certificate to the Trustee from the Servicer (on behalf of the Issuer) the Trustee shall, in certain circumstances, be obliged to agree with the Issuer in making modifications for the purpose of changing EURIBOR to an alternative base rate. Any such adjustment or consequence could have a material adverse effect on the ability of the Issuer to meet its obligations under the Notes and/or on the value of and return on any such Notes.

#### *Interest Rate Risk*

A holder of the floating rate Class A Notes is particularly exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of the Class A Notes in advance.

Payments made to the Seller by any Lessee under a Lease Agreement comprise monthly amounts calculated on the basis of fixed interest rates. However, payments of interest on the Class A Notes are calculated on the basis of EURIBOR. To ensure that the Issuer will not be exposed to interest rate risks, the Issuer and the Swap Counterparty have entered into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to EURIBOR, in each case calculated with respect to the Swap Notional Amount which is equal to the Class A Outstanding Notes Balance on the immediately preceding Payment Date. Payments under the Swap Agreement will be made on a net basis.

During periods in which floating rate interest amounts payable by the Swap Counterparty under the Swap Agreement are greater than the fixed rate interest amounts payable by the Issuer under such Swap Agreement, the Issuer will be more dependent on receiving net payments from the Swap Counterparty in order to make interest payments on the Class A Notes. Consequently, a default by the Swap Counterparty on its obligations under the Swap Agreement may lead to the Issuer not having sufficient funds to meet its obligations to pay interest on the Class A Notes.

In addition, the floating leg of the swap agreement payable by the Swap Counterparty corresponds to EURIBOR 1 month and does not provide for a floor. For any period that EURIBOR 1 month is a negative rate, the Issuer will instead be required to pay to the Swap Counterparty for such period (subject to the netting provided for by the Swap Agreement) an amount equal to the absolute value of such negative rate applied to the swap notional amount. Although the structure provides some protection via credit enhancement, noteholders will be exposed if EURIBOR 1 month turns deeply negative resulting in significant amounts becoming payable to the Swap Counterparty and thereby reducing amounts available for payment to the Noteholders.

#### *Security and Trustee Claim*

The Issuer has granted to the Trustee the Trustee Claim under clause 6 (Parallel Debt) of the Trust Agreement. To secure the Trustee Claim, the Issuer will assign and transfer to the Trustee the Transferred Assets pursuant to clause 8.1 of the Trust Agreement and will grant a pledge to the Trustee pursuant to clause 8.2 of the Trust Agreement with respect to all its present and future claims against the Trustee arising under the Trust Agreement as well as its present and future claims under the Issuer Account. In addition, the Issuer will assign to the Trustee the Charged Property pursuant to the Deed of Security Assignment. The Trustee Claim entitles the Trustee to demand, *inter alia*, performance by the Issuer of the Secured Obligations.

However, where an agreement provides that a security agent (e.g. the Trustee) holding assets on trust for other entities has its own separate and independent right to demand payment from the relevant grantor of security to it which mirrors the obligations of the relevant debtors to the secured creditors (e.g. the Trustee Claim), there is an argument that accessory security (such as the pledge granted by the Issuer to the Trustee in order to, amongst others, secure the Trustee Claim) created to secure such a parallel obligation is not enforceable for the benefit of such beneficiaries who are not a party to the relevant security agreement. This is because the parallel obligation could be seen as an instrument to avoid the accessory nature of, e.g., a pledge. This argument has – as far as the Issuer is aware – not yet been tested in court. Further, it is frequently seen in the market that accessory security such as a pledge is given to secure a parallel obligation such as the Trustee Claim. However, as there is no established case law confirming the validity of such pledge, the validity of such pledge is subject to some degree of legal uncertainty. If such pledge was considered to be void, the Trustee would not be able to realise such security interest and the Noteholders may ultimately bear the risk that due to a lack of sufficient funds available that they will ultimately not receive the full principal amount of the Notes and/or interest thereon.

#### *Resolutions of Noteholders; Noteholders Representative*

The Notes provide for resolutions of Noteholders of any Class to be passed by vote taken without meetings. Each Noteholder is subject to the risk of being outvoted. As resolutions properly adopted are binding on all Noteholders of such Class, certain rights of such Noteholder against the Issuer under the Conditions may be amended or reduced or even cancelled.

If the Noteholders of any Class appoint a Noteholders' Representative (as such term is defined in the Conditions) by a majority resolution of the Noteholders, it is possible that a Noteholder may lose, in whole or in part, its individual right to pursue and enforce its rights under the Conditions against the Issuer, such right passing to the Noteholders' Representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders of such Class.

### *Ratings of the Class A Notes*

Each rating assigned to the Class A Notes by any Rating Agency takes into consideration the structural, legal, tax and Issuer-related aspects associated with the Class A Notes and the underlying Purchased Lease Receivables, the credit quality of the Purchased Lease Receivables and the Lease Collateral, the extent to which the Lessees' payments under the Purchased Lease Receivables are adequate to make the payments required under the Class A Notes as well as other relevant features of the structure, including, *inter alia*, the credit situation of the Swap Counterparty, the Account Bank, the Seller and the Servicer (if different). Each Rating Agency's rating reflects only the view of that Rating Agency. Each rating of the Class A Notes by the Rating Agencies addresses the likelihood of full and timely payment of interest on, and ultimate repayment of principal of, the Class A Notes.

The Issuer has neither requested a rating of the Class B Notes by any rating agency nor a rating of the Class A Notes by any rating agency other than the Rating Agencies. However, rating organisations other than the Rating Agencies may seek to rate the Class A Notes and, if such "shadow ratings" or "unsolicited ratings" are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the value of the Class A Notes. Future events, including events affecting the Swap Counterparty, the Account Bank, the Seller and the Servicer (if different) could also have an adverse effect on the ratings of the Class A Notes if and to the extent such counterparties are not replaced by another eligible third party with the required ratings.

There is no assurance that the ratings of the Class A Notes will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Class A Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason (including, without limitation, any subsequent change of the rating methodologies and/or criteria applied by the relevant Rating Agency), no person or entity is obliged to provide any additional support or credit enhancement to the Class A Notes.

Any downgrade of the Notes may reduce the value and secondary market marketability of the Notes.

### *CRA III Regulation*

CRA III Regulation amending the CRA Regulation requires that an issuer or related third party (which term includes sponsors and originators) which intends to solicit a credit rating of a structured finance instrument will appoint at least two credit rating agencies to provide ratings independently of each other and should consider appointing at least one rating agency having not more than a 10 per cent total market share (as measured in accordance with article 8d(3) of the CRA Regulation (as amended by CRA III Regulation)) (a small credit rating agency), **provided that** a small credit rating agency is capable of rating the relevant issuance or entity. Where the issuer or a related third party does not appoint at least one credit rating agency with no more than 10 per cent market share, this must be documented. The appointment of several credit rating agencies including one having a less than 10 per cent total market share (based on information provided by ESMA) has been considered and it has been concluded that the most appropriate credit rating agencies to rate the Class A Notes are DBRS, Fitch and Moody's. Fitch and Moody's each have a total market share of more than 10 per cent (based on information provided by ESMA). DBRS has a total market share of less than 10 per cent (based on information provided by ESMA). Such decision to appoint DBRS, Fitch and Moody's as rating agencies has been documented. As there is no guidance on the requirements for any such documentation there remains some uncertainty whether the Issuer's documentation efforts

will be considered sufficient for these purposes and what the consequences of any non-compliance may be for the Issuer, and hence, the investors in the Notes.

The CRA III Regulation forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Credit Rating Agencies (Amendment, etc) (EU Exit) Regulations 2019 (the "**UK CRA Regulation**"). UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the UK and registered or certified under the UK CRA Regulation. In accordance with the UK CRA Regulation, the credit ratings assigned to the Notes by (i) DBRS will be endorsed by DBRS Ratings Limited, (ii) Fitch will be endorsed by Fitch Ratings Limited and (iii) Moody's will be endorsed by Moody's Investors Service Limited, as applicable, being rating agencies which are registered with the UK Financial Conduct Authority.

#### *No Rights after Legal Final Maturity Date*

No Noteholder will have any rights under any Note after the Legal Final Maturity Date and, accordingly, may fall short with any claims *vis-à-vis* the Issuer after such date if at such date not all payment obligations by the Issuer under the Notes had been fulfilled.

#### *EMIR/EMIR REFIT and MiFID II/MiFIR*

Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (known as EMIR) including a number of regulatory technical standards and implementing technical standards in relation thereto introduce certain requirements in respect of OTC derivative contracts. Such requirements include, amongst other things, the mandatory clearing through a CCP (the "**Clearing Obligation**"), the reporting of OTC derivative contracts to a registered or recognised trade repository (the "**Reporting Obligation**") and certain risk mitigation requirements in relation to derivative contracts which are not centrally cleared in relation to timely confirmation, portfolio reconciliation and compression, dispute resolution and the Margining Obligation. Non-compliance with certain obligations under EMIR may qualify as an administrative offence and lead to fines being imposed on the Issuer with the effect that the Noteholders may ultimately bear the risk that, due to a lack of sufficient funds available to the Issuer, they will ultimately not receive the full principal amount of the Notes and/or interest thereon.

EMIR has further been amended by, *inter alia*, Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories ("**EMIR REFIT**"). For the avoidance of doubt, any reference to EMIR is to the version as amended by EMIR REFIT.

The Clearing Obligation applies to FCs and certain NFCs which have positions in OTC derivative contracts exceeding specified "clearing thresholds" in the relevant asset class. Such OTC derivative contracts also need to be of a class of derivative which has been designated by ESMA as being subject to the Clearing Obligation. On the basis of the relevant technical standards, it is expected that the Issuer will be treated as an NFC for the purposes of EMIR and that the Issuer's calculation of its positions in OTC derivative contracts against the clearing thresholds and the swap transactions to be entered into by it on the Issue Date will not exceed the relevant "clearing threshold", particularly given that mere hedging transactions are not accounted for in calculating the positions, however, this cannot be entirely excluded. In addition, even though the Issuer enters into the Swap Agreement

or a replacement swap as an NFC and solely to reduce risks directly relating to its commercial activity or treasury financing activity, the relevant clearing threshold could be exceeded on a consolidated basis pursuant to article 10(3) EMIR to the extent that the Issuer forms part of the BMW Group. Thus, as of the date hereof, it cannot be entirely excluded that the Issuer will be subject to the Clearing Obligation in the future in respect of any swap replacing the Swap Agreement. However, with regard to the Securitisation Regulation, there is an amendment to EMIR providing for an exemption from the Clearing Obligation if the relevant derivative contract is concluded by a securitisation special purpose entity in connection with an STS-securitisation and provided that counterparty credit risk is adequately mitigated in accordance with article 2 Commission Delegated Regulation (EU) 2020/447. The transaction is intended to be STS-compliant and complies with the prerequisites of article 2 Commission Delegated Regulation (EU) 2020/447, as (i) the Swap Counterparty ranks at least *pari passu* with the holders of the most senior securitisation note, provided that counterparty is neither the defaulting nor the affected party and (ii) the Class A Notes are subject to a level of credit enhancement of more than 2 per cent of the outstanding Notes. However, as there is no final suitable guidance in this regard, there remains some uncertainty if the exemption referring to the "securitisation special purpose entity" could also be considered to refer to the company as such or whether it shall be interpreted to refer to the relevant compartments only in case of a compartment vehicle. If the reference were to be understood to refer to the vehicle as such, the Issuer may be subject to the Clearing Obligation. Thus, as of the date hereof, it cannot be entirely excluded that the Issuer will be subject to the Clearing Obligation in the future in respect of any swap replacing the Swap Agreement. If the Swap Agreement were subject to the Clearing Obligation but not cleared, such swap transaction could be subject to the Margining Obligation. However, the conditions set out in article 1 of Commission Delegated Regulation (EU) 2020/448 are fulfilled as (i) the Swap Counterparty ranks at least *pari passu* with the holders of the most senior securitisation note, provided that counterparty is neither the defaulting nor the affected party; (ii) the Class A Notes are subject to a level of credit enhancement of more than 2 per cent of the outstanding Notes and (iii) the netting set does not include OTC derivative contracts unrelated to the securitisation. If any of such conditions were not fulfilled, the Issuer would be required under EMIR to post collateral. Non-compliance with either the Clearing Obligation or the Margining Obligation may qualify as an administrative offence and lead to fines being imposed on the Issuer with the effect that the Noteholders may ultimately bear the risk that, due to a lack of sufficient funds available to the Issuer, they will ultimately not receive the full principal amount of the Notes and/or interest thereon.

The Reporting Obligation applies to all types of counterparties and covers the entry into, modification or termination of cleared and non-cleared derivative contracts which were entered into on or after 12 February 2014. The deadline for reporting derivatives is one business day after the derivative contract was entered into, amended or terminated with the details of such derivative contracts required to be reported to a trade repository. It will therefore apply to the Swap Agreement and any replacement swap agreement. Pursuant to EMIR REFIT from 18 June 2020 onwards the FC should, as a rule, be solely responsible, and legally liable, for reporting on behalf of both itself and NFCs that are not subject to the Clearing Obligation with regard to OTC derivative contracts entered into by those counterparties, as well as for ensuring the correctness of the details reported. Non-compliance may qualify as an administrative offence and lead to fines being imposed on the Issuer to the effect that the Noteholders may ultimately bear the risk that, due to a lack of sufficient funds available to the Issuer, they will ultimately not receive the full principal amount of the Notes and/or interest thereon.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by the recast version of the MiFID II as supplemented MiFIR. MiFID II and MiFIR provide for

regulations which require transactions in OTC derivatives to be traded on organised markets MiFIR is supplemented by technical standards and delegated acts implementing such technical standards, such as the delegated Regulation (EU) 2017/2417 of 17 November 2017 supplementing MiFIR with regard to regulatory technical standards on the trading obligation for certain derivatives which, *inter alia*, determine which standardised derivatives will have to be traded on exchanges and electronic platforms. For the scope of transactions in OTC derivatives subject to the trading obligation (the "**Trading Obligation**"), it is article 28 Paragraph 1 and article 32 MiFIR referring to the definition of FCs and to NFCs that meet certain conditions of EMIR. Since MiFIR was not amended by EMIR REFIT, following the entry into force of EMIR REFIT on 17 June 2019 there is a misalignment in the scope of counterparties as regards the Trading Obligation under MiFIR and Clearing Obligation under EMIR: potentially some NFCs would be subject to the Trading Obligation while being exempted from the Clearing Obligation. In this respect, ESMA expects competent authorities not to prioritise their supervisory actions in relation to the MiFIR derivatives Trading Obligation towards counterparties who are not subject to the clearing obligation, and to generally apply their risk-based supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner. On 7 February 2020, the ESMA published a final report on the alignment of MiFIR with the changes introduced by EMIR Refit.

In addition, given that the application of some of the EMIR provisions and given that additional technical standards or amendments to the existing EMIR provisions may come into effect, prospective investors should be aware that the relevant Transaction Documents may need to be amended during the course of the Transaction, without the consent of any Noteholder, to ensure that the terms thereof and the parties' obligations thereunder are in compliance with EMIR and/or the then subsisting EMIR technical standards.

#### *Termination for good cause*

As a general principle of German law, the right to terminate a contract for good cause (*wichtiger Grund*) may not be totally excluded nor may it be made subject to unreasonable restrictions or the consent of a third party. It cannot be excluded that the Noteholders have a right to terminate the Notes for good cause. Pursuant to section 314 Paragraph 1 sentence 2 of the German Civil Code good cause exists if, having regard to the circumstances of the specific case and balancing the interests of the parties involved, the terminating party cannot reasonably be expected to continue the contractual relationship until the agreed termination date or until the end of a notice period. Any provision expressly or impliedly restricting the right of a person to terminate a continuing obligation (*Dauerschuldverhältnis*) for good cause (*aus wichtigem Grund*) would be unenforceable under German law in a situation where serious cause to terminate such an ongoing contractual obligation existed. This may also have an impact on several limitations of the right of the parties to the Transaction Documents (as well as the underlying Lease Agreements) to terminate for good cause.

Where such right was exercised, this may lead to an early termination of the Notes in case of the Notes, and, thus, less interest received by the Noteholders or a replacement counterparty being required under the Transaction Documents or, in case of the underlying Lease Agreements, the Issuer may not have sufficient funds to pay interest and or principal on the Notes.

#### *Limitation of secondary market liquidity and market value of Notes*

Although application has been made to admit the Notes to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange and to list the Notes on the official list of the Luxembourg Stock Exchange, the liquidity of a secondary market for the Notes is limited. There can be no assurance that there will be bids and offers and that a liquid secondary market for

the Notes will develop or that a market will develop for all Classes of Notes or, if it develops, that it provides sufficient liquidity to absorb any bids, or that it will continue for the whole life of the Notes.

Limited liquidity in the secondary market for asset-backed securities has had a serious adverse effect on the market value of asset-backed securities and this may continue to apply also with a view to various regulatory requirements for investors in the Notes (e.g. CRD IV Regime (as amended by CRD V)). Consequently, any sale of Notes by Noteholders in any secondary market transaction may be at a discount to the original purchase price of such Notes. Accordingly, investors should be prepared to remain invested in the Notes until the Legal Final Maturity Date.

The development of market prices of the Notes depends on various factors, such as changes of the policy of central banks which may lead to the Class A Notes not or no longer being Eurosystem eligible, overall economic developments (including as a result of Covid-19 or the war in Ukraine) which may lead to less capital being available in the secondary market or the general lack of or excess demand for the relevant type of Notes. A Noteholder therefore bears the risk that the market price of the Notes falls as a result of the general development of the market such that the Noteholder may bear a loss in respect of its initial investment if such Noteholder decides to sell the Notes in the secondary market.

#### *Adverse Macroeconomic and Geopolitical Developments*

The ongoing geopolitical developments, including the war in Ukraine and the internationally imposed sanctions against Russia, may result in an adverse impact on global economic, financial, political, social or government conditions which may result or already resulted in (including but not limited to) limited access to workplaces and supplies, and limited availability of key personnel, higher inflation, higher interest rates, higher cost of living, declining access to credit, lower or stagnating wages, increasing unemployment, changes in government regulatory, fiscal or tax policies, including changes in applicable tax rates and the modification of existing or adoption of new tax legislation, sanctions regimes, removal of subsidies, reduced public spending, increases in fuel prices, weakness in energy markets (including electricity cuts) or a loss of consumer confidence. On 11 July 2023, ESMA issued a statement on sustainability disclosure in prospectuses. In this context it should be noted that, on 28 October 2022, the European Parliament and Council reached an agreement ensuring all new cars and vans registered in Europe will be zero-emission by 2035. Also, as an intermediary step to reach the zero-emission goal, Regulation (EU) 2023/851 setting stricter CO2 emission performance standards for new cars and vans entered into force in May 2023. All these measures may result in lower proceeds in case of a sale or realisation of the Leased Vehicles, or may already have an adverse impact on the residual values of Leased Vehicles with combustion engines. Such conditions may have an adverse impact on both the operational business of the Seller and the financial performance of the Purchased Lease Receivables in the future and therefore, the Noteholders may suffer a risk of a reduction or non-receipt of principal and/or interest due to them in respect of their Notes.

### **III. Risks relating to the Purchased Lease Receivables**

#### *Non-existence of Purchased Lease Receivables*

If a Lease Agreement relating to a Purchased Lease Receivable proves not to have been legally valid on the Issue Date or a Purchased Lease Receivable otherwise ceases to exist in whole or in part, the Seller will, pursuant to the Lease Receivables Purchase Agreement, pay to the Issuer Deemed Collections, provided that for the avoidance of doubt, no Deemed Collection shall be payable in respect of Eligible Lease Receivables if the Lessee fails to make due payments solely as a result of its lack of funds or insolvency (*Delkredererisiko*). To this extent, the Issuer is subject to

the credit risk of the Seller and payments under the Notes may be affected if the Seller is unable to fulfil its obligations vis-à-vis the Issuer.

#### *Changing Characteristics of the Purchased Lease Receivables during the Revolving Period*

During the Revolving Period, the amounts that would otherwise be used to repay the principal under the Notes may be used to purchase Additional Lease Receivables which have been selected according to the Eligibility Criteria from the Seller. Because of payments (or prepayments) on, or defaults of, the Purchased Lease Receivables and the purchase of Additional Lease Receivables during the Revolving Period, the composition of the Purchased Lease Receivables from time to time may be substantially different from the composition that exists as of the Issue Date (e.g. concentrations of Lessees or the types of Lessees such as lower numbers of consumer Lessees triggering a higher default rate with respect to the entire portfolio) may vary over time. Such changes in concentration or other changes in the composition of the Purchased Lease Receivables could adversely affect the amount of Collections received and, in turn, negatively impact the ability of the Issuer to make payments on the Notes.

#### *Credit risk of the Lessees*

If the Seller does not receive the full amounts due from the Lessees in respect of the Purchased Lease Receivables, the Noteholders are at risk to receive less than the full principal amount of their Notes and interest payable thereon. Consequently, the Noteholders are exposed to the credit risk of the Lessees. Neither the Seller nor the Issuer guarantees or warrants the full and timely payment by the Lessees of any sums payable under the Purchased Lease Receivables. The ability of any Lessee to make timely payments of amounts due under the relevant Lease Agreement will mainly depend on its assets and liabilities as well as its ability to generate sufficient income to make the required payments. The Lessees' ability to generate income may be adversely affected by a large number of factors.

There is no assurance that the then current value of the Purchased Lease Receivables will at any time be equal to or greater than the principal amounts outstanding of the Notes.

The rate of recovery upon a Lessee default may itself be influenced by various economic, tax, legal and other factors.

#### *Security Purpose of Leased Vehicles*

The Issuer retains the right to bring indemnification claims against, and is entitled to demand payment of Deemed Collections from, the Seller, but from no other Person, if Purchased Lease Receivables do not exist or cease to exist (*Bestands- und Veritätshaftung*) in accordance with the Lease Receivables Purchase Agreement. To this extent, the Issuer is subject to the credit risk of the Seller and payments under the Notes may be affected if the Seller is unable to fulfil its obligations vis-à-vis the Issuer.

Furthermore, in order to secure any claims of the Issuer against the Seller arising due to the non-existence (*Nicht-Bestand*) of the respective relating Lease Instalments (*Bestands- und Veritätshaftung*), including the damage claim of the Seller against the relevant Lessee as a consequence of the early termination of the relevant Lease Agreement, the Leased Vehicles are transferred to the Issuer for security purposes (*Sicherungsübereignung*). For the avoidance of doubt, the Leased Vehicles shall neither collateralise the due payment of any Lease Instalments by the relevant Lessee nor, in the absence of a default of the Seller in respect of the above-mentioned claims, due payment under the Notes.



If the security purpose is met and a Leased Vehicle is realised, the Issuer will not receive the full amount of the enforcement proceeds. The Issuer will only receive the Pro Rata Lease Instalment Share, which is calculated as (i) the present value of the relevant Purchased Lease Receivable outstanding using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR. The Pro Rata Residual Value Share will be distributed to the Seller or the financier of the residual value of the Leased Vehicle (as notified by the Seller to the Issuer) and shall be a rate calculated as (i) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR.

The difference between the enforcement proceeds and the Pro Rata Lease Instalment Share shall be disbursed to the Seller or the financier of the residual value of the Leased Vehicle (as notified by the Seller to the Issuer).

#### *Limited Value of the Lease Collateral*

Each Purchased Lease Receivable is secured by the relevant related Lease Collateral, which comprises (i) the Pro Rata Lease Instalment Share of any claims of the Seller to damages and excess mileage in accordance with its Credit and Collection Policy, and (ii) any other security interests related to the Purchased Lease Receivables under the Lease Agreements, such as the assignment of insurance claims. The Issuer can enforce such Lease Collateral in case of a default of the relevant Lessee, however, there is no certainty that the Issuer will be able to recover any amounts from components of the Lease Collateral, in particular with respect to which the relevant debtor is the defaulted Lessee (e.g., damage claims and excess mileage claims) or an insurance company which would only be required to make payments if the default of the relevant Lessee coincides with a damage to the relevant Vehicle. Therefore, the value of the Lease Collateral in case of a default of the Lessee is negligible to the effect that the Purchased Lease Receivables can be deemed to be unsecured receivables such that any investor in the Notes would bear the full credit risk of the Lessees. This means that, if the Seller does not receive the full amounts due from the Lessees in respect of the Purchased Lease Receivables, the Noteholders are at risk to receive less than the full principal amount of their Notes and interest payable thereon.

#### *Risks in connection with the application of the German Corporate Stabilisation and Restructuring Act (Gesetz über den Stabilisierungs- und Restrukturierungsrahmen für Unternehmen)*

With respect to Lessees, which are not natural persons, the German Corporate Stabilisation and Restructuring Act (*Gesetz über den Stabilisierungs- und Restrukturierungsrahmen für Unternehmen – "StaRUG"*), which entered into force on 1 January 2021, introduces a variety of measures aimed at, *inter alia*, restructuring a Lessee's debt obligations outside of formal insolvency proceedings. Most notably, under sections 49 *et seqq.* StaRUG, the competent restructuring court may, upon request of a Lessee and for an aggregate time period of maximum eight months, issue one or more stabilisation orders (*Stabilisierungsanordnung*) with the effect of (i) prohibiting or temporarily suspending any court-based enforcement procedures (*Vollstreckungssperre*) against a Lessee or (ii) prohibiting the realisation of any rights in moveable assets of a Lessee, which in formal insolvency proceedings would entitle its creditors to segregation (*Aussonderungsrecht*) or to preferential satisfaction (*Absonderungsrecht*).

Although a stabilisation order neither prohibits nor invalidates any voluntary payments made by a Lessee prior to or subsequent to its issuance, it may adversely affect payments on the Notes as the Collections under a Purchased Lease Receivable or the enforcement of any Lease Collateral may be delayed for as long as such stabilisation order is in force.

#### *Silent Assignment of Lease Receivables*

As a general rule under German law, receivables are assignable unless their assignment is excluded either by mutual agreement, by the nature of the receivables to be assigned or on the basis of legal restrictions applicable thereto.

The Lease Agreements under which the Purchased Lease Receivables have been originated are based on certain standard forms. These standard forms do not specifically prohibit the Seller from assigning its rights under the relevant Lease Agreement to a third party for refinancing purposes.

The assignment of the Purchased Lease Receivables and the assignment is in principle "silent" (i.e. without notification to the Lessees) and may only be disclosed to the relevant Lessees in accordance with the Servicing Agreement or the Lease Receivables Purchase Agreement or where the Seller otherwise agrees to such disclosure. Until the relevant Lessees have been notified of the assignment of the relevant Purchased Lease Receivables, they may pay with discharging effect to the Seller or enter into any other transaction with regard to such Purchased Lease Receivables with the Seller which will have binding effect on the Issuer and the Trustee.

According to Section 404 of the German Civil Code, each Lessee may further raise defences against the Issuer and the Trustee arising from its relationship with the Seller which are existing (*begründet*) at the time of the assignment of the Purchased Lease Receivables.

Pursuant to Section 406 of the German Civil Code, each Lessee is entitled to set-off against the Issuer and the Trustee its claims, if any, against the Seller, unless such Lessee has knowledge of the assignment upon acquiring such claims or such claims become due only after the Lessee acquires such knowledge and after the relevant Purchased Lease Receivables themselves become due. Whilst, as of the relevant Issue Date, the Seller represents and warrants to the Issuer that it is not aware that any Lessee has asserted any lien, right of rescission, counterclaim, set-off, right to contest or defence against the Seller in relation to any Lease Agreement, the Seller is obliged pursuant to the Lease Receivables Purchase Agreement to pay to the Issuer Deemed Collections in an amount equal to the Discounted Outstanding Lease Balance of the affected Purchased Lease Receivable if, *inter alia*, the Discounted Outstanding Lease Balance of such Purchased Lease Receivable or any other amount owed by a Lessee is reduced due to any set-off against the Seller based on a counterclaim of such Lessee or any set-off or equivalent action against the relevant Lessee by the Seller. In the case of any misrepresentation of the Seller, the Noteholders, therefore, would become exposed to the risk that the Seller may be unable to pay Deemed Collections or perform any other remedy in full.

For the purpose of notification of the Lessees in respect of the assignment of the Purchased Lease Receivables, the Issuer or the Trustee or any successor servicer or substitute Servicer will require data which is in the possession of the Data Trustee. Under the Data Trust Agreement, the Issuer or the Trustee is entitled to request delivery of the Portfolio Decryption Key required to decrypt the required information from the Data Trustee under certain conditions, including, without limitation, if a Lessee Notification Event has occurred. However, the Issuer or the Trustee, any successor servicer or any substitute Servicer (as applicable) might not be able to obtain such data in a timely manner as a result of which the notification of the Lessees may be considerably delayed and the

Noteholders would bear Seller credit risk as the Lessees may continue to pay with discharging effect to the Seller until being notified of the assignment.

#### *German consumer loan legislation*

Certain Lessees qualify as consumers (*Verbraucher*) within the meaning of section 13 German Civil Code or enter into the Lease Agreements to take up a trade or self-employed occupation (*Existenzgründer*). Certain types of lease agreements entered into with consumers (*Verbraucher*) or persons about to take up a trade or self-employed occupation (*Existenzgründer*) may qualify as contracts providing for financial assistance against consideration (*entgeltliche Finanzierungshilfe*) with the consequence that, based on the provisions in sections 491 *et seqq.* of the German Civil Code and article 247 of the Introductory Act to the German Civil Code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*), the following rules apply:

- The lessor would have to provide substantial information on the lease to the lessee prior to the conclusion of the lease agreement (including the standardised consumer credit information and reasonable additional information enabling the lessee to decide on whether to conclude the lease agreement). Any breach by the lessor of the respective obligations may give rise to claims for damages on the side of the lessee which may lead to set-off or defences on the part of the lessee.
- The lease agreements would generally have to contain (i) certain mandatory statutory information (*Pflichtangaben*) and (ii) an information on the lessee's right of revocation (*Widerrufsinformation*) in due form. If (i) the mandatory statutory information is not duly given or (ii) the information on the lessee's revocation right (*Widerrufsrecht*) is not given or not given in due form, the statutory revocation period (*Widerrufsfrist*) of 14 calendar days would not start. In such cases, the relevant lessee would be able to revoke its declaration to enter into the relevant lease agreement at any time.

If a Lessee validly revokes the Lease Agreement based on non-compliance of the Seller with mandatory information (*Pflichtangaben*) as required by applicable law, the Seller is obliged to pay to the Issuer Deemed Collections and the Noteholders, therefore, would become exposed to the risk that the Seller may be unable to pay Deemed Collections or perform any other remedy in full.

The BGH held in a judgment dated 24 February 2021 (VIII ZR 36/20) that mileage leasing agreements (*Leasingverträge mit Kilometerabrechnung*) (each a "**Mileage Lease**") with consumers (*Verbraucher*) or persons about to take up a trade or self-employed occupation (*Existenzgründer*) do not qualify as contracts providing for financial assistance against consideration (*entgeltliche Finanzierungshilfe*). By means of an *argumentum e contrario* the BGH indicated in the same decision that lease agreements containing a residual value guarantee by the lessee (*Restwertgarantie*) aiming at a full amortisation (*Vollamortisation*) of the lessor's costs and expenses qualify as contracts providing for financial assistance against consideration (*entgeltliche Finanzierungshilfe*).

Furthermore, certain questions regarding the interpretation of European consumer loan legislation on the provision of mandatory statutory information (*Pflichtangaben*) and information on the right of revocation (*Widerrufsinformation*) as regards Mileage Leases have been referred to the Court of Justice of the European Union ("**ECJ**") by other German courts which may lead to a different assessment in this respect in the future. Additionally, further questions have been referred to the ECJ as regards Mileage Leases qualifying as a financial service (*Finanzdienstleistung*) and the conclusion of contracts outside of business premises in the case that the contract negotiations take place at the business premises of a credit intermediary who initiates transactions with consumers

on behalf of the merchant and on the merchant's behalf but does not himself have any power of representation to conclude the contracts. As a consequence, there is not only a preliminary risk of further diverging decisions by the ECJ and German courts as regards the Lease Agreements and their treatment with a view to the application consumer protection provisions and potential revocation rights arising from such consumer protection provision and further legal uncertainty remains in this respect.

In general, if a lessee validly revokes a lease agreement, the lessor has to reimburse the lessee for all lease instalments paid and the lessee has to return the vehicle to the lessor. There is also a risk that the lessee will not have to pay compensation for the value/use (*Wertersatz*) of the vehicle in the event of a valid revocation.

#### *Banking secrecy and data protection*

Under the banking secrecy duty (*Bankgeheimnis*), a bank may not disclose information regarding its customer without the prior consent of such customer. In addition, the GDPR applies, pursuant to which a transfer of a customer's personal data is permitted, *inter alia*, if, in the absence of a consent by the data subject, processing is necessary for the purposes of the legitimate interests pursued by the data controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data.

In order to protect the interests and rights of the Lessees, the assignment of the Lease Receivables has been structured in compliance with the BaFin Circular 4/97 regarding the sale of customer receivables in connection with asset backed securities transactions by German credit institutions and the corresponding publications by BaFin in respect thereof (albeit immediately only being applicable as regards loan receivables). This includes the implementation of a data trustee structure and the obligation to generally encrypt Lessee related personal data. Here, the Issuer, the Seller and the Data Trustee have agreed that the Portfolio Decryption Key required to decrypt the required personal data including the identity and address of each Lessee is not to be sent to the Issuer on the Issue Date, but only to the Data Trustee which does not receive the relevant encrypted data. Under the Data Trust Agreement, the Data Trustee will safeguard the Portfolio Decryption Key and may provide the Portfolio Decryption Key to any substitute Servicer or the Trustee only upon the occurrence of certain events.

There is no jurisprudence or publication from a court or other competent authority available confirming the traditional view on the manner and procedures for an assignment of lease receivables (i.e. structuring in line with BaFin Circular 4/97) to be in compliance with, or the consequences of a violation of, the GDPR or the Data Protection Amendment and Implementation Act (*Datenschutzanpassungs- und Umsetzungsgesetz*) which implements Directive (EU) 2016/680 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data. Therefore, at this point there remains some uncertainty to predict the potential impact on the Transaction. If the Issuer was considered to be in breach of the GDPR or the Data Protection Amendment and Implementation Act (*Datenschutzanpassungs- und Umsetzungsgesetz*) despite the Transaction being structured in line with BaFin Circular 4/97, it could be fined and in case of such fines being substantial, this could have an impact on the ability of the Issuer to make payments on the Notes ultimately leading to a risk of the Noteholders to incur a loss.

#### IV. Risks relating to the Transaction Parties

##### *Insolvency Proceedings in relation to BMW Bank GmbH as Seller*

The legal existence of the Purchased Lease Receivables assigned under the Lease Receivables Purchase Agreement would generally survive the institution of Insolvency Proceedings against BMW Bank GmbH pursuant to section 108 para. 1 sentence 2 of the German Insolvency Code (*Insolvenzordnung*) ("**Section 108 InsO**") under the condition that (i) the Leased Vehicles were financed by a third party and (ii) the title to the Leased Vehicles was transferred to such third party as security for such financing.

The transaction relies on the interpretation of Section 108 InsO that, if applied to the transaction, the insolvency administrator of BMW Bank GmbH will not have the right to discontinue Lease Agreements on the grounds that the acquisition finance of the Leased Vehicles has been refinanced through securitisation. However, it should be noted that there is no case law on this point. Should a court come to the conclusion that Section 108 InsO does not apply, this would have, under section 103 of the German Insolvency Code (*Insolvenzordnung*) (the "**InsO**"), the following consequences:

Section 103 InsO grants BMW Bank GmbH's insolvency administrator for mutual contracts which have not been (or have not been completely) performed by BMW Bank GmbH and the Lessees at the date when Insolvency Proceedings were opened against BMW Bank GmbH the right to opt whether such contracts will be (i) continued or (ii) terminated.

The exercise of such option by the insolvency administrator would in case of item (i) above lead to a change in the quality of the parties' obligations under the relevant agreement which leads to a non-enforceability of any prior assignment of the claims arising under such agreement and in case of item (ii) above lead to the non-enforceability of the mutual contract.

If section 103 InsO applied to the Lease Agreements and irrespective of an insolvency administrator's election thereunder, the Lessees would be obliged to make their payments (if any) under such agreements to the insolvency estate (*Zahlung an die Masse*) of the Seller and not to the Issuer as assignee to which claims arising from the Lease Agreements had been assigned prior to an insolvency of the Seller. The Issuer's security title (*Sicherungseigentum*) in the Leased Vehicle would entitle the Issuer to the realisation of the Leased Vehicle in such scenario though. However, an insolvency administrator of the Seller would be entitled to deduct its fees from such realisation proceeds; amounting to up to 4 per cent (for the determination of the relevant assets and the existing rights of assets (*Feststellungskosten*)) plus 5 per cent for costs of enforcement (*Kosten der Verwertung*) plus any applicable VAT. If the actual costs of enforcement are materially higher or lower than 5 per cent of the realisation proceeds, the actual costs shall be applied (all such costs, the "**Enforcement Costs**").

The transaction has been structured as a "true sale" of the Purchased Lease Receivables under the Lease Receivables Purchase Agreement from the Seller to the Issuer. However, there are no statutory or case law based tests as to when a securitisation transaction may be characterised as a true sale or as a secured loan. Therefore, there is a risk that a court, in the insolvency of the Seller, could "re-characterise" the sale of Purchased Lease Receivables under the Lease Receivables Purchase Agreement as a secured loan. In such case sections 166 and 51 (1) InsO would apply with the following consequences:

If the securitisation transaction is re-qualified as a secured loan, the insolvency administrator of the Seller would be authorised by German law to enforce the Purchased Lease Receivables on behalf

of the Issuer which are deemed to be assigned to the Issuer for security purposes (on behalf of the assignee) and the Issuer would in this case be barred from enforcing the Purchased Lease Receivables assigned to it (i.e. no segregation right (*Aussonderungsrecht*) would exist).

The insolvency administrator would be obliged to transfer the proceeds from the enforcement of such Lease Receivables to the Issuer. The insolvency administrator may, however, deduct from such enforcement proceeds its Enforcement Costs amounting to four per cent (for the determination of the relevant assets and the existing rights of assets (*Feststellungskosten*)) plus five per cent of the enforcement proceeds (*Verwertungserlöse*) for costs of enforcement (*Kosten der Verwertung*) plus applicable value added tax. If the actual costs of enforcement are substantially more or less than five per cent of the enforcement proceeds, the actual costs shall be applied (*sind anzusetzen*).

Accordingly, the Issuer would have to share in the costs of an insolvency proceeding of the Seller as the insolvency administrator would be entitled to deduct the Enforcement Costs from any realisation proceeds. This would reduce the funds available to the Issuer and, therefore, increase the risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

Under section 113 InsO, the insolvency administrator of the principal is entitled to terminate service agreements (*Dienstleistungsverhältnisse*), agency agreements (*Geschäftsbesorgungsverträge*), mandates (*Aufträge*) and, according to sections 115 *et seqq.* of the German Insolvency Code, powers of attorney (*Vollmachten*) extinguish by operation of law with the opening of insolvency proceedings against the principal. A number of the Transaction Documents, to the extent that they qualify as service agreements or agency agreements or contain mandates or powers of attorney, would be affected by the application of these provisions in an insolvency of the principal thereunder. This would be particularly relevant for the Issuer's power of attorney granted by the Seller under the Lease Receivables Purchase Agreement in order for the Issuer to notify the Lessees in the name of the Seller and the authorisation of, *inter alia*, the Issuer pursuant to the Servicing Agreement to cancel and revoke direct debit arrangements the Servicer has established in respect of the Purchased Lease Receivables with respect to any Lessees.

#### *Lease Services Component and Termination Rights of Lessees*

The Lease Agreements executed between the Seller and the relevant Lessees do not only comprise the leasing of the relevant Leased Vehicles, but also envisage that the Seller renders certain services to the Lessees (e.g. maintenance and repair services, tire services, vehicle tax (*Kfz-Steuer*), broadcasting fee (*Rundfunkbeitrag*)).

It is not entirely clear whether and to what extent section 108 InsO of the German Insolvency Code (*Insolvenzordnung*) applies to other services comprised in the relevant Lease Agreement as such services could have detrimental effects to the insolvency estate (*Massebelastungen*) due to the fact that the insolvency estate would be required to render the additional services but would not receive the relevant consideration. If a court followed the view that section 103 InsO is to be applied to the additional services component, and such additional services were not rendered (if relevant), it cannot entirely be ruled out that the relevant Lessee might have a right to terminate the relevant Lease Agreement for good cause (*aus wichtigem Grund*). Such termination right requires that, having regard to the circumstances of the specific case and balancing the interests of the parties involved, the terminating party cannot reasonably be expected to continue the contractual relationship until the agreed termination date or until the end of a notice period. Whether the rendering of the additional services – which only represent a marginal component of the entire Lease Agreement – could be considered to be so crucial for a particular Lessee that their non-fulfilment

could be considered to enable the relevant Lessee to argue that without such services it cannot be reasonably be expected to continue the contractual relationship until the agreed termination date may be questionable as such services are not comparable to other ancillary services components which sometimes are considered to be crucial for a lessee (e.g. maintenance of the vehicle).

However, as the above questions to a large extent depend on (a) the analysis of legal issues which are to a considerable extent undetermined by German courts and (b) questions of fact the outcome of which cannot be fully predicted, the result outlined above is subject to some degree of uncertainty. If there was a termination of the relevant Lease Agreements in such scenarios, this might have a negative impact on the funds available to the Issuer and, therefore, increase the risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

#### *Restructuring and resolution proceedings*

The SAG implementing provisions of the BRRD establishes a framework for the recovery, restructuring and resolution of credit institutions and investment firms. The SAG provides for various actions and measures that can be taken by BaFin as supervisory and resolution authority (*Abwicklungsbehörde*) at once in order to avoid systemic risks for the financial markets or the necessity of a public bail-out if a credit institution or investment firm that is subject to the SAG is in financial difficulties (failing or likely to fail). Amongst other things, BaFin could, under certain circumstances, require creditors of such credit institution or investment firm to "bail-in" by a conversion of their claims into core capital or the reduction of the amount of such claims (section 90 SAG). Furthermore, BaFin could decide to transfer certain assets and liabilities of such credit institution or investment firm to another entity or a bridge institution or an asset management vehicle under the control of BaFin (cf. section 107 SAG).

The SAG is applicable, *inter alia*, with respect to credit institutions such as the Seller and, consequently, BaFin could take any of the above described measures and actions with regard to the Seller **provided that** the prerequisites for executing reorganisation measures pursuant to the SAG are met. Pursuant to section 97 SAG, the claims of the Issuer against the Seller would only become subject to a bail-in after the equity and capital positions set out in (i) section 90 no. 1 a) through c) SAG have been exhausted and (ii) section 147 SAG provides creditors with a compensatory claim against the restructuring fund pursuant to Section 8 of the Restructuring Fund Act (*Restrukturierungsfondsgesetz*) if and to the extent the restructuring measures under the SAG put them into a worse position than they would be in if insolvency proceedings had been opened over the assets of the relevant credit institution.

To simplify the application of bail-in tools within the European Union and to continue the harmonisation of the European regulatory framework with regard to the European banking sector, the European Parliament and Council of the European Union as legislative adopted Directive (EU) 2019/879 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms in order to implement the Financial Stability Board's total loss absorbing capacity standard, including the amendments to the existing regime relating to the minimum requirement for own funds and eligible liabilities. The amendment of the BRRD is generally effective from 27 June 2019 but applies since 28 December 2020, when the EU member states were required to have adopted the amendments to the BRRD (except for certain provisions which need to be implemented into national laws by 1 January 2024 only).

As this Directive emphasises the principle of bail-in and gives BaFin further scope for action as, for example, it may suspend any payment for a timely manner in the case that the prerequisites are met. Such moratorium provisions may lead to a revision of section 46g KWG according to which the

Federal Government (*Bundesregierung*) may, by way of statutory order, impose a moratorium and suspension of banking and stock exchange business if there is reason to fear that credit institutions may encounter financial difficulties which are likely to pose grave dangers to the economy as a whole, and particularly to the proper functioning of the general payment system.

If the Seller was in financial difficulties and measures pursuant to the SAG were taken with respect to it, such measures should only have limited impact on the claims of the Issuer against the Seller for the following reasons: The Purchased Lease Receivables should not form part of the Seller's estate and accordingly not be subject to bail-in pursuant to the SAG as long as the sale and transfer of the Purchased Lease Receivables from the Seller to the Issuer will not be re-characterised as a secured loan (see above). However, even if the sale and transfer of the Purchased Lease Receivables was re-characterised as a secured loan, claims against the Seller would not become subject to bail-in if and to the extent these claims are secured claims within the meaning of section 91(2) no. 2 SAG. Consequently, if and to the extent the relevant claims against the Seller are secured by Purchased Lease Receivables (including Lease Collateral) and Leased Vehicles they should not be affected by bail-in. Claims of the Issuer against the Seller (in its capacity as Seller or Servicer) for payment of Collections received in respect of the Purchased Lease Receivables may become subject to a bail-in even though they are subject to a trust arrangement (*Treuhandverhältnis*) if Collections are commingled with other moneys of the Seller and are therefore, not subject to substitute segregation (*Ersatzaussonderung*). Finally, although the Issuer will not be in a position to prevent the transfer of any of the Seller's assets to another entity, such transfer pursuant to section 110(1) SAG may only occur in conjunction with a transfer of the security provided therefor and vice versa. A separation of the Purchased Lease Receivables from the Lease Collateral and the Leased Vehicles should therefore not result from any such transfer (see also section 110(3) No. 4 SAG).

However, absent any court rulings which explicitly confirm the above analysis, there remains legal uncertainty with respect to any potential bail-in measures. If such measures were taken they could have a negative impact on the funds available to the Issuer and, therefore, increase the risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

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

#### *Creditworthiness and due performance of Parties to the Transaction Documents*

The ability of the Issuer to meet its obligations under the Notes depends, in whole or in part, on the performance of each Transaction Party of its duties under the Transaction Documents.



No assurance can be given that the creditworthiness and due performance of the Transaction Parties, in particular the Servicer, the Swap Counterparty, the Paying Agent and the Account Bank, will not deteriorate in the future. This may affect the performance of their respective obligations under the respective Transaction Documents. In particular, it may affect the administration, collection and enforcement of the Purchased Lease Receivables by the Servicer in accordance with the Servicing Agreement. As the Account Bank uses the assistance of a Swift correspondent agent in the settlement process, the Noteholders are also exposed to the capability of such Swift correspondent agent to perform such tasks in the future.

If the Transaction Parties are not duly performing their duties under the Transaction Documents, this may lead to losses at the level of the Issuer, which could have an impact on the ability of the Issuer to make payments on the Notes ultimately leading to a risk of the Noteholders to incur a loss.

#### *Risk of late forwarding of payments received by the Servicer, commingling risk and risk of Servicer Shortfalls*

During the life of the Transaction and prior to the occurrence of a Servicer Termination Event and the revocation of the Collection Mandate of the Servicer, the Seller in its capacity as Servicer is entitled to commingle any Collections from the Purchased Lease Receivables, including proceeds from the realisation of Lease Collateral, with its own funds during each Monthly Period and will only be required to transfer the Collections to the Operating Account on each Payment Date. Commingled funds may be used or invested by the Seller at its own risk and discretion and for its own benefit until the relevant Payment Date.

Upon the occurrence of an Insolvency Event with respect to the Seller or the Servicer or a Servicer Termination Event in particular, commingling risks and risks of Servicer Shortfalls may occur. Upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, the Servicer shall, within the Performance Period, notify the Issuer in writing that it will elect to (i) with effect from the date of such notification, transfer any Collections to the Issuer Account within two Business Days upon receipt of such Collections; or (ii) fund the Commingling Reserve Account (not using any Collections) with the Commingling Reserve Required Amount within the Performance Period of the Commingling Reserve Trigger Event taking place and on each Payment Date upon the continuance of the Commingling Reserve Trigger Event. For so long as such Commingling Reserve Trigger Event prevails, the Servicer shall have the right to switch between the above options by written notice to the Issuer. In addition, no assurance can be given that the Commingling Reserve Required Amount will be sufficient to cover commingling risks or risks of Servicer Shortfalls. This may lead to losses at the level of the Issuer, which could have an impact on the ability of the Issuer to make payments on the Notes ultimately leading to a risk of the Noteholders to incur a loss.

#### *Replacement of the Servicer*

If the appointment of the Servicer is terminated, the Issuer has the right to appoint a successor Servicer pursuant to the Servicing Agreement. Any substitute Servicer which may replace the Servicer in accordance with the terms of the Servicing Agreement would have to be able to administer the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles in accordance with the terms of the Servicing Agreement, be duly qualified and licensed to administer leasing contracts in Germany such as the Lease Agreements and may be subject to certain residence and/or regulatory requirements. Further, while the Seller acting as Servicer is not entitled to a Servicing Fee, it should be noted that any substitute Servicer (other than a (direct or indirect) subsidiary of the Seller or of a parent of the Seller to which the servicing and collection of the Purchased Lease Receivables and the Lease Collateral is outsourced) will be entitled to a Servicing

Fee which ranks senior to the Notes according to the applicable Priority of Payments. In order to cover the Servicing Fee and replacement costs (if any) of the replacement Servicer, the Issuer has created the Servicing Reserve Account on which the Servicing Reserve Required Amount will be credited by the Seller within the Performance Period upon the occurrence and the continuance of a Servicing Reserve Trigger Event. Even though Intertrust (Luxembourg) S.à r.l. has agreed that it will facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement, with the parties to the Servicing Agreement upon receipt of notice by the Servicer of the occurrence of a Servicer Termination Event, there is no assurance that an appropriate successor Servicer can be found and hired in the required time span as set forth in the Servicing Agreement or that the Servicing Reserve Required Amount would be sufficient to remunerate such successor Servicer and that this does not have a negative impact on the amount and the timing of the Collections and, thus, on the funds available to the Issuer for the payment of interest and/or principal on the Notes.

#### *Replacement of the Trustee, the Account Bank or any Agent*

If the appointment of the Trustee is terminated due to good cause (*wichtiger Grund*) by the Issuer, the Issuer will appoint a replacement Trustee in accordance with the Trust Agreement. Such replacement costs will be borne by the Trustee, however, subject to a cap as agreed between the Trustee and the Issuer. There is no assurance that such replacement costs will not exceed such cap.

If the appointment of the Account Bank is terminated due to a rating downgrade of the Account Bank or due to good cause (*wichtiger Grund*) by the Issuer, the Issuer will appoint a replacement Account Bank in accordance with the Bank Account Agreement. Such replacement costs will be borne by the Account Bank, however, subject to a cap as agreed between the Account Bank and the Issuer. There is no assurance that such replacement costs will not exceed such cap.

If the appointment of an Agent is terminated due to good cause (*wichtiger Grund*) by the Issuer, the Issuer will appoint a replacement Agent in accordance with the Agency Agreement, and in the case of the Calculation Agent, the Calculation Agency Agreement. Such replacement costs will be borne by the respective Agent, however, subject to a cap as agreed between the Agents and the Issuer. There is no assurance that such replacement costs will not exceed such cap.

Moreover, no assurance can be given that a successor Trustee, a successor Account Bank or a successor Agent will be appointed in time and/or on terms similar to the provisions agreed on in the relevant Transaction Document.

Any failure to replace in a timely manner or higher costs associated with the appointment of a successor may have a negative impact on the funds available to the Issuer and, therefore, increase the risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

#### *Registration Requirement of the Trustee under the German Legal Services Act*

Collecting receivables such as the Purchased Lease Receivables as a collection agent for a third party is generally regarded as rendering legal services under the German Legal Services Act (*Rechtsdienstleistungsgesetz*) and subject to a registration requirement. Any agreement entered into in violation of such requirement, including transactions contemplated thereby, could potentially be void. Depending on the relevant activities of the Trustee in connection with the enforcement of the Security following an Issuer Event of Default, the Trustee may be regarded as acting as collection

agent for the Noteholders and other Secured Parties. The Issuer has been advised, however, that as of the date of the Trust Agreement, the Trustee will not be subject to the requirement to register under the German Legal Services Act solely by entering into the Trust Agreement, as its services would be permitted to be performed without registration as ancillary to the profession or activity (*Nebenleistung zum Berufs- oder Tätigkeitsbild*) of the Trustee. Any enforcement services conducted by the Trustee should, in general, not qualify as main business of the Trustee as the main task of a security trustee is rather to hold and administer the security and when enforcing such security, it would do so only in an event of default or similar event. The Trustee should, therefore, be exempt from a registration requirement under the German Legal Services Act (*Rechtsdienstleistungsgesetz*). However, in the absence of an express court precedent or developed rule, there remains some legal uncertainty with respect to this issue. If the appointment of the Trustee under the Trust Agreement was considered to be void due to a missing registration of the Trustee under the German Legal Services Act (*Rechtsdienstleistungsgesetz*), the Trustee may need to be replaced and the Noteholder might incur losses under the Notes if this leads to a lack of funds/security interests that may be realised for the benefit of the Noteholders.

#### *Interest rate hedging*

If the Swap Counterparty defaults in respect of its obligations under the Swap Agreement which results in a termination of the Swap Agreement, the Issuer will be obligated to enter into a replacement arrangement with another Eligible Swap Counterparty or to take other appropriate steps as defined in the Swap Agreement. Any failure to enter into such a replacement arrangement or to take other appropriate action may result in the Issuer becoming exposed to substantial interest rate risk and a downgrading of the rating of the Class A Notes.

The Swap Counterparty may terminate the Swap Agreement, among other things, if the Issuer becomes insolvent, if the Issuer fails to make a payment under the Swap Agreement when due and such failure is not remedied within three local business days after notice of such failure being given, if performance of the Swap Agreement becomes illegal, or if an Enforcement Event occurs under the Trust Agreement. The Issuer may terminate a Swap Agreement if, among other things, the Swap Counterparty becomes insolvent, the Swap Counterparty fails to make a payment under the Swap Agreement when due and such failure is not remedied within three Business Days after the notice of such failure being given, performance of the Swap Agreement becomes illegal or payments to the Issuer are reduced or payments from the Issuer are increased due to tax for a period of time.

The Issuer is exposed to the risk that the Swap Counterparty may become insolvent. In the event that the Swap Counterparty suffers a rating downgrade below certain specified levels, the Issuer may terminate the Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions could include the Swap Counterparty collateralising its obligations as a referenced amount, transferring its obligations to a replacement Swap Counterparty or procuring a guarantee. However, in the event the Swap Counterparty is downgraded, there can be no assurance that an eligible guarantor or replacement Swap Counterparty will be available or that the amount of collateral will be sufficient to meet the Swap Counterparty's obligations.

In the event that the Swap Agreement is terminated by either party, then, depending on the market value of the swap, a termination payment may be due to the Issuer or to the Swap Counterparty. Any such termination payment could be substantial. In certain circumstances, termination payments required to be made by the Issuer to the Swap Counterparty will rank higher in priority than all payments on the Notes. In such an event, the Available Distribution Amount may be insufficient to

make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes.

In the event that the Swap Agreement is terminated by either party or the Swap Counterparty becomes insolvent, the Issuer will endeavour but may not be able to enter into the Swap Agreement with a replacement Swap Counterparty immediately or at a later date. If a replacement Swap Counterparty cannot be contracted, the amount available to pay principal of and interest on the Class A Notes will be reduced if the floating rates-based interest on Class A Notes exceeds the fixed rate-based interest that the Issuer would have been required to pay the Swap Counterparty under the terminated Swap Agreement. In these circumstances, the Available Distribution Amount may be insufficient to make the required payments on the Class A Notes and the holders of Class A Notes may experience delays and/or shortfalls in the interest and principal payments on the Class A Notes.

Moreover, the Noteholders should be aware that the regulatory changes arising from EMIR, MiFID II and MiFIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in OTC derivatives, including if the Issuer intends to replace the Swap Counterparty and/or enter into a replacement swap. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware, however, that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, technical standards made thereunder, MiFID II and MiFIR, in making any investment decision in respect of the Notes.

The enforceability of a contractual provision which alters the priorities of payments to subordinate the claim of a swap counterparty (to the claims of other creditors of its counterparty) upon the occurrence of an insolvency of or other default by the swap counterparty (a so-called flip clause) has been challenged in the English and U.S. courts. Given that the Transaction Documents include terms providing for the subordination of certain payments under the Swap Agreement, there may be a risk that any court proceedings in the relevant jurisdiction may adversely affect the Issuer's ability to make payments on the Notes and/or the market value of the Notes and result in negative rating pressure in respect of the Notes. If any rating assigned to any of the Notes is lowered, the market value of such Notes may reduce.

#### *Conflicts of interest*

In connection with the Transaction, the Seller will also act as the Servicer and as the Subordinated Lender, and the Account Bank will also act as the Interest Determination Agent, the Calculation Agent and the Paying Agent. These Transaction Parties will have only those duties and responsibilities agreed to in the relevant Transaction Documents, and will not, by virtue of their or any of their Affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than those provided in the Transaction Documents to which they are a party. To the best knowledge and belief of the Issuer, these are the sole relevant conflicts of interest of the Transaction Parties. However, all Transaction Parties (including Bavarian Sky S.A. in respect of Compartments other than Compartment German Auto Leases 8) may enter into other business dealings with each other (including Bavarian Sky S.A. in respect of Compartments other than Compartment German Auto Leases 8) from which they may derive revenues and profits without any duty to account therefor in connection with this Transaction.

The Servicer may hold or service claims (for third parties) against the Lessees other than the Purchased Lease Receivables. The Corporate Administrator may provide corporate, administrative or other services to other entities.

The wider interests or obligations of the afore-mentioned Transaction Parties may therefore conflict with the interests of the Noteholders.

The afore-mentioned Transaction Parties may engage in commercial relations, in particular, hold assets in other securitisation transactions as trustee, be a lender, provide general banking, investment and other financial services to the Lessees, the Seller, the Servicer, the Issuer (in respect of Compartments other than Compartment German Auto Leases 8), other parties to this Transaction and other third parties.

In such functions, the afore-mentioned Transaction Parties are not obliged to take into account the interests of the Noteholders. Accordingly, potential conflicts of interest may arise in respect of this Transaction.

## **V. Tax risks**

The following should be read in conjunction with "TAXATION".

### ***German taxation***

The Issuer is subject to certain German tax risks:

Pursuant to section 13c of the German VAT Act (*Umsatzsteuergesetz – UStG*), the Issuer may incur a secondary liability for German VAT payable by the Seller in relation to the Purchased Lease Receivables, i.e., VAT owed but not paid by the Seller in respect of such receivables.

In addition, if the German tax authorities take the view that the Issuer maintains a taxable presence in Germany a corporate income tax or trade tax liability could be significant, if interest under the Notes is not fully taxable or restricted under certain German tax provisions (in this respect, please also see the considerations in "TAXATION — German taxation of the Issuer").

If any of such tax risk would materialise, any tax liability of the Issuer would reduce the amounts available for payments under the Notes.

To cover the risk that the Issuer may be held secondarily liable for VAT purposes and that interest expenses under the Notes are subject to an add-back taxation for German trade tax purposes, if the Issuer would maintain a taxable presence in Germany, the Seller has undertaken to indemnify the Issuer against any liabilities, costs, claims and expenses resulting from such risks, except those penalties and interest surcharges that are due to the gross negligence or wilful default of the Issuer.

However, the Noteholders are still exposed to the credit risk of the Seller and may still, if that is realised, incur losses on the Notes. In addition, the tax indemnity does not cover all potential tax risks, which may arise, for example the risk that interest expenses under the Notes are not fully tax deductible for corporate income tax and trade tax purposes under the German interest barrier rule (*Zinsschranke*), if the Issuer would maintain a taxable presence in Germany. Investors should note that the German legislator is currently discussing a draft bill (the so called *Wachstumschancengesetz*) that, should it come into force, might have an impact on interest deductibility, i.e. by changes to the interest barrier rules regime.

### *Withholding Tax*

Provided that the Purchased Lease Receivables will not be derecognised from the tax balance sheet of the Seller, it cannot be excluded that the German tax authorities take the view that the sale of the Purchased Lease Receivables qualify as a loan granted by the Issuer to the Seller and that payments received by the Issuer from the Seller constitute interest income subject to German withholding tax since the Seller is a domestic bank (*inländisches Kreditinstitut*) within the meaning of the KWG (section 43 paragraph 1 no. 7 lit. b) sentence 1 of the German Income Tax Act (*Einkommensteuergesetz – EStG*)).

Nevertheless, the Seller should not be obliged to withhold tax on such notional interest payments. This is because levying withholding tax is merely a particular form of satisfying a foreign or domestic investor's German tax liability. Therefore, according to the German Federal Fiscal Court, the deduction of German withholding tax in principles requires that the investor is subject to an unlimited or limited German tax liability (decision dated 19 October 2005, published in BFH/NV 2006, page 926 and decision dated 14 February 1973, published in Federal Tax Gazette II 1973, page 452). The German tax authorities generally follow this approach and explicitly state that with respect to investors who are not tax-resident in Germany that no withholding tax has to be withheld by the competent disbursing agent in case such an investor is not subject to a German limited tax liability and has provided appropriate evidence for its non-tax-residence to the competent disbursing agent (Circular of the Federal Ministry of Finance, dated 18 January 2016, Federal Tax Gazette I 2016, page 85 number 313 and 314).

As regular interest received by a German non-resident is not subject to limited tax liability in Germany, the Seller in its capacity as Servicer should also not be required to make any deduction or withholding from such payments in respect of German withholding tax (*Kapitalertragsteuer*) even if the sale of the Purchased Lease Receivables had to be qualified into a loan for withholding tax purposes. This is based upon the consideration that such loan would not qualify as a profit participating loan (*partiarisches Darlehen*) within the meaning of section 20 subsection 1 number 4 EStG. It should, however, be noted that the German Federal Fiscal Court has stated in a decision dated 22 June 2010 (I R 78/09) as an *obiter dictum* that the mere fact that an interest payment is deferred until the debtor has sufficient liquidity would give rise to a treatment of the loan as profit participating as, in such case, the interest claim would only be fulfilled once the borrower has realised an operating profit. The Issuer takes the view that the principles of such decision are not applicable in the case at hand. This is however not entirely clear, and it cannot be excluded that one would take a different view, in which case it cannot be excluded that the Seller would be obliged to make withholding tax deductions from payments it makes under the Notes.

### *No Tax Gross-Up*

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

### **Luxembourg taxation**

ATAD 1 was transposed into Luxembourg domestic law by the ATAD Law and entered into force on 1 January 2019. ATAD 1 has been amended by ATAD 2. ATAD 2 was transposed into Luxembourg

domestic law by the ATAD 2 Law and entered into force on 1 January 2020 (noting that the provision relating to the taxation of reverse hybrids entered into force on 1 January 2022).

The ATAD Law notably introduces a new framework that may limit the tax deduction of interest and other deductible payments and charges for Luxembourg companies subject to corporate income tax (such as the Issuer).

The ATAD Law and the ATAD 2 Law may result in corporate income tax being effectively imposed and due on the Issuer to the extent that the Issuer derives income other than interest income or income equivalent to interest from its underlying assets and transactions or, as the case may be, if the Notes issued by the Issuer qualify for tax purposes as hybrid financial instruments.

On 22 December 2021, the EU Commission proposed a new directive aiming at preventing the misuse of so-called "shell" entities for tax purposes within the EU (commonly referred to as the "**ATAD 3 Proposal**"). Under the current draft of the directive, if an undertaking passes certain gateways indicative of its "shell" nature and does not fulfil the certain minimum substance requirements, such undertaking may no longer benefit from double tax treaties or the EU interest and royalty or parent-subsidary directives. The ATAD 3 Proposal was scheduled to be implemented into Member States' national laws by 30 June 2023, and to come into effect as of 1 January 2024, but considering that the ATAD 3 Proposal is currently still pending at a EU level, this deadline seems difficult to reach in light of the short timeframe for final adoption and subsequent implementation and this timeframe may be extended by the European Commission. It is currently foreseen that the reporting obligations will be based on the operational set up of the undertaking during the two years preceding the year of reporting, therefore at the time of effect, 2022 and/or 2023 may already be a point of reference. While there remains considerable uncertainty surrounding the development of the proposal, these rules (if applicable) may have an impact on how returns are taxed and may decrease the amounts available to investors.

**THE ISSUER BELIEVES THAT THE RISKS DESCRIBED HEREIN ARE A LIST OF RISKS WHICH ARE SPECIFIC TO THE SITUATION OF THE ISSUER AND/OR THE NOTES AND WHICH ARE MATERIAL FOR TAKING INVESTMENT DECISIONS BY THE POTENTIAL NOTEHOLDERS. ALTHOUGH THE ISSUER BELIEVES THAT THE VARIOUS STRUCTURAL ELEMENTS DESCRIBED IN THIS DOCUMENT MITIGATE SOME OF THESE RISKS FOR NOTEHOLDERS, THERE CAN BE NO ASSURANCE THAT THESE MEASURES WILL BE SUFFICIENT TO ENSURE PAYMENT TO NOTEHOLDERS OF INTEREST, PRINCIPAL OR ANY OTHER AMOUNTS ON OR IN CONNECTION WITH THE NOTES ON A TIMELY BASIS OR AT ALL. THE ISSUER DOES NOT REPRESENT THAT THE RISKS OF HOLDING THE NOTES AS DESCRIBED HEREIN ARE EXHAUSTIVE. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE ISSUER OR THAT THE ISSUER CURRENTLY BELIEVES TO BE IMMATERIAL COULD ALSO HAVE A MATERIAL IMPACT ON THE ISSUER'S FINANCIAL STRENGTH IN RELATION TO THIS TRANSACTION.**

## RISK RETENTION

### *Risk retention under the Securitisation Regulation*

**INVESTORS SHOULD MAKE THEMSELVES AWARE OF THE REQUIREMENTS OF THE SECURITISATION REGULATION AS WELL AS ANY NATIONAL IMPLEMENTATION LEGISLATION, WHERE APPLICABLE TO THEM, IN ADDITION TO ANY OTHER REGULATORY REQUIREMENTS APPLICABLE TO THEM WITH RESPECT TO THEIR INVESTMENT IN THE NOTES.**

Investors should be aware of the EU risk retention and due diligence requirements that apply in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. With regard to institutional investors (i.e. an insurance undertaking, reinsurance undertaking, an institution for occupational retirement provision, an alternative investment fund manager, an undertaking for the collective investment in transferable securities management company, an internally managed undertaking for the collective investment in transferable securities, a credit institution or an investment firm), article 5 of the Securitisation Regulation provides that an institutional investor other than the originator, sponsor or original lender shall, prior to holding an exposure to a securitisation (as defined in article 2 of the Securitisation Regulation), verify that the originator, sponsor or original lender retains on an ongoing basis a material net economic interest of not less than 5 per cent of the securitised exposures, and has a thorough understanding of all structural features of a securitisation transaction and shall carry out a due-diligence assessment which enables it to assess the risks involved with the securitisation transaction. The permissible forms of risk retention are set out in article 6 paragraph (3) of the Securitisation Regulation. Failure to comply with one or more of the requirements set out in the Securitisation Regulation may result, *inter alia*, in the imposition of a penal capital charge on the notes acquired by the relevant investor.

With respect to the commitment of the Seller to retain a material net economic interest in the securitisation as contemplated by article 6 of the Securitisation Regulation, the Seller will – in compliance with article 6 Paragraph (3)(d) of the Securitisation Regulation – (i) retain, on an ongoing basis until the earlier of the redemption of the Class A Notes in full and the Legal Final Maturity Date, the Class B Notes and (ii) retain, in its capacity as Subordinated Lender, on an ongoing basis until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, a first loss tranche constituted by the claim for repayment of a Subordinated Loan made available by the Subordinated Lender to the Issuer under the Subordinated Loan Agreement as of the Issue Date, provided that the Seller will not be in breach of such undertaking if the Seller fails to so comply due to events, actions or circumstances beyond the Seller's control (*Unmöglichkeit*). In such event, the Seller will use commercially reasonable measures to ensure compliance with article 6 of the Securitisation Regulation as soon as possible, taking into account the circumstances. The sum of the aggregate principal amount of the retained 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), which amounts to EUR 863,899,907.09 as of the Issue Date. The Seller will purchase and acquire the retained Class B Notes from the Issuer. Pursuant to any Priority of Payments, any payments due under the Subordinated Loan Agreement are subordinated to payments due under the Notes. Prior to the full redemption of all Notes, no outstanding principal amount under the Subordinated Loan will be repaid in accordance with the applicable Priority of Payments with the effect that prior to the redemption of all Notes in full, the sum of the aggregate outstanding principal amount of the Subordinated Loan and the aggregate principal amount of the retained Class B Notes will as of any date until the earlier of the redemption of the Class A Notes in full and the Legal Final Maturity Date equal at least 5 per cent of the nominal amount of the



"securitised exposures" (i.e. the Purchased Lease Receivables). Pursuant to the Incorporated Terms Memorandum, the Seller undertakes (i) to retain the Class B Notes and not to sell and/or transfer them (whether in full or in part) to any third party until the earlier of the redemption of the Class A Notes in full and the Legal Final Maturity Date and (ii), in its capacity as Subordinated Lender, to grant and keep outstanding the Subordinated Loan and not to sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, subject always to any requirement of law applicable to it. The outstanding balance of the retained exposures may be reduced over time by, amongst other things, amortisation, allocation of losses or defaults on the retained Class B Notes and the Subordinated Loan. The monthly investor reports will also set out monthly confirmation as to the Seller's continued holding of the original retained exposures.

Article 5 of the Securitisation Regulation also places an obligation on institutional investors, before investing in a securitisation and thereafter, to, *inter alia*, analyse, understand and stress test their securitisation positions, and monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions. After the Issue Date, the Seller or the Servicer will prepare monthly investor reports wherein relevant information with regard to the Purchased Lease Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller with a view to complying with article 5 of the Securitisation Regulation. Each investor that is required to comply with article 5 of the Securitisation Regulation is required to independently assess and determine the sufficiency of the information described in this Offering Circular and which may otherwise be made available to investors for the purposes of its initial and ongoing compliance with article 5 of the Securitisation Regulation. Although the Servicer will produce the monthly investor reports and the Issuer may make announcements from time to time in accordance with applicable law or regulation or the terms of the Notes, none of the Issuer, the Managers, the Joint Bookrunners or any of the other transaction parties (i) makes any representation that the information described above or elsewhere in this Offering Circular or which may otherwise be made available to such investors or to which such investors are entitled (if any) is sufficient for such purposes, (ii) shall have any liability to any actual or prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of article 5 of the Securitisation Regulation or any other applicable legal, regulatory or other requirements; or (iii) shall have any obligation (including, but not limited to, the provision of additional information) to enable compliance by relevant investors with the requirements of article 5 of the Securitisation Regulation or any other applicable legal, regulatory or other requirements. Investors who are affected should therefore be aware that should they determine at any time, whether for their initial investment or as a result of changes in relation to reporting under article 7 of the Securitisation Regulation or otherwise, that they have insufficient information in order to comply with their own due diligence obligations under article 5 of the Securitisation Regulation, there is no obligation on the Issuer or any other party (including, for the avoidance of doubt, any Joint Lead Manager or Joint Bookrunner) to provide further information to meet such insufficiency.

According to article 270a of the CRR, incorporated by Regulation (EU) 2017/2401, where an institution (i.e. a credit institution or an investment firm) that is investing in the Notes does not meet the requirements in Chapter 2 of the Securitisation Regulation in any material respect by reason of negligence or omission by such institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250 per cent of the risk weight, capped at 1250 per cent, which shall apply to the relevant securitisation positions, progressively increasing with each subsequent infringement of the due diligence provisions. The calculation of the additional risk weight has been specified in the Commission Implementing Regulation (EU) 602/2014. Noteholders should make

themselves aware of the relevant provisions of the CRD IV Regime (as amended by CRD V) and make their own investigation and analysis as to the impact of the CRD IV Regime (as amended by CRD V) on any holding of Notes.

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with CRD IV Regime (as amended by CRD V). It should be noted that there is no certainty that references to the retention obligations of the Seller in this Offering Circular will constitute explicit disclosure (on the part of the Seller) or adequate due diligence (on the part of the Noteholders) for the purposes of articles 6 Paragraph (3)(d) and 7 of the Securitisation Regulation, and none of the Issuer, the Seller, the Corporate Administrator, the Arranger nor the Managers makes any representation that the information described above is sufficient in all circumstances for such purposes.

In addition, if and to the extent the Securitisation Regulation is relevant to any prospective investor and Noteholder, such investor and Noteholder should ensure that it complies with the Securitisation Regulation in its relevant jurisdiction. Prospective Noteholders who are uncertain as to the requirements which apply to them in any relevant jurisdiction should seek guidance from the competent regulator.

### ***U.S. Risk Retention***

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

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent of the credit risk of the Notes for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent of the dollar value (or equivalent amount in the currency in which the asset-backed securities are issued, as applicable) of all classes of asset-backed securities issued in the securitisation transaction are sold or transferred to U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Offering Circular as Risk Retention U.S. Persons) or for the account or benefit of Risk Retention U.S. Persons; (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised and located in the United States.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S under the Securities Act, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "**U.S. person**" (and "**Risk Retention U.S. Person**" in this Offering Circular) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

Each holder of a Note or a beneficial interest therein acquired on the Issue Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed and, in certain circumstances will be required, to represent to the Issuer, the Seller and the Managers that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note to a U.S. person and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

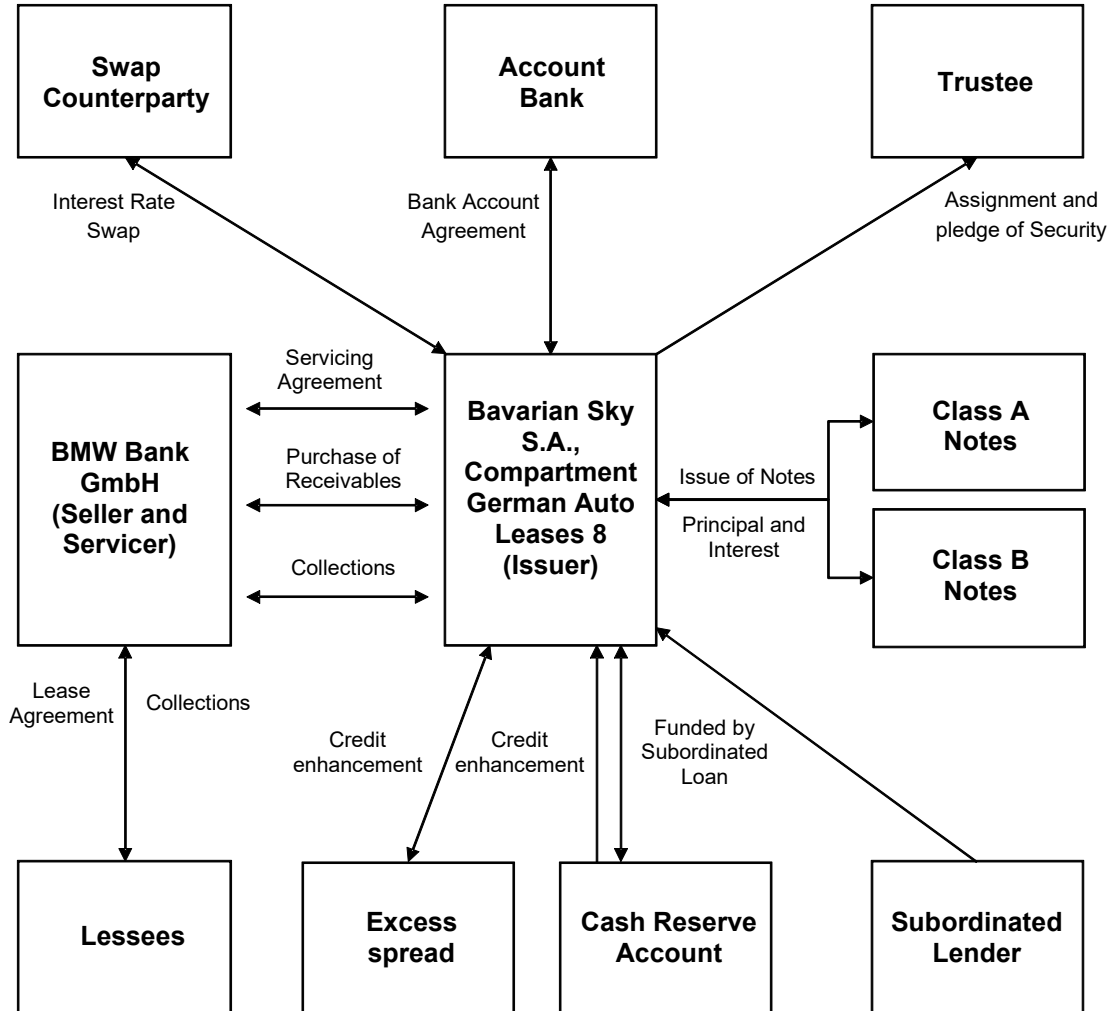
There can be no assurance that the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the sponsor to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a sponsor to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

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

Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## STRUCTURE DIAGRAM

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



## PARTIES TO THE TRANSACTION

### Issuer

Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 8, is an unregulated securitisation undertaking within the meaning of the Luxembourg Securitisation Law, incorporated as a public limited liability company (*société anonyme*), with registered office at 287-289 route d'Arlon, L-1150 Luxembourg registered with the Luxembourg trade and companies register under number B 127982. Bavarian Sky S.A. is subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg Securitisation Law (see "*THE ISSUER – Corporate Object of Bavarian Sky S.A.*").

Under the Luxembourg Securitisation Law, Bavarian Sky S.A. can segregate its assets, liabilities and obligations into ring-fenced separate Compartments. The assets of each Compartment are by operation of the Luxembourg Securitisation Law only available to satisfy the liabilities and obligations of Bavarian Sky S.A. which are incurred in relation to such Compartment. The liabilities and obligations of the Issuer incurred or arising in connection with the Notes and the other Transaction Documents, and all matters connected therewith, will only be satisfied or discharged against the assets allocated to Compartment German Auto Leases 8. The assets allocated to Compartment German Auto Leases 8 will be exclusively available to satisfy the rights of the Noteholders, the other Secured Parties and the other creditors of the Issuer in respect of the Transaction Documents and all matters connected therewith, and no other creditors of Bavarian Sky S.A. (unless related to the Transaction) will have any recourse against the assets allocated to Compartment German Auto Leases 8. In case of any further securitisation transactions of Bavarian Sky S.A., the transactions will not be cross-collateralised or cross-defaulted.

See "*THE ISSUER*".

### Foundation

Stichting Andesien, a Dutch foundation (*stichting*) established under the laws of The Netherlands whose statutory seat is in Amsterdam and whose registered office is at Basisweg 10, 1043 AP Amsterdam, The Netherlands. The Foundation owns all of the issued shares of Bavarian Sky S.A. The Foundation does not have any shareholders.

### Compartment German Auto Leases 8

Compartment German Auto Leases 8 is a compartment of Bavarian Sky S.A. which has been created by a decision of the board of directors of Bavarian Sky S.A. on 23 August 2023 and to which the Notes, the Purchased Lease Receivables and the Lease Collateral are allocated.

<b>Seller</b>	<p>BMW Bank GmbH, acting through its office at Lilienthalallee 26, 80939 Munich, Germany, is a wholly-owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft.</p> <p>See "<i>THE SELLER AND SERVICER</i>".</p>
<b>Lessee</b>	<p>In respect of a Lease Receivable, a Person (including consumers and businesses) with whom the Seller has entered into Lease Agreements with respect to Leased Vehicles, which are owned by the Seller.</p>
<b>Servicer</b>	<p>BMW Bank, unless the engagement of BMW Bank as servicer of the Issuer in respect of Compartment German Auto Leases 8 of the Issuer is terminated upon the occurrence of a Servicer Termination Event in which case the Servicer will mean the successor Servicer (if any).</p> <p>See "<i>OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement</i>". See also "<i>THE SELLER AND SERVICER</i>".</p>
<b>Swap Counterparty</b>	<p>Skandinaviska Enskilda Banken AB (publ) or its successor or any transferee appointed in accordance with the Swap Agreement.</p> <p>See "<i>OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement</i>". See also "<i>THE SWAP COUNTERPARTY</i>".</p>
<b>Trustee</b>	<p>BNY Mellon Corporate Trustee Services Limited, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.</p> <p>See "<i>MATERIAL TERMS OF THE TRUST AGREEMENT</i>". See also "<i>THE TRUSTEE</i>".</p>
<b>Joint Lead Managers</b>	<p>Deutsche Bank AG, a stock corporation (<i>Aktiengesellschaft</i>), incorporated under the laws Germany, registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Frankfurt am Main under registration number 30000 and having its registered office at Taunusanlage 12, 60325 Frankfurt am Main, Federal Republic of Germany.</p> <p>Landesbank Baden-Württemberg, a public law institution (<i>Anstalt des öffentlichen Rechts</i>) incorporated under the laws of the Germany, registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Stuttgart under registration number HRA 12704 and having its registered office at Am Hauptbahnhof 2, 70173 Stuttgart, Federal Republic of Germany.</p> <p>RBC Capital Markets, (Europe) GmbH, a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>), incorporated under the laws Germany, registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Frankfurt am</p>

Main under registration number HRB 110139 and having its registered office at Taunusanlage 17, 60325 Frankfurt am Main, Federal Republic of Germany.

**Subordinated Lender**

BMW Bank.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement*".

**Account Bank**

The Bank of New York Mellon, Frankfurt Branch, a branch of The Bank of New York Mellon, which is wholly owned by The Bank of New York Mellon Corporation (incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA) and registered in the Federal Republic of Germany with its principal office at Messeturm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Federal Republic of Germany.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Bank Account Agreement*". See also "*THE ACCOUNT BANK AND THE DATA TRUSTEE*".

**Data Trustee**

The Bank of New York Mellon, Frankfurt Branch, a branch of The Bank of New York Mellon, which is wholly owned by The Bank of New York Mellon Corporation (incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA) and registered in the Federal Republic of Germany with its principal office at Messeturm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Federal Republic of Germany.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement*". See also "*THE ACCOUNT BANK AND THE DATA TRUSTEE*".

**Calculation Agent**

The Bank of New York Mellon, London Branch, a branch of The Bank of New York Mellon, which is wholly owned by The Bank of New York Mellon Corporation (incorporated with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA) and registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Calculation Agency Agreement*". See also



*"THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT".*

**Paying Agent**

The Bank of New York Mellon, London Branch, a branch of The Bank of New York Mellon, which is wholly owned by The Bank of New York Mellon Corporation (incorporated with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA) and registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

See *"OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement"*. See also *"THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT"*.

**Interest Agent**

**Determination**

The Bank of New York Mellon, London Branch, a branch of The Bank of New York Mellon, which is wholly owned by The Bank of New York Mellon Corporation (incorporated with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA) and registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

See *"OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement"*. See also *"THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT"*.

**Corporate Administrator**

Intertrust (Luxembourg) S.à r.l., acting through its office at 6, rue Eugène Ruppert, L-2453 Luxembourg. See *"THE CORPORATE ADMINISTRATOR"*.

**Rating Agencies**

DBRS, Fitch and Moody's.

## TRANSACTION OVERVIEW

*This section "Transaction Overview" must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole. The following Transaction Overview is qualified in its entirety by the remainder of this Offering Circular. In the event of any inconsistency between this Transaction Overview and the information provided elsewhere in this Offering Circular, the latter will prevail.*

### General Description

On the Issue Date, the Seller will sell and assign to the Issuer, against payment of the Initial Purchase Price (EUR 863,899,907.09), Lease Receivables originated by the Seller as lessor together with the Lease Collateral as well as any Leased Vehicles pursuant to the Lease Receivables Purchase Agreement on the Issue Date and against the payment of the relevant Additional Purchase Price on each Additional Purchase Date during the Revolving Period. The Purchased Lease Receivables are owed by the respective Lessees to the Seller. The Seller will assign to the Issuer the Purchased Lease Receivables, which have been selected according to the Eligibility Criteria. The Eligibility Criteria are to be fulfilled on the relevant Cut-Off Date immediately preceding the Issue Date or the Additional Purchase Date (as applicable).

Bavarian Sky S.A. is a public limited liability company (*société anonyme*), subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg Securitisation Law. The sole shareholder of Bavarian Sky S.A. is the Foundation. Bavarian Sky S.A. will enter into the Transaction Documents to which it is a party by acting in respect of its Compartment German Auto Leases 8.

The related Lease Collateral will consist, *inter alia*, of (i) the Pro Rata Lease Instalment Share of any claims of the Seller to damages and excess mileage in accordance with its Credit and Collection Policy, and (ii) any other security interests related to the Purchased Lease Receivables under the relevant Lease Agreements. Furthermore, the title to the Leased Vehicles has been transferred as security to the Issuer exclusively for the purposes of securing any claims of the Issuer vis-à-vis the Seller arising due to the non-existence (*Nicht-Bestand*) of the respective relating Lease Instalments (*Veritätshaftung*), including any damage claim of the Seller against the relevant Lessee as a consequence of the early termination of the relevant Lease Agreement. The Leased Vehicles shall neither collateralise the due payment of any Lease Instalments by the relevant Lessee nor, in the absence of a default of the Seller in respect of the above-mentioned claims, due payment under the Notes. If the security purpose is met and a Leased Vehicle is realised by the Seller in accordance with its Credit and Collection Policy, the Issuer will not receive the full amount of the enforcement proceeds. The Issuer will only receive the Pro Rata Lease

Instalment Share. The Issuer will create the security interest over the asset allocated to Compartment German Auto Leases 8 for the benefit of the Trustee who in turn will hold the Security for the benefit of the Noteholders and the other Secured Parties under the Trust Agreement and the Deed of Security Assignment thereby securing the respective payment claims of the Secured Parties.

On the Issue Date, the Class A Notes will be issued to investors, and be listed and carry two ratings from the Rating Agencies. The Class A Notes are expected to be rated "AAA(sf)" by DBRS, "AAAsf" by Fitch and "Aaa(sf)" by Moody's. For the Class B Notes no rating will be solicited.

The Issuer will enter into a Swap Agreement with the Swap Counterparty which will enable the Issuer to exchange a fixed interest rate into EURIBOR. The Swap Counterparty and its successor, as the case may be, must be an Eligible Swap Counterparty.

Under the Servicing Agreement, the Servicer will, on behalf of the Issuer, conduct the servicing of the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles on the basis of its Credit and Collection Policy and will apply the same degree of care and diligence as it would use if the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles were its own property.

**Purchase Price**

The Initial Purchase Price with respect to the Initial Lease Receivables purchased on the Issue Date will be EUR 863,899,907.09.

With respect to each Additional Purchase Date, the Additional Purchase Price shall be the Current Aggregate Discounted Outstanding Lease Balance of the relevant Additional Purchased Lease Receivables as of the respective Additional Cut-Off Date to which such Additional Purchase Date relates.

**Revolving Period**

The Revolving Period will commence on the Issue Date (including) and end on the earlier of (i) the Payment Date falling in November 2024 (including) and (ii) the date on which an Early Amortisation Event has occurred prior to the respective Payment Date.

**Cut-Off Date**

The Cut-Off Date is the last day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date, **provided that** the Cut-Off Date immediately preceding the Issue Date is 31 October 2023.

**Issue Date**

20 November 2023.

<b>The Notes</b>	<p>The Notes are the Class A Notes and the Class B Notes.</p> <p>See "<i>TERMS AND CONDITIONS OF THE NOTES</i>".</p>
<b>Class A Notes</b>	<p>The EUR 800,000,000 Class A floating rate notes due November 2031, consisting of 8,000 Notes, each in the nominal amount of EUR 100,000. The Class A Notes will rank senior to the Class B Notes and to the Subordinated Loan in accordance with the applicable Priority of Payments.</p>
<b>Class B Notes</b>	<p>The EUR 63,900,000 Class B fixed rate notes due November 2031, consisting of 639 Notes, each in the nominal amount of EUR 100,000. The Class B Notes will rank senior to the Subordinated Loan in accordance with the applicable Priority of Payments.</p> <p>Yield to maturity for the Class B Notes will be 3.0 per cent.</p>
<b>Use of Proceeds</b>	<p>The aggregate net proceeds from the issue of the Notes amounting to EUR 863,900,000 will be used by the Issuer to purchase, on the Issue Date, certain Eligible Lease Receivables secured by the Lease Collateral.</p>
<b>Trust Agreement</b>	<p>The Issuer has entered into a trust agreement (the "<b>Trust Agreement</b>") with, <i>inter alia</i>, the Trustee pursuant to which the Issuer has appointed the Trustee to act as trustee for the Secured Parties and the Issuer has separately undertaken by way of the Trustee Claim to the Trustee to duly make all payments owed to the Noteholders and the other Secured Parties.</p>
<b>Form and Denomination</b>	<p>Each Class of Notes will initially be represented by a Temporary Global Note in bearer form and in NGN form, without coupons attached. Each Temporary Global Note will be exchangeable not earlier than 40 calendar days after the Issue Date, upon certification of non-U.S. beneficial ownership, for a Permanent Global Note in bearer form and in NGN form, without coupons attached. The Global Notes representing the Notes will be deposited with the relevant Common Safekeeper. The Notes will be transferred in book-entry form only. The Notes will be issued in a denomination of EUR 100,000. The Global Notes representing the Notes will not be exchangeable for definitive notes. The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility.</p> <p>See "<i>TERMS AND CONDITIONS OF THE NOTES — Condition 2 (Form and Denomination)</i>".</p>
<b>Status of the Notes</b>	<p>The Notes are issued (<i>begeben</i>) pursuant to the terms of the Subscription Agreement dated as of the Signing Date between the Issuer, the Seller, and the Managers. The Notes are secured by the Security pursuant to the Trust Agreement and the Deed of</p>

Security Assignment. See "CREDIT STRUCTURE AND FLOW OF FUNDS —Amortisation".

Subject to the application of the Available Post-Enforcement Funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments, the Trustee will have regard (i) as long as any of the Class A Notes are outstanding, only to the interests of the Class A Noteholders and (ii) if no Class A Notes remain outstanding, only to the interests of the Class B Noteholders and (iii) if no Notes remain outstanding, only to the interests of the Secured Party ranking highest in the Post-Enforcement Priority of Payments to whom any amounts are owed, as regards the exercise and performance of all powers, trusts, authorities, duties and discretions of the Trustee in respect of the Trust Property under the Trust Agreement, the other Security Documents or under any other documents the rights or benefits of which are comprised in the Trust Property (except where expressly provided otherwise).

The Notes are direct, secured and unconditional obligations of the Issuer in relation to its Compartment German Auto Leases 8 only.

See "*RISK FACTORS —Liability under the Notes*".

**Payment Date**

In respect of the first Payment Date, 20 December 2023 and thereafter the 20th of each calendar month, **provided that** if any such day is not a Business Day, the relevant Payment Date will fall on the next following Business Day unless such date would thereby fall into the next calendar month, in which case the Payment Date will be the immediately preceding Business Day. Any reference to a Payment Date relating to a given Monthly Period will be a reference to the Payment Date falling in the calendar month following such Monthly Period.

**Legal Final Maturity Date**

The Payment Date falling in November 2031.

**Presentation Period**

The presentation period for the Global Notes is reduced to five (5) years after the date on which the last payment in respect of the Notes represented by such Global Notes was due.

**Interest on the Notes**

The interest rate applicable to the Notes for each Interest Period will be:

- (a) in the case of the Class A Notes, EURIBOR plus 0.45 per cent *per annum* and if such rate is below zero, the interest rate will be zero; and
- (b) in the case of the Class B Notes, 3.0 per cent *per annum*.

Interest payments will be made subject to withholding or deduction tax (if any) required by law or its interpretation as

applicable to the Notes without the Issuer or the Paying Agent being obliged to pay additional amounts as a consequence of any such withholding or deduction.

**Monthly Period**

With respect to the first Monthly Period, the period commencing on (but excluding) the Cut-Off Date immediately preceding the Issue Date and ending on (and including) 30 November 2023 and with respect to each following Monthly Period the period commencing on a Cut-Off Date (but excluding) and ending on the immediately following Cut-Off-Date (and including).

**Clean-Up Call Option**

As of any Payment Date on which (A) the Current Aggregate Discounted Outstanding Lease Balance is less than 10 per cent of the Initial Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the Issue Date or (B) all outstanding Class A Notes have been repaid in full, the Seller will (**provided that** on the relevant Payment Date no Enforcement Event has occurred) have the option under the Lease Receivables Purchase Agreement to demand from the Issuer the resale of all outstanding Purchased Lease Receivables (together with any Lease Collateral) on the Clean-Up Call Settlement Date if the Clean-Up Call Conditions are satisfied.

**Applicable Priority of Payments**

The Issuer and, upon enforcement, the Trustee will make payments to the Noteholders and other parties on the basis of two different priorities of payments: (i) prior to the occurrence of an Enforcement Event, the Issuer will make all distributions of the Available Distribution Amount in accordance with the Pre-Enforcement Priority of Payments (see "*TERMS AND CONDITIONS OF THE NOTES — Condition 7.6 (Pre-Enforcement Priority of Payments)*") and (ii) subsequent to the occurrence of an Enforcement Event, the Trustee will, on behalf of the Issuer, make all distributions of Available Post-Enforcement Funds (or procure that all such distributions be made) in accordance with the Post-Enforcement Priority of Payments (see "*TERMS AND CONDITIONS OF THE NOTES — Condition 9 (Post-Enforcement Priority of Payments)*").

**Pre-Enforcement Priority of Payments**

On each Payment Date prior to the occurrence of an Enforcement Event and subject to the payment of Outside Waterfall Payments in accordance with Condition 7.5 (*Outside Waterfall Payments*), the Available Distribution Amount as of the Cut-Off Date immediately preceding such Payment Date (and, if the Clean-Up Call Option is rightfully exercised on the Clean-Up Call Settlement Date, the proceeds from such repurchase) shall be allocated in the following manner and priority:

- (a) *first*, amounts payable by the Issuer in respect of taxes under any applicable law (if any) **provided that**
  - (i) 100 per cent of all taxes payable exclusively in respect

of Compartment German Auto Leases 8 shall be allocated under this item first and (ii) a *pro rata* share of all other taxes will be allocated under this item first according to the proportion that the Aggregate Outstanding Notes Balance bears to the aggregate outstanding financing liabilities of Bavarian Sky S.A.;

- (b) *second*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee under the Security Documents (other than the Trustee Claim);
- (c) *third*, on a *pari passu* basis, the Administrative Expenses;
- (d) *fourth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (e) *fifth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (f) *sixth*, to the Cash Reserve Account, until the amount credited to the Cash Reserve Account is equal to the Required Cash Reserve Amount;
- (g) *seventh*, during the Revolving Period, (i) to the Seller any Additional Purchase Price and (ii) to the Replenishment Ledger any Excess Collection Amount such that the balance standing to the credit thereof (when aggregated with any Additional Purchase Price paid on such Payment Date) is equal to the Replenishment Available Amount;
- (h) *eighth*, on a *pari passu basis*, after the expiration of the Revolving Period, to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full
- (i) *ninth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;

- (j) *tenth*, on a *pari passu* basis, after the expiration of the Revolving Period, to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;
- (k) *eleventh*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;
- (l) *twelfth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (m) *thirteenth*, after the expiration of the Revolving Period, principal payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement until the Subordinated Loan has been redeemed in full;
- (n) *fourteenth*, prior to the occurrence of a Servicer Termination Event or a Lessee Notification Event, to pay any amounts owed by the Issuer to the Seller due and payable under the Lease Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftückbelastung*) (to the extent such returns do not reduce the Collections for the Monthly Period ending on such Cut-Off Date), or (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller; and
- (o) *fifteenth*, all remaining excess to the Seller.

**Post-Enforcement Priority of Payments**

After the occurrence of an Enforcement Event and subject to the payment of Outside Waterfall Payments in accordance with Condition 7.5 (Outside Waterfall Payments), the Trustee shall distribute the Available Post-Enforcement Funds in the following manner and priority:

- (a) *first*, amounts payable by the Issuer in respect of taxes under any applicable law (if any) **provided that** (i) 100 per cent of all taxes payable exclusively in respect of Compartment German Auto Leases 8 shall be allocated under this item first and (ii) a *pro rata* share of all other taxes will be allocated under this item first according to the proportion that the Aggregate



Outstanding Notes Balance bears to the aggregate outstanding financing liabilities of Bavarian Sky S.A.;

- (b) *second*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee under the Security Documents (other than the Trustee Claim);
- (c) *third*, on a *pari passu* basis, the Administrative Expenses;
- (d) *fourth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (e) *fifth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (f) *sixth*, on a *pari passu* basis, any amount payable by the Issuer to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;
- (g) *seventh*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;
- (h) *eighth*, on a *pari passu* basis, any amount payable by the Issuer to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;
- (i) *ninth*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;

- (j) *tenth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (k) *eleventh*, as from the date on which all Notes have been redeemed in full, any amount payable by the Issuer to the Subordinated Lender in respect of principal under the Subordinated Loan Agreement;
- (l) *twelfth*, to pay any amounts owed by the Issuer to the Seller due and payable under the Lease Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftückbelastung*) (to the extent such returns do not reduce the Collections for the Monthly Period ending on such Cut-Off Date), or (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller; and
- (m) *thirteenth*, all remaining excess to the Seller.

#### **Amortisation**

The amortisation of the Notes starts on the first Payment Date following the termination of the Revolving Period. Unless an Enforcement Event has occurred on the relevant Payment Date, the Available Distribution Amount for that Payment Date will be applied to redeem the Class A Notes and the Class B Notes on a sequential basis subject to the Pre-Enforcement Priority of Payments so that the Available Distribution Amount will be applied to redeem principal first in respect of the Class A Notes, then in respect of the Class B Notes as described further herein.

See "CREDIT STRUCTURE AND FLOW OF FUNDS – Amortisation" and "*TERMS AND CONDITIONS OF THE NOTES - Condition 8.1 (Amortisation)*".

#### **Early Redemption**

The actual amortisation of the Notes may differ from the expected amortisation of the Notes, especially a faster amortisation may occur (but not only) if one of the following events occurs:

- (a) an Early Amortisation Event, which would result in the expiration of the Revolving Period;
- (b) in the event of a breach of the Eligibility Criteria, the Seller is required to pay the Issuer certain Deemed Collections (at the then current Discounted Outstanding Lease Balances of the affected Purchased Lease Receivables) which, when received by the Issuer, the Issuer has to use to redeem the Notes prematurely in accordance with and subject to the applicable amortisation method (see above "**Amortisation Methods**"); and

- (c) if the Seller, **provided that** no Enforcement Event has occurred, rightfully exercised the Clean-Up Call Option. (See "*Clean-Up Call Option*" above and "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.3 (Clean-Up Call)*" and "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Lease Receivables Purchase Agreement*").

Furthermore, the Issuer will in the circumstances described in Condition 8.4 (Optional Tax Redemption) be entitled to redeem the Notes, in whole but not in part, early for tax reasons. For the purposes of the Swap Agreement, any early redemption described in this Paragraph "*Early Redemption*" will constitute a (partial) no cost termination event with no termination payments being payable by either party.

#### **Final Redemption**

On the Legal Final Maturity Date, the Issuer will, subject to the applicable Priority of Payments, redeem the then Aggregate Outstanding Notes Balance and pay interest accrued thereon.

#### **Limited Recourse**

The Notes will be limited recourse obligations of the Issuer. If in accordance with the applicable Priority of Payments available funds are not sufficient, after payment of all other claims ranking in priority to the relevant Notes, to cover all payments due in respect of such Notes, the available funds will be applied in accordance with the applicable Priority of Payments and no other assets of the Issuer will be available for payment of any shortfall. After the enforcement of all Security and the distribution of all Available Post-Enforcement Funds, claims in respect of any remaining shortfall will be extinguished in accordance with the Conditions.

See "*TERMS AND CONDITIONS OF THE NOTES — Condition 4.2 (Limited Recourse)*".

#### **Subordinated Loan**

The Subordinated Lender will grant the Subordinated Loan in a total amount of EUR 9,502,900, to the Issuer under the Subordinated Loan Agreement entered into by, *inter alia*, the Issuer and the Subordinated Lender. The Issuer will use the Subordinated Loan to fund the initial Required Cash Reserve Amount of EUR 9,502,900, as of the Issue Date. The Subordinated Lender will undertake to grant and keep outstanding the Subordinated Loan and not to sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date in order to comply with the Securitisation Regulation.

#### **Credit Enhancement**

The Notes have the benefit of credit enhancement through (i) the Excess Spread, (ii) for so long as the Required Cash Reserve Amount is greater than zero, the amount credited to the Cash

Reserve Account funded by way of drawing under the Subordinated Loan and (iii) in case of the Class A Notes, the subordination as to payment of the Class B Notes to the Class A Notes.

See "CREDIT STRUCTURE AND FLOW OF FUNDS — Credit Enhancement".

**Resolutions of Noteholders** In accordance with the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen - SchVG*), the Notes contain provisions pursuant to which the Noteholders of any Class may agree by resolution to amend the Conditions and to decide upon certain other matters regarding the Notes including, without limitation, the appointment or removal of a common representative for the Noteholders of any Class. See "TERMS AND CONDITIONS OF THE NOTES — Condition 14 (Resolutions of Noteholders)" and "OVERVIEW OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS".

**Issuer Account** For the purpose of this Transaction, the Issuer will be opening and maintaining the Issuer Account. The Issuer will, during the life of the Transaction, maintain the Issuer Account with a bank or financial institution that is an Eligible Counterparty.

**Sub-Accounts of the Issuer Account, Replenishment Ledger** The Issuer will keep four sub-accounts to the Issuer Account: The Operating Account, the Cash Reserve Account, the Commingling Reserve Account and the Servicing Reserve Account. The Issuer will also keep the Replenishment Ledger as a separate ledger of the Operating Account.

**Swap Collateral** In the event that the Swap Counterparty should post any collateral to the Issuer in connection with the Swap Agreement, the Issuer will hold such collateral in the Counterparty Downgrade Collateral Account opened with the Account Bank which will bear or be charged (as applicable) interest and which is a separate account from the Issuer Account and from the general cash flow of the Issuer. Collateral deposited in the Counterparty Downgrade Collateral Account will not constitute Collections. The swap collateral will secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement and will not secure any obligations of the Issuer.

**Purchased Receivables and Collateral**      **Lease and Lease** The Purchased Lease Receivables and the Lease Collateral (as described below) will back, *inter alia*, the payments in respect of the Class A Notes and the Class B Notes and the Subordinated Loan.

**Purchased Receivables**      **Lease** On the Issue Date, and on any Additional Purchase Date, the Issuer will purchase from the Seller certain Receivables originated by the Seller as lessor against customers located in Germany pursuant to the Lease Receivables Purchase

Agreement and will grant security interests in the Lease Collateral as well as the Leased Vehicles for different security purposes. Each Purchased Lease Receivable is owed by the respective Lessee (together, the "**Lessees**"). The Purchased Lease Receivables are euro-denominated as set forth in the relevant Lease Agreements. Collections under each Purchased Lease Receivable will be payable on a monthly instalment basis. If a Purchased Lease Receivable should partially or totally fail to comply on the Cut-Off Date immediately preceding the Issue Date with any Eligibility Criterion, the Seller will be obliged to pay Deemed Collections in respect thereof.

Pursuant to the Servicing Agreement, the Servicer will be authorised to modify the terms of a Lease Agreement underlying the relevant Purchased Lease Receivable only in accordance with the Credit and Collection Policy (applicable as of the date of such modification).

#### **Servicing Agreement**

Under the Servicing Agreement, the Servicer has agreed (i) to administer the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles and in particular to collect the Purchased Lease Receivables in accordance with the Credit and Collection Policy, (ii) to enforce the Lease Collateral in accordance with the Credit and Collection Policy, (iii) to release, on behalf of the Issuer, Lease Collateral in accordance with the Credit and Collection Policy, and (iv) to perform other tasks incidental to the above.

#### **Data Trust Agreement**

Pursuant to the terms of the Data Trust Agreement, the Seller and/or the Servicer will deliver to the Data Trustee the Portfolio Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller and/or Servicer under the Lease Receivables Purchase Agreement and/or Servicing Agreement, respectively. The Data Trust Agreement has been structured to comply with the Secrecy Rules. Pursuant to the Data Trust Agreement, the Data Trustee will keep the Portfolio Decryption Key in safe custody and will protect it against unauthorised access by third parties. It will only be obliged to release the Portfolio Decryption Key under certain conditions and subject always to the Secrecy Rules in order to permit the timely collection, enforcement or realisation of the Purchased Lease Receivables, Lease Collateral and/or the Leased Vehicles.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement*".

#### **Taxation**

All payments of principal and interest on the Notes will be made free and clear of, and without any withholding or deduction for, or on account of, tax (if any) applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law or its interpretation. If any such withholding or

deduction is imposed, the Issuer will not be obligated to pay any additional or further amounts as a result thereof.

See "TAXATION".

### **Security**

The Security will comprise, *inter alia*, the Purchased Lease Receivables, the Lease Collateral, the Leased Vehicles, the Issuer's claims against the Swap Counterparty under the Swap Agreement, any claims the Issuer might have against the Seller under the Lease Receivables Purchase Agreement and against other parties under certain other Transaction Documents and the Issuer's interests in the Issuer Account. The Security with respect to the Issuer's claims in respect of German Transaction Documents and German law governed accounts has been created in favour of the Trustee under the Trust Agreement and the Issuer's claims against the Swap Counterparty under the Swap Agreement have been assigned to the Trustee under the Deed of Security Assignment. The Trustee will hold the Security created under all Security Documents for itself and for the Noteholders and the other Secured Parties as beneficiaries.

### **Cash Reserve Account**

On the Issue Date, the Issuer will credit an amount of EUR 9,502,900 into the Cash Reserve Account which will be held and maintained by the Account Bank. The balance credited to the Cash Reserve Account will, as part of the Available Distribution Amount, provide limited protection against shortfalls in the amounts required to pay the Interest Amount, the Principal Amount (but only if the Available Distribution Amount suffices to reduce the Class A Outstanding Notes Balance to zero or once the Current Aggregate Discounted Outstanding Lease Balance is reduced to zero or on the Legal Final Maturity Date) and other payment obligations of the Issuer under the Notes in accordance with the applicable Priority of Payments.

See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Credit Enhancement — Subordinated Loan and Cash Reserve Account*".

Prior to the occurrence of an Enforcement Event, on each Payment Date until the Required Cash Reserve Amount falls to zero, the Cash Reserve Account will be replenished up to the Required Cash Reserve Amount in accordance with item *sixth* of the Pre-Enforcement Priority of Payments.

### **Required Cash Reserve Amount**

The Required Cash Reserve Amount will, as of any date, be an amount equal to either (i) EUR 9,502,900; or (ii) zero upon the occurrence of either (a) the Legal Final Maturity Date or (b) the Available Distribution Amount as of such date being sufficient to reduce the Class A Outstanding Notes Balance to zero or (c) the Current Aggregate Discounted Outstanding Lease Balance being equal to zero, whichever occurs earlier.

**Commingling Account**      **Reserve** Only upon (i) the occurrence and continuance of a Commingling Reserve Trigger Event and (ii) the occurrence and continuance of a Servicer Termination Event, the Notes may have the benefit of a commingling reserve which will provide limited protection against the commingling risk in respect of the Seller acting as the Servicer.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement — Commingling Reserve Account*".

Upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, the Servicer shall, within the Performance Period, notify the Issuer in writing that it will elect to (i) with effect from the date of such notification, transfer any Collections to the Issuer Account within two Business Days upon receipt of such Collections; or (ii) fund the Commingling Reserve Account (not using any Collections) with the Commingling Reserve Required Amount within the Performance Period of the Commingling Reserve Trigger Event taking place and on each Payment Date upon the continuance of the Commingling Reserve Trigger Event.

For so long as such Commingling Reserve Trigger Event prevails, the Servicer shall have the right to switch between the above options by written notice to the Issuer.

**Swap Agreement** As the Purchased Lease Receivables carry interest at a fixed rate, but the Class A Notes will bear interest at a floating rate calculated by reference to EURIBOR, the Issuer will effect on each Payment Date an exchange of the swap fixed interest rate for EURIBOR on the Swap Notional Amount. To this end, the Issuer has entered into a Swap Agreement with the Swap Counterparty. The notional amount of the swap as of any date will be equal to the Class A Outstanding Notes Balance as of the immediately preceding Payment Date. On each Payment Date, the Issuer pays to or receives, as applicable, from the Swap Counterparty the net swap amount being the difference between the Swap Fixed Interest Rate and EURIBOR calculated on the Swap Notional Amount.

See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS - Swap Agreement*".

**Transaction Documents** The Notes, the Trust Agreement, the Agency Agreement, the Bank Account Agreement, the Calculation Agency Agreement, the Lease Receivables Purchase Agreement, the Servicing Agreement, the Data Trust Agreement and the Subordinated Loan Agreement will be governed by and construed in accordance with the laws of Germany. The Swap Agreement and the Deed of Security Assignment (assigning the Issuer's claims

under the Swap Agreement for the benefit of the Trustee) will be governed by and construed in accordance with English law.

<b>Law governing the Notes</b>	The Notes are governed by and are to be construed in accordance with the laws of Germany. For the avoidance of doubt, articles 470-3 to 470-19 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended, shall not apply.
<b>Tax Status of the Notes</b>	See " <i>TAXATION</i> ".
<b>Selling Restrictions</b>	See " <i>SUBSCRIPTION AND SALE — Selling Restrictions</i> ".
<b>Listing and Admission to Trading</b>	Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit them to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange.
<b>ICSDs</b>	Euroclear Bank S.A. / N.V. of 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Banking S.A. of 42 Avenue John F. Kennedy, L-1855 Luxembourg (see " <i>GENERAL INFORMATION — ICSDs</i> ").
<b>Ratings</b>	Class A: "AAA(sf)" by DBRS, "AAAsf" by Fitch and "Aaa(sf)" by Moody's. For the Class B Notes no rating will be solicited.



## CERTIFICATION BY TSI

Since 2010 True Sale International GmbH (TSI) grants a registered certification label "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" if a special purpose vehicle complies with certain TSI conditions. These conditions are intended to contribute that securitisations involving a special purpose vehicle which is domiciled within the European Union adhere to certain quality standards. The TSI conditions have been updated in the past from time to time, and in the context of the recent Securitisation Regulation, TSI has made a further update to the TSI conditions in order to reflect quality standards that have also been incorporated into the STS requirements, based on TSI's interpretation of the Securitisation Regulation. The label "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" thus indicates that standards based on the conditions established by TSI have been met.

TSI grants the issuer a certificate entitled "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD", which may be used as a quality label for the securities in question.

The certification label has been officially registered as a trademark and is usually licensed to an issuer of securities if the securities meet, inter alia, the following conditions:

- compliance with specific requirements regarding the special purpose vehicle;
- transfer of the shares to non-profit foundations (*Stiftungen*);
- use of a special purpose vehicle which is domiciled within the European Union;
- the issuer must agree to the general certification conditions, including the annexes, and must pay a certification fee;
- the issuer must accept TSI's disclosure and reporting standards, including the publication of the monthly reports, prospectus and the originator's or issuer's declaration of undertaking on the True Sale International GmbH website ([www.true-sale-international.de](http://www.true-sale-international.de));
- the originator must confirm that the quality criteria of the "*CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD*" label are maintained throughout the duration of the transaction;
- since September 2018 and on the basis of TSI's interpretation of the Securitisation Regulation, certain quality standards included in the STS requirements are also incorporated in TSI's DEUTSCHER VERBRIEFUNGSSTANDARD criteria for EU securitisation transactions with car financing receivables as underlying. However, it should be noted that the TSI certification does not constitute a verification according to article 28 of the Securitisation Regulation, neither has TSI checked and verified the originator's statements.

Certification by TSI is not a recommendation to buy, sell or hold securities and does not represent any assessment of the expected performance of the Purchased Lease Receivables or the Notes. TSI's certification label is issued on the basis of an assurance given to True Sale International GmbH by the Issuer, as of the date of this Offering Circular, that, throughout the duration of the transaction, it will comply with:

- (a) the reporting and disclosure requirements of True Sale International GmbH, and

- (b) the main quality criteria of the "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" label.

True Sale International GmbH has relied on the above-mentioned declaration of undertaking and has not made any investigations or examinations in respect of the declaration of undertaking, any transaction party or any securities, and disclaims any responsibility for monitoring continuing compliance with these standards by the parties concerned or any other aspect of their activities or operations. Investors should therefore not evaluate their notes investments on the basis of this certification.

## VERIFICATION BY SVI

STS Verification International GmbH ("**SVI**") has been authorised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), as the competent authority pursuant to Art 29 of the Securitisation Regulation, to act in all EU countries as third party pursuant to article 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to articles 19 to 26e of the Securitisation.

SVI grants a registered verification label "*verified – STS VERIFICATION INTERNATIONAL*" if a securitisation complies with the 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 performed by SVI 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 the Verification Report prepared by SVI 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.

SVI is not a legal advisor and nothing in the Verification Report prepared by SVI shall be regarded as legal advice in any jurisdiction.

Accordingly, the Verification Report prepared by SVI is only an expression of opinion by SVI after application of its verification methodology and not a statement of fact. It is not a guarantee or warranty that ECB, any of the ESAs or national competent authorities, courts, investors or any other person will accept the STS status of the relevant securitisation. Therefore, no person should rely on the Verification Report prepared by SVI in determining the STS status but must perform its own analysis and reach its own conclusions.

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 or parties to SVI or in any of the documents are true, not misleading and complete. SVI shall have no liability for any loss of any kind suffered by any person as a result of a securitisation where the Verification Report prepared by SVI indicated that it met, in whole or in part, the STS Requirements, certain CRR or SRT requirements being held for any reason as not so meeting the relevant requirements or not being able to have lower capital allocated against it save in the case of deliberate fraud by SVI. SVI shall also not have any liability for any action taken or action from which any person has refrained from taking as a result of the Verification Report prepared by SVI.

The verification label "*verified – STS VERIFICATION INTERNATIONAL*" has been officially registered as a trade mark and is licensed to an issuer of securities if the securities meet the STS Requirements.

The verification label is issued on the basis of SVI's verification process, which is explained in detail on the SVI website ([www.sts-verification-international.com](http://www.sts-verification-international.com)). The verification process is based on the

SVI verification manual. It describes the verification process and the individual inspections in detail. The verification manual is authoritative for all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified.

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

SVI has carried out no other investigations or surveys in respect of the Issuer or the notes concerned other than as such set out in SVI's final verification report. SVI disclaims any responsibility for monitoring continuing compliance with the STS Requirements by the parties concerned or other aspect of their activities or operations. Furthermore, SVI has not provided any form of advisory, audit or equivalent service to the Issuer.

Verification by SVI is not a recommendation to buy, sell or hold securities. Investors should, therefore, not evaluate their investment in notes on the basis of this verification. Furthermore, the STS status of a transaction is not static and investors should therefore verify the current status of the transaction on ESMA's website ([https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_stsre](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_stsre)).

## CREDIT STRUCTURE AND FLOW OF FUNDS

### Lease Instalments of the Purchased Lease Receivables

The Lease Receivables which will be purchased by the Issuer shall not include any amounts owed under or in connection with the Lease Agreements other than the Lease Instalments. The Purchased Lease Receivables shall not include the portions relating to the VAT, the residual value and the provision of services. The Lease Instalments in respect of each Purchased Lease Receivable will be payable on a monthly basis. See "*PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*".

### Collection arrangements

Payments by the Lessees of Lease Instalments under the Purchased Lease Receivables are scheduled to become due and payable on a monthly basis. Prior to a Servicer Termination Event, all Collections received from the Lessees in a Monthly Period will be paid by the Servicer to the Operating Account maintained by the Issuer with the Account Bank no later than on the Payment Date relating to the relevant Monthly Period, provided, however, that to the extent netting with the Servicer's payment claims arising from the purchase of the Additional Purchased Lease Receivables by the Issuer is possible, the Servicer is entitled to transfer the netted Collections to the Operating Account, subject to the applicable Priority of Payments being adhered to, see "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*".

The Servicer will identify all amounts paid into the Issuer Account by crediting such amounts to sub-accounts established for such purposes. The Issuer will keep four sub-accounts to the Issuer Account in order to record amounts held in respect thereof: (i) the Operating Account, (ii) the Cash Reserve Account, (iii) the Commingling Reserve Account and (iv) the Servicing Reserve Account. The Issuer will also keep the Replenishment Ledger as a separate ledger of the Operating Account to which, during the Revolving Period only, any Excess Collection Amount shall be credited on any Payment Date in accordance with the applicable Priority of Payments.

### Available Distribution Amount

The Available Distribution Amount will be calculated by the Servicer as at each Cut-Off Date with respect to the Monthly Period ending on such Cut-Off Date for the purposes of determining the amounts payable in accordance with the Pre-Enforcement Priority of Payments on the immediately following Payment Date. For the definition of the Available Distribution Amount, see "*MASTER DEFINITIONS SCHEDULE — Available Distribution Amount*".

Any amount credited to the Commingling Reserve Account will constitute part of the Available Distribution Amount upon the occurrence and continuance of a Servicer Termination Event if and only to the extent that the Servicer has, on the relevant Payment Date, failed to transfer to the Issuer any Collections received by or, in the case of Deemed Collections, payable by the Servicer or the Seller during, or with respect to, the Monthly Period ending as of such Cut-Off Date or any previous Monthly Periods, and only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer (but excluding any fees and other amounts due to the Servicer under item *third* of the Pre-Enforcement Priority of Payments so long as no substitute Servicer is appointed in accordance with the Servicing Agreement).

## Bank account used for the Transaction

No later than on the Issue Date, the Issuer will have established the Issuer Account and the Counterparty Downgrade Collateral Account with the Account Bank which must be an Eligible Counterparty.

The Required Cash Reserve Amount as of the Issue Date will be an amount equal to EUR 9,502,900, such amount will be funded by the Subordinated Loan under the Subordinated Loan Agreement and credited to the Cash Reserve Account. Prior to the occurrence of an Enforcement Event until the Required Cash Reserve Amount falls to zero, the Cash Reserve Account will be replenished up to the Required Cash Reserve Amount in accordance with item *sixth* of the Pre-Enforcement Priority of Payments. During the life of the Transaction, the amount standing to the credit of the Cash Reserve Account will, as part of the Available Distribution Amount, be used to cover (i) any shortfalls in the amounts payable under items first through *fifth*, or (ii) any amounts payable under items first through fourteenth upon the earlier of (a) the Legal Final Maturity Date, (b) the Available Distribution Amount suffices to reduce the Class A Outstanding Notes Balance to zero or (c) once the Current Aggregate Discounted Outstanding Lease Balance is reduced to zero, in each case, in accordance with the Pre-Enforcement Priority of Payments. After the occurrence of an Enforcement Event, the amount standing to the credit of the Cash Reserve Account will, together with all other Available Post-Enforcement Funds, be available to make payments in accordance with the Post-Enforcement Priority of Payments.

No principal payment is payable under the Notes during the Revolving Period. Instead, on each Payment Date during the Revolving Period, any Excess Collection Amount will be transferred to the Replenishment Ledger held with the Issuer Account Bank as a separate ledger of the Operating Account in accordance with the applicable Priority of Payments. During the Revolving Period, the Replenishment Available Amount, as the amount of difference between the Aggregate Outstanding Notes Balance and the Current Aggregate Discounted Outstanding Lease Balance as of the Cut-Off Date immediately preceding such Payment Date, will serve for the Issuer to purchase the Additional Lease Receivables only.

If at any time the Account Bank ceases to be an Eligible Counterparty, it shall at its own cost, (in case of a downgrade of the Account Bank by DBRS, Fitch or Moody's within the Performance Period) after becoming ineligible (i) replace itself with a bank which is an Eligible Counterparty, or (ii) find an irrevocable and unconditional guarantor with (x) in case of DBRS: the higher of (1) if a COR is currently maintained in respect of the guarantor, a rating one notch below the guarantor's COR, being a rating of "A(high)" from DBRS, and (2) a long-term senior unsecured debt rating or deposit rating of "A" from DBRS or (3) if none of (1) or (2) above are currently maintained in respect of the guarantor, a DBRS Equivalent Rating at least equal to "A", (y) in case of Fitch: a short-term deposit rating of at least "F1" (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least "F1" (or its replacement) by Fitch) or a long-term deposit rating of at least "A" (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least "A" (or its replacement) by Fitch, and (z) in case of Moody's: a short term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least "P-1" (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating) of at least "A2" (or its replacement) by Moody's or, in each case, such other rating as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Class A Notes assigned by it, or (iii) take any other action in order to

maintain the rating of the Class A Notes or to restore the rating of the Class A Notes. In each case of (i) or (ii) above, the Account Bank will continue to provide services under the Bank Account Agreement in any case until and unless an Eligible Counterparty as successor Account Bank is validly appointed. In addition, the outgoing Account Bank shall reimburse (on a *pro rata* basis) to the Issuer any up-front fees paid by the Issuer for periods after the date on which the substitution of the Account Bank is taking effect and, in case of termination of the appointment of the Account Bank as a result of the Account Bank no longer being an Eligible Counterparty or in case of a termination for good cause (*aus wichtigem Grund*) caused by the Account Bank, the outgoing Account Bank shall reimburse the Issuer for the costs (including legal costs and administration costs) or pay any costs incurred for the purpose of appointing a successor bank, subject to a cap as separately agreed between the bank and the Issuer. Any costs in excess of such cap will be borne by the Issuer.

### **Pre-Enforcement Priority of Payments**

On each Payment Date, the Available Distribution Amount will be available for payments to the Noteholders in accordance with, and subject to, the Pre-Enforcement Priority of Payments. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 7.6 (Pre-Enforcement Priority of Payments)*". The cash flow pursuant to the Pre-Enforcement Priority of Payments will vary during the life of the Transaction as a result of, *inter alia*, the Revolving Period and possible variations in the amount of Collections received by the Issuer during the Monthly Period immediately preceding the relevant Payment Date, the amount standing to the credit of the Cash Reserve Account for that Monthly Period, the Swap Net Cashflow paid by or to the Swap Counterparty and certain costs and expenses of the Issuer relating to Compartment German Auto Leases 8. The amount of Collections received by the Issuer with respect to the Purchased Lease Receivables will vary during the life of the Notes as a result of the amount of delinquencies, defaults, terminations and prepayments in respect of the Purchased Lease Receivables. The effect of such variations could lead to drawings from and replenishment of the Cash Reserve Account and influence the replenishment of the Replenishment Ledger. As a result, if amounts transferred to the Replenishment Ledger (when aggregated with any Additional Purchase Price paid on such Payment Date) are lower than the Replenishment Available Amount, an Early Amortisation Event will occur.

### **Interest rate hedging**

The Purchased Lease Receivables are discounted to their net present value by using the Discount Rate. The interest rate payable by the Issuer with respect to the Class A Notes is calculated as the sum of EURIBOR and the margins as set out in Condition 7.2 (Interest Rate).

The calculation of the Purchase Prices for the Purchased Lease Receivables is made on the basis of a fixed interest rate to determine the net present value by discounting the Purchased Lease Receivables with the Discount Rate. The interest rate payable by the Issuer with respect to the Class A Notes is calculated as the sum of EURIBOR and the margin as set out in Condition 7.2 (Interest Rate). To ensure that the Issuer will not be exposed to fixed-to-floating interest rate risk with respect to the Class A Notes, the Issuer and the Swap Counterparty entered into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to EURIBOR, in each case calculated with respect to the Swap Notional Amount.

Under the Swap Agreement, on each Payment Date, the Issuer will pay the Swap Counterparty a fixed rate applied to the Swap Notional Amount, and the Swap Counterparty will pay a floating rate equal to EURIBOR as determined by the ISDA Calculation Agent applied to the same Swap Notional Amount which is equal to the Class A Outstanding Notes Balance on the immediately preceding

Payment Date. Payments under the Swap Agreement will be made on a net basis. See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*".

Pursuant to the Swap Agreement, if the Swap Counterparty ceases to be an Eligible Swap Counterparty, then the Swap Counterparty will be obliged to mitigate the resulting credit risk, unless this would not result in the then current rating of the Class A Notes being downgraded, for the Noteholders by, *inter alia*, posting eligible collateral, transferring all its rights and obligations to a replacement third party that is an Eligible Swap Counterparty, procuring another person that has the required ratings to irrevocably and unconditionally guarantee the obligations of the Swap Counterparty under the Swap Agreement or taking other agreed remedial action (which may include no action). See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*" and "*THE SWAP COUNTERPARTY*".

### **Credit Enhancement**

The Notes have the benefit of credit enhancement provided through (i) the Excess Spread, (ii) the amount credited to the Cash Reserve Account funded by way of drawing under the Subordinated Loan and (iii) in case of the Class A Notes, the subordination as to payment of the Class B Notes to the Class A Notes.

### **Subordinated Loan and Cash Reserve Account**

The Subordinated Lender will have made available to the Issuer, on or prior to the Issue Date, the Subordinated Loan in the principal amount of EUR 9,502,900. The Issuer will use the Subordinated Loan to fund the initial Required Cash Reserve Amount of EUR 9,502,900 and which will, no later than the Issue Date, be paid into the Cash Reserve Account by the Issuer. The payment obligations of the Issuer under the Subordinated Loan are subordinated to the payment obligations of the Issuer under the Notes. The Subordinated Loan will amortise in accordance with the applicable Priority of Payments.

The amount standing to the credit of the Cash Reserve Account, as part of the Available Distribution Amount, will be available to satisfy, on the Cut-Off Date immediately preceding any Payment Date, (i) any shortfalls in the amounts payable under items first through *fifth*, or (ii) any amounts payable under items first through fourteenth upon the earlier of (a) the Legal Final Maturity Date, (b) the Available Distribution Amount suffices to reduce the Class A Outstanding Notes Balance to zero or (c) once the Current Aggregate Discounted Outstanding Lease Balance is reduced to zero in accordance with the Pre-Enforcement Priority of Payments, including payments to the Subordinated Lender in the order of priority, see "*TERMS AND CONDITIONS OF THE NOTES — Condition 7.6 (Pre-Enforcement Priority of Payments)*".

Prior to the occurrence of an Enforcement Event until the Required Cash Reserve Amount falls to zero, the Cash Reserve Account will be replenished on each Payment Date up to the Required Cash Reserve Amount in accordance with item *sixth* of the Pre-Enforcement Priority of Payments, see "*TERMS AND CONDITIONS OF THE NOTES — Condition 7.6 (Pre-Enforcement Priority of Payments)*".

Upon the occurrence of an Enforcement Event, the amount standing to the credit of the Cash Reserve Account will, together with all other Available Post-Enforcement Funds, be available to make payments in accordance with the Post-Enforcement Priority of Payments.



After all amounts standing to the credit of the Cash Reserve Account have been applied in accordance with the Priorities of Payments and the Required Cash Reserve Amount falls to zero, the Issuer shall be permitted to close the Cash Reserve Account.

### **Subordination**

Upon enforcement of the Security, the Class A Noteholders benefit from subordination, both as to the payment of interest and principal, of the Class B Notes (**provided that**, prior to the occurrence of an Enforcement Event, interest and principal payments to the holders of the Class A Notes and the Class B Notes are paid on a sequential basis).

### **Amortisation**

Unless an Enforcement Event has occurred on or before the relevant Payment Date and following the termination of the Revolving Period, the Available Distribution Amount for that Payment Date will be applied to redeem the Class A Notes and the Class B Notes on a sequential basis subject to the Pre-Enforcement Priority of Payments. As a result, during the life of the Transaction, the credit enhancement to the Notes will increase steadily. Additionally, the Excess Spread is available to the Issuer to fulfil the Issuer's payment obligations under the Notes. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.1 (Amortisation)*".

If at any time an Enforcement Event has occurred, the Available Post-Enforcement Funds will be applied in redemption of the Notes on a sequential basis as set forth in and subject to the Post-Enforcement Priority of Payments. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 9 (Post-Enforcement Priority of Payments)*".

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes are set out below. Appendix A to the Conditions sets out the "MASTER DEFINITIONS SCHEDULE" which is included in this Offering Circular on pages 216 *et seqq.* (see "MASTER DEFINITIONS SCHEDULE") and Appendix B to the Conditions sets out the Trust Agreement (see "MATERIAL TERMS OF THE TRUST AGREEMENT" (see pages 94 *et seqq.*)).

### 1. **Appendixes**

Appendix A and Appendix B to the Conditions form integral parts of the Conditions.

### 2. **Form and Denomination**

(a) On the Issue Date, the Issuer will issue (*begeben*) the following classes of floating rate and fixed rate amortising asset-backed notes in bearer form (*Inhaberschuldverschreibungen*) pursuant to these Conditions

- (i) The Class A Notes due November 2031 which are issued in an initial aggregate principal amount of EUR 800,000,000 and divided into 8,000 Notes, each having a principal amount of EUR 100,000; and
- (ii) The Class B Notes due November 2031 which are issued in an initial aggregate principal amount of EUR 63,900,000 and divided into 639 Notes, each having a principal amount of EUR 100,000.

All Notes shall be issued in New Global Note form. The holders of the Notes are referred to as the "**Noteholders**" and each a "**Noteholder**".

(b) Each Class of Notes shall be initially represented by a Temporary Global Note without coupons attached. The Temporary Global Notes shall be exchangeable, as provided in Paragraph (c) below, for Permanent Global Notes which are recorded in the records of the ICSDs, without coupons attached, representing each such Class and each bearing the personal signature of two duly authorised directors of Bavarian Sky S.A. Each Global Note representing the Class A Notes shall be deposited with the Common Safekeeper for the Class A Notes. Each Global Note representing the Class B Notes shall be deposited with the Common Safekeeper for the Class B Notes.

(c) The Temporary Global Notes shall be exchanged for the Permanent Global Notes to be recorded in the records of the ICSDs, on the Exchange Date not earlier than 40 calendar days after the Issue Date upon delivery by the relevant participants to the ICSDs, as relevant, and by an ICSD to the Paying Agent, of certificates in the form which forms part of the Temporary Global Notes and are available from the Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a "United States Person" as defined in the U.S. Internal Revenue Code of 1986, as amended (other than certain financial institutions or certain persons holding through such financial institutions). Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall be delivered only outside of the United States. The Notes represented by Global Notes may be transferred in book-entry form only. The Global Notes will not be exchangeable for definitive notes. Upon an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

Any exchange of a Temporary Global Note pursuant to this Condition 2(c) shall be made free of charge to the Noteholders.

- (d) Payments of interest or principal on the Notes represented by a Temporary Global Note shall be made only after delivery by the relevant participants to the ICSDs, as relevant, and by an ICSD to the Paying Agent of the certifications described in Paragraph (c) above.
- (e) Each Global Note shall be manually signed by two duly authorised directors of the Issuer or on behalf of the Issuer and shall be authenticated by the Paying Agent and, in respect of each Global Note representing the Class A Notes, effectuated by the Common Safekeeper for the Class A Notes on behalf of the Issuer and, in respect of each Global Note representing the Class B Notes, effectuated by the Common Safekeeper for the Class B Notes on behalf of the Issuer.
- (f) The aggregate nominal amount of the Notes represented by the Global Notes shall be the aggregate amount from time to time entered in the records of both ICSDs. Absent errors, the records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate nominal amount of Notes represented by the Global Notes and, for these purposes, a statement issued by an ICSD stating the aggregate nominal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

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

- (g) The provisions set out in Schedule 2 of the Agency Agreement between the Paying Agent, the Interest Determination Agent, the Issuer, the Seller and the Servicer which primarily contain the procedural provisions regarding resolutions of Noteholders shall hereby be fully incorporated into these Conditions. The Issuer shall specify, by means of a notification in accordance with Condition 15 (Form of Notices), at any time, but no later than upon publication of a convening notice for a Noteholders' meeting, a website for the purpose of publications under such procedural provisions. Such notification shall hereby be fully incorporated into these Conditions upon publication or delivery thereof in accordance with Condition 15 (Form of Notices).
- (h) Copies of the Global Notes are available free of charge at the main offices of the Issuer and, as long as the Notes are listed on the Luxembourg Stock Exchange, from the Paying Agent (as defined in Condition 11(a) (Agents; Determinations Binding)) in electronic form only.
- (i) Capitalised terms not defined but used herein shall have the same meanings herein as in Appendix A or Appendix B, to these Conditions.
- (j) The Notes are subject to the provisions of the Trust Agreement relating to Compartment German Auto Leases 8 between the Issuer, the Paying Agent, the Swap Counterparty, the Data Trustee, the Calculation Agent, the Account Bank, the Interest Determination Agent,

the Corporate Administrator, the Seller, the Servicer, the Subordinated Lender and the Trustee dated as of the Signing Date. The main provisions of the Trust Agreement are set out in Appendix B to these Conditions. Capitalised terms defined in the Trust Agreement shall have the same meanings when used herein.

### 3. **Status and Priority**

- (a) The Notes constitute direct, secured and (subject to Condition 4.2 (Limited Recourse)) unconditional obligations of the Issuer in respect of its Compartment German Auto Leases 8.
- (b) The obligations of the Issuer under the Class A Notes rank *pari passu* amongst themselves without any preference among themselves in respect of priority of payments or security. With respect to the other obligations of the Issuer, the obligations of the Issuer under the Class A Notes rank in accordance with the applicable Priority of Payments as set out in Condition 7.6 (Pre-Enforcement Priority of Payments) and Condition 9 (Post-Enforcement Priority of Payments). The obligations of the Issuer under the Class B Notes rank *pari passu* amongst themselves without any preference amongst themselves in respect of priority of payments or security. With respect to the other obligations of the Issuer, the obligations of the Issuer under the Class B Notes rank in accordance with the applicable Priority of Payments as set out in Condition 7.6 (Pre-Enforcement Priority of Payments) and in Condition 9 (Post-Enforcement Priority of Payments).

### 4. **Provision of Security; Limited Payment Obligation; Issuer Event of Default**

#### 4.1 **Security**

Pursuant to the provisions of the Trust Agreement, the Issuer has assigned, transferred or pledged (as applicable) to the Trustee all its rights, claims and interests in the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles (that was assigned or transferred by the Seller to it under the Lease Receivables Purchase Agreement), all of its rights, claims and interests arising under certain Transaction Documents to which the Issuer is a party and certain other rights specified in the Trust Agreement as security for the Issuer's obligations under the Notes and the obligations owed by the Issuer to the other Secured Parties. In addition, the Issuer has granted a security interest to the Trustee in respect of all present and future rights, claims and interests to which the Issuer is or becomes entitled from or in relation to the Swap Counterparty and/or any other party pursuant to or in respect of the Swap Agreement as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Trustee in accordance with the Deed of Security Assignment.

#### 4.2 **Limited Recourse**

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

of the Security and applied in accordance with the applicable Priority of Payments, and the Trustee and the Noteholders will have no further recourse to the Issuer in respect thereof.

(b) **Extinguishment of Claims**

Having realised the Security and distributed all Available Post-Enforcement Funds in accordance with the Post-Enforcement Priority of Payments, neither the Trustee nor the Noteholders shall have any further claims and/or take any further steps against the Issuer to recover any sum still unpaid and any remaining obligations to pay such amount shall be extinguished.

- (c) The limitations set out in this Condition 4.2 shall not apply in respect of liabilities for (i) damages to persons (*Verletzung von Leben, Körper und Gesundheit*); (ii) any losses, liability, claims, damages or expenses caused intentionally (*Vorsatz*) or by gross negligence (*grobe Fahrlässigkeit*) of the Issuer, its directors, officers, agents or persons acting on its behalf; or (iii) any losses, liability, claims, damages or expenses resulting solely from negligence (*einfache Fahrlässigkeit*) of the Issuer, its directors, officers, agents or persons acting on its behalf in relation to the breach of essential rights or duties (*Kardinalspflichten*) hereunder.

4.3 **Enforcement of Payment Obligations**

The enforcement of the payment obligations under the Notes shall only be effected by the Trustee for the benefit of all Noteholders, **provided that** each Noteholder shall be entitled to proceed directly against the Issuer in the event that the Trustee, after having become obliged to enforce the Security and having been given notice thereof, fails to do so within a reasonable time period and such failure continues. The Trustee shall enforce the Security upon the occurrence of an Enforcement Event on the conditions and in accordance with the terms of the Trust Agreement, including, in particular, clause 15.2 (Procedure) of the Trust Agreement.

4.4 **Obligations of the Issuer only**

The Notes represent obligations of the Issuer in respect of its Compartment German Auto Leases 8 only and do not represent an interest in or obligation of the Trustee, any other party to the Transaction Documents or any other third party.

4.5 **Enforcement Event**

Upon the occurrence of an Enforcement Event, the full Class Outstanding Notes Balance of each Class of Notes shall become due and payable in accordance with the Post-Enforcement Priority of Payments.

5. **General Covenants of the Issuer**

5.1 **Restriction on activities**

As long as the Notes remain outstanding, the Issuer shall not be permitted to issue further securities in respect of Compartment German Auto Leases 8, or to enter into related transaction documents, unless the board of directors of the Issuer shall have approved the issuance of such securities and the entry into such related transaction documents and the Issuer shall have notified the Rating Agencies in writing of such approval. In case of any

further securitisation transactions of Bavarian Sky S.A., the transactions shall not be cross-collateralised or cross-defaulted.

## 5.2 **Appointment of Trustee**

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

## 6. **Payments on the Notes**

### 6.1 **Payment Dates**

Payments of interest and, in accordance with the provisions herein, principal in respect of the Notes to the Noteholders shall become due and payable monthly on each Payment Date, unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day.

### 6.2 **Outstanding Note Balance**

Payments of principal and interest on each Note as of any Payment Date shall be calculated on the basis of the Outstanding Note Balance of such Note. On the Issue Date, the aggregate outstanding Note Principal Amount of all Class A Notes is EUR 800,000,000 and of all the Class B Notes is EUR 63,900,000.

### 6.3 **Payments and Discharge**

- (a) Payments of principal and interest in respect of the Notes shall be made from the Available Distribution Amount by the Issuer, through the Paying Agent, on each Payment Date to (following the termination of the Revolving Period for payment of principal), or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs and subsequent transfer to the Noteholders.
- (b) Payments in respect of interest on any Note represented by a Temporary Global Note shall be made to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the relevant Noteholders upon due certification as provided in Condition 2(c) (Form and Denomination).
- (c) All payments made by the Issuer to, or to the order of, the ICSDs, as relevant, shall discharge the liability of the Issuer under the relevant Notes to the extent of the sums so paid. Any failure to make the entries in the records of the ICSDs referred to in Condition 6.2 (Outstanding Note Balance) shall not affect the discharge referred to in the preceding sentence.

## 7. **Payment of Interest and Principal**

### 7.1 **Interest Calculation**

- (a) Subject to the limitations set forth in Condition 4.2 (Limited Recourse) and subject to Condition 7.6 (Pre-Enforcement Priority of Payments) and, upon the occurrence of an Enforcement Event, the Post-Enforcement Priority of Payments, each Note shall bear interest on its Outstanding Note Balance from the Issue Date until the close of the day preceding the day on which such Note has been redeemed in full.

- (b) The Interest Amount payable by the Issuer in respect of each Note on any Payment Date (including any Interest Shortfall) shall be calculated by the Calculation Agent on the relevant Interest Determination Date by applying such Interest Rate (Condition 7.2 (Interest Rate)) for the relevant Interest Period to the Outstanding Note Balance of such Note immediately prior to the relevant Payment Date and multiplying the result by the actual number of calendar days in the relevant Interest Period divided by 360 and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

## 7.2 Interest Rate

- (a) The Interest Rate payable on the Notes for each Interest Period shall be:
- (b) in the case of the Class A Notes, EURIBOR plus 0.45 per cent *per annum* and if such rate is below zero, the Interest Rate will be zero, and
- (c) in the case of the Class B Notes, 3.00 per cent *per annum*.
- (d) This Condition 7.2 shall be without prejudice to the application of any higher interest under applicable mandatory law.

## 7.3 Interest Shortfall

An Interest Shortfall shall become due and payable on the next Payment Date and on any following Payment Date (subject to Condition 4.2 (Limited Recourse)) until it is reduced to zero. Interest shall not accrue on Interest Shortfalls at any time. For the avoidance of doubt, in respect of the most senior Class of Notes a default in the payment of interest on any Payment Date (where such default is not remedied within two Business Days of its occurrence) will constitute an Issuer Event of Default.

## 7.4 Notifications

The Paying Agent shall, as soon as practicable either on each Interest Determination Date or on the Business Day immediately following each Interest Determination Date but no later than 11 a.m. Frankfurt time on such Business Day, determine with respect to the Payment Date immediately following such Interest Determination Date and in respect to each Class of Notes the relevant Interest Periods, the applicable Interest Rate, the applicable Interest Amount, the applicable Principal Amount and notify such information (i) to the Issuer, the Servicer, the Corporate Administrator, the Calculation Agent, the Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 15 (Form of Notices), the Noteholders; and (ii) as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange and if any Notes are listed on any other stock exchange, subject to the prior written consent of the Issuer, such other stock exchange. In the event that such notification is required to be given to the Luxembourg Stock Exchange, this notification, together with any completed forms required by the Luxembourg Stock Exchange, shall be given no later than the close of the first Business Day following the relevant Interest Determination Date.

## 7.5 Outside Waterfall Payments

The Issuer will make the relevant Outside Waterfall Payments on any relevant date to the relevant competent tax authorities, the Swap Counterparty, the Servicer and/or the Seller.

## 7.6 Pre-Enforcement Priority of Payments

The payment of the relevant Interest Amounts and Principal Amounts on each Payment Date to the Class A Noteholders and the Class B Noteholders shall, prior to the occurrence of an Enforcement Event and subject to the payment of Outside Waterfall Payments in accordance

with Condition 7.5 (Outside Waterfall Payments), be subject to the following Pre-Enforcement Priority of Payments. After the occurrence of an Enforcement Event, the payment of the relevant Interest Amounts and Principal Amounts shall be subject to the Post-Enforcement Priority of Payments as set out in Condition 9 (Post-Enforcement Priority of Payments). Pursuant to the Pre-Enforcement Priority of Payments, on each Payment Date, the Available Distribution Amount as of the Cut-Off Date immediately preceding such Payment Date (and, if the Clean-Up Call Option is rightfully exercised on the Clean-Up Call Settlement Date, the proceeds from such repurchase) shall be allocated in the following manner and priority:

- (a) *first*, amounts payable by the Issuer in respect of taxes under any applicable law (if any) **provided that** (i) 100 per cent of all taxes payable exclusively in respect of Compartment German Auto Leases 8 shall be allocated under this item first and (ii) a *pro rata* share of all other taxes shall be allocated under this item first according to the proportion that the Aggregate Outstanding Notes Balance bears to the aggregate outstanding financing liabilities of Bavarian Sky S.A.;
- (b) *second*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee under the Security Documents (other than the Trustee Claim);
- (c) *third*, on a *pari passu* basis, the Administrative Expenses;
- (d) *fourth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (e) *fifth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (f) *sixth*, prior to the date on which the Required Cash Reserve Amount falls to zero, to the Cash Reserve Account, until the amount credited to the Cash Reserve Account is equal to the Required Cash Reserve Amount;
- (g) *seventh*, during the Revolving Period, (i) to the Seller any Additional Purchase Price and (ii) to the Replenishment Ledger any Excess Collection Amount such that the balance standing to the credit thereof (when aggregated with any Additional Purchase Price paid on such Payment Date) is equal to the Replenishment Available Amount;
- (h) *eighth*, on a *pari passu* basis, after the expiration of the Revolving Period, to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;



- (i) *ninth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;
- (j) *tenth*, on a *pari passu* basis, after the expiration of the Revolving Period, to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;
- (k) *eleventh*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;
- (l) *twelfth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (m) *thirteenth*, after the expiration of the Revolving Period, principal payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement until the Subordinated Loan has been redeemed in full;
- (n) *fourteenth*, prior to the occurrence of a Servicer Termination Event or a Lessee Notification Event, to pay any amounts owed by the Issuer to the Seller due and payable under the Lease Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Collections for the Monthly Period ending on such Cut-Off Date), or (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller; and
- (o) *fifteenth*, all remaining excess to the Seller.

## 8. **Redemption**

### 8.1 **Amortisation**

Subject to the limitations set forth in Condition 4.2 (Limited Recourse), on each Payment Date, the Available Distribution Amount for the relevant Payment Date shall be applied towards the Notes in accordance with the applicable Priority of Payments, provided that during the Revolving Period only interest will be paid on the Notes and redemption of the Notes will commence after the expiration of the Revolving Period.

### 8.2 **Final Redemption**

On the Legal Final Maturity Date, each Class A Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then Outstanding Note Balance and, after all Class A Notes have been redeemed in full, each Class B Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then Outstanding Note Balance, in each case subject to the limitations set forth in Condition 4.2 (Limited Recourse). The Issuer shall be under no obligation to make any payment under the Notes after the Legal Final Maturity Date.

### 8.3 Clean-Up Call

- (a) With respect to any Payment Date on which (A) the Current Aggregate Discounted Outstanding Lease Balance is less than 10 per cent of the Initial Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the Issue Date or (B) all outstanding Class A Notes have been repaid in full, the Seller shall (**provided that** on the relevant Payment Date no Enforcement Event has occurred) have the option under the Lease Receivables Purchase Agreement to demand from the Issuer and trigger the resale of all outstanding Purchased Lease Receivables (together with any Lease Collateral) on the Clean-Up Call Settlement Date (see below), subject to the following Clean-Up Call Conditions:
- (i) the proceeds distributable as a result of such repurchase of all outstanding Purchased Lease Receivables (together with any Lease Collateral) (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Account, be at least equal to the sum of (x) the Aggregate Outstanding Notes Balance of the Class A Notes (to the extent still outstanding) plus (y) accrued but unpaid interest thereon (if any) plus (z) all claims of any creditors of the Issuer in respect of Compartment German Auto Leases 8 ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments;
  - (ii) the Seller shall have notified the Issuer and the Trustee of its intention to exercise the Clean-Up Call Option at least ten calendar days prior to the contemplated Clean-Up Call Settlement Date; and
  - (iii) the repurchase price to be paid by the Seller shall be equal to the then current value (*aktueller Wert*) of all Purchased Lease Receivables plus any interest accrued until and outstanding on the Clean-up Call Settlement Date.
- (b) Upon payment in full of the amounts specified in Condition 8.3(a)(i) to, or for the order of, the Noteholders, no Noteholders shall be entitled to receive any further payments of interest or principal.

### 8.4 Optional Tax Redemption

If the Issuer is or becomes at any time required by law to deduct or withhold in respect of any payment under the Notes current or future taxes, levies or governmental charges, regardless of their nature, which are imposed under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or Governmental Authorities therein authorised to levy taxes, the Issuer shall determine within 20 calendar days of such circumstance occurring whether it would be practicable to arrange for the substitution of the Issuer in accordance with Condition 13 (Substitution of the Issuer) or to change its tax residence to another jurisdiction approved by the Trustee. The Trustee shall not give such approval unless it has been demonstrated to the satisfaction of the Trustee that such substitution or change of the tax residence of the Issuer would not adversely affect, or result in a downgrading or withdrawal of, the current rating of the Class A Notes. If the Issuer determines that any of such measures would be practicable, it shall effect such substitution in accordance with Condition 13 (Substitution of the Issuer) or (as relevant) such change of tax residence within 60 calendar days from such determination. If, however, it determines within 20 calendar days of such circumstance occurring that none of such measures would be practicable or if, having determined that any of such measures would be practicable, it is unable so to avoid such deduction or

withholding within such further period of 60 calendar days, then the Issuer shall be entitled at its option (but shall have no obligation) to fully redeem all (but not some only) of the Notes, upon not more than 60 calendar days' nor less than 30 calendar days' notice of redemption given to the Trustee, to the Paying Agent and, in accordance with Condition 15 (Form of Notices), to the Noteholders at their then Aggregate Outstanding Notes Balance, together with accrued but unpaid interest (if any) to the date (which must be a Payment Date) fixed for redemption. Any such notice shall be irrevocable, must specify the Payment Date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem. For the avoidance of doubt, the Issuer shall be entitled to sell all remaining Purchased Lease Receivables in the open market, with a right of first refusal for the Seller, **provided that** such sale generates sufficient cash proceeds required (i) to redeem all outstanding Notes as set forth in the immediately preceding sentence and (ii) to pay all amounts to the Issuer's creditors in respect of Compartment German Auto Leases 8 ranking prior to the Noteholders in the applicable Priority of Payments.

9. **Post-Enforcement Priority of Payments**

After the occurrence of an Enforcement Event and subject to the payment of Outside Waterfall Payments in accordance with Condition 7.5 (Outside Waterfall Payments), the Trustee shall distribute the Available Post-Enforcement Funds subject to the following Post-Enforcement Priority of Payments:

- (a) *first*, amounts payable by the Issuer in respect of taxes under any applicable law (if any) **provided that** (i) 100 per cent of all taxes payable exclusively in respect of Compartment German Auto Leases 8 shall be allocated under this item first and (ii) a *pro rata* share of all other taxes shall be allocated under this item first according to the proportion that the Aggregate Outstanding Notes Balance bears to the aggregate outstanding financing liabilities of Bavarian Sky S.A.;
- (b) *second*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee under the Security Documents (other than the Trustee Claim);
- (c) *third*, on a *pari passu* basis, the Administrative Expenses;
- (d) *fourth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (e) *fifth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (f) *sixth*, on a *pari passu* basis, any amount payable by the Issuer to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;
- (g) *seventh*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;

- (h) *eighth*, on a *pari passu* basis, any amount payable by the Issuer to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;
- (i) *ninth*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;
- (j) *tenth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (k) *eleventh*, as from the date on which all Notes have been redeemed in full, any amount payable by the Issuer to the Subordinated Lender in respect of principal under the Subordinated Loan Agreement;
- (l) *twelfth*, to pay any amounts owed by the Issuer to the Seller due and payable under the Lease Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftrückbelastung*) (to the extent such returns do not reduce the Collections for the Monthly Period ending on such Cut-Off Date), or (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller; and
- (m) *thirteenth*, all remaining excess to the Seller.

#### 10. **Notifications**

With respect to each Payment Date, on the Interest Determination Date preceding such Payment Date, the Paying Agent (as specified below) shall notify the Issuer, the Corporate Administrator, the Calculation Agent, the Swap Counterparty, the Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 15 (Form of Notices), the Noteholders, and for so long as any of the Notes are admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange and listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and if any Notes are listed on any other stock exchange, subject to the prior written consent of the Issuer, such other stock exchange, as follows:

- (i) in respect of the Interest Rate for the Interest Period commencing on that Payment Date pursuant to Condition 7.2 (Interest Rate);
- (ii) in respect of the amount of principal payable in respect of each Class A Note and each Class B Note pursuant to Condition 8 (Redemption) and the Interest Amount pursuant to Condition 7.1 (Interest Calculation) to be paid on such Payment Date;
- (iii) in respect of the Outstanding Note Balance of each Class A Note and each Class B Note and the Class A Outstanding Notes Balance and the Class B Outstanding Notes Balance as from such Payment Date and the amount of the Servicer Shortfalls for such Payment Date, if any;
- (iv) in the event of the final payment in respect of the Notes of any Class pursuant to Condition 8.2 (Final Redemption), about the fact that such is the final payment; and

- (v) in the event of the payment of interest and redemption after the occurrence of an Enforcement Event, in respect of the amounts of interest and principal paid in accordance with Condition 9 (Post-Enforcement Priority of Payments).

**11. Agents; Determinations Binding**

- (a) The Issuer has appointed (i) The Bank of New York Mellon, London Branch as Paying Agent, (ii) The Bank of New York Mellon, London Branch as Calculation Agent and (iii) The Bank of New York Mellon, London Branch as Interest Determination Agent.
- (b) The Issuer shall procure that for as long as any Notes are outstanding there shall always be (i) a paying agent and an interest determination agent to perform the functions assigned to the Paying Agent and the Interest Determination Agent, respectively, in the Agency Agreement and these Conditions and (ii) a calculation agent to perform the functions assigned to the Calculation Agent in the Calculation Agency Agreement and these Conditions. The Issuer may at any time, by giving not less than 30 calendar days' notice by publication in accordance with Condition 15 (Form of Notices), replace any Agent by one or more other banks or other financial institutions which assume such functions, **provided that** no agent located in the United States will be appointed. Each Agent shall act solely as agents for the Issuer and shall not have any agency, fiduciary or trustee relationship with the Noteholders. The Issuer will for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange, assume the obligations assigned to a listing agent.
- (c) All calculations and determinations made by the Interest Determination Agent, the Calculation Agent or the Paying Agent (as applicable) for the purposes of these Conditions shall, in the absence of manifest error, be final and binding.

**12. Taxation**

Payments shall only be made by the Issuer after the deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected, (collectively, referred to as "**taxes**") under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, to the extent that such deduction or withholding is required by law or by agreement with the U.S. Internal Revenue Service entered into pursuant to FATCA. The Issuer shall account for the deducted or withheld taxes with the competent government agencies and shall, upon request of a Noteholder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes deducted or withheld in accordance with this Condition 12 (Taxation). The Issuer shall procure that no payments are made to any Person located in the United States.

**13. Substitution of the Issuer**

- (a) If, in the determination of the Issuer with the consent of the Trustee (who may rely on one or more legal opinions from reputable law firms), as a result of any enactment of or supplement or amendment to, or change in, the laws of any relevant jurisdiction or as a result of an official communication of previously not existing or not publicly available official interpretation, or a change in the official interpretation, implementation or application of such laws that becomes effective on or after the Issue Date:

- (i) any of the Issuer, the Seller, the Servicer, the Paying Agent, the Calculation Agent or the Swap Counterparty would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), be materially restricted from performing any of its obligations under the Notes or the other Transaction Documents to which it is a party; or
- (ii) any of the Issuer, the Seller, the Servicer or the Swap Counterparty would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), (x) be required to make any tax withholding or deduction in respect of any payments on the Notes and/or the other Transaction Documents to which it is a party or (y) would not be entitled to relief for tax purposes for any amount which it is obliged to pay, or would be treated as receiving for tax purposes an amount which it is not entitled to receive, in each case under the Notes or the other Transaction Documents;

then the Issuer shall inform the Trustee accordingly and shall, in order to avoid the relevant event described in Paragraph (i) or (ii) above, use its reasonable endeavours to arrange the substitution of the Issuer (in respect of Compartment German Auto Leases 8), as soon as practicable, with a company incorporated in another jurisdiction in accordance with Condition 13(b) or to effect any other measure suitable to avoid the relevant event described in Paragraph (i) or (ii) above.

- (b) The Issuer is entitled to substitute in its place a New Issuer as debtor for all obligations arising under and in connection with the Notes only subject to the provisions of Condition (a) and the following conditions:
  - (i) the New Issuer assumes all rights and duties of the Issuer (in respect of Compartment German Auto Leases 8) under or pursuant to the Notes and the Transaction Documents pursuant to an agreement with the Issuer and/or the other parties to the Transaction Documents, and that the Security created in accordance with Condition 4.1 (Security) is held by the Trustee for the purpose of securing the obligations of the New Issuer upon the Issuer's substitution;
  - (ii) no additional expenses or taxes or legal disadvantages of any kind arise for the Noteholders or the Swap Counterparty from such assumption of debt and the Issuer has obtained a tax opinion to this effect from a reputable firm of lawyers or accountants in the relevant jurisdiction which can be examined at the offices of the Issuer;
  - (iii) the New Issuer provides proof satisfactory to the Trustee that it has obtained all of the necessary governmental and other necessary approvals in the jurisdiction in which it has its registered address and that it is permitted to fulfil all of the obligations arising under or in connection with the Notes without discrimination against the Noteholders in their entirety and the Trustee has consented to the proposed substitution (**provided that** the Trustee may not unreasonably withhold or delay its consent);
  - (iv) the Issuer (in respect of Compartment German Auto Leases 8) and the New Issuer enter into such agreements and execute such documents necessary for the effectiveness of the substitution; and

- (v) each Rating Agency has been notified of such substitution and such substitution will not adversely affect or result in a downgrading or withdrawal of the then current ratings of the Class A Notes.

Upon fulfilment of the aforementioned conditions, the New Issuer shall in every respect substitute the Issuer (in respect of Compartment German Auto Leases 8) and the Issuer (in respect of Compartment German Auto Leases 8) shall, *vis-à-vis* the Noteholders, be released from all obligations relating to the function of issuer under or in connection with the Notes.

- (c) Notice of such substitution of the Issuer (in respect of Compartment German Auto Leases 8) shall be given in accordance with Condition 15 (Form of Notices).
- (d) In the event of such substitution of the Issuer, each reference to the Issuer (in respect of Compartment German Auto Leases 8) in these Conditions shall be deemed to be a reference to the New Issuer.

#### 14. Resolutions of Noteholders

- (a) The Noteholders of any Class may agree by majority resolution to amend these Conditions, **provided that** no obligation to make any payment or render any other performance shall be imposed on any Noteholder by majority resolution.
- (b) Majority resolutions shall be binding on all Noteholders of the relevant Class. Resolutions which do not provide for identical conditions for all Noteholders of the relevant Class are void, unless the Noteholders of such Class who are disadvantaged have expressly consented to their being treated disadvantageously.
- (c) Noteholders of any Class may in particular agree by majority resolution in relation to such Class to the following:
  - (i) the change of the due date for payment of interest, the reduction, or the cancellation, of interest;
  - (ii) the change of the due date for payment of principal;
  - (iii) the reduction of principal;
  - (iv) the subordination of claims arising from the Notes of such Class in insolvency proceedings of the Issuer;
  - (v) the conversion of the Notes of such Class into, or the exchange of the Notes of such Class for, shares, other securities or obligations;
  - (vi) the exchange or release of security;
  - (vii) the change of the currency of the Notes of such Class;
  - (viii) the waiver or restriction of Noteholders' rights to terminate the Notes of such Class;
  - (ix) the substitution of the Issuer;
  - (x) the appointment or removal of a common representative for the Noteholders of such Class; and

- (xi) the amendment or rescission of ancillary provisions of the Notes.
- (d) Resolutions shall be passed by simple majority of the votes cast. Resolutions relating to material amendments to these Conditions, in particular to provisions relating to the matters specified in Condition 14(c) (Resolutions of Noteholders) items (i) through (xi) above, require a majority of not less than 75 per cent of the votes cast (*qualifizierte Mehrheit* (qualified majority)).
- (e) Noteholders of the relevant Class shall pass resolutions by vote taken without a meeting.
- (f) Each Noteholder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes of the relevant Class. As long as the entitlement to the Notes of the relevant Class lies with, or the Notes of the relevant Class are held for the account of, the Issuer or any of its affiliates (section 271(2) of the German Commercial Code (*Handelsgesetzbuch*)), the right to vote in respect of such Notes shall be suspended. The Issuer may not transfer Notes, of which the voting rights are so suspended, to another person for the purpose of exercising such voting rights in the place of the Issuer; this shall also apply to any Affiliate of the Issuer. No person shall be permitted to exercise such voting right for the purpose stipulated in sentence 3, first half sentence, herein above.
- (g) No person shall be permitted to offer, promise or grant any benefit or advantage to another person entitled to vote in consideration of such person abstaining from voting or voting in a certain way.
- (h) A person entitled to vote may not demand, accept or accept the promise of, any benefit, advantage or consideration for abstaining from voting or voting in a certain way.
- (i) The Noteholders of any Class may by qualified majority (*qualifizierte Mehrheit*) resolution appoint a Noteholders' Representative to exercise rights of the Noteholders of such Class on behalf of each Noteholder. Any natural person having legal capacity or any qualified legal person may act as Noteholders' Representative. Any person who:
  - (i) is a member of the management board, the supervisory board, the board of directors or any similar body, or an officer or employee, of the Issuer or any of its affiliates;
  - (ii) holds an interest of at least 20 per cent in the share capital of the Issuer or of any of its affiliates;
  - (iii) is a financial creditor of the Issuer or any of its affiliates, holding a claim in the amount of at least 20 per cent of the outstanding Notes of such Class, or is a member of a corporate body, an officer or other employee of such financial creditor; or
  - (iv) is subject to the control of any of the persons set forth in sub-Paragraphs (i) to (iii) above by reason of a special personal relationship with such person,

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

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



- (j) The Noteholders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Noteholders of the relevant Class. The Noteholders' Representative shall comply with the instructions of the Noteholders of the relevant Class. To the extent that the Noteholders' Representative has been authorised to assert certain rights of the Noteholders of the relevant Class, the Noteholders of such Class shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Noteholders' Representative shall provide reports to the Noteholders of the relevant Class on its activities.
- (k) The Noteholders' Representative shall be liable for the performance of its duties towards the Noteholders of the relevant Class who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Noteholders' Representative may be limited by a resolution passed by the Noteholders of the relevant Class. The Noteholders of the relevant Class shall decide upon the assertion of claims for compensation of the Noteholders of such Class against the Noteholders' Representative.
- (l) The Noteholders' Representative may be removed from office at any time by the Noteholders of the relevant Class without specifying any reasons. The Noteholders' Representative may demand from the Issuer to furnish all information required for the performance of the duties entrusted to it. The Issuer shall bear the costs and expenses arising from the appointment of the Noteholders' Representative, including reasonable remuneration of the Noteholders' Representative.

15. **Form of Notices**

- (a) All notices to the Noteholders hereunder, and in particular the notifications mentioned in Condition 10 (*Notifications*) shall be either (i) made available for a period of not less than 30 calendar days but in any case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) or (ii) delivered to the ICSDs for communication by them to the Noteholders.
- (b) Any notice referred to under Condition 15(a)(i) above shall be deemed to have been given to all Noteholders on the day on which it is made available on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)), **provided that** if so made available after 4:00 p.m. (Frankfurt time) it shall be deemed to have been given on the immediately following calendar day. Any notice referred to under Condition 15(a)(i) above shall be deemed to have been given to all Noteholders on the seventh calendar day after the day on which such notice was delivered to the ICSDs.
- (c) If any Notes are, subject to the prior written consent of the Issuer, listed on any stock exchange other than the Luxembourg Stock Exchange, all notices to the Noteholders shall be published in a manner conforming to the rules of such stock exchange. Any notice shall be deemed to have been given to all Noteholders on the date of such publication conforming to the rules of such stock exchange.

## 16. Miscellaneous

### 16.1 Amendments to the Conditions

Subject to giving five Business Days prior notice to the Noteholders pursuant to Condition 15 (Form of Notices), by publishing such notice with the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)), the Issuer will be entitled to amend any term or provision of the Conditions including this Condition 16.1 or the Transaction Documents with the consent of the Trustee, but without the consent of any Noteholder, any Swap Counterparty, the Arrangers, the Managers or any other Person if it is advised by a third party authorised under article 28 of the Securitisation Regulation or a reputable international law firm that such amendments are required for the Transaction to comply with the Securitisation Regulation including the requirements for simple, transparent and standardised securitisations set out therein and in any regulatory technical standards authorised under the Securitisation Regulation.

### 16.2 Presentation Period

The presentation period for the Global Notes shall be reduced to five years after the date on which the last payment in respect of the Notes represented by such Global Note was due in accordance with section 801 (1), first sentence, of the German Civil Code.

### 16.3 Replacement of Global Notes

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

### 16.4 Governing Law

The form and content of the Notes and all of the rights and obligations of the Noteholders and the Issuer under the Notes shall be governed in all respects by the laws of Germany. The provisions of articles 470-3 to 470-19 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended, shall not apply.

### 16.5 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes shall be the district court I of Munich (*Landgericht München I*). The Issuer hereby submits to the jurisdiction of such court. The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their Loss or destruction.

### 16.6 Judicial Assertion

Subject to the limitations set forth in Condition 4.2 (Limited Recourse) and Condition 4.3 (Enforcement of Payment Obligations), any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name its rights arising under such Notes on the basis of:

- (a) a statement issued by the Custodian Bank with whom such Noteholder maintains a securities account in respect of the Notes (i) stating the full name and address of the Noteholder, (ii) specifying the aggregate Note Principal Amount of Notes credited to such securities account on the date of such statement and (iii) confirming that the Custodian Bank has given written notice to the Clearing Systems containing the information set out under items (i) and (ii) which has been confirmed by the Clearing Systems; and
- (b) a copy of the Global Notes representing the Notes, certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the original Global Notes representing the Notes.

Each Noteholder may, without prejudice to the foregoing, protect or enforce its rights and claims arising from the Notes in any other way legally permitted in proceedings pursuant to the laws of the country in which proceedings take place. Section 797 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall not apply.

## OVERVIEW OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS

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

In addition to the provisions included in the Conditions of the Notes, the rules regarding the solicitation of votes and the conduct of the voting by Noteholders, the passing and publication of resolutions as well as their implementation and challenge before German courts are set out in Schedule 2 to the Agency Agreement which is incorporated by reference into the Conditions (see Condition 2(g) of the Conditions). Under the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen - SchVG*), these rules are largely mandatory, although they permit in limited circumstances supplementary provisions set out in or incorporated into the Conditions.

### Specific rules on the taking of votes without a meeting

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

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

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

The Chairperson shall determine each Noteholder's entitlement to vote on the basis of evidence presented and shall prepare a roster of the Noteholders entitled to vote. If a quorum is not reached, the Chairperson may convene a Noteholders' meeting. Each Noteholder who has taken part in the vote may request from the Issuer, for up to one year following the end of the voting period, a copy of the minutes for such vote and any annexes thereto.

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

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

### Rules on noteholders' meetings under the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen - SchVG*)

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

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

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

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

Each noteholder may be represented by proxy. A quorum exists if noteholders representing by value not less than 50 per cent of the outstanding notes are present or represented at the meeting. If the quorum is not reached, a second meeting may be called at which no quorum will be required, **provided that** where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent of the principal amount of outstanding notes.

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

In insolvency proceedings instituted in Germany against the issuer, the noteholders' representative, if appointed, is obliged and exclusively entitled to assert the noteholders' rights under the notes, and any resolutions passed by the noteholders are subject to the provisions of the German Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the terms and conditions of the notes, noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one (1) month following the publication of the resolution.

## MATERIAL TERMS OF THE TRUST AGREEMENT

*The following is the text of the material terms of the Trust Agreement. The text of the Trust Agreement is attached as Appendix B to the Conditions and constitutes an integral part of the Conditions.*

The Trust Agreement is made on or before the Issue Date between the Issuer, BNY Mellon Corporate Trustee Services Limited as the Trustee, BMW Bank as the Seller and the Servicer, BMW Bank as the Subordinated Lender, Skandinaviska Enskilda Banken AB (publ) as the Swap Counterparty, The Bank of New York Mellon, Frankfurt Branch as the Account Bank and the Data Trustee, The Bank of New York Mellon, London Branch as the Interest Determination Agent, the Paying Agent and the Calculation Agent and Intertrust (Luxembourg) S.à r.l. as the Corporate Administrator and Back-Up Servicer Facilitator.

For the purposes of this section, "**Agreement**" means the Trust Agreement.

### 1. **Definitions, interpretation and Common Terms**

#### 1.1 **Definitions**

1.1.1 Unless otherwise defined herein or the context requires otherwise, capitalised terms used in this Agreement have the meanings ascribed to them in clause 1 (Definitions) of the master definitions schedule (the "**Master Definitions Schedule**") set out in Schedule 1 of the incorporated terms memorandum (the "**Incorporated Terms Memorandum**") which is dated on or about the date of this Agreement and signed for the purpose of identification by each of the Transaction Parties. The terms of the Master Definitions Schedule are hereby expressly incorporated into this Agreement by reference.

1.1.2 In the event of any conflict between the Master Definitions Schedule and this Agreement, this Agreement shall prevail.

#### 1.2 **Construction**

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

#### 1.3 **Common Terms**

##### 1.3.1 **Incorporation of Common Terms**

Except as provided below, the Common Terms as set out in Schedule 2 (Common Terms) of the Incorporated Terms Memorandum apply to this Agreement and shall be binding on the Transaction Parties to this Agreement as if set out in full in this Agreement.

##### 1.3.2 **Common Terms and applicable Priority of Payments**

If there is any conflict between the provisions of the Common Terms and the provisions of this Agreement, the provisions of this Agreement shall prevail, subject always to compliance with clause 5 (Non-petition and limited recourse) of the Common Terms. Nothing in this Agreement shall be construed as to prevail over or otherwise alter the applicable Priority of Payments.

### 1.3.3 Governing law and jurisdiction

This Agreement and all matters (including non-contractual duties and claims) arising from or connected with it shall be governed by German law in accordance with clause 24 (Governing law) of the Common Terms. clause 25 (Jurisdiction) of the Common Terms applies to this Agreement as if set out in full in this Agreement.

### 1.4 Transaction Documents

The Trustee hereby confirms that it has received copies of all Transaction Documents. For the avoidance of doubt: The Trustee will not have any obligations under any Transaction Document to which it is not a party.

## 2. Rights, obligations and powers of the Trustee, binding effect of conditions

2.1 This Agreement sets out, inter alia, the rights and obligations of the Trustee to the Secured Parties and the legal relationship between the Issuer and the Trustee.

2.2 The Trustee shall exercise its rights and perform its obligations under this Agreement, the Conditions and the other Transaction Documents to which it is a party as trustee for the benefit of the Secured Parties subject to clauses 2.3 and 2.4.

2.3 Notwithstanding the fact that the Noteholders are not party to this Agreement, the Trustee agrees (i) that each Noteholder may demand performance by the Trustee of its obligations under this Agreement and (ii) to give effect to sub-clause (i), that this Agreement shall, in respect of each Noteholder, be construed as an agreement for the unrestricted benefit of third parties (*echter Vertrag zugunsten Dritter*), provided that each Noteholder may claim performance by the Trustee only if a period of ten Business Days has lapsed after the occurrence of an Enforcement Event and the Trustee has not exercised its discretion where applicable and has not performed any of its obligations as set out herein.

2.4 All Parties agree to be bound by, and concur that their rights are subject to, the Conditions.

2.5 The Trustee shall have only those duties, obligations and responsibilities expressly specified in this Agreement and shall not have any implied duties, obligations and responsibilities.

2.6 If the Trustee is to grant its consent pursuant to the terms hereof or any of the Transaction Documents, the Trustee may grant or withhold its consent or approval at its sole professional judgment taking into account what the Trustee believes to be the interests of the Secured Parties subject to clause 17 (Conflicts of interest). The Trustee may decide to give its consent subject to the prior notification to the Rating Agencies of such action.

2.7 In respect of all the powers, authorities and discretions vested in the Trustee by or pursuant to any Transaction Document (including this Agreement) to which the Trustee is a party or conferred upon it by operation of law, (i) the Trustee shall (save as otherwise expressly provided herein) have discretion as to the exercise or non-exercise thereof and shall have full power to determine all questions and doubts arising in relation thereto, (ii) every exercise or non-exercise or determination (whether made upon a question actually raised or implied in the acts or proceedings of the Trustee) relating thereto by the Trustee shall be conclusive and shall bind the Trustee and the Secured Parties, and (iii) provided it shall not have acted in violation of its standard of care as set out in clause 13 (Standard of care) of the Common Terms, the Trustee shall not be responsible for any loss, costs, damages, expenses or

inconvenience that may result from the exercise or non-exercise thereof or the determination in relation thereto.

- 2.8 No provision of this Agreement shall require the Trustee to do anything which may be illegal or contrary to applicable law or regulation.
- 2.9 Save in the case of any breach of its own obligations under the Transaction Documents, the Trustee needs not expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers or otherwise in connection with any Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it determines in its reasonable discretion that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.
- 2.10 The Trustee shall not be responsible or liable to any person for (i) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer; (ii) save as set forth in clause 3 (General covenants of the Trustee), any action or failure to act, or the performance or observance of any provision of any Transaction Document or any document entered into in connection therewith, by the Issuer or any other party to such documents; (iii) any statements, warranties or representations of any party (other than those relating to or provided by it) contained in any Transaction Document or document entered into in connection therewith (and may, absent actual knowledge to the contrary rely on the accuracy and correctness thereof); (iv) the genuineness, validity, effectiveness, fairness or suitability of any Transaction Document or any other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto; and (v) any invalidity of any provision of such documents or the unenforceability thereof; and (without prejudice to the generality of the foregoing) the Trustee shall not have any responsibility for or have any duty to make any investigation in respect of any of the foregoing.
- 2.11 Unless otherwise provided herein specifically, the Trustee shall be under no obligation to monitor or supervise the functions of any Person in respect of the Notes, any of the Transaction Documents or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such Person is properly performing and complying with its obligations.
- 2.12 No Trustee and no director or officer of any corporation which is a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any person or body corporate directly or indirectly associated with the Issuer, or from accepting the trusteeship of any other securities of the Issuer or any person or body corporate directly or indirectly associated with the Issuer, and neither the Trustee nor any such director or officer shall be accountable to the Issuer or any Secured Party for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or actions and the Trustee and any such director or officer shall be at liberty to retain the same for its or his own benefit.



- 2.13 The Trustee and any entity associated with the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- 2.14 The Issuer, the Trustee and the Paying Agent may deem and treat any Noteholder as the absolute owner of such Note (whether or not such Note is overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of such Note for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Paying Agent shall not be affected by any notice to the contrary). All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Note.
- 2.15 The Trustee may call for and shall be at liberty to accept and place full reliance on (and shall not be liable to the Issuer or any Noteholder by reason only of having accepted as valid or not having rejected) an original certificate or letter of confirmation purporting to be signed on behalf of Clearstream Luxembourg or Euroclear to the effect that at any particular time or throughout any particular period any particular Person is, was or will be shown in its records as having a particular principal amount of Notes credited to its securities account. The Trustee shall rely on the records of Euroclear and Clearstream Luxembourg in relation to any determination of the Class Outstanding Notes Balance of each Global Note.
- 2.16 Whenever in this Agreement the Trustee is required in connection with any exercise of its powers, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Noteholder resulting from his or its being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee, any indemnification or payment in respect of any consequence (including, without limitation, any tax consequence) of any such exercise upon individual Noteholders, provided that the Trustee shall exercise its duties under this Agreement (i) as long as any of the Class A Notes are outstanding, with regard only to the interests of the Class A Noteholders and (ii) if no Class A Notes remain outstanding, with regard only to the interests of the Class B Noteholders and (iii) if no Notes remain outstanding, with regard only to the interests of the Secured Party ranking highest in the Post-Enforcement Priority of Payments to whom any amounts are owed, in each case (i) to (iii) subject to the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.
- 2.17 The Trustee shall not be responsible for the maintenance of the ratings of the Class A Notes.
- 2.18 The Trustee may, without the consent of the Noteholders and without prejudice to its rights in respect of any subsequent breach, from time to time (but only insofar as in its opinion (subject to clause 2.6) the interests of the Noteholders will not be materially prejudiced) authorise or waive, on such terms (if any) as it considers expedient, any breach or proposed breach of this Agreement or the Notes or any other Transaction Document or determine that an Issuer Event of Default shall not be so treated for the purposes of this Agreement or the Notes or any other Transaction Document. Any such authorisation, waiver or determination shall be binding on the Noteholders and, unless the Trustee otherwise agrees, the Issuer shall cause such authorisation, waiver or determination to be notified to the Noteholders as

soon as practicable thereafter in accordance with the Conditions, provided that the Trustee shall not exercise any powers conferred upon it by this clause 2.18 in contravention of any expressed direction (i) by any noteholder resolution of the Class A Noteholders in accordance with Condition 14 (Resolutions of Noteholders) of the Conditions as long as any of the Class A Notes are outstanding and (ii) if no Class A Notes remain outstanding, by any noteholder resolution of the Class B Noteholders in accordance with Condition 14 (Resolutions of Noteholders) of the Conditions and (iii) if no Notes remain outstanding, by the majority of the other Secured Parties.

- 2.19 Subject to the detailed provisions of this Agreement, the Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under this Agreement in respect of the Notes of each Class and under the other Transaction Documents to which it is a party, provided always that it shall not be bound to do so unless it is indemnified, pre-funded and/or secured to its satisfaction against all liabilities to which it may thereby become liable for or which it may incur by so doing.

### 3. **General covenants of the Trustee**

- 3.1 Subject to the standard of care as set out in clause 13 (Standard of Care) of the Common Terms, the Trustee undertakes to the Issuer for the benefit of the Noteholders and the other Secured Parties that it shall exercise and perform all discretions, powers and authorities vested in it under or in connection with this Agreement giving sole regard to the best interest of the Noteholders and the other Secured Parties and to direct any conflict between the interests of the various classes of Secured Parties in compliance with clause 17 (Conflicts of interest) and the other provisions hereof.
- 3.2 The Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm, credit institution, financial advisor or other expert to assist it in performing the duties assigned to it under this Agreement, by delegating the entire or partial performance of the following duties:
- (a) the undertaking of measures required to be taken by the Trustee upon a breach by the Issuer or a Secured Party of any of its respective obligations under the Transaction Documents;
  - (b) the foreclosure on Security; and
  - (c) the settlement of payments pursuant to clause 18.2(c).
- 3.3 The Trustee may delegate some but not substantially all of its rights, authorities, powers and performance of its obligations under this Agreement if (i) the Trustee in its professional judgment considers such delegation to be in the interests of the Secured Parties and (ii) such delegate is a reputable service provider in its respective field.
- 3.4 If third parties are retained pursuant to clause 3.2 or clause 3.3, the Trustee shall be liable for the exercise of due care in the selection and supervision of the third party. Provided it has exercised such due care, the Trustee shall only be liable for the gross negligence (*grobe Fahrlässigkeit*) or wilful misconduct (*Vorsatz*) of a third party retained pursuant to clause 3.2 and for negligence (*Fahrlässigkeit*) or wilful misconduct (*Vorsatz*) of a third party retained pursuant to clause 3.3.
- 3.5 The Trustee shall promptly notify the Issuer and the Seller of any intended or actual delegation under clause 3.2 or clause 3.3.

#### 4. **Security held on trust**

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

#### 5. **Covenant to pay**

##### 5.1 **Payment to Noteholders and other Secured Parties**

The Issuer covenants to the Trustee by way of an abstract acknowledgement of debt (*abstraktes Schuldanerkenntnis*) that, subject as provided in the relevant Transaction Documents and this Agreement, it will:

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

##### 5.2 **Covenant to pay held on trust**

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

5.3 At any time after an Issuer Event of Default in relation to the Notes has occurred which has not been waived by the Trustee in accordance with clause 2.18 (Rights, Obligations and Powers of the Trustee, Binding Effect of Conditions) or remedied to its satisfaction, the Trustee may:

- (a) by notice in writing to the Issuer, the Paying Agent, the Calculation Agent, the Interest Determination Agent, the Data Trustee and the Account Bank and until notified by the Trustee to the contrary, require any of them in relation to the Notes:
  - (i) to act thereafter as agents of the Trustee under the provisions of this Agreement *mutatis mutandis* on the terms provided in the Bank Account

Agreement, the Agency Agreement and the Calculation Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agents and the Calculation Agent shall be limited to amounts for the time being held by the Trustee on the terms of this Agreement and available to the Trustee for such purpose) and thereafter to hold all Notes and all sums, documents and records held by them in respect of the Notes on behalf of the Trustee; and/or

- (ii) to deliver all Notes and all sums, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any document or record which the Paying Agent is obliged not to release by any law or regulation; and
- (b) by notice in writing to the Issuer require the Issuer to make all subsequent payments in respect of Notes to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

## 6. **Parallel Debt**

### 6.1 **Trustee joint and several creditor**

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

### 6.2 **Separate enforcement**

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

## 7. **Appointment as Trustee**

7.1 The Issuer hereby appoints the Trustee as security trustee (*Sicherheitentreuhänder*) of the Security and of all of the covenants (including the covenant to pay set forth in clause 5.1 (Payment to Noteholders and other Secured Parties), undertakings, mortgages, charges, assignments and other security interests made or given under, or in connection with, this Agreement and the Deed of Security Assignment by the Issuer or any other Transaction Party for the benefit of the Secured Parties in respect of the Secured Obligations owed to each of them respectively by the Issuer (the "**Trust Property**"). The Trustee hereby accepts such appointment.

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

## 8. Creation of Security

The Parties agree that the Issuer shall create security interests in favour of the Trustee and for the benefit of the Trustee, the Noteholders and the other Secured Parties as set out in the following clauses 8.1 (Transfer for security purposes of Transferred Assets), clause 8.2 (Pledges) and clause 8.3 (English law Deed of Security Assignment).

### 8.1 Transfer for security purposes of Transferred Assets

#### 8.1.1 Assignment and transfer

The Issuer hereby assigns and transfers for security purposes (*Sicherungsabtretung und Sicherungsübereignung*), as applicable, the following rights and claims (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) (together, the "**Transferred Assets**") to the Trustee, for the security purposes set out in clause 9 (Security Purpose) except as provided otherwise below:

- (a) all Purchased Lease Receivables together with any related Lease Collateral as transferred by the Seller to the Issuer pursuant to the Lease Receivables Purchase Agreement and all rights, claims and interests relating thereto;
- (b) subject in each case to the condition subsequent (*auflösende Bedingung*) of the earlier of (i) the occurrence of a Lease Agreement Termination Event or (ii) full and final fulfilment of the obligations secured pursuant to clause 6.3 of the Lease Receivables Purchase Agreement, its security title (*Sicherungseigentum*) to the Leased Vehicles relating to the Purchased Lease Receivables which are identified by the relevant vehicle identification numbers delivered by the Issuer for identification purposes to the Trustee on or about the date of this Agreement and on each Additional Purchase Date (for the avoidance of doubt, such transfer of security title shall leave the security purpose as agreed in clause 6.5 of the Lease Receivables Purchase Agreement unchanged);
- (c) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to
  - (i) the Seller or the Servicer and/or any other party pursuant to or in respect of the Lease Receivables Purchase Agreement or the Servicing Agreement, including all rights of the Issuer relating to any additional security;
  - (ii) the Subordinated Lender and/or any other party pursuant to or in respect of the Subordinated Loan Agreement;
  - (iii) any of the Managers and/or any other party pursuant to or in respect of the Subscription Agreement;
  - (iv) the Paying Agent, the Calculation Agent, the Interest Determination Agent, and/or any other party pursuant to or in respect of the Agency Agreement and/or the Calculation Agency Agreement;
  - (v) the Account Bank and the Issuer Account and/or any other party pursuant to or in respect of the Bank Account Agreement; and

- (d) the Data Trustee and/or any other party pursuant to or in respect of the Data Trust Agreement,

in each case (a) to (f) above including any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights to determine unilaterally legal relationships (*Gestaltungsrechte*) including, without limitation, any termination rights (*Kündigungsrechte*).

The Issuer hereby covenants in favour of the Trustee that it will assign and/or transfer to the Trustee any future assets received by the Issuer as security for any of the foregoing or otherwise in connection with the Transaction Documents (including, where appropriate, by way of separate documentation), in particular such assets which the Issuer receives from any of its counterparties in relation to any of such Transaction Documents as security for the obligations of such counterparty towards the Issuer.

In lieu of the delivery (*Übergabe*) by the Issuer of the Leased Vehicles including any subsequently inserted parts and other moveable Lease Collateral including any vehicle certificate (*Zulassungsbescheinigung Teil II* or *KFZ-Brief*, as applicable), the Issuer hereby assigns (*abtreten*) to the Trustee its restitution claim (*Herausgabeanspruch*) against the Seller. The Trustee accepts such assignment.

Where third parties obtain, or have obtained, possession of the Leased Vehicles or of other moveable Lease Collateral (including any vehicle certificate (*Zulassungsbescheinigung Teil II* or *KFZ-Brief*, as applicable)), the Issuer hereby assigns to the Trustee as part of the Lease Collateral all related existing or future restitution claims (*Herausgabeansprüche*).

- 8.1.2 The Trustee hereby accepts the assignment and the transfer of the Transferred Assets and any security related thereto and the covenants of the Issuer under this Agreement. The Trustee now retransfers, subject to the condition precedent of the earlier of (i) a Release Condition being fulfilled; and (ii) full and final satisfaction of the Secured Obligations and the full and final discharge of the Trustee Claim, title (*Sicherungseigentum*) to the relevant Leased Vehicles to the Issuer. The Issuer accepts such retransfer.
- 8.1.3 The existing Transferred Assets shall pass to the Trustee on the Issue Date, and any future Transferred Assets shall directly pass to the Trustee as of the date on which such Transferred Assets arise, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the relevant Transferred Assets consist.

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

- 8.1.4 To the extent that title to the Transferred Assets cannot be transferred by sole agreement between the Issuer and the Trustee as contemplated by the foregoing sub-clauses 8.1.1 to 8.1.3, the Issuer and the Trustee agree that:

- (a) with respect to the Leased Vehicles, in lieu of the delivery (*Übergabe*) necessary to effect the transfer of title for security purposes with regard to the Leased Vehicles and any vehicle certificates (*Zulassungsbescheinigung Teil II* or *KFZ-Brief*, as applicable) and any other moveable Lease Collateral with regard to any subsequently inserted parts thereof or with regard to any subsequently arising co-ownership interest, the Issuer hereby assigns to the Trustee all claims, present and future, to request transfer of possession (*Abtretung aller Herausgabeansprüche* – Section 931 of the German Civil Code) against any third party (including the Seller, the Servicer and any Lessee) which is in the direct possession (*unmittelbarer Besitz*) or indirect possession (*mittelbarer Besitz*) of the Leased Vehicles (and any car or vehicle certificates (*Zulassungsbescheinigung Teil II* or *KFZ-Brief*, as applicable) with respect thereto) or other moveable Lease Collateral. In addition to the foregoing, it is hereby agreed between the Issuer and the Trustee that in the event that (but only in the event that) the related Leased Vehicle or other moveable Lease Collateral is in the Issuer's direct possession (*unmittelbarer Besitz*), the Issuer shall hold possession as fiduciary (*treuhänderisch*) on behalf of the Trustee and shall grant the Trustee indirect possession (*mittelbarer Besitz*) of the related Leased Vehicle and other moveable Lease Collateral by keeping it with due care free of charge (*als unentgeltlicher Verwahrer*) and separate from other assets owned by it for the Trustee until revoked or the related Leased Vehicle or other moveable Lease Collateral is released or replaced in accordance with the Transaction Documents (*Besitzkonstitut*);
- (b) any notice to be given in order to effect transfer of title in the Transferred Assets shall immediately be given by the Issuer in such form as the Trustee requires, and the Issuer hereby agrees that if it fails to give such immediate notice, the Trustee is hereby irrevocably authorised to give such notice on behalf of the Issuer;
- (c) any other action to be taken, form to be filed or registration to be made to perfect a first priority security interest in the Transferred Assets for the benefit of the Trustee in favour of the Secured Parties shall be immediately taken, filed or made by the Issuer at its own costs; and
- (d) the Issuer shall provide any and all necessary details in order to identify the Leased Vehicles, title to which has been transferred hereunder from the Issuer to the Trustee as contemplated herein, at the latest on the date on which this Agreement becomes effective.

The Trustee hereby accepts each of the foregoing assignments and transfers.

#### 8.1.5 Acknowledgement of assignment

All Parties hereby acknowledge that the rights and claims of the Issuer which constitute the Transferred Assets and which have arisen under contracts and agreements between the Issuer and the Parties and which are owed by such parties, are assigned to the Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with clause 12 (Collections) and the other provisions hereof or of the Deed of Security Assignment and subject to the restrictions contained in this Agreement. Upon notification to any Party by the Trustee

in respect of the occurrence of an Enforcement Event, the Trustee shall be entitled to exercise the rights of the Issuer under the Transaction Document referred to in this clause 8.1, including, without limitation, the right to give instructions to each such party pursuant to the relevant Transaction Document and each Party agrees to be bound by such instructions of the Trustee given pursuant to the relevant Transaction Document(s) to which such party is a party.

8.1.6 The Trustee hereby consents to any reassignments and retransfers by the Issuer to the Seller in accordance with clause 6.2, clause 12.4 and clause 14.2 of the Lease Receivables Purchase Agreement.

## 8.2 Pledges

8.2.1 The Issuer hereby pledges (*Verpfändung*) to the Trustee all its present and future claims against the Trustee arising under or in connection with this Agreement. The Issuer hereby gives notice to the Trustee of such pledge, and the Trustee hereby confirms receipt of such notice. The Trustee is under no obligation to enforce any claims of the Issuer against it pledged to the Trustee pursuant to this clause 8.2, subject, for the avoidance of doubt, to clause 15 (Enforceability and the respective enforcement procedure).

8.2.2 The Issuer hereby pledges (*Verpfändung*) to the Trustee all its present and future claims, which are not assigned or transferred for security purpose pursuant to clause 8.1, against the Account Bank under or in connection with the Bank Account Agreement, in particular all claims for cash deposits and credit balances (*Guthaben und positive Salden*) of the Issuer Account (including any sub-accounts thereof) and all claims for interest in respect of such accounts. The Issuer hereby gives notice to the Account Bank of such pledge and the Account Bank hereby confirms receipt of such notice.

## 8.3 English law Deed of Security Assignment

The Issuer and the Trustee agree that the Issuer shall (by way of the Deed of Security Assignment) under English law assign by way of security (without prejudice to and after giving effect to any contractual netting provision contained in the Swap Agreement) all of the Issuer's present and future rights, title and interests under or in connection with the English law governed Swap Agreement and all proceeds thereof (the Charged Property as defined in the Deed of Security Assignment). However, any cash or other collateral provided by the Swap Counterparty to the Issuer under the Swap Agreement in the Counterparty Downgrade Collateral Account (i) shall secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement, (ii) shall not constitute Collections, (iii) shall be monitored on a specific collateral ledger and (iv) shall not secure any obligations of the Issuer. The Charged Property shall secure the Secured Obligations for the benefit of the Secured Parties and shall be made pursuant to the English law governed Deed of Security Assignment. The Trustee shall hold the Charged Property and all rights resulting from the Deed of Security Assignment in its own right for the purpose of securing the Trustee Claim and as German law security Trustee (*Sicherungstreuhänder*) on behalf of the Secured Parties in respect of the Secured Obligations.



9. **Security purpose**

The security interests created pursuant to clause 8 (Creation of Security) except for clause 8.1.1(b), pursuant to the other provisions of this Agreement and pursuant to the Deed of Security Assignment (collectively, the "**Security**") shall serve as security for the Trustee Claim. The Security shall be enforced, collected and distributed pursuant to the provisions of this Agreement and the Deed of Security Assignment, respectively.

10. **Representations and warranties of the Issuer**

The Issuer hereby represents and warrants to the Trustee, also for the benefit of the other Secured Parties, by way of an independent guarantee irrespective of fault within the meaning of section 311 of the German Civil Code (*selbständiges, verschuldensunabhängiges Garantieverprechen*) on the terms of the Issuer Representations and Warranties as set out in Schedule 7 (Issuer Representations and Warranties) of the Incorporated Terms Memorandum.

11. **Administration of Security**

11.1 With respect to the Security, the Trustee shall, in relation to the Issuer and the Secured Parties, have the rights and obligations of a party taking security (*Sicherungsnehmer*). The Trustee is obligated to release the Security after the Issuer has fully and finally discharged all of the Secured Obligations and the Trustee Claim (clause 19 (Release of Security)).

11.2 The Trustee shall not release the Security or dispose of the Transferred Assets except as expressly provided herein. The Trustee shall be entitled to assign and transfer the Security in the event that the Trustee is replaced with a successor Trustee pursuant to clause 21 (Term of this Agreement; resignation, replacement and substitution of the Trustee).

11.3 Subject to clause 12 (Collections) and in accordance with the Servicing Agreement and the Lease Receivables Purchase Agreement, the Servicer is entitled to realise the Leased Vehicles on behalf of the Trustee.

12. **Collections**

12.1 For so long as no Enforcement Event has occurred, the Issuer shall be authorised (*ermächtigt*) to collect, or have collected, in the ordinary course of business or otherwise exercise or deal with the Transferred Assets (including, for the avoidance of doubt, to enforce the Lease Collateral as well as the Leased Vehicles) transferred for security purposes under clause 8.1 (Transfer for security purposes of Transferred Assets) and the rights pledged and assigned pursuant to clauses 8.2 (Pledges) of this Agreement.

12.2 Without affecting the generality of clause 12.1, the Trustee hereby consents, for so long as no notice in respect of the occurrence of a Servicer Termination Event has been delivered to the Servicer by the Issuer and the Trustee has not been notified of the delivery of such notice, to the assignments, transfers and/or releases by the Issuer (or by the Servicer on behalf of the Issuer) of Purchased Lease Receivables, Lease Collateral and the Leased Vehicles to any third party in accordance with the Credit and Collection Policy and the release by the Servicer of any Leased Vehicle in accordance with the Lease Receivables Purchase Agreement and/or the Servicing Agreement.

12.3 The authority and consents provided in clauses 12.1 and 12.2 above are deemed to be granted only to the extent that the obligations of the Issuer are fulfilled in accordance with the Pre-Enforcement Priority of Payments and the requirements under this Agreement.

12.4 The authority and consents contained in clauses 12.1 and 12.2 above may be revoked by the Trustee if, in the Trustee's opinion (having taken such advice as it reasonably considers necessary), such revocation is necessary in order to avoid an adverse effect on the Security or their value which the Trustee considers material, and the Trustee gives notice thereof to the Issuer and the Seller. The authority and consents contained in clauses 12.1 and 12.2 shall automatically terminate upon the occurrence of an Enforcement Event.

13. **Replenishment Ledger**

No later than on the Issue Date, the Issuer will establish the Replenishment Ledger as a separate ledger of the Operating Account with the Account Bank. During the Revolving Period, on any Payment Date which is a Purchase Date, the Replenishment Available Amount shall be used by the Issuer for the purchase of the Additional Lease Receivables from the Seller in accordance with the terms and provisions of the Lease Receivables Purchase Agreement and the Pre-Enforcement Priority of Payments; any Excess Collection Amount shall be credited to the Replenishment Ledger on that Payment Date. Upon the occurrence of an Early Amortisation Event, the Replenishment Ledger shall be closed and any amounts standing to the credit of the Replenishment Ledger shall be applied on the subsequent Payment Date in accordance with the applicable Priority of Payments.

14. **Further assurance and powers of attorney**

14.1 The Issuer shall from time to time execute and do all such things as the Trustee may require for perfecting or protecting the security interests created or intended to be created pursuant to this Agreement (and the Deed of Security Assignment), and at any time after the Security becomes enforceable, the Issuer shall execute and do all such things as the Trustee may require in respect of the facilitation of the enforcement, in whole or in part, of the Security and the exercise of all powers, authorities and discretionary rights vested in the Trustee, including, without limitation, to make available to the Trustee copies of all notices to be given in accordance with the Conditions, to notify the Trustee of all amendments to the Transaction Documents and to make available to the Trustee, upon the reasonable request of the Trustee, such information, opinions, certificates and other evidence required by the Trustee to perform its obligations under this Agreement, the Deed of Security Assignment or any other Transaction Document (including access to the Issuer's books and records, if required).

14.2 The Issuer hereby irrevocably appoints the Trustee as its agent and empowers the Trustee to do all such acts and things, to make all necessary statements or declarations and execute all relevant documents, which the Issuer ought to do, make or execute under or in connection with this Agreement, the Deed of Security Assignment or generally to give full effect to this Agreement and the other Transaction Documents. The Issuer hereby ratifies and agrees to ratify and approve whatever the Trustee as its agent shall do or purport to do in the exercise or purported exercise of the powers created pursuant to this clause 14.

14.3 All parties to this Agreement undertake to provide all information to the Trustee that it shall require to exercise the powers contemplated by clauses 14.1 and 14.2 or to carry out the Trustee's obligations under or in connection herewith. The Trustee (and its sub-agents) shall be exempted from the restrictions of Section 181 of the German Civil Code and any other

restrictions under any other applicable law to the fullest extent permitted under applicable law and shall be entitled to release any sub-agent from any such restriction.

15. **Enforceability and the respective enforcement procedure**

15.1 **Enforceability**

- (a) The Security shall become enforceable, in whole or in part, upon the occurrence of an Enforcement Event.
- (b) The Trustee shall be entitled to assume in the absence of notice provided to it in writing by any other party that no Issuer Event of Default has occurred.

15.2 **Procedure**

15.2.1 Upon the occurrence of an Issuer Event of Default, the Trustee shall as soon as reasonably practicable after having become aware thereof notify the Issuer, each of the other Secured Parties and the Rating Agencies of such Issuer Event of Default (such notice, the "**Enforcement Notice**").

15.2.2 Subject to the Trustee being indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, expenses (including reasonable legal costs and expenses) which it may incur by so doing, the Trustee may, and if instructed by the Noteholders shall, after the service of an Enforcement Notice and without further notice to any party to this Agreement, enforce the Security, or any part of it, and shall incur no liability to any party for doing so.

15.2.3 The Trustee shall at all times do all such things as are reasonably necessary in order that it can comply with all provisions of this Agreement and the Deed of Security Assignment and with all applicable German, English and Luxembourg laws relating to the discharge of its functions.

15.2.4 Each of the parties to this Agreement agrees and acknowledges and, by executing a Form of Accession Agreement, each new Secured Party agrees and acknowledges, that in the event of the enforcement of the Security or the appointment of a receiver in accordance with the Deed of Security Assignment with respect to the enforcement of the Charged Property, the Trustee shall not be obliged to indemnify out of its own money any such receiver for any of its costs, charges, liabilities or expenses or to advance, in whatever form, any moneys to such receiver or any other Person arising out of or in connection with such enforcement or to carry on or to require any receiver to carry on any business carried on from time to time in connection with the Security (including, without limitation, the Charged Property).

15.2.5 No person dealing with the Trustee or with any receiver of the Security (including, without limitation, the Charged Property) or any part thereof appointed by the Trustee shall be obligated to enquire whether the Secured Obligations or the Trustee Claim remain outstanding or any event has happened upon which any of the powers, authorities and discretion conferred by or pursuant to this Agreement or the Deed of Security Assignment or in connection therewith in relation to such property or any part thereof are or may be exercisable by the Trustee or by any such receiver or otherwise as to the propriety, validity or regularity of acts purporting or intending to be in exercise of any such powers.

### 15.3 **Notification of authorised signatories for instructions**

The Trustee shall, promptly after delivery of an Enforcement Notice, provide to the Account Bank and the Calculation Agent the specimen signatures of its own authorised signatories who shall be entitled to give instructions to the Calculation Agent and the Account Bank.

### 16. **Realisation of the Leased Vehicles**

16.1 The Leased Vehicles the title of which has been transferred for security purposes (*Sicherungseigentum*) to the Trustee will be realised by the Trustee or by agents of the Trustee (including BMW Bank). For the avoidance of doubt, a successor or substitute or back-up servicer shall not qualify as an agent of the Trustee and the Trustee shall not be liable for any negligence of a successor or substitute or back-up servicer.

16.2 If the security purpose is met and a Leased Vehicle is realised, the proceeds shall be divided proportionally between the Issuer in case the security purpose of clause 6.5 of the Lease Receivables Purchase Agreement is triggered, the Seller and the respective financier of the residual value portion relating to the respective Leased Vehicles (as notified by the Seller to the Issuer) at any time. The Issuer is entitled to receive the Pro Rata Lease Instalment Share of the enforcement proceeds from the realisation of the Leased Vehicles in relation to the relevant Purchased Lease Receivable. The Seller or the respective financier of the residual value portion (as notified by the Seller to the Issuer) at any time is entitled to receive the Pro Rata Residual Value Share of the enforcement proceeds from the realisation of the Leased Vehicles in relation to the agreed residual value of the relevant Leased Vehicle.

The Seller is entitled to receive all payments on the Purchased Lease Receivables it collects after the day on which the Servicer has finally written off the relevant Lease Agreements pertaining to such Purchased Lease Receivables in accordance with its customary practice as applicable from time to time.

### 17. **Conflicts of interest**

#### 17.1 **Interests of Secured Parties**

Subject to the other provisions of this clause 17, the Trustee shall have regard to the interests of the Secured Parties in the respective order pursuant to the Post-Enforcement Priority of Payments as regards the exercise and performance of all powers, trusts, authorities, duties and discretions of the Trustee in respect of the Trust Property or the Security under this Agreement and the Deed of Security Assignment or under any other documents the rights or benefits in which are comprised in the Trust Property (except where expressly provided otherwise).

#### 17.2 **Exoneration of Trustee**

Each of the Secured Parties hereby acknowledges and agrees with clause 17.1 and each of them agrees that it shall have no claim against the Trustee for acting in accordance with the provisions of such clause.

### 17.3 **Reliance by Trustee**

17.3.1 Without prejudice to any other right conferred upon the Trustee,

- (a) whenever the Trustee is required to or desires to determine the interests of any of the Secured Parties, or
- (b) otherwise in connection with the performance of its duties under this Agreement and/or the other Transaction Documents to which it is a party,

the Trustee may in its professional judgment seek the advice and/or written opinion, and/or fully rely upon such advice and/or written opinion, of a law firm, credit institution, financial advisor or other expert (such advice to be at the reasonably incurred cost of the Issuer). The Trustee shall be liable for the exercise of due care in the selection and supervision of such law firm, credit institution, financial advisor or other expert. Clause 14.3.2 of the Common Terms shall apply. If the Trustee seeks the advice and/or written opinion, and/or relies upon such advice and/or written opinion, of such law firm, credit institution, financial advisor or other expert to perform the duties listed under clause 3.2(a) through (c) of this Agreement instead of delegating their performance, the Trustee shall be liable for (i) the exercise of due care in the selection and supervision of and (ii) any gross negligence (*grobe Fahrlässigkeit*) or wilful misconduct (*Vorsatz*) of such law firm, credit institution, financial advisor or other expert.

17.3.2 The Trustee may call for and shall be at liberty to accept a certificate duly signed by any two directors of the Issuer who are authorised to sign on behalf of the Issuer pursuant to a list of authorised signatories to be delivered to the Trustee from time to time as sufficient evidence of any fact or matter or the expediency of any transaction or thing, save for manifest errors, and to treat such a certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the persons so certifying, expedient or proper as sufficient evidence that it is expedient or proper, and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be caused by acting on any such certificate. Save for manifest errors, the Trustee may rely and shall not be liable or responsible for the existence, accuracy or sufficiency of any opinions (other than legal opinions on which accuracy or sufficiency the Trustee may rely without limitation), searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction Documents; in particular, the Trustee (save for manifest errors) may rely on calculations made and notices sent by the Calculation Agent.

## 18. **Application of payments**

### 18.1 **Pre-Enforcement Priority of Payments**

Each of the Secured Parties acknowledges and agrees that, prior to the service of an Enforcement Notice, all moneys of the Issuer shall be applied in accordance with the Pre-Enforcement Priority of Payments.

### 18.2 **Post-Enforcement Priority of Payments**

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

- (a) the Issuer may not make any withdrawal from the Issuer Account and the Counterparty Downgrade Collateral Account;
- (b) unless with the express consent from the Trustee, the Issuer shall refrain from exercising any rights in relation to the Security; and
- (c) the Trustee may withdraw moneys from the Issuer Account and apply the Available Post-Enforcement Funds in or towards payment of the Secured Obligations in accordance with the Post-Enforcement Priority of Payments.

**19. Release of Security**

Upon the Trustee being satisfied that the Secured Obligations and the Trustee Claim have been fully and finally discharged (the Trustee being, for this purpose, entitled to rely, in its absolute discretion, on any statement of payment, discharge or satisfaction certified by one or more directors of the Issuer) and to the extent the Security has not been previously released pursuant to this Agreement, the Trustee shall, at the request and the expense of the Issuer, do all such acts and things and execute all such documents as may be necessary to release the Security and the Trustee shall, to the extent applicable, assign and re-transfer all Transferred Assets to the Issuer or to the order of the Issuer or to the Seller.

**20. Covenants by the Issuer**

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

**21. Term of this Agreement; resignation, replacement and substitution of the Trustee**

21.1 This Agreement shall terminate automatically on the Final Discharge Date.

**21.2 Trustee terminating trusteeship and appointment of new Trustee**

The Trustee may resign for good cause (*wichtiger Grund*) from its office as Trustee hereunder at any time giving two months' prior written notice to the Issuer and the Rating Agencies provided that, for so long as Secured Obligations remain outstanding, upon or prior to the last Business Day of such notice period, (i) a reputable accounting firm or financial institution which is experienced in the business of trusteeship relating to the securitisation of lease receivables originated in Germany has been duly appointed by the Issuer as substitute Trustee, (ii) such substitute Trustee mentioned in (i) holds all required licenses and authorisations, and (iii) such substitute Trustee (mentioned in (i)) (by way of novation or otherwise) assumes, and is vested with, all rights and obligations, authorities, powers and trusts set forth in this Agreement and the other relevant Transaction Documents. In the event of any urgency, the Trustee shall be entitled to appoint a successor Trustee meeting the requirements set out in the first sentence of this clause 21.2 and acceptable to the Rating Agencies under terms substantially similar to the terms of this Agreement if the Issuer fails to do so within 60 Business Days of the resignation notice of the Trustee.

**21.3 Issuer terminating trusteeship and appointing new Trustee**

The Issuer shall be authorised and obligated to terminate the appointment of the Trustee and appoint a successor Trustee in accordance with, *mutatis mutandis*, the provisions of clause 21.2 if an Insolvency Event occurs with respect to the Trustee or, if the Issuer determines, in its sole discretion (exercised reasonably) that the Trustee has failed to

perform its material obligations under this Agreement, the Conditions and the other Transactions to which it is a party as trustee. The Issuer shall notify the Rating Agencies upon the appointment of a substitute Trustee without undue delay.

#### **21.4 Transfer of Security, rights and interests**

In the event of a substitution of an existing Trustee with a new Trustee, as contemplated by clause 21.2 or clause 21.3, the existing Trustee shall forthwith (by way of novation or otherwise) transfer the Security together with any other rights it holds under any Transaction Document including, for the avoidance of doubt, its Trustee Claim pursuant to clause 6.1 (Trustee joint and several creditor) or grant analogous security interests to the new Trustee. Without prejudice to the obligation of the Trustee set out in the immediately preceding sentence, the Trustee hereby irrevocably grants power of attorney to the Issuer to transfer all the rights, security and interests mentioned in such preceding sentence on behalf of the Trustee to the new Trustee and for that purpose the Issuer (and its sub-agents) shall be exempted from the restrictions of section 181 of the German Civil Code and any similar restrictions under any other applicable laws.

The Issuer and each Secured Party hereby undertakes to assign any claim for segregation (*Aussonderung*) it may have in an insolvency of the Trustee with respect to this Agreement and the Security to the new Trustee appointed in accordance with this Agreement for the purposes set out in this Agreement.

#### **21.5 Assumption of obligations**

In the event of a substitution of an existing Trustee with a new Trustee, as contemplated by clause 21.2 or clause 21.3, the existing Trustee shall (i) transfer (by way of novation or otherwise) all of its rights and obligations hereunder, and under any other Transaction Documents to the new Trustee on terms substantially similar to the terms of this Agreement and under any other Transaction Documents; and (ii) notify the Servicer, the Issuer, the Account Bank, the Paying Agent and the Calculation Agent.

A termination pursuant to clause 21.2 or clause 21.3 above notwithstanding, the rights and obligations of the Trustee shall continue until the appointment of the new Trustee has become effective and the rights pursuant to clause 21.5 hereof have been assigned to the new Trustee.

#### **21.6 Costs**

The existing Trustee shall, in case of a termination, reimburse (on a *pro rata* basis) to the Issuer any up-front fees paid by the Issuer for periods after the date on which the substitution of the Trustee takes effect. In case of a termination by the Issuer for good cause (*aus wichtigem Grund*) which is attributable to a breach by the Trustee of its standard of care set out in clause 13 (Standard of care) of the Common Terms, the existing Trustee shall reimburse the Issuer for the costs (including legal costs and administration costs) or pay any costs incurred for the purpose of appointing a new Trustee up to a maximum amount as separately agreed. In any other cases of termination by the Issuer the Trustee shall not owe any reimbursement of cost to the Issuer. In case of a termination by the Trustee for good cause (*aus wichtigem Grund*) and in case of termination by the Issuer which is - in either case - not attributable to a breach by the Trustee of its standard of care set out in clause 13 (Standard of care) of the Common Terms, the Issuer shall reimburse the existing Trustee for any duly documented costs resulting from such termination reasonably incurred by the

Trustee; in such cases triggering a reimbursement obligation of the Issuer the Trustee shall, whenever reasonably possible, consult with the Issuer before incurring any costs.

#### 21.7 **Handover to new Trustee**

The existing Trustee shall be obliged, upon termination of its appointment and once a new Trustee is appointed, to provide the new Trustee with all information available to it to enable the new Trustee to take over all functions of a trustee hereunder efficiently and shall account for (*Rechenschaft ablegen*) its activities in respect of this Agreement and all other Transaction Documents vis-à-vis the new Trustee.

### 22. **Fees, indemnities and indirect taxes**

#### 22.1 **Trustee's fee**

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

Upon the occurrence of an Enforcement Event or a default of any party (other than the Trustee) to a Transaction Document which results in that the Trustee undertakes additional tasks and in the event of the Trustee finding it, in its professional judgment and after good faith consultation with the Seller, expedient or being required to undertake any duties which the Trustee determines to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee, the Issuer shall pay or procure to be paid to the Trustee an additional remuneration for each hour of additional services performed by the Trustee at an hourly rate as shall be agreed in the aforesaid fee letter. In the event that the Issuer and the Trustee, as applicable, fail to agree as to whether and/or in which amount an additional remuneration shall be payable in accordance with the preceding sentence, such matters shall be determined by a bank, financial services institution or auditing firm of recognized standing (acting as an expert and not as an arbitrator) determined by the Trustee. The determination made by such expert shall be final and binding upon the Issuer and the Trustee.

#### 22.2 **No entitlement to remuneration**

The Trustee shall not be entitled to remuneration in respect of any period after the date on which (i) all the Secured Obligations and the Trustee Claim have been paid or discharged and the Transferred Assets and the other Security have been released and re-assigned and retransferred to the Issuer or to the order of the Issuer or to the Seller and (ii) all tasks to be performed by the Trustee under or in connection with the Transaction Documents have been performed (for the avoidance of doubt, the latter only applies if such tasks have been performed without delay on the part of the Trustee).

#### 22.3 **Indemnity**

The Issuer will, subject to clause 5 (Non-petition and limited recourse) of the Common Terms, indemnify and hold harmless the Trustee, its officers, employees and agents (for the purposes of this clause, each an "**Indemnified Person**") against any loss, liability, expense, claim or action (including all reasonably incurred and duly documented fees and expenses incurred in disputing or defending any of the foregoing) which the Indemnified Person may incur or which may be made against it arising out of or in connection with its appointment or performance of its functions, except such as may result from a violation by the Trustee of its



obligations under this Agreement caused by negligence (*Fahrlässigkeit*) or wilful misconduct (*Vorsatz*) of the Trustee or its officers, employees or agents.

The Trustee shall not be bound to take any action under or in connection with this Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified (including under the applicable Priority of Payments), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the applicable Priority of Payments, against all liabilities, proceedings, claims and demands to which it may be or become liable and all direct costs, charges and expenses which may be reasonably incurred by it in connection with them.

#### 22.4 Indirect taxes

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

The Issuer shall bear all stamp duties, transfer taxes and other similar taxes, duties or charges or charge which are imposed in connection with (i) the creation of, holding of, or enforcement of the Security, and (ii) any action taken by the Trustee pursuant to the Conditions or the other Transaction Documents. If required to do so by law, the Trustee may withhold tax and may deduct amounts from sums held by it under this Agreement to pay any taxes due and the Trustee shall have no responsibility whatsoever to any Secured Party as regards any deficiency or additional payment, as the case may be, which might arise because the Trustee is subject to any stamp, issue, registration, documentary and other fees, duties, and taxes.

#### 23. Base Rate Modification

Notwithstanding clause 8 (Variation of Transaction Documents) of the Common Terms, the Trustee shall be obliged (and with no liability whatsoever attached to the Trustee), without any consent or sanction of the Noteholders and any of the other Transaction Parties, to agree with the Issuer in making any modification (other than in respect of a matter for a qualified majority is required) to the Agreement, the Conditions of the Notes or any other Transaction Document to which it is a party that the Issuer solely considers necessary:

- (a) for the purpose of changing EURIBOR that then applies to the Notes to an alternative base rate (any such rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
  - (i) such Base Rate Modification is being undertaken due to:
    - (A) a material disruption to EURIBOR, an adverse change in the methodology of calculating EURIBOR or EURIBOR ceasing to exist or be published;
    - (B) a public statement by the EURIBOR administrator that it will cease publishing EURIBOR permanently or indefinitely (in circumstances

where no successor EURIBOR administrator has been appointed that will continue publication of EURIBOR);

- (C) a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (D) a public announcement of the permanent or indefinite discontinuation of EURIBOR that applies to the rated Notes at such time;
- (E) a public statement by the supervisor for the EURIBOR administrator that means EURIBOR may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (F) the reasonable expectation of the Servicer that any of the events specified in items A. to E. above will occur or exist within six months of such Base Rate Modification,

and, in each case, such Base Rate Modification is required solely for such purpose; and

(ii) such Alternative Base Rate is:

- (A) a base rate published, endorsed, approved or recognised by the relevant regulatory authority or any stock exchange on which the Notes are listed or any relevant committee or other body established, sponsored or approved by any of the foregoing;
- (B) a base rate utilised in a material number of publicly-listed new issues of Euro denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;
- (C) a base rate utilised in a publicly-listed new issue of Euro denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of BMW Bank GmbH; or
- (D) such other base rate as the Servicer reasonably determines;

and:

- (E) in each case, the change to the Alternative Base Rate will not, in the Servicer's opinion, be materially prejudicial to the interest of the Noteholders;
- (F) for the avoidance of doubt, the Servicer may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this clause 23 are satisfied; and
- (G) which, for the avoidance of doubt, may be an Alternative Base Rate together with a specified adjustment factor which may increase or decrease the relevant Alternative Base Rate.

In the event that no Alternative Base Rate can be determined in a timely manner in accordance with the above, the Interest Determination Agent shall use the Reference

Bank Rate (expressed as a percentage rate *per annum*) as determined by it in consultation with the Issuer for one-month deposits in euro at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, where the "**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Interest Determination Agent at its request by the Reference Banks selected by it in consultation with the Issuer as the rate at which such Reference Bank could borrow funds in the European interbank market in euro and for such Interest Period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in euro and for such Interest Period. In the event that the Interest Determination Agent is unable to make such determination for the relevant Interest Period in accordance with the aforesaid, the Alternative Base Rate shall be EURIBOR as determined on the last Interest Determination Date on which EURIBOR was still available.

- (b) For the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Class A Notes following such Base Rate Modification (a "**Interest Rate Swap Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Trustee in writing that such modification is required solely for such purpose (such certificate being a "**Interest Rate Swap Rate Modification Certificate**" and the Interest Rate Swap Rate Modification Certificate and the Base Rate Modification Certificate each a "**Modification Certificate**"), provided that, in the case of any modification made pursuant to clause 23(a)(i) or clause 23(a)(ii):
- (i) at least five days' prior written notice (including, for such purposes, via email) of any such proposed modification has been given to the Trustee;
  - (ii) the Base Rate Modification Certificate or the Interest Rate Swap Rate Modification Certificate, as applicable, in relation to such modification is provided to the Trustee both at the time the Trustee is notified of the proposed modification in accordance with clause 23(a)(i) and on the date that such modification takes effect;
  - (iii) with respect to each Rating Agency, either:
    - (A) the Issuer obtains from such Rating Agency written confirmation that such modification would not result in (I) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (II) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Trustee; or
    - (B) the Issuer certifies in writing to the Trustee that it has notified such Rating Agency of the proposed modification and, in its reasonable opinion, formed on the basis of due consideration and consultation with such Rating Agency (including, as applicable, upon receipt of confirmation from an appropriately authorised person at such Rating Agency), such modification would not result in (I) a downgrade, withdrawal or

suspension of the then current ratings assigned to the Class A Notes or by such Rating Agency or (II) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent); and

- (iv) the Issuer (or the Paying Agent on its behalf, itself acting upon instruction of the Servicer) has provided at least 30 days' prior written notice to the Noteholders of each Class of Notes of the proposed modification in accordance with Condition 15 (Form of Notices).
- (c) The Trustee will be obliged to consent to the Issuer making any modification referred to under this clause 23, if:
- (i) in the sole opinion of the Trustee such modification would not have the effect of (A) exposing the Trustee to any liability against which it has not been indemnified and/or prefunded and/or secured to its satisfaction or (B) increasing the obligations or duties, or decreasing the protections, rights or indemnities, of the Trustee in the Transaction Documents and/or the Conditions of the Notes; and
  - (ii) the Issuer certifies in writing to the Trustee (which certification may be in the relevant Modification Certificate) that in relation to such modification (A) the Issuer (or the Paying Agent on its behalf, itself acting upon instruction of the Servicer) has provided at least 30 days' notice to the Noteholders of the Class A Notes of the proposed modification in accordance with Condition 15 (Form of Notices) relating to the Class A Notes, in each case specifying the date and time by which Noteholders may object to the proposed modification, and has made available at such time the modification documents for inspection at the registered office of the Trustee for the time being during normal business hours, and (B) the Issuer has not been contacted by holders of the Class A Notes representing at least 10 per cent of the Notes Outstanding Amount of the Class A Notes in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that the holders of the Class A Notes object to the proposed modification of the Class A Notes; and
  - (iii) if holders of the Class A Notes representing at least 10 per cent of the aggregate Notes Outstanding Amount of the Class A Notes have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which the Class A Notes may be held within the notification period referred to above that they object to the proposed Base Rate Modification, then such modification will not be made unless a resolution of the holders of the Class A Notes is passed in favour of such modification in accordance with Condition 14 (Resolutions of Noteholders) by a qualified majority of the holders of the Class A Notes, provided that objections made in writing to the Issuer other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the holders of the Class A Notes.
- (d) When implementing any modification pursuant to this clause 23, the Trustee will not consider the interests of the Noteholders, any other Transaction Party or any other

Person and will act and rely solely, and without further investigation, on any Modification Certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this clause 23, and shall not be liable to the Noteholders, any other Transaction Party or any other Person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Person.

- (e) The Issuer (or the Paying Agent on its behalf, itself acting upon instruction of the Servicer) will notify, or shall cause notice thereof to be given to, the Noteholders and the other Transaction Party of any such effected modifications in accordance with Condition 15 (Form of Notices).

## 24. **Miscellaneous**

### 24.1 **Ringfencing and further securities/transactions**

All Parties agree that each Transaction Document (other than the Corporate Administration Agreement) shall incur obligations and liabilities in respect of Compartment German Auto Leases 8 of Bavarian Sky S.A. only and that the Transaction Documents shall not, at present or in the future, create any obligations or liabilities in respect of Bavarian Sky S.A. generally or in respect of any Compartment of Bavarian Sky S.A. other than Compartment German Auto Leases 8. All Parties further agree that the immediately preceding sentence shall be an integral part of all Transaction Documents and that, in the event of any conflict between any provision of any Transaction Documents and the immediately preceding sentence, the immediately preceding sentence shall prevail.

### 24.2 **New securitisations and further securities**

The Issuer shall not enter into any further securitisation transactions and shall not issue any further securities unless (i) one or more reputable law firm(s) (as appropriate) shall have, in one or more legal opinion(s) satisfactory to the Issuer, confirmed to the Issuer that as a result of the issuance of the securities or the entrance into any other transaction documents related therewith, the Issuer shall not incur any payment or other obligations in respect of its Compartment German Auto Leases 8 or in respect of any other pre-existing Compartment and (ii) based, *inter alia*, on such legal opinion, the board of directors of the Issuer shall have approved the issuance of the securities and the entrance into related transaction documents. In case of any further securitisation transactions of the Issuer, the transactions shall not be cross-collateralised or cross-defaulted.

### 24.3 **Global condition precedent**

All Parties agree that it shall constitute a condition precedent in respect of each Transaction Document that all Transaction Documents to be executed on or prior to the Issue Date have, no later than on the Issue Date, been executed and delivered by each of the relevant parties thereto. Each Party acknowledges that all other Parties are entering into this Transaction in reliance upon all such Transaction Documents being validly entered into by all relevant parties to such documents.

### 24.4 **Duty to appoint process agent**

All relevant Transaction Parties to the German Transaction Documents that are not resident in Germany have the duty to appoint a German process agent upon request within five Business Days and all parties to the Transaction Documents governed by English law

that are not resident in England shall appoint an English process agent upon request within five Business Days.

## OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS

### 1. Lease Receivables Purchase Agreement

Pursuant to the Lease Receivables Purchase Agreement, the Issuer will purchase Eligible Lease Receivables from the Seller on the Issue Date and on each Additional Purchase Date during the Revolving Period. The Issuer will, to the extent offered by the Seller, purchase Additional Lease Receivables at the relevant Additional Purchase Price.

Pursuant to the Lease Receivables Purchase Agreement, the Seller represents to the Issuer that on the initial Cut-Off Date and on any other Cut-Off Date immediately preceding the relevant Purchase Date during the Revolving Period, each Purchased Lease Receivable, complies with the Eligibility Criteria set out below under the heading "*ELIGIBILITY CRITERIA*".

The offer by the Seller for the purchase of Lease Receivables under the Lease Receivables Purchase Agreement contains certain relevant information for the purpose of identification of the Purchased Lease Receivables. Upon acceptance of the offer, the Issuer acquires in respect of the relevant Lease Receivables unrestricted title as from the initial Cut-Off Date and from the relevant Additional Cut-Off Date, as applicable, together with all of the Seller's rights, title and interest in the Lease Collateral in accordance with the Lease Receivables Purchase Agreement. As a result, the Issuer obtains the full economic ownership in the Purchased Lease Receivables (excluding any portion relating to VAT, residual values and the provision of services) and is free to transfer or otherwise dispose over (*verfügen*) the Purchased Lease Receivables, subject only to the contractual restrictions provided in the relevant Lease Agreement.

If for any reason title to any Purchased Lease Receivable is not transferred to the Issuer, the Seller is obliged, without undue delay, to take all action necessary to perfect the transfer of title. All Losses, costs and expenses which the Issuer incurred or will incur by taking additional measures due to the title of the Purchased Lease Receivables or the Lease Collateral not being sold or transferred will be borne by the Seller. The Seller will only be liable for the existence of the Purchased Lease Receivables (*Veritätshaftung*) and any claims of the Issuer vis-à-vis the Seller relating thereto shall be secured by security title to the Leased Vehicles.

The sale and assignment of the Purchased Lease Receivables pursuant to the Lease Receivables Purchase Agreement constitutes a sale without recourse for credit risk (*regressloser Verkauf wegen Bonitätsrisiken*). This means that the Seller will not bear the risk of the inability of any Lessee to pay the relevant Purchased Lease Receivables. However, in the event of any breach of the Eligibility Criteria as at the initial Cut-Off Date and any other Cut-Off Date immediately preceding the relevant Purchase Date, the Seller owes the payment of Deemed Collections regardless of the respective Lessee's credit strength.

Pursuant to the Lease Receivables Purchase Agreement, the delivery of the Leased Vehicles as well as any subsequently inserted parts and other moveable Lease Collateral (including any vehicle certificate (*Zulassungsbescheinigung Teil II* or *KFZ Brief*, as applicable)) will be replaced by the Seller assigning (*abtreten*) its restitution claims (*Herausgabeansprüche*) against the Lessees to the Issuer.

Where third parties obtain, or have obtained, possession of the Leased Vehicles or any such moveable Lease Collateral (including any vehicle certificate (*Zulassungsbescheinigung Teil II* or *KFZ Brief*, as applicable)), the Seller assigns all related existing or future restitution claims (*Herausgabeansprüche*) to the Issuer.

#### *Deemed Collections*

If certain events defined in the definition of Deemed Collections occur with respect to a Purchased Lease Receivable, the Seller will be deemed to have received a Deemed Collection in respect of such Purchased Lease Receivable. The Seller has undertaken to make payment of an amount equal to such Deemed Collection in the amount of the Discounted Outstanding Lease Balance of such Purchased Lease Receivable (including, for the avoidance of doubt, in case only a portion of such Purchased Lease Receivable is affected) to the Issuer. Upon receipt thereof, such Purchased Lease Receivable, the relevant Lease Collateral (unless it is extinguished) and the Leased Vehicle will be automatically re-assigned or re-transferred to the Seller, by the Issuer on the next succeeding Payment Date on a non-recourse or guarantee basis on the part of the Issuer. The costs of such assignment and transfer will be borne solely by the Seller.

#### *Use of Lease Collateral*

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

The Seller will, at its own cost, keep the Lease Collateral free of, or release such from any interference or security rights of third parties and undertake all steps necessary to protect the interest of the Issuer therein.

#### *Taxes and Increased Costs*

All payments to be made by the Seller to the Issuer pursuant to the Lease Receivables Purchase Agreement will be made free and clear of and without deduction for or on account of any tax. The Seller will reimburse the Issuer for any deductions or retentions which may be made on account of any tax. The Seller will have the opportunity and authorisation to raise defences against the relevant payment at the Seller's own costs.

Where the Issuer has received a credit against a relief or remission for, or repayment of, any tax, then if and to the extent that the Issuer determines that such credit, relief, remission or repayment is in respect of the deduction or withholding giving rise to such additional payment or with reference to the liability, expense or Loss which caused such additional payments, the Issuer will, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Seller such amount as the Issuer will have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or Loss, **provided that** the Issuer will not be obliged to make any such payment until it is, in its sole opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled.

#### *Insurance and Leased Vehicles*

Any insurance claims in respect of any Leased Vehicle or other Lease Collateral form part of the assets assigned for security purposes to the Trustee under the Trust Agreement. If the Seller or the Servicer receives any proceeds from comprehensive insurances



(*Kaskoversicherungen*) or claims from third parties which have damaged any Leased Vehicles, as well as claims against the insurer of such third parties which form part of the Lease Collateral, such proceeds will be used to repair such damaged Leased Vehicles. If the relevant damaged Leased Vehicle cannot be repaired, a Pro Rata Lease Instalment Share of such proceeds will be paid to the Issuer.

#### *Notification of Assignment*

The Lessees and other relevant debtors will be notified by the Seller in its capacity as Servicer in respect of the assignment of the Purchased Lease Receivables and Lease Collateral upon the occurrence of a Lessee Notification Event. Where any Lessee is either a military person, a civil servant, a clergyman or a teacher at a public teaching institution and has assigned its rights and claims to wages and social security benefits (to the extent legally possible) to the Seller as part of the Lease Collateral, the Seller will, upon request by the Issuer upon the occurrence of a Lessee Notification Event, notify such Lessee's employer of such assignment by way of a notarial deed as required under section 411 of the German Civil Code. Should the Servicer fail to notify the Lessees within five Business Days of such request following the occurrence of a Lessee Notification Event, the Issuer (and after the occurrence of an Issuer Event of Default, the Trustee, **provided that** the Trustee has obtained actual knowledge of such Issuer Event of Default) will be obliged to notify the Lessees and any other relevant debtors to the extent known to it (in particular, comprehensive insurers (*Kaskoversicherungen*), life insurers and employers) of the assignment of the Purchased Lease Receivables and the Lease Collateral itself. Without prejudice to the foregoing, under the Servicing Agreement, the Issuer is entitled to notify by itself, through the successor Servicer or any other agent, or require the Servicer to notify the Lessees, of the assignment if a Lessee Notification Event has occurred. If the Issuer has to undertake the notification by way of a notarial deed, the notarisational costs will be borne by the Seller.

Upon notification, the Lessees and the other relevant debtors will be notified to make all payments to the Issuer Account or to the account of a successor Servicer, if appointed by the Issuer, in order to obtain valid discharge of their payment obligations under the relevant Lease Agreement.

#### *Instalment of new parts or replacement parts in Leased Vehicles*

If, after transfer of title to any Leased Vehicle to the Issuer, any new parts or any new replacement parts are installed into such Leased Vehicle and the Seller acquires title to or a co-ownership interest in such parts, the Seller will transfer such title or co-ownership interest by way of security to the Issuer and the Issuer will not be obliged to make any further payments in respect of such parts.

#### *Realisation of Leased Vehicles*

Notwithstanding the transfer of the Leased Vehicles pursuant to the Lease Receivables Purchase Agreement, the Seller, subject to revocation by the Trustee, is entitled and obligated to realise the Leased Vehicles for and on behalf of the Trustee in accordance with the terms and conditions of the Lease Receivables Purchase Agreement, the Trust Agreement and the Servicing Agreement. Title to the Leased Vehicles has been transferred as security to the Issuer exclusively for the purposes of securing any claims of the Issuer vis-à-vis the Seller arising due to the non-existence (*Nicht-Bestand*) of the respective relating Lease Instalments (*Veritätshaftung*), including any damage claim of the Seller

against the relevant Lessee as a consequence of the early termination of the relevant Lease Agreement. The Leased Vehicles shall neither collateralise the due payment of any Lease Instalments by the relevant Lessee nor, in the absence of a default of the Seller in respect of the above-mentioned claims, due payment under the Notes. If the security purpose is met and a Leased Vehicle is realised by the Seller in accordance with its Credit and Collection Policy, the Issuer will not receive the full amount of the enforcement proceeds. The Issuer will only receive the Pro Rata Lease Instalment Share as follows:

- (a) The proceeds shall be divided proportionally between the Issuer, the Seller and the respective financier of the residual value portion relating to the respective Leased Vehicles (as notified by the Seller to the Issuer) at such time. The Issuer is entitled to receive a Pro Rata Lease Instalment Share of the enforcement proceeds from the realisation of the Leased Vehicles in relation to the relevant Purchased Lease Receivable. The Seller or the respective financier of the residual value portion (as notified by the Seller to the Issuer) at any time is entitled to receive a Pro Rata Residual Value Share of the enforcement proceeds from the realisation of the Leased Vehicles.
- (b) The Pro Rata Lease Instalment Share shall be a rate calculated as (i) the present value of the relevant Purchased Lease Receivable outstanding using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR. The Pro Rata Residual Value Share shall be a rate calculated as (i) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR.

For the avoidance of doubt, BMW Bank is entitled to receive all payments on the Purchased Lease Receivables it collects after the day on which the Servicer has finally written off the relevant Lease Agreements pertaining to such Purchase Lease Receivables in accordance with its customary practice as applicable from time to time.

#### *Clean-Up Call Option*

In the circumstances described in Condition 8.3 (Clean-Up Call), the Seller may exercise the Clean-Up Call Option under the Lease Receivables Purchase Agreement.

#### *Servicing Reserve Account*

Upon the occurrence of a Servicing Reserve Trigger Event and for so long as such event continues, the Seller is obliged to fund within the Performance Period the Servicing Reserve Account (not using any Collections) with the Servicing Reserve Required Amount.

Upon the occurrence and continuance of a Servicing Reserve Trigger Event (lit. (d) or (f)), only the amount credited to the Servicing Reserve Account which is necessary to cover Servicing Fee and replacement costs (if any) of the replacement Servicer for the relevant period prior to the related Payment Date shall form part of the Available Distribution Amount.

With respect to each Cut-Off Date immediately preceding any Payment Date upon the occurrence of a Servicing Reserve Trigger Event (lit. (a), (b), (c) or (e)) and prior to the occurrence of a Servicing Reserve Trigger Event (lit. (d) or (f)), the Seller will calculate any Servicing Reserve Excess Amount standing to the credit of the Servicing Reserve Account and inform the Servicer and the Issuer of such Servicing Reserve Excess Amount prior to the related Payment Date. The Issuer will pay to the Seller on the relevant Payment Date any interest earned on the balance credited to the Servicing Reserve Account and such Servicing Reserve Excess Amount outside of the Pre-Enforcement Priority of Payments.

Furthermore, (i) upon termination of the Transaction or (ii) upon occurrence of an Enforcement Event after the realisation of Security or (iii) prior to the occurrence of a Servicing Reserve Trigger Event (lit. (d) or (f)), as soon as the Servicing Reserve Trigger Event (lit. (a), (b), (c) or (e)) no longer prevails, the Issuer shall pay any interest earned on the balance credited to the Servicing Reserve Account and any amounts standing to the credit of Servicing Reserve Account outside of the applicable Priority of Payments to the Seller.

## 2. **Servicing Agreement**

Pursuant to the Servicing Agreement between the Servicer, the Calculation Agent, the Back-Up Servicer Facilitator and the Issuer, the Servicer has the right and obligation to administer the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles, collect and, if necessary, enforce the Purchased Lease Receivables and enforce the Lease Collateral and pay all proceeds to the Issuer. To the extent netting with the Servicer's payment claims arising from the purchase of the Additional Purchased Lease Receivables by the Issuer is possible, the Servicer is entitled to transfer the netted Collections to the Operating Account subject to the applicable Priority of Payments being adhered to.

### *Obligation of the Servicer*

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

Under the Servicing Agreement, the Servicer will, *inter alia*:

- (a) collect any and all amounts payable, from time to time, by the Lessees under or in relation to the Lease Agreements as and when they fall due;
- (b) identify the Collections and identify the amount of such Collections;
- (c) give, on the relevant Payment Date, directions to its relevant bank from time to time as the case may be with respect to the on-payment of Collections (including Deemed Collections). If the Servicer is a different Person to the Seller, the Servicer will collect the Deemed Collections from the Seller;
- (d) endeavour to seek Recoveries due from Lessees in accordance with the Credit and Collection Policy and in particular (but without prejudice to the generality of the foregoing) exercise all enforcement measures concerning amounts due from the Lessees in accordance with the Lease Receivables Purchase Agreement. This might include, for the avoidance of doubt, the right to sell Defaulted Lease Receivables in accordance with the Credit and Collection Policy. The Issuer will reimburse BMW Bank GmbH the Pro Rata Lease Instalment Share of any costs resulting from such

endeavour or exercise in respect of the enforcement. In addition, the Servicer is hereby authorised to sue any Lessee in any competent court of Germany or of any other competent jurisdiction in the Servicer's own name and for the benefit of the Issuer (*gewillkürte Prozessstandschaft*), the Issuer being obliged where necessary (i) to assist the Servicer in exercising all rights and remedies under and in connection with the relevant Purchased Lease Receivables, (ii) to furnish the Servicer with all necessary authorisations, consents or confirmations in such form and to an extent as required. For the purposes of (i) and (ii), the Issuer shall release the Servicer from the restrictions set forth in Section 181 of the German Civil Code;

- (e) keep Records in relation to the Purchased Lease Receivables which can be segregated from all other Records of the Servicer relating to other lease receivables made or serviced by such Servicer otherwise;
- (f) keep Records for all taxation purposes;
- (g) hold, subject to the Secrecy Rules and the provisions of the Data Trust Agreement, all Records relating to the Purchased Lease Receivables in its possession on trust (*treuhänderisch*) for, and to the order of, the Issuer and co-operate with the Data Trustee, the Trustee or any other party to the Transaction to the extent required under or in connection with the collection or servicing of the Purchased Lease Receivables, the Lease Collateral and the Leased Vehicles;
- (h) release on behalf of the Issuer any Lease Collateral in accordance with its Credit and Collection Policy;
- (i) enforce the Lease Collateral upon a Purchased Lease Receivable becoming a Defaulted Lease Receivable in accordance with the Credit and Collection Policy and apply the enforcement proceeds to the relevant Secured Obligations, and insofar as such enforcement proceeds are applied to Purchased Lease Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Account on the same date as the on-payment of the Collections. For the purposes of the foregoing, the Issuer is entitled to receive the Pro Rata Lease Instalment Share of such enforcement proceeds as described in "*Realisation of Leased Vehicles*" below;
- (j) realise insurance claims against the relevant insurance companies, in accordance with the respective insurance policies relating to the Leased Vehicle pertaining to the Purchased Lease Receivables administrated by the Seller in accordance with the Credit and Collection Policy, from the respective insurance companies. For the avoidance of doubt, the Servicer is not required to monitor the compliance by a Lessee with the insurance provisions and is not liable for any failure by a Lessee to comply with such provisions;
- (k) make available a Monthly Investor Report no later than on each Reporting Date to the Issuer with a copy to the Corporate Administrator, the Calculation Agent, the Paying Agent and the Trustee and, if required, rectify such Monthly Investor Reports, **provided that** in any event the Secrecy Rules and the provisions of the Data Trust Agreement will be observed. The Servicer will procure that the Calculation Agent will deliver each Monthly Investor Report to Bloomberg in accordance with the Calculation Agency Agreement;

- (l) assist the auditors of Bavarian Sky S.A. and provide, subject to the Secrecy Rules and the provisions of the Data Trust Agreement, information to them upon request;
- (m) promptly send a Lessee Notification to any relevant Lessees upon the occurrence of a Lessee Notification Event, or, if the Servicer fails to deliver such Lessee Notification within five Business Days after the Lessee Notification Event, the Issuer (and after the occurrence of an Issuer Event of Default, the Trustee **provided that** the Trustee has obtained actual knowledge of such Issuer Event of Default) will be obliged to deliver or to instruct a successor Servicer or an agent that is compatible with the Secrecy Rules to deliver on its behalf the Lessee Notification to the relevant Lessees and any other relevant debtors to the extent known to it (in particular, comprehensive insurers (*Kaskoversicherer*), life insurer and employers);
- (n) on or about each Payment Date, update the encrypted Portfolio Information as described in the Lease Receivables Purchase Agreement and send the updated encrypted Portfolio Information to the Issuer;
- (o) assist the Issuer to do all such acts and execute all such documents to ensure compliance with any clearing, reporting or other obligations as may be required by the Issuer under the European Market Infrastructure Regulation (EU) No. 648/2012 (or any amended or successor provisions) in respect of any Transaction Document (including any replacement swap); and
- (p) upon receipt of notice from the Seller that it wishes to exercise the Clean-up Call Option, the Servicer shall provide the Seller with a list of the Purchased Lease Receivables (including the related Leased Vehicles) that will be outstanding on the Clean-up Call Settlement Date

whereas the "**Pro Rata Lease Instalment Share**" shall be the rate, expressed as a percentage, calculated as (i) the present value of the relevant Purchased Lease Receivable outstanding using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value (*kalkulierter Restwert*) of the relevant Leased Vehicle using the APR.

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

Pursuant to the Servicing Agreement, the Servicer will be authorised to modify the terms of a Purchased Lease Receivable in accordance with the relevant Lease Agreement and the Credit and Collection Policy.

### *Use of Third Parties*

The Servicer may delegate and sub-contract its duties in connection with the servicing or enforcement of the Purchased Lease Receivables and/or foreclosure on the Lease Collateral and the Leased Vehicles, **provided that** such third party has all licences required for the performance of the servicing delegated to it, in particular any registrations required under the Act on Rendering Legal Services (*Rechtsdienstleistungsgesetz*). The Servicer is, however, not entitled to delegate or sub-contract any duties other than in connection with the servicing or enforcement of the Purchased Lease Receivables under the Servicing Agreement, unless it has first obtained written confirmation from both the Issuer and the Trustee. The Trustee may decide to give its consent subject to a prior written notification to the Rating Agencies of such action. Prior written consent from the Issuer and the Trustee is not required in cases of urgency where otherwise Collections would be at risk and where such requirement would negatively impact the Secured Parties.

### *Servicing Fee and Reimbursement of Enforcement Expenses*

BMW Bank as the Servicer will not receive any servicing fee. Any substitute Servicer (other than if such substitute Servicer is any Affiliate of BMW Bank) is entitled to the payment of the Servicing Fee. The Servicing Fee will be paid by the Issuer in monthly instalments on each Payment Date with respect to the immediately preceding Monthly Period in arrear.

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

### *Cash Collection Arrangements*

Under the terms of the Servicing Agreement, the Collections received by the Servicer in respect of a Monthly Period will be transferred on the Payment Date related to such Monthly Period into the Operating Account of the Issuer Account or as otherwise directed by the Issuer or the Trustee. Until such transfer and for so long as BMW Bank remains Servicer, the Servicer will be entitled to commingle the Collections and any other amount received with its own funds. All payments will be made free of all bank charges and costs as well as any tax for the recipient thereof.

### *Information and Regular Reporting*

The Servicer will keep safe and use all reasonable endeavours to maintain Records in relation to each Purchased Lease Receivable in computer readable form. The Servicer will notify the Issuer, the Calculation Agent, the Paying Agent, the Trustee and the Rating Agencies of its intention to adversely change its administrative or operating procedures relating to the keeping and maintaining of Records. Any such adverse change requires, prior to its implementation, the prior written consent of the Issuer and the Trustee and the prior written notification to the Rating Agencies of such adverse change. For this purpose, "adverse change" means a material change to the respective administrative or operative procedures that has, or could have, a negative impact on the collectability or enforceability of the Purchased Lease Receivables.

The Servicing Agreement requires the Servicer to furnish no later than on each Reporting Date a Monthly Investor Report to the Issuer, with a copy to the Corporate Administrator, the Calculation Agent, the Paying Agent and the Trustee, **provided that** in any event the Secrecy Rules and the provisions of the Data Trust Agreement will be observed.

#### *Commingling Reserve Account*

For so long as BMW Bank remains Servicer, before the occurrence of a Servicer Termination Event and until termination pursuant to clause 11 (Term; termination) of the Servicing Agreement, the Servicer is entitled to commingle any Collections with its own funds.

Prior to the appointment of a substitute Servicer, upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, the Servicer shall, within the Performance Period, notify the Issuer in writing that it will elect to: (i) with effect from the date of such notification, transfer any Collections to the Issuer Account within two Business Days upon receipt of such Collections; or (ii) fund the Commingling Reserve Account (not using any Collections) with the Commingling Reserve Required Amount within the Performance Period of the Commingling Reserve Trigger Event taking place and on each Payment Date upon the continuance of the Commingling Reserve Trigger Event. For so long as such Commingling Reserve Trigger Event prevails, the Servicer shall have the right to switch between the above options by written notice to the Issuer.

If the Servicer fails to advance (or to adjust, if required) such Commingling Reserve Required Amount as required above within five Business Days from the date such payment or deposit is required to be made, a Lessee Notification Event will occur.

During the life of the Transaction and upon the occurrence and continuance of a Servicer Termination Event, any amount credited to the Commingling Reserve Account will form part of the Available Distribution Amount and will be used to cover any Servicer Shortfall caused on the part of BMW Bank as Servicer.

On each Cut-Off Date immediately preceding any Payment Date upon the occurrence of a Commingling Reserve Trigger Event and prior to the occurrence of an Enforcement Event, the Seller will calculate any Commingling Reserve Excess Amount standing to the credit of the Commingling Reserve Account as of any Cut-Off Date and inform on such Cut-Off Date the Servicer of such Commingling Reserve Excess Amount. The Issuer will pay to the Seller on the relevant Payment Date such Commingling Reserve Excess Amount outside of the Pre-Enforcement Priority of Payments.

Any remaining amount standing to the credit of the Commingling Reserve Account, once the Issuer has determined that no Servicer Shortfall exists and no further Servicer Shortfalls are to be expected and no Commingling Reserve Trigger Event has occurred and is still continuing, will be released to the Seller on the next following Payment Date outside of the Pre-Enforcement Priority of Payments, using the balance credited to the Commingling Reserve Account and taking into account any amounts drawn from the balance credited to the Commingling Reserve Account as part of the Available Distribution Amount on such Payment Date.

Upon the occurrence of an Enforcement Event, the amount standing to the credit of the Commingling Reserve Account, will be released to the Seller as part of the last item of the

Post-Enforcement Priority of Payments if all the Secured Obligations and the Trustee Claim have been fully and unconditionally discharged.

Any amount of interest earned on any balance credited to the Commingling Reserve Account upon the occurrence of a Commingling Reserve Trigger Event will be transferred to an account specified by the Seller on each Payment Date outside any order of priority and will not be part of the Available Distribution Amount.

#### *Termination of Lease Agreements and Enforcement*

If a Lessee defaults on a Purchased Lease Receivable, the Servicer will proceed in accordance with the Credit and Collection Policy. The Servicer will abide by the enforcement and realisation procedures as set out in the Lease Receivables Purchase Agreement and the Servicing Agreement in conjunction with the Credit and Collection Policy. If the related Lease Collateral is to be enforced, the Servicer will take such measures as (within the limits of the Credit and Collection Policy) it deems necessary in its professional discretion to realise the related Lease Collateral.

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

#### *Termination of appointment of the Servicer*

Under the Servicing Agreement, the Issuer will at any time after the occurrence of a Servicer Termination Event terminate the appointment of the Servicer and designate as a successor Servicer any Person (including itself) entitled to provide such services pursuant to applicable law and to succeed the Servicer, unless the Servicer provides the Issuer with collateral satisfactory to the Issuer to serve its claims against the Servicer.

Pursuant to the terms of the Servicing Agreement, Intertrust (Luxembourg) S.à r.l. has agreed that, upon the occurrence of a Servicer Termination Event, it will act as back-up servicer facilitator (the "**Back-Up Servicer Facilitator**") and facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement.

According to the Servicing Agreement, the Servicer's collection authority is, inter alia, automatically terminated in the event that in respect of the Servicer an Insolvency Event has occurred or if the Servicer is prohibited to collect the Purchased Lease Receivables pursuant to any applicable law or regulation. The occurrence of an Insolvency Event in respect of the Servicer will constitute a Lessee Notification Event.

Pursuant to the provisions of the Servicing Agreement, if a Lessee Notification Event occurs, the Servicer will promptly deliver a Lessee Notification to the relevant Lessees. If the Servicer fails to deliver such Lessee Notification within five Business Days after the Lessee Notification Event, the Issuer (and after the occurrence of an Issuer Event of Default, the Trustee **provided that** the Trustee has obtained actual knowledge of such Lessee Notification Event) will be obliged to deliver or to instruct a successor Servicer or an agent that is compatible with the Secrecy Rules to deliver on its behalf the Lessee Notification to the relevant Lessee and any other relevant debtors to the extent known to it (in particular, comprehensive insurers (*Kaskoversicherer*), life insurers and employers), provided that,



subject always to the Secrecy Rules and in accordance with the terms of the Data Trust Agreement, the Data Trustee will, *inter alia*, at the request of the Issuer despatch the Portfolio Decryption Key to the Trustee or any successor Servicer or an agent thereof. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Data Trust Agreement".

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

The outgoing Servicer and the Issuer will execute such documents and take such actions as the Issuer may require for the purpose of transferring to the successor or replacement Servicer the rights and obligations of the outgoing Servicer, assumption by any successor or replacement Servicer of the specific obligations of successor or replacement Servicers under the Servicing Agreement and releasing the outgoing Servicer from its future obligations under the Servicing Agreement. Upon termination of the Servicing Agreement with respect to the Servicer and the appointment of a successor or a replacement Servicer, the Servicer will transfer to the successor Servicer or any other successor or replacement Servicer all Records and any and all related material, documentation and information which the successor Servicer may reasonably request.

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

### 3. **Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement, a committed subordinated term loan will be made available to the Issuer by the Subordinated Lender. Pursuant to the terms of the Subordinated Loan Agreement, the Issuer will have to draw an amount of EUR 9,502,900 on or before the Issue Date, of which the Issuer will fund the initial Required Cash Reserve Amount of EUR 9,502,900, as of the Issue Date. The Required Cash Reserve Amount so advanced by the Seller to the Issuer and credited to the Cash Reserve Account will be used to cover losses arising as a consequence of any Purchased Lease Receivables becoming Defaulted Receivables, but only with respect to interest payments on the Notes unless the Available Distribution Amount, together with the balance credited to the Cash Reserve Account, would suffice to reduce the Class A Outstanding Notes Balance to zero as well as on the Legal Final Maturity Date and once the Current Aggregate Discounted Outstanding Lease Balance is reduced to zero, in which case also with respect to principal payments on the Notes. The Subordinated Lender will undertake to grant and keep outstanding the Subordinated Loan in accordance with the Securitisation Regulation for the life of the Transaction.

All payments of principal and interest payable by the Issuer to the Subordinated Lender will be made free and clear of, and without any withholding or deduction for or, on account of, tax (if any) applicable to the Subordinated Loan under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts as a result thereof.

The Subordinated Loan will constitute limited recourse obligations of the Issuer in respect of its Compartment German Auto Leases 8. The Subordinated Lender will also agree under

the Subordinated Loan Agreement not to take any corporate action or any legal proceedings regarding some or all of the Issuer's revenues or assets, and not to have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under the Subordinated Loan Agreement by the Issuer. All of the Issuer's obligations to the Subordinated Lender will be subordinated to the Issuer's obligations in respect of the Notes. The claims of the Subordinated Lender will be secured by the Security, subject to the applicable Priority of Payments. If the net proceeds, resulting from the Security becoming enforceable in accordance with the Security Documents, are not sufficient to pay all Secured Parties, payments of all other claims ranking in priority to the Subordinated Loan will be made first in accordance with the Post-Enforcement Priority of Payments and no other assets of the Issuer will be available for payment of any shortfall to the Subordinated Lender. Claims in respect of any such remaining shortfall will be extinguished.

#### 4. **Data Trust Agreement**

Pursuant to the terms of the Lease Receivables Purchase Agreement, the Seller will deliver to the Data Trustee the Portfolio Decryption Key in relation to the encrypted Portfolio Information. The Data Trust Agreement has been structured to comply with the Secrecy Rules. Pursuant to the Data Trust Agreement, the Data Trustee will safekeep the Portfolio Decryption Key and will protect it against unauthorised access by third parties.

The Data Trustee will, upon written request from (as appropriate) the Issuer, the Servicer or the Trustee, release the Portfolio Decryption Key, as required and necessary to (a) the Trustee or a successor Servicer; or (b) any agent of the Trustee or the successor Servicer, always **provided that** such agent is compatible with the Secrecy Rules, in each case of (a) or (b) **provided that** at the relevant time such transfer of data complies with the then applicable rules issued by the BaFin or any then applicable Secrecy Rules (including any applicable requirements on data protection under foreign law) and only to the extent necessary for the collection, enforcement or realisation of any Purchased Lease Receivable, Lease Collateral, the Leased Vehicles or other claims and rights under the underlying Lease Agreements or documents relating to the Lease Collateral of Leased Vehicles), if (i) the Seller directs the Data Trustee in writing to do so; (ii) any of the Issuer, the Seller or the Trustee has notified the Data Trustee in writing that the appointment of the Servicer under the Servicing Agreement has been terminated; (iii) any of the Issuer, the Seller or the Trustee has notified the Data Trustee in writing that (A) knowledge of the relevant data at the time of the disclosure is necessary for the Issuer (acting through the successor Servicer referred to under (a) and (b) above) to pursue legal remedies with regard to proper legal enforcement, realisation or preservation of any Purchased Lease Receivables, Lease Collateral or Leased Vehicle or other claims and rights under the underlying Lease Agreement and (B) the prosecution of legal remedies through the Servicer to enforce, realise or preserve the Purchased Lease Receivables or the Lease Collateral or other claims and rights under the underlying Lease Agreements is inadequate to preserve the rights of the Issuer; or (iv) the Issuer, the Seller, or the Trustee has notified the Data Trustee in writing that a Lessee Notification Event has occurred.

If the Data Trustee is informed that an Enforcement Event has occurred and the delivery of the Portfolio Decryption Key is necessary for the collection, enforcement or realisation of the Purchased Lease Receivables and/or the Lease Collateral in accordance with and subject to the provisions of the Trust Agreement, the Data Trustee will deliver the Portfolio Decryption Key. Pursuant to the Data Trust Agreement, the Data Trustee will fully cooperate with the Issuer, the Trustee and any of the Issuer's and the Trustee's agents that

are compatible with the Secrecy Rules and will in particular use its best endeavours to ensure, subject always to the Secrecy Rules, that the Portfolio Decryption Key is duly and swiftly delivered to the Trustee or the successor Servicer or an agent thereof so that all information necessary in respect of the Lessees to permit timely Collections is available.

#### 5. **Bank Account Agreement**

Pursuant to the Bank Account Agreement entered into between the Issuer and the Account Bank, *inter alia*, in relation to the Issuer Account and the Counterparty Downgrade Collateral Account, each of the Issuer Account and the Counterparty Downgrade Collateral Account has been opened with the Account Bank on or prior to the Issue Date. The Account Bank will comply with any written direction of the Issuer to effect a payment by debit from the Issuer Account or the Counterparty Downgrade Collateral Account, as applicable, if such direction is in writing and complies with the relevant account arrangements between the Issuer and the Account Bank and is permitted under the Bank Account Agreement.

Any amounts standing to the credit of the Issuer Account and the Counterparty Downgrade Collateral Account will bear or be charged (as applicable) interest as agreed between the Issuer and the Account Bank from time to time, always in accordance with the applicable provisions (if any) of the relevant account arrangements, such interest to be calculated and credited or debited (as applicable) to the respective account in accordance with the Account Bank's usual procedure for crediting interest to such accounts. Any negative interest charged is subject to a floor as agreed between the Account Bank and the Issuer. The interest earned on the amounts credited to the Issuer Account (other than the Commingling Reserve Account) is part of the Available Distribution Amount or the Available Post-Enforcement Funds, as applicable.

Under the Bank Account Agreement, the Account Bank waives any first priority pledge or other lien, including its standard contract terms pledge (*AGB-Pfandrecht*), it may have with respect to the Issuer Account and the Counterparty Downgrade Collateral Account, respectively, and further waives any right it has or may acquire to combine, consolidate or merge the Issuer Account or the Counterparty Downgrade Collateral Account, respectively, with each other or any other account of the Issuer, or any other person or set-off any liabilities of the Issuer or any other person to the Account Bank and agrees that it will not set-off or transfer any sum standing to the credit of or to be credited to the Issuer Account or the Counterparty Downgrade Collateral Account, respectively, in or towards satisfaction of any liabilities to the Account Bank of the Issuer, as the case may be, or any other person.

The Issuer will terminate the account relationship with the Account Bank within the Performance Period after the Account Bank ceases to be an Eligible Counterparty in accordance with the Bank Account Agreement.

#### 6. **Swap Agreement**

The Issuer will, on or about the Issue Date, enter into a Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will hedge its interest rate exposure resulting from a fixed interest rate under the Purchased Lease Receivables and floating rate interest obligations under the Class A Notes. Under the Swap Agreement, on each Payment Date, the Issuer will owe the Swap Fixed Interest Rate applied to the Swap Notional Amount and the Swap Counterparty will pay the Swap Floating Interest Rate equal to EURIBOR *per annum* as determined by the ISDA Calculation Agent in respect of the Interest Period immediately preceding such Payment Date, applied to the Swap Notional Amount.

Payments under the Swap Agreement will be made on a net basis by the Issuer or the Swap Counterparty depending on which party will, from time to time, owe the higher amount. In the absence of defaults or termination events under the Swap Agreement, the interest rate hedge will remain in full force until the Swap Termination Date being the earlier of (i) the Legal Final Maturity Date and (ii) the date on which the Class A Notes are redeemed in full in accordance with the Conditions.

Pursuant to the Swap Agreement, if the Swap Counterparty ceases to be an Eligible Swap Counterparty, the Swap Counterparty will use its best endeavours, *inter alia*, to, as soon as reasonably practicable after such down-grading, and at its own cost, (i) provide eligible collateral in the form and substance in accordance with the Swap Agreement; (ii) transfer all its rights and obligations to a replacement third party that is an Eligible Swap Counterparty; (iii) procure another person that has the required ratings to irrevocably and unconditionally guarantee the obligations of the Swap Counterparty under the Swap Agreement or (iv) take other remedial action (which may include no action) in accordance with the terms of the Swap Agreement.

In the event that the Swap Counterparty will post cash collateral to the Issuer, the Issuer has opened a Counterparty Downgrade Collateral Account in which the Issuer will hold such cash collateral received from the Swap Counterparty pursuant to the Swap Agreement. The Counterparty Downgrade Collateral Account will be interest bearing and segregated from the Issuer Account and the general cash flow of the Issuer. Amounts standing to the credit of the Counterparty Downgrade Collateral Account will not constitute Collections. Furthermore, the Issuer undertakes to the Swap Counterparty to maintain a specific account in respect of the cash collateral and such cash collateral will secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement and will not secure any obligations of the Issuer.

The Swap Agreement is governed by English law.

#### **7. Deed of Security Assignment**

Pursuant to the Deed of Security Assignment, the Issuer has granted a security interest to the Trustee in respect of all present and future rights, claims and interests which the Issuer is or becomes entitled to from or in relation to the Swap Counterparty and/or any other party pursuant to or in respect of the Swap Agreement to the Trustee as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Trustee. Such security interest will secure the Secured Obligations and the Trustee Claim.

The Deed of Security Assignment is governed by English law.

#### **8. Calculation Agency Agreement**

Pursuant to the Calculation Agency Agreement, The Bank of New York Mellon, London Branch as the Calculation Agent is appointed by the Issuer and will act as agent of the Issuer to make and verify certain calculations in respect of the Notes.

After having made the Calculation Check and having provided the Calculation Check Notice, the Calculation Agent will make Monthly Investor Reports publicly available through the Calculation Agent's internet website (which is currently located at <https://gctinvestorreporting.bnymellon.com>) no later than on the next Investor Reporting Date. In respect of any information posted on the Calculation Agent's internet website

pursuant to clause 5.1 of the Calculation Agency Agreement, registration may be required for access to the website and disclaimers may be posted with respect to the information posted thereon.

In addition, the Calculation Agent will, on behalf of the Issuer, deliver the Monthly Investor Reports by email to the Trustee, the Managers, the Paying Agent, the Interest Determination Agent, the Subordinated Lender, the Servicer (and the Seller, if different), the Issuer, the Rating Agencies, True Sale International (TSI) and Bloomberg.

For the avoidance of doubt, if the Servicer has not provided the Calculation Agent with the Monthly Investor Report no later than on the relevant Reporting Date and the Notes do not redeem on the immediately following Payment Date in accordance with the Conditions, the Calculation Agent will nonetheless perform its duties to the extent possible and is obliged to publish a Monthly Investor Report. In such case, the Calculation Agent will make the calculations on the basis of the last available Monthly Investor Report, include them in a Monthly Investor Report with respect to the relevant Payment Date and arrange for the payment of items *first* through *seventh* of the Pre-Enforcement Priority of Payments.

If the Calculation Agent does not receive a Monthly Investor Report for more than three (3) months and the Lessees have been notified of the assignment of the Purchased Lease Receivables, the Calculation Agent will make its calculations on the basis of the amounts paid by the Lessees directly to the Issuer Account.

If (i) the Calculation Agent has not received a Monthly Investor Report and (ii) an Issuer Event of Default has occurred, the Calculation Agent will, upon instruction of the Trustee, make its calculations on the basis of the amounts paid by the Lessees (after such Lessees have been notified of the assignment of the Purchased Lease Receivables owed by such Lessees) directly to the Issuer Account.

The Issuer or the Servicer may terminate the appointment of the Calculation Agent (i) at any time for good cause (*aus wichtigem Grund*), or (ii) by giving at least 30 calendar days' prior written notice and the Calculation Agent may only resign from its office (i) at any time for good cause (*aus wichtigem Grund*), or (ii) by giving at least 30 calendar days' prior written notice, **provided that**, no such notice will be effective to terminate the Calculation Agency Agreement if the termination of the obligations of the Calculation Agent thereunder would cause the rating of the Class A Notes to be downgraded or withdrawn, and provided further that at all times there will be a Calculation Agent appointed with the required capacities.

Pursuant to the Calculation Agency Agreement, upon the termination of the Calculation Agent pursuant to the preceding Paragraph, the Issuer will appoint a successor Calculation Agent, **provided that** until a successor Calculation Agent has agreed in writing to the Issuer and the outgoing Calculation Agent to perform obligations substantially similar to those of the outgoing Calculation Agent, the outgoing Calculation Agent will continue to act as the Calculation Agent. The Calculation Agent will have the right to nominate a successor for appointment by the Issuer. The Issuer will have the right to veto any nomination of a successor Calculation Agent by the resigning Calculation Agent for good cause (*aus wichtigem Grund*) or if any other Calculation Agent has been appointed by the Issuer (with the consent of the Trustee) to be the successor Calculation Agent and has accepted such appointment. In the event of any urgency, the Calculation Agent will be entitled to appoint a successor Calculation Agent acceptable to the Issuer under terms substantially similar to

the terms of the Calculation Agency Agreement if the Issuer fails to appoint a successor Calculation Agent within a reasonable period of time.

9. **Agency Agreement**

Pursuant to the Agency Agreement, the Interest Determination Agent is appointed by the Issuer and will act as agent of the Issuer to make certain determinations in respect of the Notes and the Paying Agent is appointed by the Issuer and will act as agent of the Issuer to effect payments in respect of the Notes.

The Paying Agent will be effecting all payments in respect of the Notes required to be made by the Issuer in respect of the applicable Priority of Payments, based on information set out in the relevant Monthly Investor Report.

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

## EXPECTED MATURITY AND AVERAGE LIFE OF CLASS A NOTES AND ASSUMPTIONS

### Assumed Weighted Average Life of the Class A Notes

Weighted average life of the Class A Notes refers to the average amount of time that will elapse (on an "act/360" basis) from the date of issuance of a Note to the date of distribution of amounts to the holders of the Class A Notes distributed in reduction of principal of such Class A Note. The weighted average life of the Class A Notes will be influenced by, amongst other things, delinquencies and losses, as well as the rate at which the Purchased Lease Receivables are paid, which may be in the form of scheduled amortisation, prepayments or liquidation.

The following table is prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Purchased Lease Receivables and the performance thereof.

The table assumes, among other things, that:

- (a) the portfolio is subject to a constant annual rate of prepayment as set out under "CPR";
- (b) no Purchased Lease Receivables are repurchased by the Seller;
- (c) the Purchased Lease Receivables amortise according to the expected relative amortisation profile;
- (d) the Notes are issued on the Issue Date;
- (e) the Clean-Up Call Option is exercised;
- (f) the Purchased Lease Receivables are performing and no delinquencies nor defaults occur;
- (g) third party expenses are assumed to be 0.02 per cent *per annum* of the outstanding receivables portfolio;
- (h) the servicing fee is assumed to be 0.00 per cent;
- (i) the fixed rate under the Swap Agreement and the margin on the Class A Notes is 3.93476 per cent, EURIBOR one month is 3.86 per cent and the fixed rate on the Class B Notes is 3.0 per cent; and
- (j) the Payment Date will fall on the 20th day of a calendar month, subject to the Business Day convention.

**Estimates of the weighted average lives of the Class A Notes together with any other projections, forecasts and estimates are supplied for information only and are forward-looking statements. Such projections, forecasts and estimates are speculative in nature, and it can be expected that some or all of the underlying assumptions may differ or may prove substantially different from the actually realised figures. Consequently, the actual results might differ from the projections and such differences may be significant.**

The approximate weighted average life of the Class A Notes, at various assumed rates of prepayment of the Purchased Lease Receivables, would be as follows:

<b>Bavarian Sky S.A., Compartment German Auto Leases 8 - Weighted Average Life</b>							
	<b>CPR in %</b>	<b>0%</b>	<b>3%</b>	<b>6%</b>	<b>9%</b>	<b>12%</b>	<b>15%</b>
<b>Class A</b>	<b>WAL (in years)</b>	1.86	1.85	1.83	1.81	1.80	1.78

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

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

Furthermore, it should also be noted that the calculation of the approximate average lives of the Class A Notes as made herein and as made by the provider of the cash flow model pursuant to article 22(3) of the Securitisation Regulation might deviate from each other due to different calculation methods used herein (for the purpose of calculating the weighted average life of the Class A Notes) and the provider of the cash flow model (for the purpose of article 22(3) of the Securitisation Regulation).

#### **Assumed Amortisation of the Notes**

These amortisation scenarios are based on the assumptions listed under "*Assumed Weighted Average Life of the Class A Notes*" above and a CPR of 0 per cent and 6 per cent. It should be noted that the actual amortisation of the Notes may differ substantially from the amortisation scenarios indicated below.



**Bavarian Sky S.A., Compartment German Auto Leases 8 - Note Amortisation 0% + 6% CPR**

**6%**

**0%**

Period	Payment Date	%	Outstanding Class A Notes after Payment Date
1 - 12	November 2023 - November 2024	100.0%	800,000,000.00
13	December 2024	93.4%	746,900,550.97
14	January 2025	86.9%	695,326,566.52
15	February 2025	80.6%	645,142,988.45
16	March 2025	74.5%	596,286,523.54
17	April 2025	68.6%	548,897,052.82
18	May 2025	62.9%	503,018,672.79
19	June 2025	57.3%	458,599,343.07
20	July 2025	52.0%	415,717,832.21
21	August 2025	46.8%	374,391,787.68
22	September 2025	41.8%	334,690,382.67
23	October 2025	37.1%	296,678,169.41
24	November 2025	32.6%	260,416,931.64
25	December 2025	28.3%	226,114,840.68
26	January 2026	24.3%	194,081,690.92
27	February 2026	20.5%	163,874,285.13
28	March 2026	16.9%	135,235,168.55
29	April 2026	13.5%	108,355,079.97
30	May 2026	10.4%	83,482,393.02
31	June 2026	7.6%	60,487,579.47
32	July 2026	5.0%	39,668,783.33
33	August 2026	2.7%	21,369,649.70
34	September 2026	0.0%	0.00
35	October 2026	0.0%	0.00

Period	Payment Date	%	Outstanding Class A Notes after Payment Date
1 - 12	November 2023 - November 2024	100.0%	800,000,000.00
13	December 2024	93.8%	750,711,054.85
14	January 2025	87.8%	702,471,362.01
15	February 2025	81.9%	655,149,564.00
16	March 2025	76.1%	608,693,814.21
17	April 2025	70.4%	563,269,895.15
18	May 2025	64.9%	518,951,322.10
19	June 2025	59.5%	475,698,632.08
20	July 2025	54.2%	433,620,880.42
21	August 2025	49.1%	392,759,460.67
22	September 2025	44.2%	353,212,583.14
23	October 2025	39.4%	315,077,807.25
24	November 2025	34.8%	278,445,341.37
25	December 2025	30.4%	243,577,141.15
26	January 2026	26.4%	210,855,372.45
27	February 2026	22.5%	179,801,362.69
28	March 2026	18.8%	150,143,650.06
29	April 2026	15.3%	122,124,966.63
30	May 2026	12.0%	96,060,893.27
31	June 2026	9.0%	71,828,981.77
32	July 2026	6.2%	49,808,512.03
33	August 2026	3.8%	30,439,307.93
34	September 2026	1.7%	13,743,428.05
35	October 2026	0.0%	0.00

**Bavarian Sky S.A., Compartment German Auto Leases 8 - Note Amortisation 0% + 6% CPR**

**6%**

**0%**

Period	Payment Date	%	Outstanding Class A Notes after Payment Date
36	November 2026	0.0%	0.00
37	December 2026	0.0%	0.00
38	January 2027	0.0%	0.00
39	February 2027	0.0%	0.00
40	March 2027	0.0%	0.00
41	April 2027	0.0%	0.00
42	May 2027	0.0%	0.00
43	June 2027	0.0%	0.00
44	July 2027	0.0%	0.00
45	August 2027	0.0%	0.00
46	September 2027	0.0%	0.00
47	October 2027	0.0%	0.00
48	November 2027	0.0%	0.00

Period	Payment Date	%	Outstanding Class A Notes after Payment Date
36	November 2026	0.0%	0.00
37	December 2026	0.0%	0.00
38	January 2027	0.0%	0.00
39	February 2027	0.0%	0.00
40	March 2027	0.0%	0.00
41	April 2027	0.0%	0.00
42	May 2027	0.0%	0.00
43	June 2027	0.0%	0.00
44	July 2027	0.0%	0.00
45	August 2027	0.0%	0.00
46	September 2027	0.0%	0.00
47	October 2027	0.0%	0.00
48	November 2027	0.0%	0.00

## ELIGIBILITY CRITERIA

On the Cut-Off Date immediately preceding the relevant Purchase Date, the following criteria (the "**Eligibility Criteria**") must have been met by the Lease Receivables to be eligible for acquisition by the Issuer pursuant to the Lease Receivables Purchase Agreement **provided that**, for the avoidance of doubt, any deferrals as implemented by the German law on the reduction of the consequences of the Covid-19 pandemic (*Gesetz zur Abmilderung der Folgen der Covid-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) or any similar statutory deferrals shall not be taken into consideration with respect to the below criteria.

A Lease Receivable is an Eligible Lease Receivable if it meets the following criteria:

- (a) The Lease Agreement under which the relevant Lease Receivable arises as well as the Lease Collateral and the legal documents underlying such Lease Collateral are legally valid, binding and enforceable, and the relevant Lease Receivable exists and constitutes legally valid, binding and enforceable obligations of the respective Lessee. In addition, no Lease Agreement has been subject to any variation, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Lease Receivables offered for purchase.
- (b) The relevant Lease Receivable is assignable and can be transferred by way of assignment without the consent of the related Lessee.
- (c) The relevant Lease Receivable has a fixed interest rate and is payable by way of monthly instalments (except for the first instalment and the final instalment payable under the relevant Lease Agreement which may differ from the monthly instalments payable for subsequent or previous months).
- (d) The relevant Lease Receivable is denominated and payable in euro.
- (e) The relevant Lease Receivable was originated on or after 1 April 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general lending terms of the Seller.
- (f) The relevant Lease Receivable is not subject to any right of revocation (*Anfechtungsrecht*), set-off or counterclaim or warranty claims of the Lessee and other defences (*Einwendungen und Einreden*) (irrespective of whether the Issuer knew or could have known of the existence of any such rights, claims, objections and defences), except for any rights arising from a non-compliance with mandatory information (*Pflichtangaben*) as required by applicable law.
- (g) The Lessee of the relevant Lease Receivable does not hold deposits (*Einlagen*) with the Seller.
- (h) The Lease Agreement under which the relevant Lease Receivable arises has not been terminated and, according to the Seller's records, the Seller has not received a termination notice.
- (i) The Lease Agreement under which the relevant Lease Receivable arises has a maximum remaining term of 60 months.
- (j) At least one due Lease Instalment has been fully paid in respect of the relevant Lease Receivable.

- (k) The Seller is fully entitled to the relevant Lease Receivable, and such Lease Receivable is free of any rights of any third party, and the Seller may freely dispose of such Lease Receivable (including any part thereof, the related Leased Vehicle and the other Lease Collateral) to which the Seller is fully entitled, free of any rights of any third party and over which the Seller may freely dispose.
- (l) The relevant Lease Receivable may be segregated and identified at any time for purposes of ownership and Lease Collateral in the electronic files of the Seller.
- (m) If the relevant Lease Agreement is subject to the provisions of the German Civil Code and the Introductory Act to the German Civil Code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*) on consumer financing, such Lease Agreement complies in all material respects with the requirements of such provisions (except that the Lease Agreement may not contain all mandatory information (*Pflichtangaben*) as required by applicable law).
- (n) The relevant Lease Receivable is not overdue for more than 30 calendar days (and for the avoidance of doubt it is hereby agreed that any return of any amounts received by the Seller or the Servicer by way of direct debit (*Lastschrift*) to the relevant Lessee or intermediary credit institution because of a return of such direct debit (*Rücklastschrift*) shall not render the relevant Lease Receivable to be an ineligible Lease Receivable ab initio if, but only if, such Lessee has objected (*widersprechen*) to such direct debit within six (6) weeks of such debit), or a Defaulted Lease Receivable or a Lease Receivable disputed by the relevant Lessee whether by reason of any matter concerning the Leased Vehicles or by reason of any other matter or in respect of which a set-off or counterclaim is being claimed by such Lessee. No breach of any obligation under any agreement (except of the obligation to pay) of any party exists with respect to the relevant Lease Receivable.
- (o) The relevant Lease Agreement is subject to, and governed by, the laws of Germany.
- (p) The assignment of the relevant Lease Receivable does not violate any law or agreements (in particular with respect to consumer protection and data protection) to which the Seller is bound.
- (q) 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.
- (r) According to the Seller's records and to the best of its knowledge, the relevant Lease Receivable is due from a Lessee who:
  - (i) has neither been declared insolvent nor had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to its non-performing exposures within three years prior to the date of transfer or assignment of the Purchased Lease Receivables to the Issuer;
  - (ii) was, at the time of origination, where applicable, not on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the Seller; or

- (iii) has neither a credit assessment nor a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.
- (s) The relevant Lease Receivable is not due from a Lessee who is (i) either an employee or an officer of BMW Bank or of an Affiliate of BMW AG or (ii) an employee or officer of BMW AG.
- (t) The acquisition of the relevant Leased Vehicle by the Seller is financed in compliance with the requirements of Section 108 subsection 1 sentence 2 of the German Insolvency Code (*Insolvenzordnung*).
- (u) The relevant Lease Receivable does not exceed any Concentration Limit.

## **PURCHASED LEASE RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA**

Pursuant to article 22(2) of the Securitisation Regulation and the EBA Guidelines on STS Criteria and the terms of an external verification applying a confidence level higher than 95 per cent, an external verification has been made in respect of the Purchased Lease Receivables prior to the Issue Date by an appropriate and independent party, including verification that the data disclosed in any formal offering document in respect of the Lease Receivables is accurate, and, in this respect, no significant adverse findings have been found.

The historical information set out in below is based on the past experience and present procedures of the Seller. There can be no assurance as to the future performance of the Purchased Lease Receivables.

The portfolio information presented in this Offering Circular is based on the pool as of 31 October 2023.

## 1. Purchased Lease Receivables characteristics

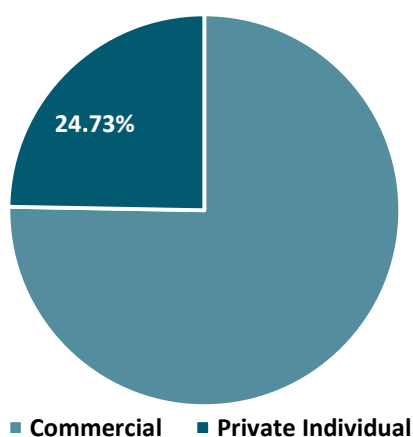
### 1.1 Portfolio overview

Portfolio overview		
Cut-Off Date		31/10/2023
Current Aggregate Lease Balance (€)		941,717,878.92
Discounted Outstanding Lease Balance (€)		863,899,907.09
Original Aggregate Lease Balance (€)		1,496,042,925.25
Number of Leases		69,168
Client Type (Private/Commercial)	24.73%	75.27%
Vehicle Type (New/Used)	99.05%	0.95%
Discount Rate		7.00%

Portfolio overview	Min	Max	WA
Seasoning	2	53	9.88
Remaining Term	3	58	29.42
Original Term	6	60	39.30
Discounted outstanding lease balance (€)	125.61	107,883.30	12,489.88

1.2 Distribution by customer type

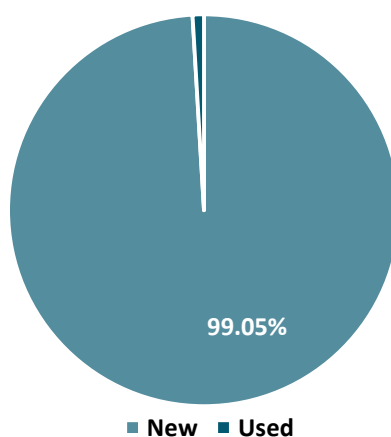
Distribution by customer type	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
Commercial	650,297,348.55	75.27%	46,202	66.80%
Private Individual	213,602,558.54	24.73%	22,966	33.20%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>





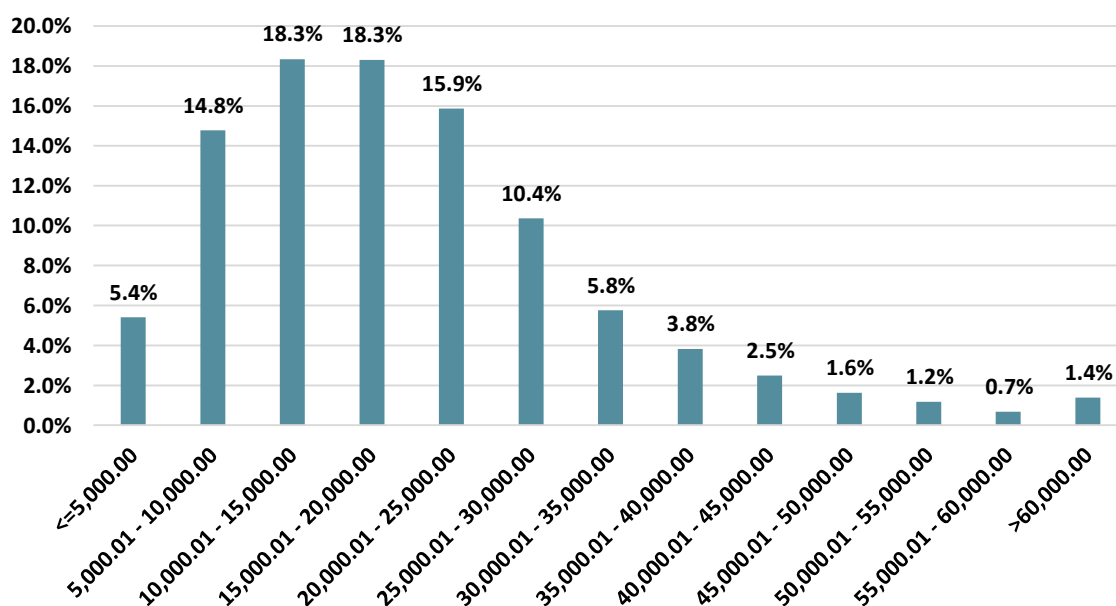
1.3 Distribution by vehicle type

Distribution by vehicle type	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
New	855,733,209.31	99.05%	68,539	99.09%
Used	8,166,697.78	0.95%	629	0.91%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



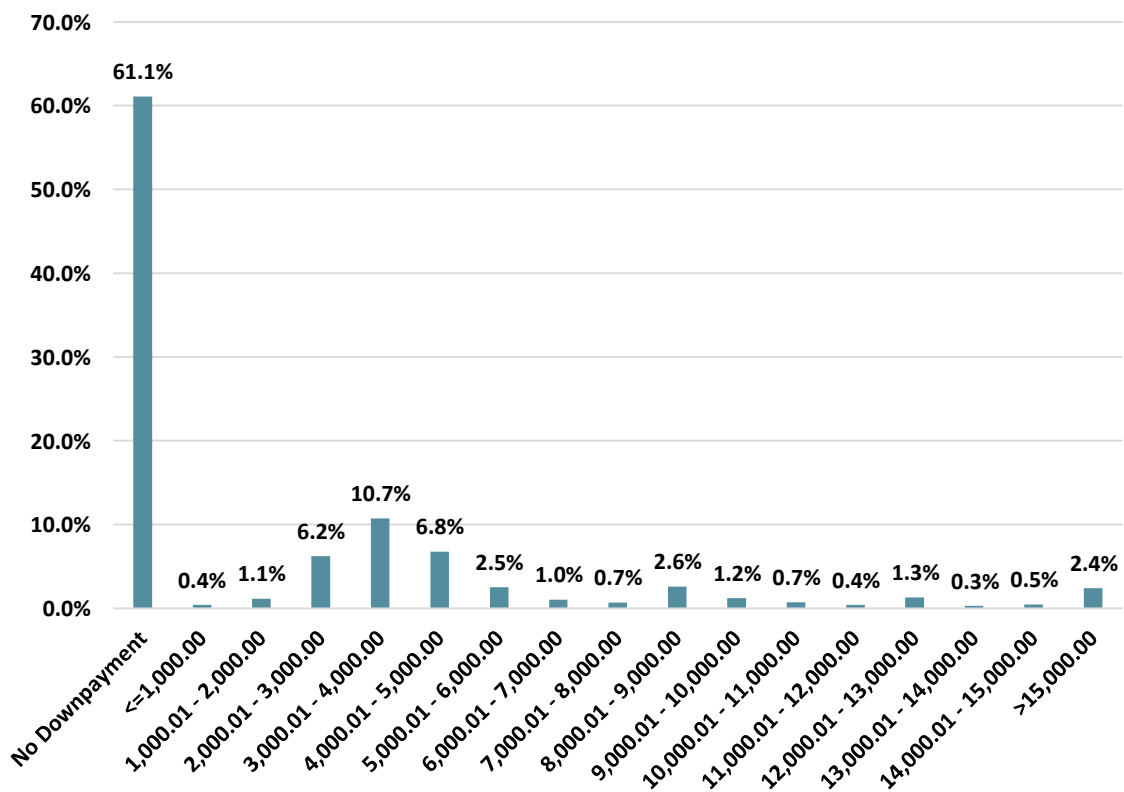
#### 1.4 Distribution by discounted outstanding lease balance

Distribution by discounted outstanding lease balance	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
<=5,000.00	46,674,779.95	5.40%	16,954	24.51%
5,000.01 - 10,000.00	127,520,577.04	14.76%	17,096	24.72%
10,000.01 - 15,000.00	158,456,993.15	18.34%	12,846	18.57%
15,000.01 - 20,000.00	158,092,203.62	18.30%	9,112	13.17%
20,000.01 - 25,000.00	137,155,627.04	15.88%	6,155	8.90%
25,000.01 - 30,000.00	89,444,822.92	10.35%	3,293	4.76%
30,000.01 - 35,000.00	49,733,312.30	5.76%	1,548	2.24%
35,000.01 - 40,000.00	33,056,327.57	3.83%	885	1.28%
40,000.01 - 45,000.00	21,492,241.68	2.49%	508	0.73%
45,000.01 - 50,000.00	14,069,948.07	1.63%	298	0.43%
50,000.01 - 55,000.00	10,260,239.31	1.19%	197	0.28%
55,000.01 - 60,000.00	5,952,387.20	0.69%	104	0.15%
>60,000.00	11,990,447.24	1.39%	172	0.25%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



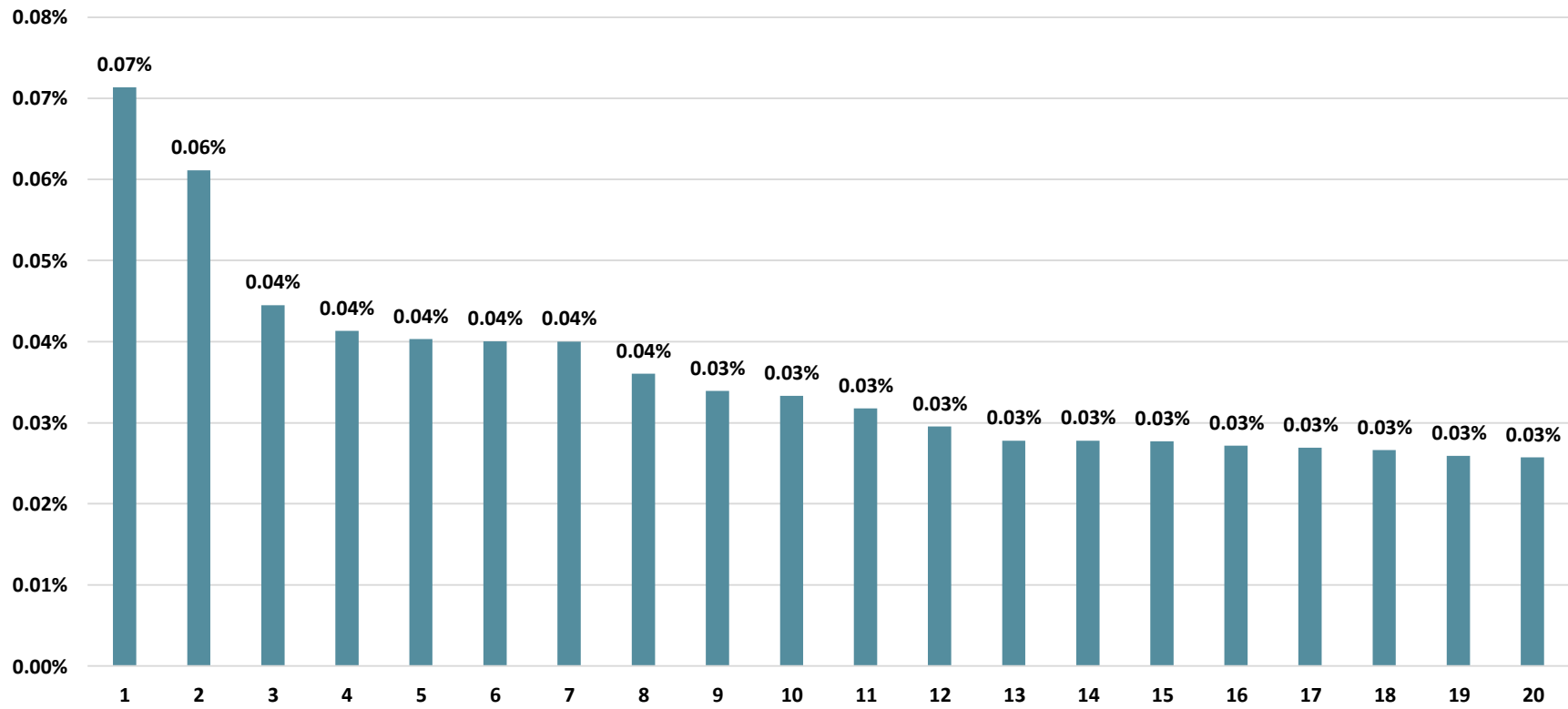
### 1.5 Distribution by down payments

Distribution by down payments	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
No Downpayment	527,792,802.97	61.09%	36,958	53.43%
<=1,000.00	3,730,940.19	0.43%	534	0.77%
1,000.01 - 2,000.00	9,836,350.52	1.14%	1,376	1.99%
2,000.01 - 3,000.00	53,656,935.33	6.21%	3,591	5.19%
3,000.01 - 4,000.00	92,763,670.58	10.74%	8,488	12.27%
4,000.01 - 5,000.00	58,333,407.00	6.75%	5,287	7.64%
5,000.01 - 6,000.00	21,807,052.03	2.52%	3,085	4.46%
6,000.01 - 7,000.00	8,883,604.69	1.03%	1,060	1.53%
7,000.01 - 8,000.00	6,073,484.51	0.70%	729	1.05%
8,000.01 - 9,000.00	22,545,719.51	2.61%	2,289	3.31%
9,000.01 - 10,000.00	10,379,985.45	1.20%	894	1.29%
10,000.01 - 11,000.00	6,127,301.85	0.71%	699	1.01%
11,000.01 - 12,000.00	3,527,352.25	0.41%	409	0.59%
12,000.01 - 13,000.00	11,053,978.21	1.28%	1,150	1.66%
13,000.01 - 14,000.00	2,738,798.27	0.32%	302	0.44%
14,000.01 - 15,000.00	3,911,914.74	0.45%	363	0.52%
>15,000.00	20,736,608.99	2.40%	1,954	2.83%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



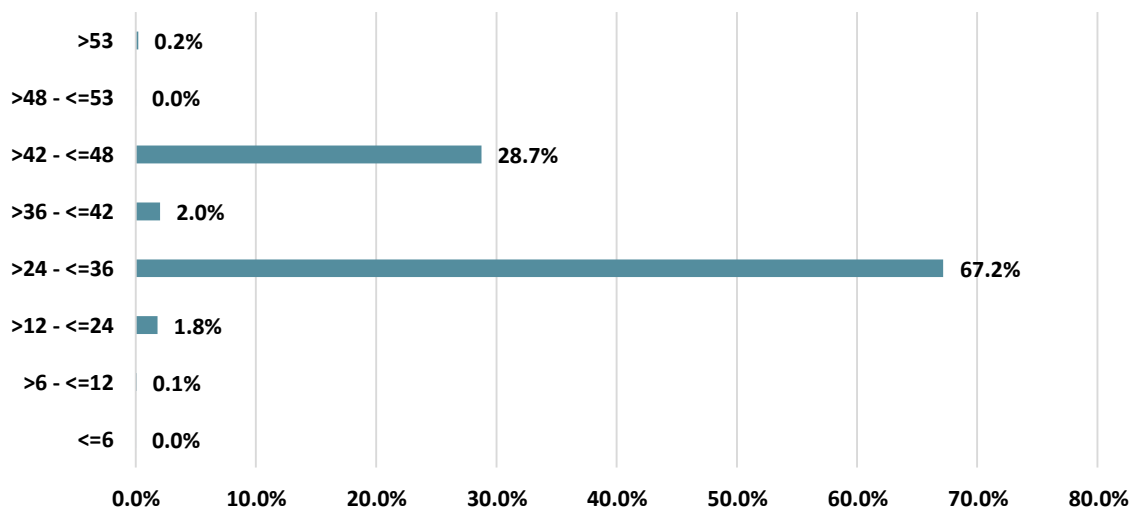
1.6 Concentration top 20 lessees

Distribution by top 20 lessees	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of contracts	Number of contracts in percent of total
1	616,652.60	0.07%	39	0.06%
2	527,809.50	0.06%	33	0.05%
3	384,406.99	0.04%	89	0.13%
4	356,935.13	0.04%	49	0.07%
5	348,247.00	0.04%	34	0.05%
6	345,786.71	0.04%	22	0.03%
7	345,663.98	0.04%	33	0.05%
8	311,530.70	0.04%	36	0.05%
9	293,091.64	0.03%	23	0.03%
10	288,011.40	0.03%	34	0.05%
11	274,418.52	0.03%	24	0.03%
12	255,396.88	0.03%	16	0.02%
13	240,229.96	0.03%	15	0.02%
14	240,030.22	0.03%	39	0.06%
15	239,433.09	0.03%	29	0.04%
16	234,718.54	0.03%	12	0.02%
17	232,564.98	0.03%	16	0.02%
18	230,211.67	0.03%	22	0.03%
19	223,578.30	0.03%	12	0.02%
20	222,121.54	0.03%	10	0.01%
<b>Total</b>	<b>6,210,839.35</b>	<b>0.72%</b>	<b>587</b>	<b>0.85%</b>



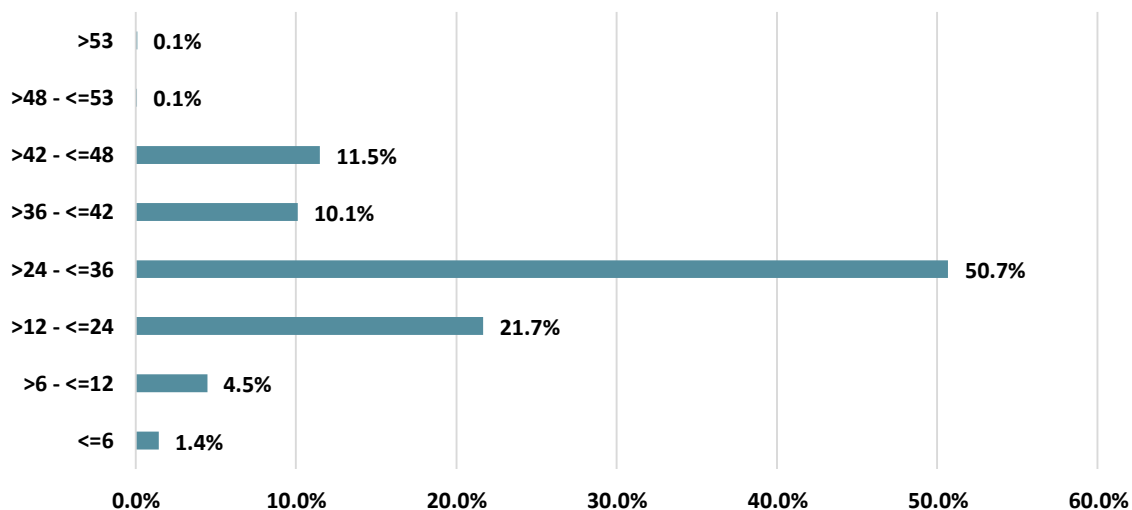
1.7 Distribution by original term (in months)

Distribution by original term	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
<=6	3,271.94	0.00%	2	0.00%
>6 - <=12	515,722.27	0.06%	174	0.25%
>12 - <=24	15,534,450.99	1.80%	2,265	3.27%
>24 - <=36	580,232,528.06	67.16%	50,239	72.63%
>36 - <=42	17,388,726.10	2.01%	2,085	3.01%
>42 - <=48	248,346,113.08	28.75%	14,297	20.67%
>48 - <=53	20,997.95	0.00%	8	0.01%
>53	1,858,096.70	0.22%	98	0.14%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



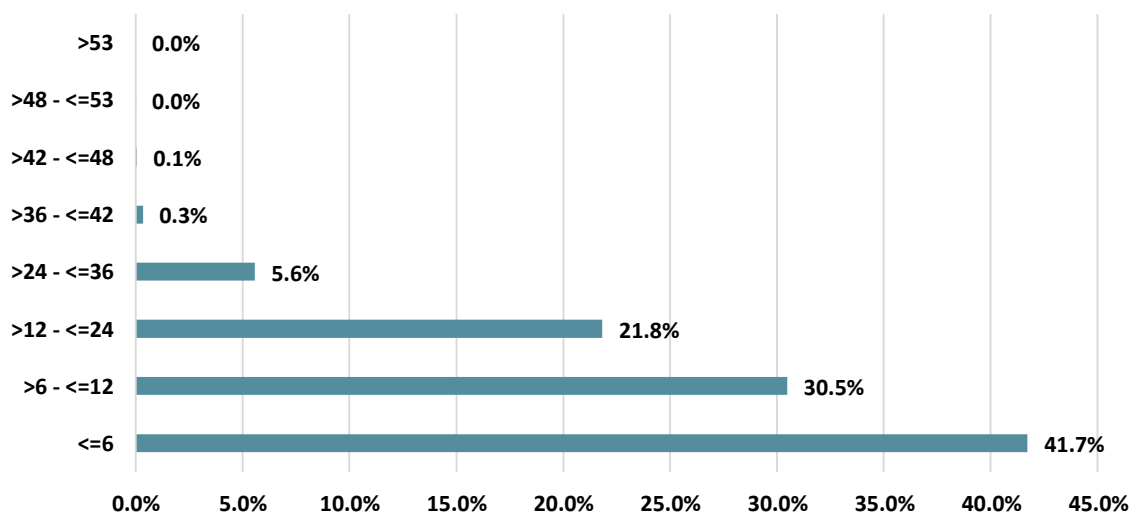
1.8 Distribution by remaining term (in months)

Distribution by remaining term	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
<=6	12,395,423.48	1.43%	6,045	8.74%
>6 - <=12	38,484,253.73	4.45%	9,012	13.03%
>12 - <=24	187,204,220.58	21.67%	18,767	27.13%
>24 - <=36	437,803,460.28	50.68%	26,345	38.09%
>36 - <=42	87,307,598.91	10.11%	4,505	6.51%
>42 - <=48	99,278,151.61	11.49%	4,439	6.42%
>48 - <=53	669,212.96	0.08%	30	0.04%
>53	757,585.54	0.09%	25	0.04%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



1.9 Distribution by seasoning (in months)

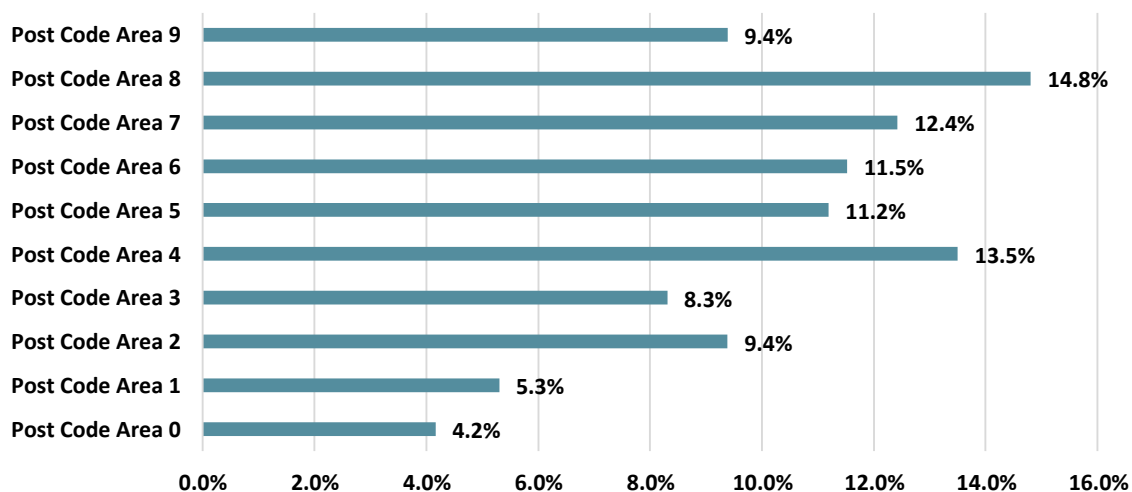
Distribution by seasoning	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
<=6	360,365,293.05	41.71%	19,478	28.16%
>6 - <=12	263,264,688.11	30.47%	16,804	24.29%
>12 - <=24	188,579,674.26	21.83%	18,706	27.04%
>24 - <=36	48,218,655.44	5.58%	12,998	18.79%
>36 - <=42	2,960,066.87	0.34%	916	1.32%
>42 - <=48	468,553.95	0.05%	252	0.36%
>48 - <=53	42,975.41	0.00%	14	0.02%
>53	0.00	0.00%	0	0.00%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>





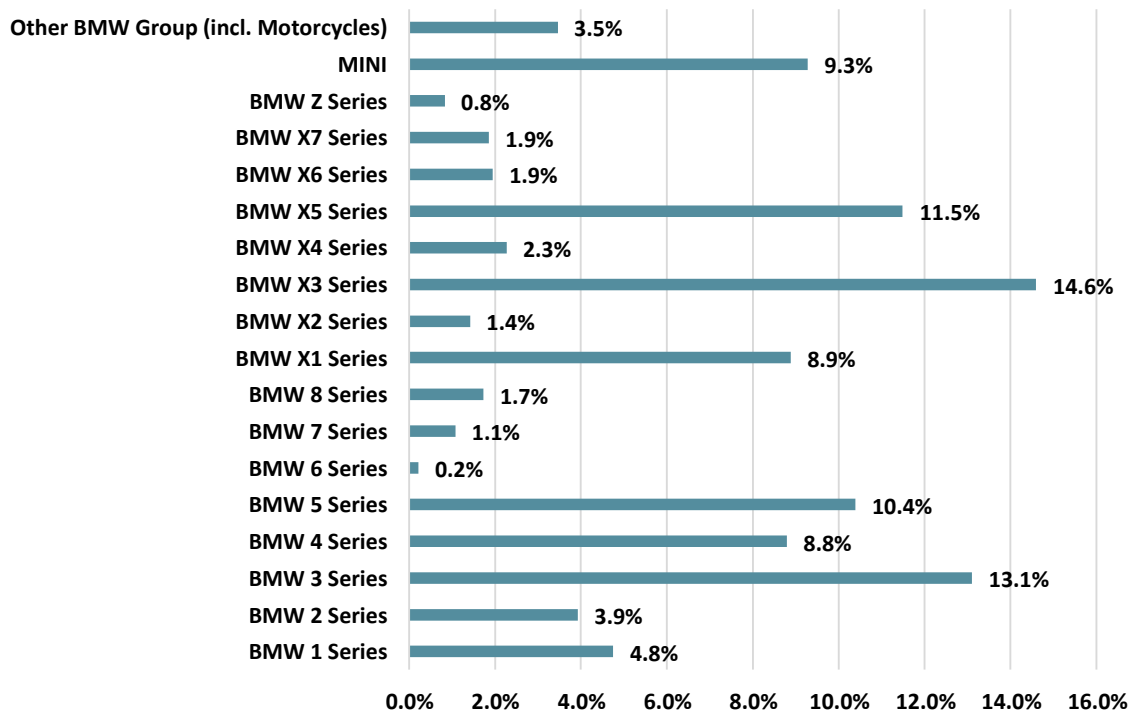
## 1.10 Geographic distribution

Geographic distribution	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
Post Code Area 0	36,018,113.74	4.17%	2,657	3.84%
Post Code Area 1	45,841,541.04	5.31%	3,632	5.25%
Post Code Area 2	81,074,031.66	9.38%	6,357	9.19%
Post Code Area 3	71,792,602.99	8.31%	5,593	8.09%
Post Code Area 4	116,649,602.83	13.50%	9,332	13.49%
Post Code Area 5	96,671,425.90	11.19%	7,957	11.50%
Post Code Area 6	99,531,416.07	11.52%	8,270	11.96%
Post Code Area 7	107,327,218.75	12.42%	8,700	12.58%
Post Code Area 8	127,910,577.72	14.81%	10,233	14.79%
Post Code Area 9	81,083,376.39	9.39%	6,437	9.31%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



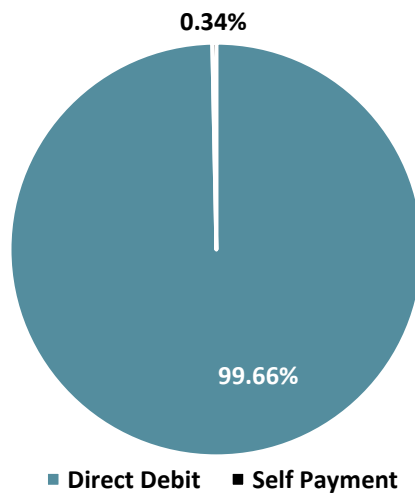
1.11 Distribution by vehicle class

Distribution by vehicle class	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
BMW 1 Series	41,054,394.73	4.75%	6,605	9.55%
BMW 2 Series	33,944,649.16	3.93%	3,489	5.04%
BMW 3 Series	113,175,092.82	13.10%	10,718	15.50%
BMW 4 Series	75,947,576.38	8.79%	4,110	5.94%
BMW 5 Series	89,708,623.58	10.38%	5,975	8.64%
BMW 6 Series	1,870,264.84	0.22%	104	0.15%
BMW 7 Series	9,301,577.78	1.08%	361	0.52%
BMW 8 Series	14,922,072.32	1.73%	535	0.77%
BMW X1 Series	76,719,928.20	8.88%	6,163	8.91%
BMW X2 Series	12,272,635.08	1.42%	1,382	2.00%
BMW X3 Series	126,058,109.31	14.59%	9,376	13.56%
BMW X4 Series	19,588,338.72	2.27%	1,215	1.76%
BMW X5 Series	99,258,692.70	11.49%	4,688	6.78%
BMW X6 Series	16,815,895.80	1.95%	744	1.08%
BMW X7 Series	16,037,269.05	1.86%	596	0.86%
BMW Z Series	7,190,009.28	0.83%	616	0.89%
MINI	80,145,915.18	9.28%	10,650	15.40%
Other BMW Group (incl. Motorcycles)	29,888,862.16	3.46%	1,841	2.66%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



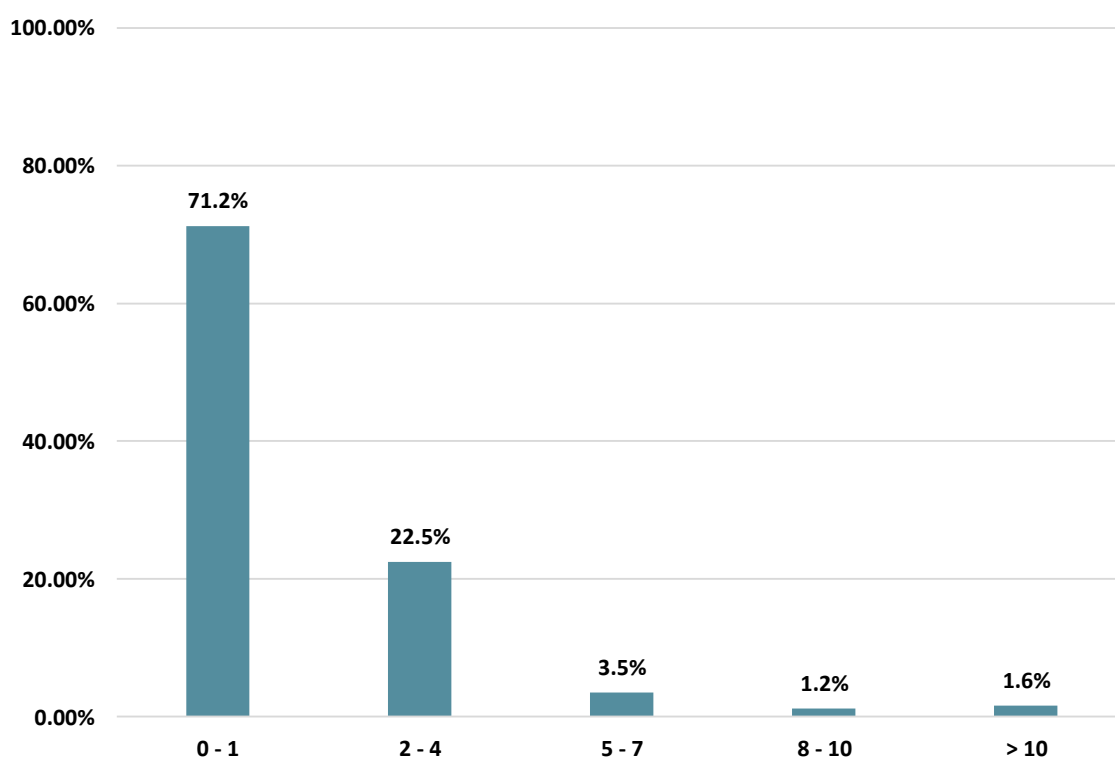
1.12 Distribution by payment type

Distribution by payment type	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of contracts	Number of contracts in percent of total
Direct Debit	861,005,445.48	99.66%	68,932	99.66%
Self Payment	2,894,461.61	0.34%	236	0.34%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



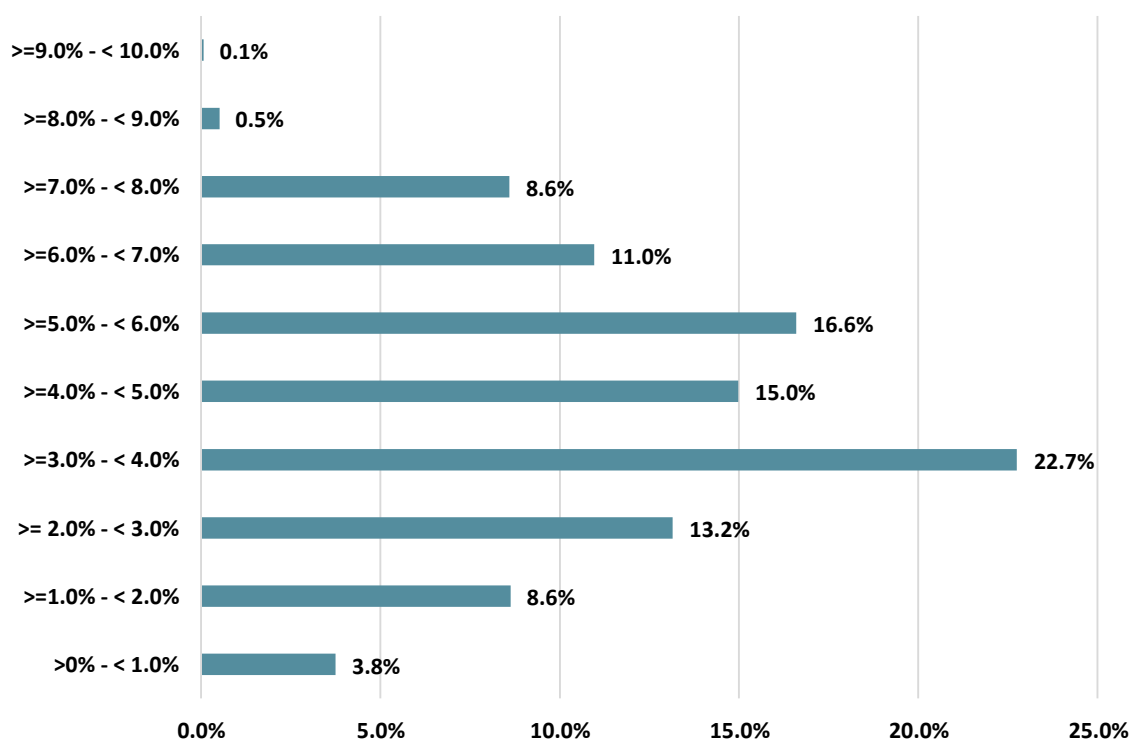
1.13 Distribution by contracts per customer

Distribution by contracts per customer	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
0 - 1	615,338,715.17	71.23%	50,184	72.55%
2 - 4	194,164,326.40	22.48%	14,110	20.40%
5 - 7	30,130,436.56	3.49%	2,570	3.72%
8 - 10	10,248,458.04	1.19%	882	1.28%
> 10	14,017,970.92	1.62%	1,422	2.06%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



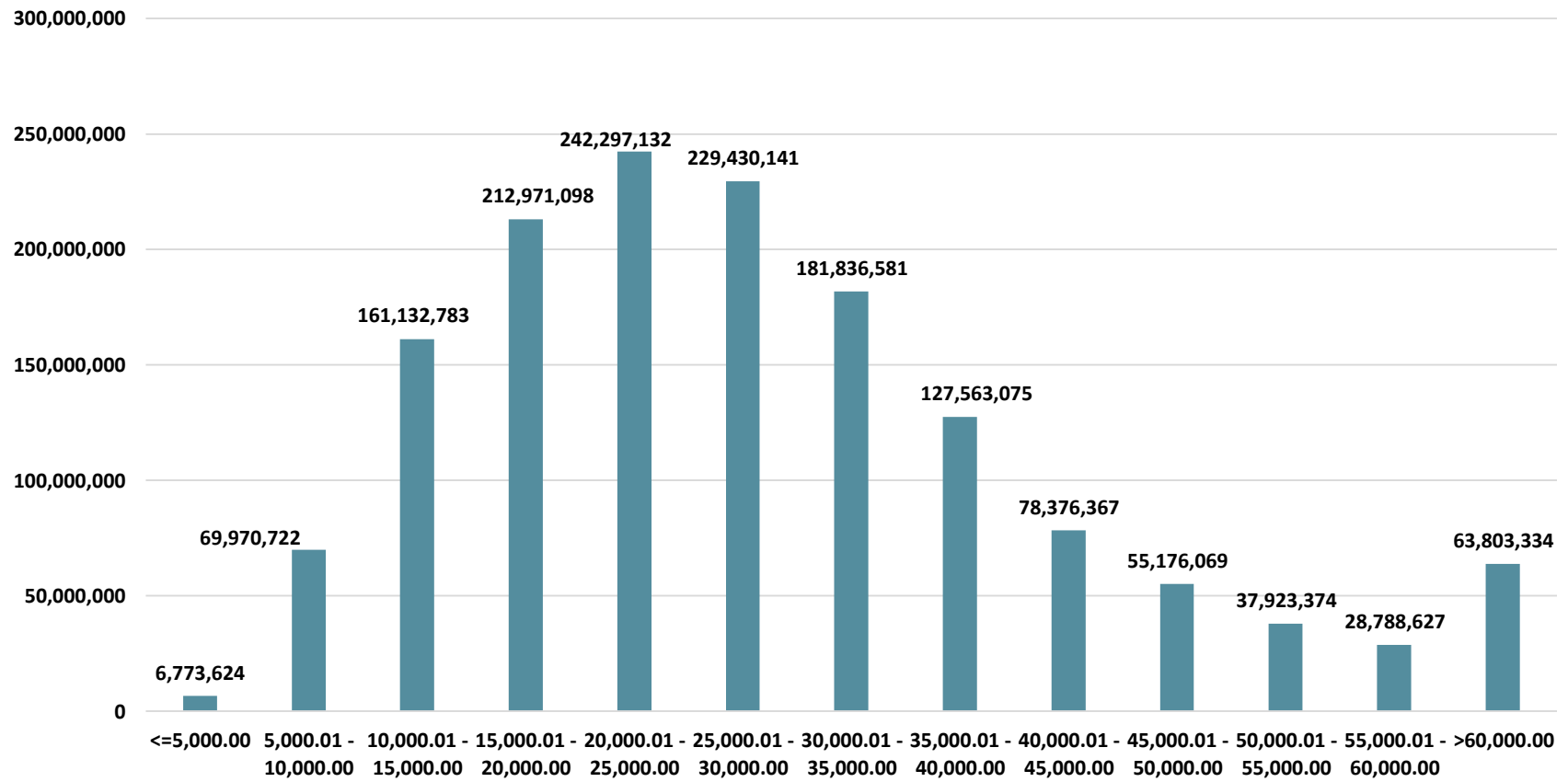
1.14 Distribution by interest rates (APR) (in per cent)

Distribution by interest rate (APR)	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
>0% - < 1.0%	32,422,982.14	3.75%	4,271	6.17%
>=1.0% - < 2.0%	74,528,309.42	8.63%	8,102	11.71%
>= 2.0% - < 3.0%	113,626,041.88	13.15%	11,631	16.82%
>=3.0% - < 4.0%	196,532,034.47	22.75%	17,941	25.94%
>=4.0% - < 5.0%	129,413,805.86	14.98%	8,715	12.60%
>=5.0% - < 6.0%	143,384,432.41	16.60%	8,889	12.85%
>=6.0% - < 7.0%	94,754,208.46	10.97%	5,658	8.18%
>=7.0% - < 8.0%	74,272,456.12	8.60%	3,636	5.26%
>=8.0% - < 9.0%	4,392,367.08	0.51%	294	0.43%
>=9.0% - < 10.0%	573,269.25	0.07%	31	0.04%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



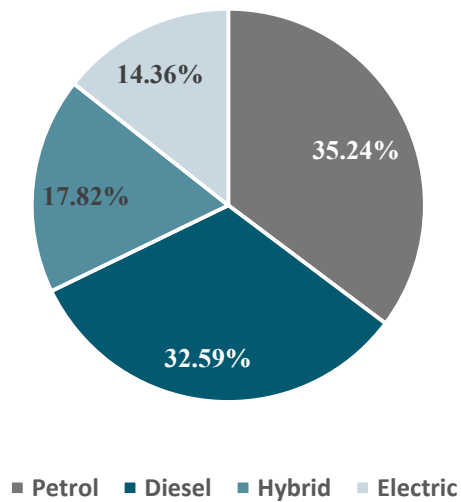
1.15 Distribution by original lease balance

Distribution by original lease balance	Original principal lease balance in EUR	Original principal lease balance in percent of total	Number of Contracts	Number of contracts in percent of total
<=5,000.00	6,773,623.67	0.45%	1,861	2.69%
5,000.01 - 10,000.00	69,970,722.03	4.68%	8,866	12.82%
10,000.01 - 15,000.00	161,132,783.05	10.77%	12,853	18.58%
15,000.01 - 20,000.00	212,971,098.28	14.24%	12,199	17.64%
20,000.01 - 25,000.00	242,297,131.62	16.20%	10,811	15.63%
25,000.01 - 30,000.00	229,430,140.60	15.34%	8,388	12.13%
30,000.01 - 35,000.00	181,836,580.73	12.15%	5,631	8.14%
35,000.01 - 40,000.00	127,563,075.08	8.53%	3,423	4.95%
40,000.01 - 45,000.00	78,376,366.60	5.24%	1,855	2.68%
45,000.01 - 50,000.00	55,176,068.55	3.69%	1,167	1.69%
50,000.01 - 55,000.00	37,923,374.47	2.53%	725	1.05%
55,000.01 - 60,000.00	28,788,626.88	1.92%	502	0.73%
>60,000.00	63,803,333.69	4.26%	887	1.28%
<b>Total</b>	<b>1,496,042,925.25</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>



1.16 Distribution by engine type

Distribution by engine type	Discounted outstanding lease balance in EUR	Discounted outstanding lease balance in percent of total	Number of contracts	Number of contracts in percent of total
Petrol	304,444,964.01	35.24%	27,335	39.52%
Diesel	281,515,296.32	32.59%	21,168	30.60%
Hybrid	153,913,991.21	17.82%	11,938	17.26%
Electric	124,025,655.55	14.36%	8,727	12.62%
<b>Total</b>	<b>863,899,907.09</b>	<b>100.00%</b>	<b>69,168</b>	<b>100.00%</b>





## 1.17 Rundown Schedule

This amortisation scenario of the pool as of 31 October 2023 is based on a CPR (constant rate of prepayment) of 0 per cent, delinquencies of 0 per cent, losses of 0 per cent.

The amortisation of the Purchased Lease Receivables is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

### Amortisation Profile

Period	Discounted outstanding lease balance in EUR	Pool Factor in %
0	863,899,907.09	100.00%
1	829,606,661.83	96.03%
2	795,113,372.65	92.04%
3	760,736,707.39	88.06%
4	726,824,907.60	84.13%
5	693,451,764.48	80.27%
6	660,785,160.86	76.49%
7	628,687,866.27	72.77%
8	597,166,846.57	69.12%
9	566,274,000.41	65.55%
10	535,918,314.36	62.03%
11	506,043,625.27	58.58%
12	476,754,769.51	55.19%
13	448,053,450.79	51.86%
14	420,026,831.46	48.62%
15	392,511,026.15	45.43%
16	365,458,541.32	42.30%
17	338,970,989.25	39.24%
18	313,198,343.45	36.25%
19	288,047,726.76	33.34%
20	263,649,050.95	30.52%
21	240,044,424.74	27.79%
22	217,307,724.96	25.15%
23	195,563,162.75	22.64%
24	174,845,057.37	20.24%
25	155,409,200.35	17.99%
26	137,625,035.37	15.93%
27	120,962,633.65	14.00%
28	105,137,185.28	12.17%
29	90,359,429.58	10.46%

### Amortisation Profile

Period	Discounted outstanding lease balance in EUR	Pool Factor in %
30	76,932,390.14	8.91%
31	64,703,804.29	7.49%
32	54,037,381.61	6.26%
33	45,333,427.88	5.25%
34	38,570,899.33	4.46%
35	33,184,830.70	3.84%
36	28,087,020.43	3.25%
37	23,368,718.15	2.71%
38	19,168,063.18	2.22%
39	15,340,339.98	1.78%
40	11,764,501.88	1.36%
41	8,554,957.43	0.99%
42	5,826,149.45	0.67%
43	3,489,795.81	0.40%
44	1,731,257.78	0.20%
45	649,347.17	0.08%
46	219,268.71	0.03%
47	186,911.84	0.02%
48	156,022.74	0.02%
49	127,902.26	0.01%
50	103,348.24	0.01%
51	82,190.21	0.01%
52	63,031.08	0.01%
53	46,875.82	0.01%
54	32,086.25	0.00%
55	19,985.32	0.00%
56	8,683.52	0.00%
57	961.53	0.00%
58	-	0.00%
59	-	0.00%
60	-	0.00%

## 2. Historical performance data

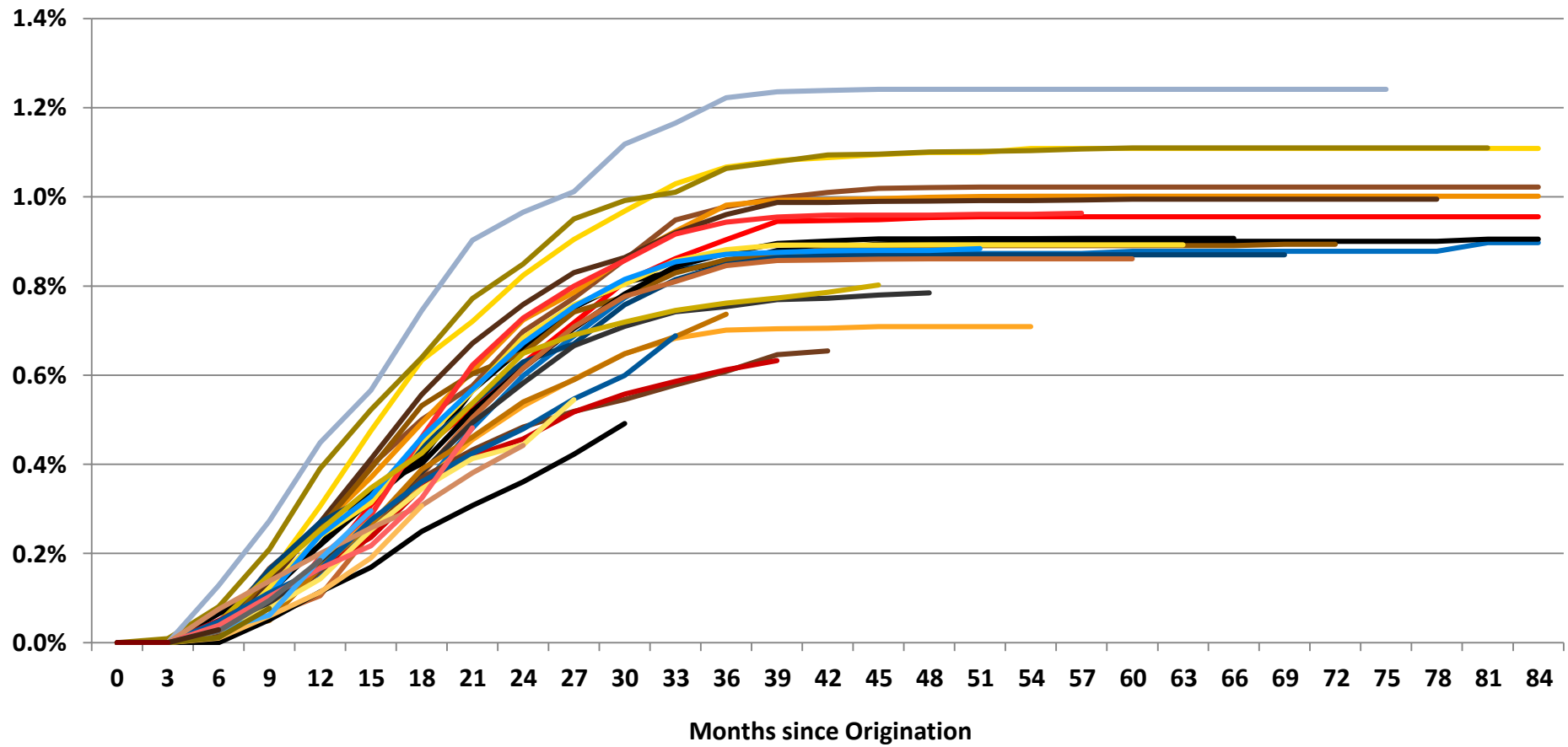
The historical performance data set out hereafter relate to the portfolio of auto lease receivables granted by the Seller.

For the purpose of the gross loss tables, for a generation of auto lease receivables (being all receivables originated in the same quarter), the cumulative gross loss rate in respect of a quarter is calculated as the ratio of (i) the cumulative gross losses recorded on such leases between the quarter when such leases were originated and the relevant quarter to (ii) the initial principal amount of such leases.

For the purpose of the delinquencies table, at a given month, the delinquency ratio is calculated as the ratio of (i) the delinquent lease receivables (all overdue and future due instalments and the residual value) and (ii) the total aggregate lease balance (instalments and residual value).

For the purpose of the annualised prepayments table, at a given month, the annualised prepayment rate is calculated based on the monthly prepayment rate and according to the following formula:  $\text{annualised prepayment rate} = 1 - (1 - \text{monthly prepayment rate})^{12}$ . The monthly prepayment rate is calculated as the ratio of (i) the aggregate lease balance of all lease receivables (instalments and the residual value) prepaid during the respective month (i.e. damage, theft, conversion, continuance, amicably) and (ii) the total aggregate lease balance (instalments and the residual value).





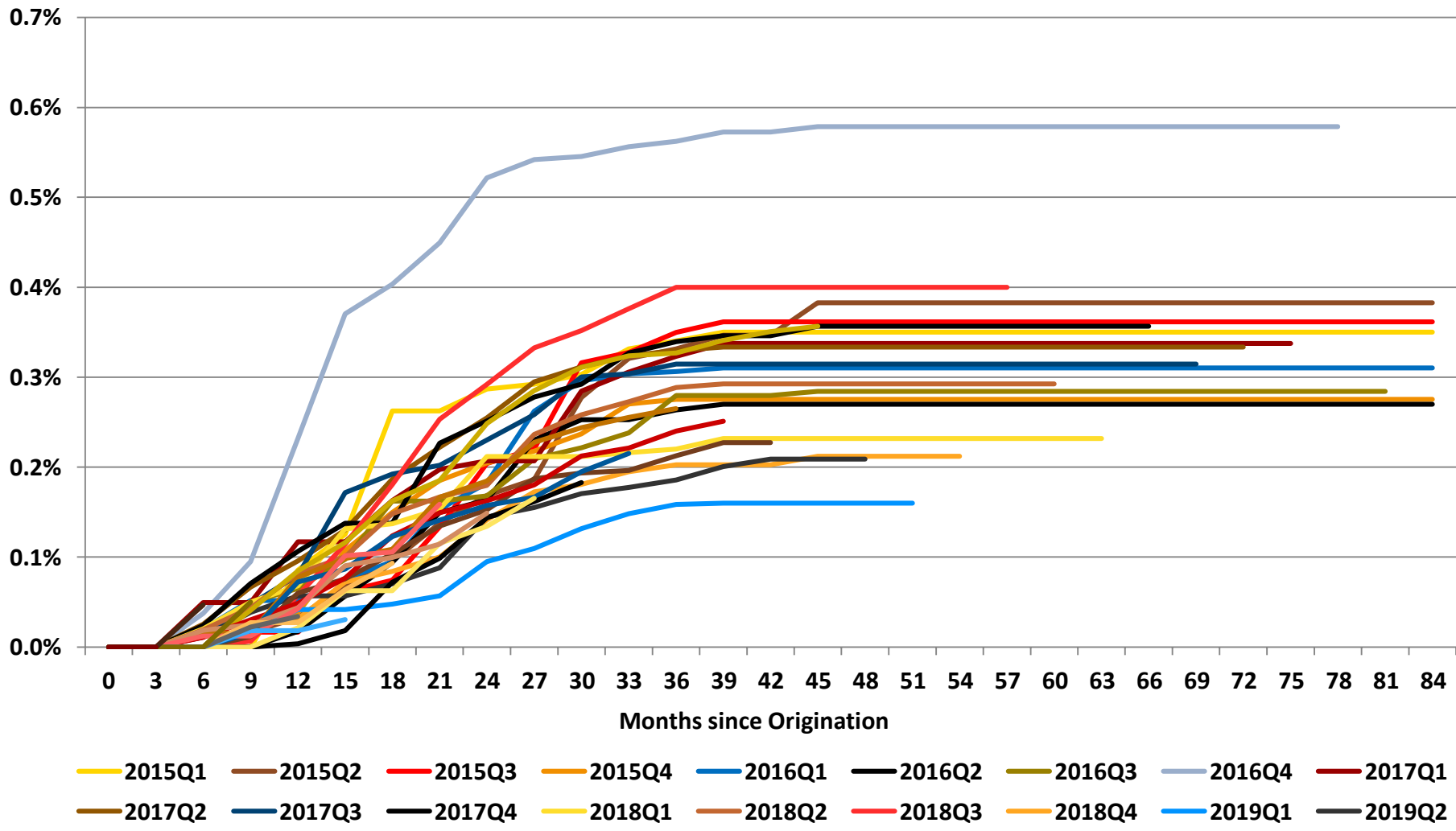
- 2015Q1
- 2015Q2
- 2015Q3
- 2015Q4
- 2016Q1
- 2016Q2
- 2016Q3
- 2016Q4
- 2017Q1
- 2017Q2
- 2017Q3
- 2017Q4
- 2018Q1
- 2018Q2
- 2018Q3
- 2018Q4
- 2019Q1
- 2019Q2



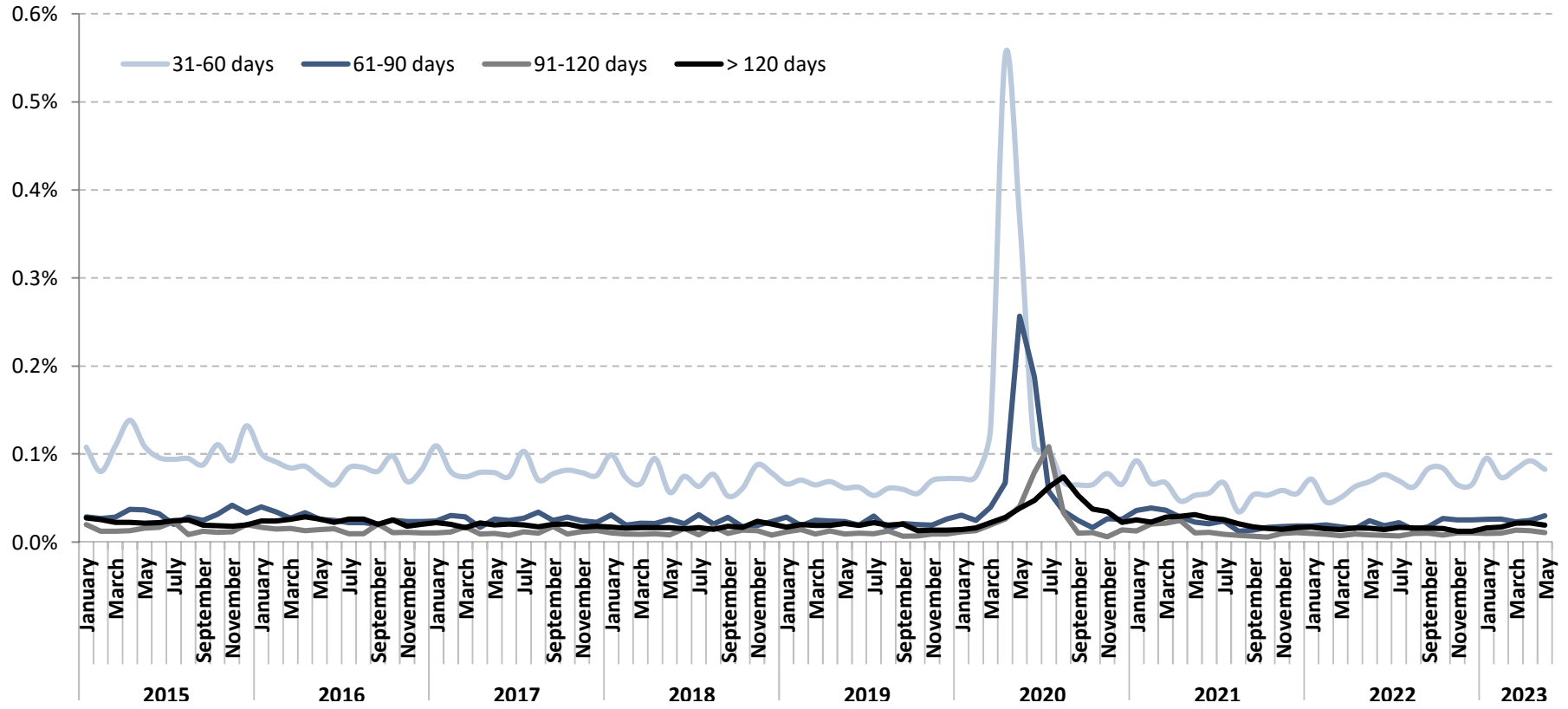








2.4 Delinquencies

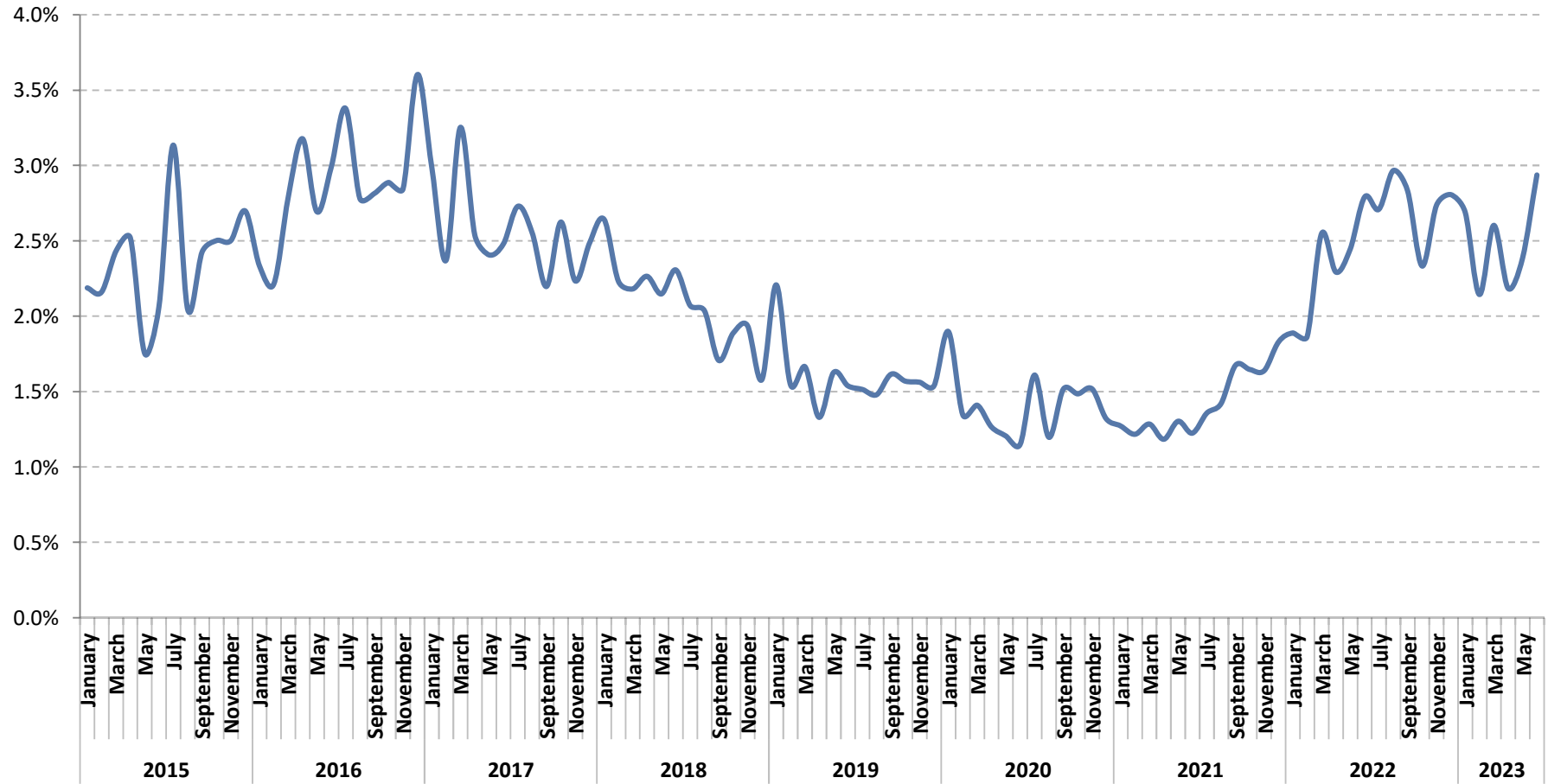


Delinquencies					
		31-60 days	61-90 days	91-120 days	> 120 days
2015	January	0.08%	0.04%	0.02%	0.02%
	February	0.11%	0.03%	0.02%	0.03%
	March	0.08%	0.03%	0.01%	0.03%
	April	0.11%	0.03%	0.01%	0.02%
	May	0.14%	0.04%	0.01%	0.02%
	June	0.11%	0.04%	0.02%	0.02%
	July	0.10%	0.03%	0.02%	0.02%
	August	0.09%	0.02%	0.02%	0.02%
	September	0.09%	0.03%	0.01%	0.03%
	October	0.09%	0.02%	0.01%	0.02%
	November	0.11%	0.03%	0.01%	0.02%
	December	0.09%	0.04%	0.01%	0.02%
2016	January	0.13%	0.03%	0.02%	0.02%
	February	0.10%	0.04%	0.02%	0.02%
	March	0.09%	0.03%	0.01%	0.02%
	April	0.08%	0.03%	0.02%	0.03%
	May	0.09%	0.03%	0.01%	0.03%
	June	0.07%	0.03%	0.01%	0.03%
	July	0.07%	0.02%	0.02%	0.02%
	August	0.08%	0.02%	0.01%	0.03%
	September	0.08%	0.02%	0.01%	0.03%
	October	0.08%	0.02%	0.02%	0.02%
	November	0.10%	0.02%	0.01%	0.03%
	December	0.07%	0.02%	0.01%	0.02%
2017	January	0.08%	0.02%	0.01%	0.02%
	February	0.11%	0.02%	0.01%	0.02%
	March	0.08%	0.03%	0.01%	0.02%
	April	0.07%	0.03%	0.02%	0.02%
	May	0.08%	0.02%	0.01%	0.02%
	June	0.08%	0.03%	0.01%	0.02%
	July	0.07%	0.02%	0.01%	0.02%
	August	0.10%	0.03%	0.01%	0.02%
	September	0.07%	0.03%	0.01%	0.02%
	October	0.08%	0.02%	0.02%	0.02%
	November	0.08%	0.03%	0.01%	0.02%
	December	0.08%	0.02%	0.01%	0.02%
2018	January	0.08%	0.02%	0.01%	0.02%
	February	0.10%	0.03%	0.01%	0.02%
	March	0.07%	0.02%	0.01%	0.02%
	April	0.07%	0.02%	0.01%	0.02%
	May	0.09%	0.02%	0.01%	0.02%
	June	0.06%	0.03%	0.01%	0.02%

Delinquencies					
		31-60 days	61-90 days	91-120 days	> 120 days
	July	0.07%	0.02%	0.02%	0.02%
	August	0.06%	0.03%	0.01%	0.02%
	September	0.08%	0.02%	0.02%	0.01%
	October	0.05%	0.03%	0.01%	0.02%
	November	0.06%	0.02%	0.01%	0.02%
	December	0.09%	0.02%	0.01%	0.02%
2019	January	0.08%	0.02%	0.01%	0.02%
	February	0.07%	0.03%	0.01%	0.02%
	March	0.07%	0.02%	0.01%	0.02%
	April	0.07%	0.03%	0.01%	0.02%
	May	0.07%	0.02%	0.01%	0.02%
	June	0.06%	0.02%	0.01%	0.02%
	July	0.06%	0.02%	0.01%	0.02%
	August	0.05%	0.03%	0.01%	0.02%
	September	0.06%	0.02%	0.01%	0.02%
	October	0.06%	0.02%	0.01%	0.02%
	November	0.06%	0.02%	0.01%	0.01%
	December	0.07%	0.02%	0.01%	0.01%
2020	January	0.07%	0.03%	0.01%	0.01%
	February	0.07%	0.03%	0.01%	0.01%
	March	0.07%	0.02%	0.01%	0.02%
	April	0.13%	0.04%	0.02%	0.02%
	May	0.55%	0.07%	0.03%	0.03%
	June	0.37%	0.26%	0.04%	0.04%
	July	0.11%	0.19%	0.08%	0.05%
	August	0.10%	0.06%	0.11%	0.06%
	September	0.07%	0.04%	0.03%	0.07%
	October	0.07%	0.02%	0.01%	0.05%
	November	0.07%	0.02%	0.01%	0.04%
	December	0.08%	0.03%	0.01%	0.03%
2021	January	0.07%	0.03%	0.01%	0.02%
	February	0.09%	0.04%	0.01%	0.03%
	March	0.07%	0.04%	0.02%	0.02%
	April	0.07%	0.04%	0.02%	0.03%
	May	0.05%	0.03%	0.02%	0.03%
	June	0.05%	0.02%	0.01%	0.03%
	July	0.06%	0.02%	0.01%	0.03%
	August	0.07%	0.02%	0.01%	0.03%
	September	0.03%	0.01%	0.01%	0.02%
	October	0.05%	0.01%	0.01%	0.02%
	November	0.05%	0.02%	0.01%	0.02%
	December	0.06%	0.02%	0.01%	0.01%

Delinquencies					
		31-60 days	61-90 days	91-120 days	> 120 days
2022	January	0.05%	0.02%	0.01%	0.02%
	February	0.07%	0.02%	0.01%	0.02%
	March	0.05%	0.02%	0.01%	0.02%
	April	0.05%	0.02%	0.01%	0.01%
	May	0.06%	0.02%	0.01%	0.02%
	June	0.07%	0.02%	0.01%	0.02%
	July	0.08%	0.02%	0.01%	0.01%
	August	0.07%	0.02%	0.01%	0.02%
	September	0.06%	0.01%	0.01%	0.02%
	October	0.08%	0.02%	0.01%	0.02%
	November	0.08%	0.03%	0.01%	0.02%
	December	0.07%	0.03%	0.01%	0.01%
2023	January	0.07%	0.03%	0.01%	0.01%
	February	0.10%	0.03%	0.01%	0.02%
	March	0.07%	0.03%	0.01%	0.02%
	April	0.08%	0.02%	0.01%	0.02%
	May	0.09%	0.02%	0.01%	0.02%
	June	0.08%	0.03%	0.01%	0.02%
	July				
	August				
	September				
	October				
	November				
	December				

2.5 Annualised prepayment



Annualised Prepayments		
		%
2015	January	2.2%
	February	2.2%
	March	2.4%
	April	2.5%
	May	1.8%
	June	2.1%
	July	3.1%
	August	2.0%
	September	2.4%
	October	2.5%
	November	2.5%
	December	2.7%
2016	January	2.3%
	February	2.2%
	March	2.8%
	April	3.2%
	May	2.7%
	June	3.0%
	July	3.4%
	August	2.8%
	September	2.8%
	October	2.9%
	November	2.8%
	December	3.6%
2017	January	3.0%
	February	2.4%
	March	3.3%
	April	2.5%
	May	2.4%
	June	2.5%
	July	2.7%
	August	2.6%
	September	2.2%
	October	2.6%
	November	2.2%
	December	2.5%
2018	January	2.6%
	February	2.2%
	March	2.2%
	April	2.3%
	May	2.1%
	June	2.3%
	July	2.1%
	August	2.0%
	September	1.7%
	October	1.9%

Annualised Prepayments		
		%
	November	1.9%
	December	1.6%
2019	January	2.2%
	February	1.5%
	March	1.7%
	April	1.3%
	May	1.6%
	June	1.5%
	July	1.5%
	August	1.5%
	September	1.6%
	October	1.6%
	November	1.6%
	December	1.5%
2020	January	1.9%
	February	1.3%
	March	1.4%
	April	1.3%
	May	1.2%
	June	1.1%
	July	1.6%
	August	1.2%
	September	1.5%
	October	1.5%
	November	1.5%
	December	1.3%
2021	January	1.3%
	February	1.2%
	March	1.3%
	April	1.2%
	May	1.3%
	June	1.2%
	July	1.4%
	August	1.4%
	September	1.7%
	October	1.6%
	November	1.6%
	December	1.8%
2022	January	1.9%
	February	1.9%
	March	2.5%
	April	2.3%
	May	2.4%
	June	2.8%
	July	2.7%
	August	3.0%
	September	2.8%



Annualised Prepayments		
		%
	October	2.3%
	November	2.7%
	December	2.8%
2023	January	2.7%
	February	2.1%
	March	2.6%
	April	2.2%
	May	2.4%
	June	2.9%
	July	
	August	
	September	
	October	
	November	
	December	

## 2.6 Inferential statement of the Issuer

The Issuer states herewith that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, this is not a guarantee given by the Issuer and the Issuer as a special purpose entity has only limited resources available as described under the "*RISK FACTORS— Limited resources of the Issuer*".

## CREDIT AND COLLECTION POLICY

Under the Servicing Agreement, the Purchased Lease Receivables are administered together with all other financing receivables of BMW Bank according to BMW Bank's normal business processes. The debtors/lessees will not be notified of the fact that the Purchased Lease Receivable(s) arising under their respective Lease Agreement(s) has/have been assigned to the Issuer, except under special circumstances.

The normal business processes of BMW Bank relevant for the Loan and Lease Agreements currently include the following:

### **Description of Rating System & Risk Management**

All credit applications in the leasing business are subject to various integrity and plausibility checks as well as sophisticated rating procedures within standardised credit processes. The rating system has been in use at BMW Bank for over 15 years and is continuously being enhanced with regard to its accuracy in assessing of the customer's financial strength and its ability to predict potential defaults. An automated system combines external information provided by the applicant, credit agencies and other sources as well as internal data on previous credit performances via optimized statistical models and algorithms, which differ by customer type. The outcome is a rating figure reflecting the applicant's creditworthiness.

Based on the rating, a probability of default is assigned to the potential obligor, which along with an expected recovery rate given default (depending on the vehicle type leased) determines the expected loss. Both probabilities of default and recovery rates are derived based on historical default data at BMW Bank GmbH.

Rating and expected loss constitute the basis for the credit decision (i.e. responsible and competent authorities as well as approval / rejection of the application) and for the collateral required from the obligor. The expected value of the leased vehicle at maturity as part of the contract terms is determined based upon public market value forecasts and internal recovery rates. It is subject to ongoing assessments and monitoring during the entire contract period to identify potential losses in the remarketing process in a timely manner.

Several methods are used to measure and manage the risks of the existing leasing portfolio of BMW Bank GmbH. For example, a Value at Risk quantifying the maximum potential loss of the portfolio at a specific probability over a certain time period is calculated on a regular basis. It is monitored using a limit system, which reflects the risk bearing capacity of the bank in terms of capital available as well as business and risk strategies. Ratings and risk parameters also play an essential role in the provisioning for bad loans. The management board of BMW Bank is involved in the entire risk management process and bases its decisions upon the risk relevant information provided.

The whole rating and risk management system is regularly assessed by internal audit, PwC and Bundesbank / BaFin for the purpose of determining regulatory capital by means of internal ratings according to Basel III.

### **Termination of Lease Contracts**

Generally, the Lessee of a commercial or private lease contract is bound to the application for four weeks. The lease contract is concluded, if the lessor confirms in writing the application or delivering the vehicles at this time.

In addition to the termination above, the Lessees of non-commercial lease contracts have a cancellation right. The private Lessees are entitled to exercise the cancellation right within two weeks after receipt of certain legally mandatory information and a written notice informing them of such cancellation right by sending a letter, fax or e-mail message to BMW Bank without giving any reasons (right of withdrawal –*Widerrufsrecht*).

Each party of a lease contract can terminate the contract regardless of any notice period, in particular the lessor and especially for the following reasons, but not limited to:

- if the other party is unable to pay or is engaged in debt composition proceedings; when its cheques are not covered or its bills of exchange not honoured;
- if the other party made untrue statements in connection with the Lease Agreement or failed to state relevant facts and the lessor cannot, therefore, be reasonably expected to continue to honour the contract; and
- if the other party does not stop committing serious breaches of the contract in spite of written requests to this effect or if it fails to remedy immediately any effects of such breaches of contract;
- in particular the Lessee, but not limited to:
- if the vehicle has been stolen or has been destroyed and the cost of repairing exceeds 60 per cent of the replacement cost of the vehicle. The termination is possible within three weeks to the end of a contract month; and
- if the Lessee dies. In these cases the heirs are entitled to terminate the contract to the end of a contract month.

### **Collections/recovery**

The first payment is due when the Leased Vehicle is licensed and registered on the Lessee's name; all subsequent payments are due on the first of the month in advance for the month. The number of payments corresponds to the leasing period in months.

The leasing application includes a clause authorising BMW Bank to debit the payments as they become due, directly on the Lessee's bank account. In H1/2023, more than 99 percent of the Lessees made use of the direct debit system offered by BMW Bank. This procedure should ensure that BMW Bank receives amounts due promptly. The customers who do not authorise direct debiting give standing payment orders to their banks or write individual bank remittances.

The monthly instalments are generally billed value dated first working day of each month. BMW Bank transmits the required information via BMW Bank GmbH (account holder for BMW Bank) to Deutsche Bundesbank, which in turn communicates/clears with the Lessee's banks. BMW Bank receives the total amount of the instalments paid by direct debit on the first working day of the current month on its bank accounts. If the direct debit is rejected for the reason, that the Lessee's account does not have enough money, a second direct debit is started automatically after a few days.

In case the direct debiting orders of BMW Bank are not honoured, the banks immediately debit the respective account of BMW Bank accordingly. Therefore, the overdue payments for any given month are typically known on the day after the debit (ten days in case of standing orders/bank remittances) and payment reminders are sent out immediately.

The process to handle the reminders is fully automated supported by respective IT systems. The employees of the collections/recovery department of BMW Bank are authorised to grant justifiable payment extensions based on the individual circumstances. Those extensions are closely monitored and reviewed.

As soon as BMW Bank categorises a payment overdue (no matter which payment method applies) a first reminder is sent out. If the Lessee does still not pay, a second reminder letter is generally sent out after another two weeks. The entire dunning process is supported by outbound telephone campaigns and dunning SMS to customers handled through BMW Bank and its service providers.

Further reminders will be sent out every two weeks to the customer (advising that collection agencies/lawyers will be mandated and corresponding cost will be debited to customers account in case of further non-payment) until conditions are met which enable BMW Bank to terminate lease contracts. The following conditions have to be met:

- Customer type – commercial Lessees:  
two leasing instalments are overdue.
- Customer type – private individuals:  
two instalments or more representing in the aggregate at least ten per cent of the total value of the lease contract (five per cent when the term of the lease contract exceeds three years) are overdue (consumer protection law requirements).

In both cases BMW Bank sends a letter by registered mail threatening to terminate the contract prior to the termination itself setting a final two-week (commercial) or three-week (private) deadline for payment. If BMW Bank does not receive the respective payments the contract will be terminated. If the customer fully pays the amount owed, negotiations regarding the continuation of the lease contract will take place.

If the Lessee does not voluntarily return the vehicle in case of, or respectively after contract termination, BMW Bank mandates repossession agencies for further collection and recovery activities. The leading companies in this area operate with a high level of reliability and trust with a view of protecting BMW Bank's interests and reputation.

In case of a successful repossession or if the Lessee returns the cars voluntarily BMW Bank's service provider TÜV Süd issues an expert opinion regarding the current status and dealer purchase price (*Händler-Einkaufspreis*) of the car.

In both cases (voluntarily/not voluntarily return) the Lessee has the right to name a commercial purchaser within 17 calendar days to make a binding offer (at a higher price than the dealer purchase price (*Händler-Einkaufspreis*)) for the car. As a requirement for validity of the offer, it has to be sent in formally correct and within mentioned deadline. It still remains BMW Bank's decision to accept this customer/ offer. Should BMW Bank decide not to sell the car to the purchaser proposed by the customer even though the offer was formally valid and at a higher price than the dealer purchase price (*Händler-Einkaufspreis*) and BMW Bank's sales revenue, the difference between actual sales price and customer's offer has to be credited to the customer's account.

BMW Bank handles the closing statements for contracts which have been handled by repossession or collection agencies and also in cases where the Lessee has returned the car voluntarily without prior involvement of collection or repossession agencies. In case a lawyer has been involved it is the mandated lawyer who is responsible for the closing statement.

Remaining balances have to be paid by debtors within two weeks. If the debtor fails to settle the closing balance either a lawyer will be mandated (unless already done) to apply for a court order to pay (*Mahnbescheid / Vollstreckungsbescheid / rechtskräftiges Zahlungs- bzw. Versäumnisurteil bzw. gerichtliches Mahnverfahren*) or the contract will be assigned to a debt collector, respectively a cessionary. Further collection actions could result in a court proceeding and a possible enforcement order handled by BMW Group approved lawyers who are also responsible for long-term supervision. For the assigned debts, all further actions will be taken by the collector/ cessionary in his own name.

## THE ISSUER

### 1. General

Bavarian Sky S.A., a public limited liability company (*société anonyme*), was incorporated under the laws of Luxembourg on 26 April 2007, for an unlimited period and with registered office at 287-289 route d'Arlon, L-1150 Luxembourg (telephone: +352 26 563171). Bavarian Sky S.A. is registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés Luxembourg*) under number B 127 982. The legal entity identifier (LEI) of Bavarian Sky S.A. is 529900CITCOV0AQI3K03.

Bavarian Sky S.A. has been established as a special purpose vehicle for the purpose of entering into one or several securitisation transactions.

Bavarian Sky S.A. is subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg Securitisation Law.

The Articles of Incorporation of Bavarian Sky S.A. were filed with the Luxembourg trade and companies register and published in the *Mémorial C, Recueil des Sociétés et Associations*, number 1357 of 4 July 2007 on page 65111.

### 2. Corporate Object of Bavarian Sky S.A.

The corporate object of Bavarian Sky S.A. is the securitisation (within the meaning of the Luxembourg Securitisation Law which applies to Bavarian Sky S.A.) of receivables. Bavarian Sky S.A. may enter into any agreement and perform any action necessary or useful for the purposes of securitising such receivables, **provided that** such agreement is consistent with the Luxembourg Securitisation Law.

### 3. Compartments

The board of directors of Bavarian Sky S.A. may, in accordance with the terms of the Luxembourg Securitisation Law, and in particular its article 5, and section 5 of the Articles of Incorporation of Bavarian Sky S.A., create one or more Compartments within Bavarian Sky S.A. Each Compartment will correspond to a distinct part of the assets and liabilities of Bavarian Sky S.A. The resolution of the board of directors creating one or more Compartments within Bavarian Sky S.A., as well as any subsequent amendments thereto, will be binding as of the date of such resolution against any third party.

Rights of creditors of Bavarian Sky S.A. that (i) have, when coming into existence, been designed as relating to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are, except if otherwise provided for in the resolution of the board of directors of Bavarian Sky S.A. creating the relevant Compartment, strictly limited to the assets of that Compartment and such assets will be exclusively available to satisfy such creditors. Creditors of Bavarian Sky S.A. whose rights are designated as relating to a specific Compartment of Bavarian Sky S.A. will (subject to mandatory law) have no rights to the assets of any other Compartment.

Unless otherwise provided for in the resolution of the board of directors of Bavarian Sky S.A. creating such Compartment, no resolution of the board of directors of Bavarian Sky S.A. may be taken to amend the resolution creating such Compartment and no other decision directly affecting the rights of the creditors whose rights relate to such Compartment may be taken without the prior approval of the creditors whose rights relate to such Compartment.

Any decision of the board of directors of Bavarian Sky S.A. taken in breach of this provision will be void.

The liabilities and obligations of the Issuer incurred or arising in connection with the Notes and the other Transaction Documents and all matters connected therewith will only be satisfied or discharged against the assets of Compartment German Auto Leases 8. The assets of Compartment German Auto Leases 8 will be exclusively available to satisfy the rights of the Noteholders and the other creditors of the Issuer in respect of the Notes, the other Transaction Documents and all matters connected therewith, as provided therein, and (subject to mandatory law) no other creditors of the Issuer will have any recourse against the assets of Compartment German Auto Leases 8 of the Issuer.

In case of any further securitisation transactions of Bavarian Sky S.A., the transactions will not be cross-collateralised or cross-defaulted.

#### 4. **Business Activity**

Bavarian Sky S.A. has not previously carried on any business or activities other than those incidental to its incorporation, other than in respect of its Compartment A, Compartment B, Compartment German Auto Loans 1, Compartment German Auto Loans 2, Compartment German Auto Loans 3, Compartment German Auto Loans 4, Compartment German Auto Loans 5, Compartment German Auto Loans 6, Compartment German Auto Loans 7, Compartment German Auto Loans 8, Compartment German Auto Loans 9, Compartment German Auto Loans 10, Compartment German Auto Loans 2020-1, Compartment German Auto Loans 11, Compartment German Auto Loans 12, Compartment German Auto Leases 1, Compartment German Auto Leases 2, Compartment German Auto Leases 3, Compartment German Auto Leases 4, Compartment German Auto Leases 5, Compartment German Auto Leases 6 and Compartment German Auto Leases 7 other than entering into certain transactions prior to the Issue Date with respect to the securitisation transaction contemplated herein.

In respect of Compartment German Auto Leases 8, the Issuer's principal activities acting in respect of such Compartment will be the issue of the Notes, the granting of Security, the entering into the Subordinated Loan Agreement, the entering into the Swap Agreement and the entering into all other Transaction Documents to which it is a party and the establishment of the Issuer Account and the exercise of related rights and powers and other activities reasonably incidental thereto.

In respect of Compartments other than Compartment German Auto Leases 8, the principal activities of Bavarian Sky S.A. are the operation as a multi-issuance securitisation vehicle for the purposes of, on an on-going basis, purchasing assets, directly or via intermediary purchasing entities, from several selling entities, or assuming the credit risk in respect of assets in any other way, and funding such purchases or risk assumptions in particular in the asset-backed markets. Each such securitisation transaction can be structured as a singular or as a revolving purchase of assets (or other assumption of credit risk) and will be separate from all other securitisation transactions entered into by Bavarian Sky S.A. To that end, each securitisation carried out by Bavarian Sky S.A. will be allocated to a separate Compartment.

#### 5. **Corporate Administration and Management**

The directors and managers of Bavarian Sky S.A. are:

<b>Director</b>	<b>Business address</b>	<b>Principal activities outside the Issuer</b>
Valerie Schleimer	6, rue Eugène Ruppert, L-2453 Luxembourg	Expert Accounting Services
Nicola Melizzi	6, rue Eugène Ruppert, L-2453 Luxembourg	Senior Manager Legal & Corporate Services
Alessandro Linguanotto	6, rue Eugène Ruppert, L-2453 Luxembourg	Manager Legal & Corporate Services

Each of the directors confirms that there is no conflict of interest between his duties as a director of the Issuer and his principal and/or other activities outside Bavarian Sky S.A.

#### 6. **Capital and Shares, Shareholders**

The authorised and issued capital of Bavarian Sky S.A. is set at EUR 31,000 divided into 3,100 registered ordinary shares, fully paid up and with a par value of EUR 10 each.

The shareholder of Bavarian Sky S.A., who has an influence on Bavarian Sky S.A. and controls Bavarian Sky S.A., is the Foundation.

#### 7. **Capitalisation**

The unaudited capitalisation of Bavarian Sky S.A. as of the date of this Offering Circular, adjusted for the issue of the Notes on the Issue Date, is as follows:

Share Capital: EUR 31,000 (authorised, issued and fully paid up).

#### 8. **Indebtedness**

The Issuer, acting in respect of its Compartment German Auto Leases 8, has no material indebtedness, contingent liabilities and/or guarantees as of the date of the Offering Circular, other than that which the Issuer has incurred or will incur in relation to Compartment German Auto Leases 8 and the transactions contemplated in the Offering Circular.

#### 9. **Holding Structure**

Stichting Andesien	3,100 shares
Total	3,100 shares

#### 10. **Subsidiaries and Affiliates**

Bavarian Sky S.A. has no subsidiaries or Affiliates, except for the Foundation as its shareholder.

#### 11. **Name of the Financial Auditors of Bavarian Sky S.A.**

PricewaterhouseCoopers, *société coopérative*, was appointed as auditor of Bavarian Sky S.A. to perform the audit of the financial statements of Bavarian Sky S.A. for the periods of 1 January 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022:



**PricewaterhouseCoopers, société cooperative**

2, rue Gerhard Mercator  
L-1014 Luxembourg

PricewaterhouseCoopers, *société cooperative* is a member of the *Institut des Réviseurs d'Entreprises*.

**12. Main Process for Director's Meetings and Decisions**

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

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

The board of directors of Bavarian Sky S.A. must elect from among its members a chairman.

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

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

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

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

The board of directors of Bavarian Sky S.A. can create one or several separate compartments, in accordance with article 5 of the Articles of Incorporation.

**13. Financial Statements**

Audited financial statements will be published by Bavarian Sky S.A. on an annual basis.

The financial year of Bavarian Sky S.A. extends from 1 January to 31 December. The first business year began on 26 April 2007 and ended on 31 December 2007. KPMG Luxembourg S.à r.l., as the former auditor of Bavarian Sky S.A., audited the financial statements of Bavarian Sky S.A. for the periods from 26 April 2007 to 31 December 2007 until and including the financial 2018. In the opinion of KPMG Luxembourg S.à r.l., the financial statements gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of Bavarian Sky S.A. as at each 31 December of the respective financial year.

PricewaterhouseCoopers, *société cooperative*, as the existing auditor of Bavarian Sky S.A., audited the financial statements of Bavarian Sky S.A. for the periods from 1 January 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022. In the opinion of PricewaterhouseCoopers, *société cooperative*, the financial statements gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of Bavarian Sky S.A. as at 31 December 2021 and as at 31 December 2022. The Issuers' financial statements were prepared in accordance with Luxembourg GAAP.

The audited financial statements for the business years 2021 and 2022 are incorporated by reference as set out in "*INCORPORATION BY REFERENCE*". Copies of the full financial statements for the business years 2021 and 2022 are available as set out in "*GENERAL INFORMATION — Availability of Documents*".

#### 14. **Inspection of Documents**

For the life of the Notes, the following documents (or copies thereof) may be inspected at the office of Bavarian Sky S.A. at 287-289 route d'Arlon, L-1150 Luxembourg:

- (a) the Articles of Incorporation of Bavarian Sky S.A.;
- (b) the minutes of the meeting of the board of directors of Bavarian Sky S.A. approving the issue of the Notes, the issue of the Offering Circular and the Transaction as whole;
- (c) the shareholder's resolution approving the negative covenants as set out in Part 1 (Corporate Covenants of the Issuer) of the Issuer Covenants (see "*ISSUER COVENANTS*");
- (d) this Offering Circular and all the Transaction Documents referred in this Offering Circular; and
- (e) the historical financial information (if any) of Bavarian Sky S.A.

Upon listing of the Notes on the Luxembourg Stock Exchange and for at least ten years and so long as the most senior Notes remain outstanding, copies of

- (f) the Articles of Incorporation of Bavarian Sky S.A.; and
- (g) the audited financial statements of Bavarian Sky S.A. for the periods from 1 January 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022

may be inspected on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)), given the fact that the documents as stated in (f) and (g) above are incorporated by reference in this Offering Circular as set out in "*INCORPORATION BY REFERENCE*".

The Notes will be obligations of Bavarian Sky S.A. acting in respect of its Compartment German Auto Leases 8 only and will not be guaranteed by, or be the responsibility of BMW Bank, BMW AG or any other person or entity. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by Bavarian Sky S.A. (in respect of Compartments other than Compartment German Auto Leases 8), the Seller, the Servicer (if different), the Trustee, the Arranger, the Managers or any of their respective Affiliates, the Subordinated Lender, the Account Bank, the Interest Determination Agent, the Paying

Agent, the Calculation Agent, the Swap Counterparty, the Corporate Administrator or the Foundation.

## THE SELLER AND SERVICER

### Economic Environment and Auto Business

The extent to which the global economy recovered in 2022 from the disruptive impact of the coronavirus pandemic was significantly less pronounced than had been generally expected at the beginning of the year 2022. According to the provisional calculations of the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 3.4 % in 2022.

Due to the combined impact of ongoing supply bottlenecks, war in Ukraine and coronavirus-related measures in China, international automobile markets contracted slightly in 2022, despite stable demand. Worldwide, the number of new registrations fell by 4.3 % to 71.2 million units. Motorcycle markets in the 250 cc plus class declined slightly in 2022, with worldwide registrations 2.1% down on the previous year.

On the back of its strong market presence, business developed positively overall for the BMW Group in the financial year 2022. The Group's attractive range of products helped generate brisk customer demand, which was reflected in high order book levels throughout the year 2022. However, due to the prevailing tight supply situation for semiconductor components, the high demand for BMW, MINI and Rolls-Royce brand automobiles could not be fully met in 2022. The situation was further exacerbated by the impact of the coronavirus pandemic, particularly in the form of local lockdowns in China. Despite these various global challenges, the BMW Group delivered a total of 2,399,632<sup>1</sup> vehicles to customers in 2022. In line with expectations, deliveries were therefore slightly down on the previous year (2021: 2,521,514<sup>1</sup> units; –4.8 %). During the 12-month period under report in 2022, a total of 2,100,689 BMW brand (2021: 2,213,790<sup>1</sup> units; –5.1 %) and 292,922 MINI brand vehicles (2021: 302,138 units; – 3.1 %) were delivered. The ultra-luxury Rolls-Royce marque achieved a new sales volume record in 2022, with deliveries climbing to 6,021 units (2021: 5,586 units; + 7.8 %).

The systematic electrification of its products, with a wide range of attractive models, is proving to be a key success factor for the BMW Group. High demand for BMW and MINI brand all-electric vehicles gave rise to dynamic sales growth in this area in 2022. Overall, the BMW Group delivered a total of 215,752<sup>1</sup> all-electric vehicles to customers, more than doubling the number achieved one year earlier (2021: 103,854<sup>1</sup> units; +107.7%). The innovative BMW iX<sup>1</sup> and BMW i4<sup>1</sup> in particular played a major role in this development, with both models generating an extremely positive response. The BMW iX3<sup>1</sup> and the MINI Cooper SE<sup>1</sup> also continued to meet with an unchanged high level of demand in their various markets. Towards the end of 2022, the BMW Group's ever-growing product range was added to with the launch of two further all-electric models, the BMW i7<sup>1</sup> luxury sedan and the all-electric BMW iX1<sup>1</sup>. Sales of battery electric (BEV) and plug-in electric (PHEV) vehicles in 2022 totalled 433,792<sup>1</sup> units (2021: 328,314<sup>1</sup> units; +32.1 %). The share of electrified automobiles in total deliveries during the 12-month period under report in 2022 rose to 18.1 % (2021: 13.0 %; +39.2 %). At the same time, the higher share enabled further progress to be made in reducing fleet emissions.

The Motorcycles segment also felt the tangible dual impact of semiconductor component supply issues and the coronavirus pandemic. Despite these negative factors, sales volume continued to grow in 2022, rising to a new record of 202,895 units (2021: 194,261 units; +4.4 %).

Against the backdrop of a tight global supply situation for vehicle components and pandemic-related lockdowns in China, deliveries in the major regions of the world declined overall. In Europe, automobile sales decreased moderately to 878,515 units (2021: 949,124 units; – 7.4 %). However,

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<sup>1</sup> Additional information can be found in the BMW Group Report 2022.

the contraction in Germany was less pronounced, with deliveries down slightly to 254,292 units (2021: 266,818 units; –4.7 %).

Profit before tax reported by the Financial Services segment for the financial year 2022 amounted to € 3,205 million (2021: € 3,753 million; –14.6%), significantly down on the previous year, when earnings had benefited from an exceptionally favourable risk profile. The combination of geopolitical uncertainties and a weaker macroeconomic outlook resulted in a higher credit risk provisioning expense in 2022. Rising inflation and the general increase in interest rates also made conditions for consumers more challenging. However, despite these adverse factors, credit losses remained at a historically low level. At the same time, earnings continued to benefit from high remarketing proceeds from lease returns. In balance sheet terms, business volume decreased slightly compared to one year earlier to stand at € 135,689 million at the end of the reporting period 2022 (2021: € 139,530 million; –2.8 %).

Credit financing and leasing business with retail customers decreased sharply during the year under report 2022, with a total of 1,545,490 new contracts signed (2021: 1,956,514 contracts; –21.0%), mainly reflecting the impact of higher interest rates and related price increases. Further exacerbating factors were the high level of competition within the financial services sector and the general limited availability of new vehicles. Burdened by these circumstances, the volume of new leasing and credit financing business fell by 23.1 % and 20.0 % respectively. In 2022, leasing accounted for 30.9 % and credit financing for 69.1 % of new business.

### **Incorporation, Registered Office and Purpose**

BMW Bank is the Seller of the Purchased Lease Receivables and the Servicer under the Servicing Agreement.

It has its registered office at Lilienthalallee 26, 80939 Munich, Germany. Its registered share capital of EUR 12,300,000 is held by Bayerische Motoren Werke Aktiengesellschaft (BMW AG), Petuelring 130, 80788 Munich, Germany.

BMW Bank operates branches in Italy, Spain and in Portugal.

As of 30th June 2023, BMW Bank had 802 employees in Germany.

Established in 1971, BMW Bank is today one of Germany's leading automobile banks. BMW Bank is responsible for banking business, customer and dealer financing in the financial services segment of the BMW Group. Furthermore, its operations include the financing of motor vehicles and the support of the sales division of the BMW Group via individual financing solutions.

Since 1994 BMW Bank is operating with a full banking license and offers

- financing of new and used BMW, MINI and Rolls-Royce vehicles;
- financing of new and used vehicles of all other brands;
- intermediation of automotive insurance;
- dealer financing;
- international importer financing;
- deposit business;

- leasing of new and used BMW, MINI and Rolls-Royce vehicles;
- service-leasing to commercial and non-commercial customers; and
- leasing of vehicles of all other brands.

The business purposes of BMW Bank *vis-à-vis* customers and dealers are largely determined by its membership in the BMW Group. BMW Bank cooperates closely with roughly 615 individual dealer outlets of the BMW Group in Germany. As a result of such cooperation, a dealer can within certain limits offer the customer complete, competent, personal service at one stop and from a single source, including the financing solution.

The cooperation between the manufacturer and the dealer-partner respectively is established by a dealer agreement. Under such agreement the dealer-partner is given the responsibility for marketing the products and services of the BMW Group and to service the trade-marked-products of the BMW Group.

BMW Bank as Seller and Servicer has, since the start of the relevant business activities and, therefore, for substantially more than 15 years as at the date of this Offering Circular, gained experience in the field of the origination and servicing of lease and loan receivables *vis-à-vis* consumer as well as corporate customers such as the Purchased Lease Receivables.

#### **Internal Audit**

The internal audit function of BMW Bank is partly outsourced to the internal audit department of BMW AG with audit managers steering and supervising the internal audit operations and conducting own audit tasks within BMW Bank.

Its controlling procedures include audits of customer and dealer receivables with respect to their amounts and their punctual payment. Under German law the annual financial statements of a company must be audited by an independent audit company.

#### **Auditors**

PwC PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35 - 37, 60327 Frankfurt am Main, audits the annual financial statements of BMW Bank. PwC PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

## THE SWAP COUNTERPARTY

For the purposes of the Transaction, the Issuer has appointed Skandinaviska Enskilda Banken AB (publ) as Swap Counterparty.

Skandinaviska Enskilda Banken AB (publ) and its subsidiaries (the "**Group**" or "**SEB**") are a leading northern European financial services group with a strong belief that entrepreneurial minds and innovative companies are key in creating a better world. SEB takes a long-term perspective and supports its customers in good times and bad. In Sweden and the Baltic countries, SEB offers financial advice and a wide range of financial services. In Denmark, Finland, Norway, Germany and the United Kingdom, SEB's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of SEB's business is reflected in its presence in more than 20 countries worldwide, with around 15,500 employees.

At 31 December 2022, the Group's total assets amounted to SEK 3,533bn (SEK 3,304bn 2021) while its assets under management totaled SEK 2,123bn (SEK 2,682bn 2021). As of 31 December 2022, SEB had total equity of SEK 205bn (SEK 193bn 2021). For the twelve months ended 31 December 2022, SEB's net profit was SEK 27.0bn billion and for the year ended 31 December 2021, SEB's net profit was SEK 25.4bn.

The information in the foregoing Paragraphs regarding the Swap Counterparty under the heading "*THE SWAP COUNTERPARTY*" has been provided by Skandinaviska Enskilda Banken AB (publ) is solely responsible for the accuracy of the preceding two Paragraphs and the Issuer has accurately reproduced such information but assumes no further responsibility therefor. Skandinaviska Enskilda Banken AB (publ) in its capacity as Swap Counterparty, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Offering Circular.

## THE TRUSTEE

The Trustee is BNY Mellon Corporate Trustee Services Limited.

BNY Mellon Corporate Trustee Services Limited (registered number 2631386) will be appointed pursuant to the Trust Agreement and the Deed of Security Assignment as the Trustee for the Noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October 2006, the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on 1 March 2011, the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation, a corporation registered in the United States of America. BNY International Financing Corporation legally and beneficially owns 100 per cent of the issued share capital of the Trustee and all of the voting rights attaching to such shares. BNY International Financing Corporation itself is a wholly owned subsidiary of The Bank of New York Mellon, which legally and beneficially owns 100 per cent of the issued share capital of BNY International Financing Corporation and all of the voting rights attaching to such shares. The Bank of New York Mellon is incorporated in the United States of America. The Bank of New York Mellon is owned by The Bank of New York Mellon Corporation which legally and beneficially owns 100 per cent of the issued share capital of The Bank of New York Mellon and all of the voting rights attaching to such shares. The Bank of New York Mellon Corporation is incorporated in the United States of America. Consequently, the Trustee is ultimately and beneficially owned by The Bank of New York Mellon Corporation.

The Trustee's registered office and principal place of business is at 160 Queen Victoria Street, London EC4V 4LA.

The Trustee belongs to the same group of companies like the Account Bank, the Data Trustee, the Calculation Agent, the Paying Agent and the Interest Determination Agent.

The information in the foregoing paragraphs regarding the Trustee under the heading "*THE TRUSTEE*" has been provided by BNY Mellon Corporate Trustee Services Limited, and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.



## **THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT**

The Calculation Agent, the Paying Agent and the Interest Determination Agent is The Bank of New York Mellon, London Branch.

The Bank of New York Mellon (formerly The Bank of New York), a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA.

The Bank of New York Mellon's corporate trust business services USD 12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralised debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than USD 26 trillion in assets under custody and administration and more than USD 1.4 trillion in assets under management.

Additional information is available at [bnymellon.com](http://bnymellon.com).

The Calculation Agent, the Paying Agent and the Interest Determination Agent belong to the same group of companies like the Trustee, the Account Bank and the Data Trustee.

The information in the foregoing paragraphs regarding the Calculation Agent, the Paying Agent and the Interest Determination Agent under the heading "*THE CALCULATION AGENT, THE PAYING AGENT AND THE INTEREST DETERMINATION AGENT*" has been provided by The Bank of New York Mellon, London Branch, and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

## THE ACCOUNT BANK AND THE DATA TRUSTEE

The Account Bank and the Data Trustee is The Bank of New York Mellon, Frankfurt Branch, Messeturm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.

### **The Bank of New York Mellon (formerly The Bank of New York)**

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, NY 10286, USA and having a branch registered in Frankfurt am Main with (*Amtsgericht Frankfurt am Main*) HRB 12731 with its office in Germany situated at Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main.

The Bank of New York Mellon's corporate trust business services USD 12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralised debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than USD 26 trillion in assets under custody and administration and more than USD 1.4 trillion in assets under management.

Additional information is available at [bnymellon.com](http://bnymellon.com).

The Account Bank and the Data Trustee belong to the same group of companies like the Trustee, the Calculation Agent, the Paying Agent and the Interest Determination Agent.

The information in the foregoing paragraphs regarding the Account Bank and the Data Trustee under the heading "*THE ACCOUNT BANK AND THE DATA TRUSTEE*" has been provided by The Bank of New York Mellon, Frankfurt Branch, and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

## THE CORPORATE ADMINISTRATOR

For the purposes of the Transaction, Intertrust (Luxembourg) S.à r.l., having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg will act as Corporate Administrator of the Issuer.

Intertrust (Luxembourg) S.à r.l. provides nominee (or corporate) directors and a full range of corporate administrative services in Luxembourg for SPVs created for international securitisations, CDOs and structured finance transactions. Intertrust (Luxembourg) S.à r.l. is indirectly and ultimately 100 per cent owned by Intertrust N.V. listed on Euronext Amsterdam.

### Board

Amanda Cameron	Manager
Malcolm Silvio	Manager
Maryna Lukyanenko	Manager
Nathalie Dogniez	Manager
Christopher Norman Edge	Manager
Corneel Ryde	Manager

### Administration

Salvatore Rosato	Head of Capital Markets
Povilas Valencius	Director Operations Capital Markets
Nicola Melizzi	Senior Manager Legal & Corporate Services
Valérie Schleimer	Expert Accounting Services
Andrea Bartelloni	Manager Legal & Corporate Services
Lucia Rosaria Muro	Relationship Manager Legal & Corporate

Intertrust (Luxembourg) S.à r.l. has a business licence as professional of the financial sector including domiciliation agents (*Domiciliataires de Sociétés*) and is supervised by the CSSF.

The information in the foregoing paragraphs regarding the Corporate Administrator under the heading "*THE CORPORATE ADMINISTRATOR*" has been provided by Intertrust (Luxembourg) S.à r.l., and the Issuer has accurately reproduced such information but assumes no further responsibility therefor.

## RATING OF THE NOTES

The Rating Agencies' rating of the Class A Notes addresses the likelihood that the Noteholders of such Class will receive all payments to which they are entitled, as described herein. The rating of "AAA(sf)" and "AAAsf" and "Aaa(sf)" is the highest rating that each of DBRS, Fitch and Moody's, respectively, assigns to long-term structured finance obligations. See "*RISK FACTORS —Ratings of the Class A Notes*".

According to the latest available version of the DBRS long-term obligations rating scale dated 15 May 2023, obligations that are rated "AAA" are judged to be of the highest quality where the capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events. The "(sf)" indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics.

According to the latest available version of the Fitch rating definitions dated 24 April 2023 an "AAA" rating denotes the lowest expectation of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. The suffix "sf" denotes an issuance that is a structured finance transaction.

According to the latest available version of the Moody's rating definitions dated 3 May 2023, obligations that are rated "Aaa" are judged to be of the highest quality, subject to the lowest level of credit risk. Moody's differentiates structured finance ratings from fundamental ratings (i.e., ratings on nonfinancial corporate, financial institution, and public sector entities) on the global long-term scale by adding "(sf)" to all structured finance ratings. The addition of "(sf)" to structured finance ratings should eliminate any presumption that such ratings and fundamental ratings at the same letter grade level will behave the same. The "(sf)" indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics. Through its current methodologies, however, Moody's aspires to achieve broad expected equivalence in structured finance and fundamental rating performance when measured over a long period of time.

However, the ratings assigned to the Class A Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Class A Notes might suffer a lower than expected yield due to prepayments or early amortisation or may fail to recoup their initial investments. Prepayments may for example occur in the event of a clean-up call (see "*TRANSACTION OVERVIEW - Clean-Up Call Option - Early Redemption*" and "*TERMS AND CONDITIONS OF THE NOTES - Condition 8.3 (Clean-Up Call)*"), or in the event that the Seller breached the Eligibility Criteria (see "*TERMS AND CONDITIONS OF THE NOTES - Condition 8.1 (Amortisation)*").

The ratings assigned to the Class A Notes should be evaluated independently against similar ratings of other types of securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time.

## TAXATION

### 1. General

The following information summarises certain aspects of the tax law in force, and the related practice applied in Germany and Luxembourg as of the date of this Offering Circular. The tax related information contained in this Offering Circular is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective investor in the Notes. Prospective investors are advised to consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest and distributions with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax law and its practice and interpretation may change, possibly with retroactive or retrospective effect.

### 2. Taxation in the Federal Republic of Germany

This section should be read in conjunction with "*RISK FACTORS — German taxation*".

#### Income Taxation

##### *Tax Residents*

Payments of interest on the Notes held as business assets (business income) to persons or entities who are tax residents in Germany (i.e., persons or entities whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal income tax (*Einkommensteuer*) at the applicable personal income tax rate (plus solidarity surcharge at a rate of 5.5 per cent thereon) or corporate income tax at a tax rate of 15 per cent (plus solidarity surcharge at a rate of 5.5 per cent thereon) and church tax, if applicable. Such interest payments may also be subject to trade tax if the Notes form part of the property of a German trade or business. Similarly, if interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax, solidarity surcharge and possibly also trade tax. The same applies to proceeds from the redemption of interest claims if the Note is disposed of separately.

If the Notes are disposed or redeemed, any capital gains arising from the disposition or redemption will also be subject to (corporate) income tax, solidarity surcharge and, **provided that** the Notes form part of a business property, to trade tax. Such capital gains are subject to tax irrespective of any holding period and whether or not the Notes are disposed of (or redeemed) with interest claims.

The taxable interest income and income from a disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes will qualify as private investment income (Private Investment Income) if the Notes do not form part of a business property. Private Investment Income is generally subject to a flat taxation (*Abgeltungsteuer*) at a rate of 25 per cent plus solidarity surcharge at a rate of 5.5 per cent thereon. The tax basis of such income will be the relevant gross income. Following the decision of the lower tax court of Lower Saxony of 18 March 2022 (7 K 120/21) the German Federal Constitutional Court (*Bundesverfassungsgericht*) is currently reviewing whether the flat tax rate of 25 per cent is constitutional (2 BvL 6/22).

Capital gains and/or capital losses from the disposition or redemption of the Notes should be determined by the difference between the redemption amount (or the proceeds from the

disposition) and the issue price (or the purchase price) whereby the issuance or acquisition of Notes above par may result in capital losses and therefore in negative savings income in terms of section 20 para 2 sentence 1 no 7 of the German Income Tax Act (*Einkommensteuergesetz – EStG*). Subject to certain requirements capital losses incurred as Private Investment Income may only be tax deductible in accordance with new provisions in section 20 of the German Income Tax Act up to an amount of EUR 20,000 p.a. as of 1 January 2021. Losses exceeding that threshold in these cases can be carried forward and set-off against income derived from capital investments up to an amount of EUR 20,000 p.a. in subsequent years, subject to certain requirements.

Expenses related to Private Investment Income such as financing or administration costs actually incurred in relation with the acquisition or ownership of the Notes will not be deductible. Instead, the total amount of any Private Investment Income of the Noteholder will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 1,000 (EUR 2,000 for married couples and registered partners filing jointly). In case any income under the Notes (interest income or capital gains) qualify as business income, the basis for taxation will generally be the relevant net income. A lump sum deduction will not be available. Such business income will either be taxed at the applicable income tax rate of the individual taxpayer or at the uniform 15 per cent corporate income tax rate if the Note is held by a corporation, in each case plus solidarity surcharge at a rate of 5.5 per cent, thereon and possibly also trade tax.

In case of a business investor the issuance or acquisition of Notes above par should result in a separate active accounting item (*aktiver Rechnungsabgrenzungsposten*) for the agio which has to be spread/resolved over the term/holding period of the Notes. It can however not be entirely excluded that the German tax authorities take the view that the agio forms part of the acquisition costs for the Notes, in which case a business investor would only realise taxable expenses as a result of the agio upon repayment of the Notes.

The tax will be levied by way of withholding at a rate of 25 per cent (plus solidarity surcharge) if the Notes are held in a custodial account which the Noteholder maintains with a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities institution (*Wertpapierinstitut*) (a "**Disbursing Agent**").

The partial abolition of the solidarity surcharge in 2021, according to which the solidarity surcharge for private individuals (corporations that are subject to corporate income tax under the German Corporate Income Tax Act (*Körperschaftsteuergesetz*) will not be affected by such abolition at all) is only levied, if the income tax burden (*tarifliche Einkommensteuer*) exceeds certain thresholds. As a result of such new law, if the taxable income of an investor exceeds such exemption limit, the solidarity surcharge rate increases continuously up to a total levy of 5.5% on the income tax burden. However, the partial abolition of the solidarity surcharge will not affect withholding taxes on capital income (*Kapitalertragsteuer*). Solidarity surcharge will still be levied on the withholding tax amount and withheld accordingly. There will not be a refund of any solidarity surcharge (regardless of the aforementioned exemption limits), if the withholding tax cannot be refunded either.

If the Notes are kept in a custodial account which the Noteholder maintains with a Disbursing Agent but have not been kept in such an account since their acquisition and the relevant acquisition data (*Anschaffungsdaten*) has not been evidenced to the satisfaction of the Disbursing Agent, the Disbursing Agent will generally have to withhold tax at the 25 per cent

rate (plus solidarity surcharge) on a lump-sum basis of 30 per cent of the proceeds from the disposition, assignment or redemption of the Notes. If the Notes are not held in a custodial account with a Disbursing Agent at the time the interest is received or at the time of the relevant disposition or redemption, no tax will be withheld but the Noteholder will have to include its income on the Notes in its tax return and the tax will be collected by way of assessment (for the applicable tax rates see above). Withholding tax will also not be withheld by a Disbursing Agent on capital gains from a disposition of the Notes received by a Noteholder, which qualifies as corporation or, upon application, by a Noteholder, which is an individual and holds the Notes as business assets.

No withholding tax will in general be levied if the Noteholder is an individual (i) who has filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent and (ii) whose Note neither forms part of the property of a trade or business nor gives rise to income from the letting and leasing of property. However, this is the case only to the extent the interest income derived from the Note together with other Private Investment Income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

Payment of the withholding tax with respect to Private Investment Income (such as interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes) will satisfy the income tax liability of the Noteholder in respect of the relevant income (*Abgeltungsteuer*). However, Noteholders may apply for a tax assessment (in lieu of the flat taxation) if the resulting income tax burden (excluding the solidarity surcharge) is lower than 25 per cent; the non-deductibility of income-related expenses for Private Investment Income is also applicable under the income tax assessment. Where, however, the relevant income qualifies as business income, the withholding tax and the solidarity surcharge thereon are credited as prepayments against the German individual or corporate income tax and the solidarity surcharge liability of the Noteholder determined on the basis of general rules applicable to them. Amounts withheld will entitle the Noteholder to a refund, based on an assessment to tax.

For Disbursing Agents, an electronic information system as regards church withholding tax applies with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In case of a blocking notice the Noteholder is obliged to include the Private Investment Income for church tax purposes in its tax return.

#### *Non-Residents*

Interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes derived by persons not resident in Germany are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-situs property). In the case of (i) the applicable tax regime is

similar to the regime explained in the preceding sub-section "— *Tax Residents*" with regard to business income.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding Paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above in the preceding sub-section "— *Tax Residents*".

The withholding tax may be refunded based upon an applicable tax treaty.

### **Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net wealth tax is not levied in Germany.

### **German Taxation of the Issuer**

#### *German Income Tax*

The Issuer will derive income from carrying out certain business activities. Such income and gains, if any, should therefore be properly characterised as business profits (*Einkünfte aus Gewerbebetrieb*). Business profits derived by the Issuer will only be subject to German corporate income tax if the Issuer has its place of effective management and control in Germany or if the Issuer maintains a permanent establishment (*Betriebsstätte*), or appoints a permanent representative (*ständiger Vertreter*) which does not qualify as an independent agent in terms of the Germany/Luxembourg double taxation treaty for its business in Germany or if the business profits are characterised as another category of income that constitutes German-source income. There are good and valid reasons for not expecting that the German tax authorities will be treating the Issuer as maintaining a German permanent establishment by reason of having its place of effective management and control in Germany because the management of the Issuer's day-to-day business should be carried out by the Corporate Administrator in accordance with the Corporate Administration Agreement at the place of the Issuer's incorporation outside Germany, or as having appointed a permanent representative, in Germany.

However, it cannot be excluded that the German tax authorities may treat the Issuer as having its place of management or as maintaining a permanent establishment or having a permanent representative in Germany because of the servicing activities rendered by the Servicer.

Provided that the Issuer has a taxable presence in Germany, because it maintains its effective place of management or a permanent establishment or a permanent representative in Germany, it will be subject to corporate income tax and trade tax (in case of a permanent representative a liability to trade tax may be subject to further requirements). Any tax leakage at the level of the Issuer due to a corporate income tax and trade tax liability would likely be significant, in particular if the tax deductibility of the interest expenses under the Notes is restricted under the German earnings-stripping rule (*Zinsschranke*) or if interest expenses under the Notes will be subject to the add-back to the tax base for trade tax purposes (*gewerbesteuerrechtliche Hinzurechnung von Schuldzinsen*). Investors should note that the German legislator is currently discussing a draft bill (the so called



*Wachstumschancengesetz*) that, should it come into force, might have an impact on interest deductibility, i.e. by changes to the interest barrier rules regime. In this respect, please also see the considerations in "*RISK FACTORS — German taxation*"

### 3. **Luxembourg Taxation**

This section should be read in conjunction with "*RISK FACTORS — Luxembourg taxation*".

Pursuant to the law of 23 December 2005, as amended, interest paid to an individual resident in Luxembourg may under certain circumstances be subject to a 20 per cent withholding tax, which is a final flat tax for Luxembourg resident individuals acting in the context of the management of their private wealth. Luxembourg resident individuals receiving the interest as business income must include the interest income in their taxable basis, in which case the 20 per cent Luxembourg withholding tax will be credited against their final income tax liability.

This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes.

Luxembourg resident individuals, acting in the management of their private wealth, can opt to self-declare and pay a 20 per cent tax on interest payments made by paying agents located in a Member State of the EU other than Luxembourg or a Member State of the European Economic Area other than Luxembourg.

Responsibility for the withholding of tax in application of the above-mentioned law of 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of this law, except for the above-mentioned case of self-declaration.

Payments under the Notes will only be made after deduction or withholding of any mandatory withholding or deductions on account of tax. The Issuer will not be required to pay additional amounts in respect of any such withholding or other deduction for or on account of any present or future taxes, duties or charges of whatever nature. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 12 (Taxation)*". In such event, subject to certain conditions, the Issuer will be entitled (but will have no obligation) to redeem the Notes in whole but not in part at their then Outstanding Note Balance. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.4 (Optional Tax Redemption)*".

The Issuer has been advised that under the existing laws of Luxembourg:

- (a) without prejudice to what is stated above, all payments of Interest Amounts and Principal Amounts by the Issuer under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or tax authority thereof or therein, subject to what is stated above regarding the withholding tax on interest;
- (b) a holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Luxembourg taxation on income or capital gains, subject to the application of the above-mentioned law of 23 December 2005, as amended, and unless:
  - (i) the holder is, or is deemed to be, resident of Luxembourg for the purpose of the relevant provisions; or

- (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (c) Luxembourg net worth tax will not be levied on a holder of a Note unless:
  - (i) the holder is, or is deemed to be, a resident company in Luxembourg for the purpose of the relevant provisions and is not a Noteholder governed by (a) the law of 13 February 2007 on specialised investment funds (as amended), (b) the law of 17 December 2010 on undertakings for collective investment (as amended), (c) the law of 22 March 2004 on securitisation (as amended), (d) the law of 15 June 2004 on the investment company in risk capital (as amended), (e) the law of 11 May 2007 on family estate management companies (as amended), (f) the law of 23 July 2016 on reserved alternative funds (as amended) or (g) the provisions of any other relevant law or administrative order that may, from time to time, be enacted by the relevant Luxembourg authorities and which exempts the resident company from net wealth tax; or
  - (ii) the Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (d) Notwithstanding the provisions under sub-paragraph (c) above, entities mentioned above under sub-paragraphs (c) (i)(c), (c) (i)(d) and (c)(i)(f) provided it is foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies, above and incorporated as a public limited liability company (*société anonyme*), a private limited liability company (*société à responsabilité limitée*), a corporate partnership limited by shares (*société en commandite par actions*) or a cooperative company set up as a public limited liability company (*société coopérative organisée sous forme de société anonyme*) should however be subject to the minimum annual net wealth tax charge. In this respect, a flat annual minimum net wealth tax of EUR 4,815 would be due assuming the Luxembourg company's assets, transferable securities and cash deposits represent (i) at least 90 per cent of its total balance sheet and (ii) a minimum amount of EUR 350,000 (the "**Asset Test**"). Alternatively, should the Asset Test not be met, a progressive annual minimum net wealth tax ranging from EUR 535 to EUR 32,100 depending on the Luxembourg company's total gross assets would be due.
- (e) Luxembourg gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder unless:
  - (i) the deceased holder is, or is deemed to be, resident of Luxembourg for inheritance tax purposes at the time of death; or
  - (ii) the gift is registered in Luxembourg;
- (f) It is not compulsory that the Notes be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any

foreign judgment in the courts of Luxembourg) of the Notes in accordance therewith. If any documents in respect of the Notes are nevertheless (i) voluntarily presented to the registration formalities in Luxembourg or (ii) appended to a document that requires mandatory registration in Luxembourg, a registration fee (*droit d'enregistrement*) will be due, the amount of which will depend on the nature of the document(s) to be registered;

- (g) there is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of Principal Amounts or Interest Amounts under the Notes or the transfer of a Note. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from value added tax does not apply with respect to such services; and
- (h) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Note.

#### 4. **Potential European Financial Transaction Tax**

In 2013, the European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("FTT"; the "**FTT Directive Proposal**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. In December 2015 Estonia withdrew from the group of Participating Member States.

The FTT Directive Proposal remains subject to negotiation between the (still) Participating Member States; the scope of any such tax and its adoption are uncertain. Additional EU member states may decide to participate.

In December 2019, the previous German government submitted a new proposal for a directive implementing an FTT by the participating Member States. Pursuant to this proposal, an FTT should be levied at least at a rate of 0.2 per cent of the consideration for the acquisition of ownership of ordinary and preference shares admitted to trading on a trading venue or other securities equivalent to such shares ("**Financial Instruments**") or similar transactions (e.g. an exchange of Financial Instruments or an acquisition of Financial Instruments by means of a physical settlement of a debt derivative). Only transactions with Financial Instruments of issuers with registered office within one of the participating Member States and a market capitalisation of at least EUR 1 billion on 1 December of the year preceding the respective transaction should be covered. The right to tax the transaction shall have the participating Member State in which the issuer of a Financial Instrument has its registered office.

Prospective holders of the Notes are advised to seek their own professional advice in relation to any potential FTT and its potential impacts, if adopted, on the Notes.

#### 5. **Foreign Account Tax Compliance Act Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain foreign passthru payments to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number

of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury Regulations, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer).

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

**FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

## SUBSCRIPTION AND SALE

### 1. Subscription of the Notes

The Managers, the Issuer and the Seller are parties to the Subscription Agreement. Pursuant to the Subscription Agreement, each of the Managers has agreed, subject to certain conditions, to subscribe, or to procure subscriptions, for the Notes. The Seller has agreed to pay each of the Managers a combined management, underwriting and placement commission on the Class A Notes and the Class B Notes and other fees, if any, as agreed between the parties to the Subscription Agreement. The Seller has agreed to reimburse each of the Managers for certain of its expenses in connection with the issue of the Notes. Pursuant to the Subscription Agreement, the Seller and the Issuer have agreed to indemnify each of the Managers, as more specifically described in the Subscription Agreement, for and against certain Losses and liabilities in connection with certain representations in respect of, *inter alia*, the accurateness of certain information contained in this Offering Circular.

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

### 2. Selling Restrictions

#### General

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

#### European Economic Area

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes:

- (a) the expression 'retail investor' means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of article 4(1) of MiFID II or the relevant implementing national laws; or
  - (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## United States of America and its Territories

- (1) The Notes have not been and will not be registered under the Securities Act and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

- (2) Each Manager has (i) acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act; (ii) represented and agreed that it has not offered or sold or delivered any Notes, and will not offer, sell or deliver any Notes, (x) as part of its distribution at any time or (y) otherwise before 40 calendar days after the later of the commencement of the offering and the Issue Date, except in accordance with Rule 903 under Regulation S under the Securities Act; and accordingly, (iii) further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act, and (iv) also agreed that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons by any person referred to in Rule 903 (b)(2)(iii) (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

Terms used in this clause have the meaning given to them in Regulation S under the Securities Act.

In addition, before 40 calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act.

- (3) Notes will be issued in accordance with the TEFRA D Rules.

Further, each Manager has represented and agreed that:

- (a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the 40-day restricted period will not offer or sell, directly or indirectly, Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver, directly or indirectly, within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) if it is considered a United States person, that it is acquiring the Notes for purposes of resale in connection with their original issuance and agrees that if it retains Notes for its own account, it will only do so in accordance with the requirements of the TEFRA D Rules;
- (d) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period that it will either (i) repeat and confirm the representations and agreements contained in sub-clauses (a), (b) and (c); or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b) and (c) above; and
- (e) it will obtain for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, as defined in the TEFRA D Rules for the offer and sale during the restricted period of Notes.

Terms used in this clause (3) have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder, including the TEFRA D Rules.

### **United Kingdom**

- (1) Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For these purposes:
  - (a) the expression 'retail investor' means a person who is one (or more) of the following:
    - (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
    - (ii) a customer within the meaning of the provisions of the United Kingdom FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of

Regulation (EU) 600/2014 as it forms part of domestic law by virtue of the EUWA;

(iii) not a qualified investor as defined in article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

(2) Each Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **France**

Each Manager has represented and agreed, and each further Manager appointed under the Transaction will be required to represent and agree, that, it has only made and will only make an offer of Notes to the public in France in the period beginning on the date of notification to the *Autorité des marchés financiers* of the approval of the Offering Circular relating to those Notes by the competent authority of a member state of the European Economic Area, other than the *Autorité des marchés financiers*, all in accordance with the Prospectus Regulation, and ending at the latest on the date which is 12 months after the date of the approval of the Offering Circular.

## **Luxembourg**

The Notes are not offered to the public in or from Luxembourg and each Manager has represented and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements concerning a public offer in or from Luxembourg have been complied with. In particular, this offer has not been and may not be announced to the public and offering material may not be made available to the public.



## **USE OF PROCEEDS**

The aggregate net proceeds from the issue of the Notes will amount to EUR 863,900,000. The net proceeds are equal to the gross proceeds and will be used by the Issuer to finance the Initial Purchase Price for the acquisition of certain Initial Lease Receivables from the Seller on the Issue Date. If the net proceeds from the issuance of the Notes on the Issue Date exceed the aggregate Initial Purchase Price, such difference shall be credited to the Operating Account and shall form part of the Available Distribution Amount. The Subordinated Loan will be credited to the Cash Reserve Account with the Account Bank and will earn interest and such difference and such interest will be part of the Available Distribution Amount as of the first Payment Date. The costs of the Issuer in connection with the issue of the Notes, including, without limitation, transaction structuring fees, costs and expenses payable on the Issue Date to the Managers and to other parties in connection with the offer and sale of the Notes and certain other costs, and in connection with the admission of the Notes to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, are paid separately by the Seller to the respective recipients.

## GENERAL INFORMATION

### 1. **Subject of this Offering Circular**

This Offering Circular relates to EUR 863,900,000 aggregate principal amount of the Notes issued by the Issuer.

### 2. **Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of Bavarian Sky S.A. passed on 05 October 2023.

### 3. **Legal**

Neither Bavarian Sky S.A. is, or has been since its incorporation, engaged in any governmental, legal or arbitration proceedings which may have or have had during such period a significant effect on their respective financial position or profitability, and, as far as Bavarian Sky S.A. is aware, no such governmental, litigation or arbitration proceedings are pending or threatened.

### 4. **Payment information**

For as long as the Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer will inform the Luxembourg Stock Exchange of the Interest Amounts, the Interest Periods and the Interest Rates and, if relevant, the payments of Principal Amounts on the Notes of each Class, in each case in the manner described in the Conditions.

Payments and transfers of the Notes will be settled through the ICSDs (as described under 11 (ICSDs)). The Notes have been accepted for clearing by the ICSDs.

All notices regarding the Notes will either be published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) or delivered to the ICSDs for communication by them to the Noteholders.

### 5. **Material change**

There has been no material adverse change in the financial position or prospects of the Issuer as of the date of its last published audited financial statements (31 December 2022).

### 6. **Auditors**

The auditors of Bavarian Sky S.A. are PricewaterhouseCoopers, *société coopérative*, 2 rue Gerhard Mercator, L-1014 Luxembourg, Grand Duchy of Luxembourg are the approved auditors (*réviseurs d'entreprises agréées*) of Bavarian Sky S.A. and are members of the Luxembourg *Institut des Réviseurs d'entreprises* and approved auditors qualified to practise in the Grand Duchy of Luxembourg.

### 7. **Financial statements**

No statutory or non-statutory financial statements in respect of any business year of Bavarian Sky S.A. have been prepared other than as referred to in this Offering Circular. Bavarian Sky S.A. does not and will not publish interim accounts. The business year in respect of Bavarian Sky S.A. is the calendar year.

8. **Luxembourg listing and admission to trading**

Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange. The Issuer will assume the obligations assigned to a listing agent and arrange for application to be made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange. For as long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer will assume the obligations assigned to a listing agent. The total estimated listing expenses are approximately EUR 10,200.

9. **Availability of documents**

Prior to the listing of the Notes on the Luxembourg Stock Exchange, the constitutional documents of the Issuer will be available for inspection at the registered office of the Issuer and copies of these documents may be obtained, free of charge, upon request.

Upon listing of the Notes on the Luxembourg Stock Exchange and so long as the most senior Notes remain outstanding, copies of the following documents may also be inspected during customary business hours at the specified offices of the Paying Agent and of the Issuer:

- (a) the minutes of the meeting of the board of directors of Bavarian Sky S.A. approving the issue of the Notes, the issue of the Offering Circular and the Transaction as a whole;
- (b) the future annual financial statements of Bavarian Sky S.A. (interim financial statements will not be prepared);
- (c) the Monthly Investor Reports;
- (d) the Trust Agreement;
- (e) all notices given to the Noteholders pursuant to the Conditions; and
- (f) this Offering Circular and all Transaction Documents referred to in this Offering Circular.

Upon listing of the Notes on the Luxembourg Stock Exchange and for at least ten years and so long as the most senior Notes remain outstanding, copies of:

- (g) the Articles of Incorporation of Bavarian Sky S.A.; and
- (h) the audited financial statements of Bavarian Sky S.A. for the periods from 1 January 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022,

may be inspected on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) together with this Offering Circular, given the fact that the documents as stated in (g) and (h) above are incorporated by reference in this Offering Circular as set out in "*INCORPORATION BY REFERENCE*".

## 10. **Post-issuance reporting**

Following the Issue Date, the Calculation Agent will provide, to the Noteholders, so long as the most senior Notes remain outstanding (including so long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange, and admitted to trading on the regulated market (segment for professional investors) of the Luxembourg Stock Exchange), with the following information, all in accordance with the Agency Agreement, the Calculation Agency Agreement and the Conditions:

- (i) with respect to each Payment Date, the Interest Amount pursuant to Condition 7.1 (Interest Calculation) of the Conditions;
- (ii) with respect to each Payment Date, the amount of Interest Shortfall pursuant to Condition 7.3 (Interest Shortfall) of the Conditions, if any;
- (iii) with respect to each Payment Date the amount of Principal Amount on each Class A Note and each Class B Note pursuant to Condition 8 (Redemption) of the Conditions to be paid on such Payment Date;
- (iv) with respect to each Payment Date the Outstanding Note Balance of each Class A Note and each Class B Note and the Class A Outstanding Notes Balance and the Class B Outstanding Notes Balance as from such Payment Date; and
- (v) in the event the payments to be made on a Payment Date constitute the final payment with respect to the Notes pursuant to Condition 8.2 (Final Redemption) or Condition 8.3 (Clean-Up Call) of the Conditions, the fact that such is the final payment.

In each case, such information will be contained in the Monthly Investor Reports which will be made available through the Calculation Agent's website (which is currently located at <https://gctinvestorreporting.bnymellon.com>). See "*OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Calculation Agency Agreement*".

The investor report will include detailed summary statistics and information regarding the performance of the portfolio of the Purchased Lease Receivables and contain a glossary of the terms used in the investor report. The first investor report issued by the Issuer will additionally disclose the amount of Notes (i) privately-placed with investors other than the Originator Group, (ii) retained by a member of the Originator Group and (iii) publicly-placed with investors which are not part of the Originator Group. In relation to any amount of Notes initially retained by a member of the Originator Group but subsequently placed with investors outside the Originator Group such circumstance will be disclosed (to the extent legally permitted) in the next investor report following such outplacing.

Furthermore, the Issuer undertakes to make available to the Noteholders from the Issue Date until the Legal Final Maturity Date loan level data and a cash flow model in accordance with the requirements of the Securitisation Regulation.

## 11. **ICSDs**

The Notes have been accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking S.A.

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

**Clearstream Banking S.A.**  
42 Avenue John F. Kennedy  
L-1855 Luxembourg

12. **Clearing codes**

**Class A Notes**

ISIN: XS2701658937

Common Code: 270165893

WKN: A3LPL4

CFI Code: DBVNFB

FISN Code: BAVARIAN SKY  
S./VAREUR NT  
22001231

**Class B Notes**

ISIN: XS2701659158

Common Code: 270165915

WKN: A3LPL5

CFI Code: DBFNFB

FISN Code: BAVARIAN SKY  
S./EUR NT  
22001231

13. **Third party information**

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

14. **Interest of natural and legal persons**

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

## INCORPORATION BY REFERENCE

The documents included in the table below (the "**Documents**") are incorporated by reference in and form part of this Offering Circular. The Documents will be published simultaneously with this Offering Circular.

### Cross reference list

Document incorporated by reference	Pages reference
Up-to-date Articles of Incorporation of Bavarian Sky S.A. dated 26 April 2007	All pages
<i>Title I.- Denomination, Registered Office, Object, Duration</i>	1 – 3
<i>Title II.- Capital, Shares</i>	3
<i>Title III.- Management</i>	3 – 5
<i>Title IV.- Supervision</i>	5
<i>Title V.- General Meeting</i>	5
<i>Title VI.- Accounting Year, Allocation of Profits</i>	5 – 6
<i>Title VII.- Dissolution, Liquidation</i>	6
<i>Title VIII.- General Provisions</i>	6
<i>Subscription</i>	6 – 7
<i>Statement</i>	7
<i>Costs</i>	7
<i>Extraordinary General Meeting</i>	7 – 8
<i>French translation of the Articles of Incorporation</i>	8 – 15
This document will be published on the website <a href="https://dl.luxse.com/dlp/106ee9b48b6c564156a3d8968e1d1c4660">https://dl.luxse.com/dlp/106ee9b48b6c564156a3d8968e1d1c4660</a>	
<b>Audited financial statements of Bavarian Sky S.A. for the period from 1 January 2021 to 31 December 2021</b>	All pages
<i>Directors Report</i>	1 – 9
<i>Report of the Reviser D'Enterprises Agree</i>	10 – 14
<i>Balance Sheet</i>	15 – 19
<i>Profit and Loss Account</i>	20 – 21
<i>Notes to the Annual Accounts</i>	22 – 53
This document will be published on the website <a href="https://dl.luxse.com/dlp/10becc5568678f4cd0a57bcc72eaf11e69">https://dl.luxse.com/dlp/10becc5568678f4cd0a57bcc72eaf11e69</a>	
<b>Audited financial statements of Bavarian Sky S.A. for the period from 1 January 2022 to 31 December 2022</b>	All pages
<i>Directors Report</i>	1 – 9
<i>Report of the Reviser D'Enterprises Agree</i>	10 – 14

<i>Balance Sheet</i>	15 – 19
<i>Profit and Loss Account</i>	20 – 21
<i>Notes to the Annual Accounts</i>	22 – 56

This document will be published on the website

<https://dl.luxse.com/dlp/10a92484c97799438eb5ed15496c70ccf0>

All pages of the above Documents shall be deemed to be incorporated in by reference, and to form part of, this Offering Circular. The above mentioned page numbers refer to all pages of the relevant document itself and not the pdf-file.

The Offering Circular will be published on the website of the Luxembourg Stock Exchange (<https://www.luxse.com/issuer/BavarianSky/60154>).

## MASTER DEFINITIONS SCHEDULE

The following is the text of the Master Definitions Schedule. The text will be attached as Appendix A to the Conditions and constitutes an integral part of the Conditions – in case of any overlap or inconsistency in the definitions of a term or expression in the Master Definitions Schedule and elsewhere in the Offering Circular, the definitions of the Master Definitions Schedule will prevail.

The Transaction Parties agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to terms or expressions referred to but not otherwise defined in each Transaction Document.

<b>"2021 ISDA Definitions"</b>	means the definitions and provisions published by the International Swaps and Derivatives Association, Inc.
<b>"3 Month Rolling Average Delinquency Percentage"</b>	means as of any Payment Date, the arithmetic mean of the Delinquency Percentage of the current Payment Date and, as far as available, the previous two Payment Dates.
<b>"Account Bank"</b>	means The Bank of New York Mellon, Frankfurt Branch or any successor thereof or any other Person appointed as replacement Account Bank from time to time in accordance with the Bank Account Agreement.
<b>"Additional Cut-Off Date"</b>	means any Cut-Off Date falling in the Revolving Period.
<b>"Additional Lease Receivables"</b>	means the additional Lease Receivables offered by the Seller on each relevant Offer Date to the Issuer.
<b>"Additional Purchase Date"</b>	means any Payment Date during the Revolving Period.
<b>"Additional Purchase Price"</b>	means the aggregate Discounted Outstanding Lease Balance of the relevant Additional Purchased Lease Receivables as of the respective Additional Cut-Off Date.
<b>"Additional Purchased Lease Receivables"</b>	means any additional Lease Receivables purchased by the Issuer from the Seller during the Revolving Period on each Additional Purchase Date.
<b>"Administrative Expenses"</b>	means the fees and expenses payable by the Issuer (i) to the Data Trustee under the Data Trust Agreement, (ii) to the Rating Agencies in respect of the monitoring fees, (iii) to the Servicer under the Servicing Agreement, (iv) to the Corporate Administrator under the Corporate Administration Agreement, (v) to the Calculation Agent under the Calculation Agency Agreement and the Servicing Agreement, (vi) to the Interest Determination Agent and the Paying Agent under the Agency Agreement, (vii) to the Account Bank under the Bank Account Agreement, (viii) to the Back-Up Servicer Facilitator under the Servicing Agreement, (ix) as listing fees, costs and expenses, (x) as auditor fees and (xi) as other fees that are reasonably required (in the



opinion of the Corporate Administrator) and properly incurred for the filing of annual tax returns.

<b>"Affiliate"</b>	means, in relation to any Person, any entity controlled, directly or indirectly by the Person, any entity that controls, directly or indirectly the Person or any entity directly or indirectly under common control with such Person (for this purpose, "control" of any entity or Person means ownership of a majority of the voting power of the entity or Person).
<b>"Agency Agreement"</b>	means an agency agreement between, <i>inter alia</i> , the Paying Agent, the Interest Determination Agent, the Issuer, the Seller and the Servicer dated as of the Signing Date.
<b>"Agents"</b>	means the Paying Agent, the Calculation Agent and the Interest Determination Agent, collectively.
<b>"Aggregate Defaulted Lease Receivables Balance"</b>	means the Discounted Lease Balance of all Defaulted Lease Receivables.
<b>"Aggregate Outstanding Notes Balance"</b>	means, as of any date, the aggregate amount of the Class A Outstanding Notes Balance and the Class B Outstanding Notes Balance, in each case, as of such date.
<b>"Alternative Base Rate"</b>	has the meaning assigned thereto in clause 23(a) of the Trust Agreement.
<b>"Appendix A"</b>	means Appendix A (Master Definitions Schedule) of the Conditions.
<b>"Appendix B"</b>	means Appendix B (Trust Agreement) of the Conditions.
<b>"Applicable Insolvency Law"</b>	means any applicable bankruptcy, insolvency or other similar law affecting creditor's rights now or hereafter in effect in any jurisdiction.
<b>"APR" or "Annual Percentage Rate"</b>	means the effective annual percentage rate expressed as a percentage.
<b>"Arranger"</b>	means BMW Bank GmbH.
<b>"Articles of Incorporation"</b>	means the <i>statuts</i> of Bavarian Sky S.A. under Luxembourg law, as published on 4 July 2007 in the Luxembourg Official Journal.
<b>"ATAD 1"</b>	means the Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market dated 12 July 2016.
<b>"ATAD 2 Law"</b>	means the Luxembourg law of 20 December 2019.
<b>"ATAD 2"</b>	means the Council Directive (EU) 2017/952 of 29 May 2017.

<b>"ATAD 3 Proposal"</b>	means the proposal of 22 December 2021 by the EU Commission to adopt a new directive aiming at preventing the misuse of so-called "shell" entities for tax purposes within the EU.
<b>"ATAD Law"</b>	means the Luxembourg law of 21 December 2018.
<b>"ATAD"</b>	means ATAD 1 and ATAD 2, collectively.
<b>"Available Distribution Amount"</b>	<p>means, with respect to any Cut-Off Date and the Monthly Period ending on such Cut-Off Date, the lower of (x) the funds available on the Issuer Account and the Counterparty Downgrade Collateral Account on the Payment Date immediately following such Cut-Off Date provided that, for the avoidance of doubt, except to the extent set out under item (viii) below, any balance credited to the Counterparty Downgrade Collateral Account will not form part of the Available Distribution Amount, and (y) an amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Account Bank, the Corporate Administrator, the Trustee, the Calculation Agent and the Paying Agent no later than on the Reporting Date preceding the Payment Date immediately following such Cut-Off Date, as the sum of:</p> <ul style="list-style-type: none"> <li>(i) the amount standing to the credit of the Cash Reserve Account as of such Cut-Off Date, to be used to cover (i) any shortfalls in the amounts payable under items <i>first</i> through <i>fifth</i> of the Pre-Enforcement Priority of Payments, or (ii) any amounts payable under items <i>first</i> through <i>fourteenth</i> upon the earlier of (a) the Legal Final Maturity Date, (b) the Available Distribution Amount suffices to reduce the Class A Outstanding Notes Balance to zero or (c) the Current Aggregate Discounted Outstanding Lease Balance is reduced to zero, in each case, in accordance with the Pre-Enforcement Priority of Payments;</li> <li>(ii) the amounts standing to the credit of the Replenishment Ledger as of such Cut-Off Date;</li> <li>(iii) any Collections received by or, in the case of Deemed Collections, payable by the Servicer during the Monthly Period ending on such Cut-Off Date;</li> <li>(iv) any Swap Net Cashflow payable by the Swap Counterparty to the Issuer on the Payment Date immediately following such Cut-Off Date;</li> <li>(v) any tax payment made by the Seller and/or Servicer to the Issuer in accordance with the Lease Receivables Purchase Agreement and/or the Servicing Agreement during such Monthly Period;</li> <li>(vi) any interest earned (if any) on the amounts credited to the Issuer Account (other than the amount allocated to the</li> </ul>

Commingling Reserve Account and Servicing Reserve Account) during such Monthly Period;

- (vii) the amount standing to the credit of the Commingling Reserve Account upon the occurrence and continuance of a Servicer Termination Event as of such Cut-Off Date, to the extent necessary to cover any Servicer Shortfall caused on the part of BMW Bank as Servicer;
- (viii) any amount standing to the credit of the Servicing Reserve Account upon the occurrence and continuance of a Servicing Trigger Event (lit. (d) or (f)) to be used to cover Servicing Fee and replacement costs (if any) of the replacement Servicer for the relevant period prior to the related Payment Date;
- (ix) any balance credited to the Counterparty Downgrade Collateral Account, however, only to the extent that the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account are applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement and any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement; and
- (x) any other amounts (other than covered by item (i) through (viii) above (if any)) paid to the Issuer by any other party to any Transaction Document up to (and including) the Payment Date immediately following such Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount.

**"Available Post-Enforcement Funds"**

means, from time to time, all moneys standing to the credit of the Issuer Account, including, without limitation, any enforcement proceeds in respect of the Security credited to the Issuer Account and/or to any account of the Trustee or receiver appointed by the Trustee upon the occurrence of an Enforcement Event and any balance credited to the Cash Reserve Account and any balance credited to the Commingling Reserve Account upon the occurrence and continuance of a Servicer Termination Event as of the relevant Cut-Off Date, to the extent necessary to cover any Servicer Shortfall caused on the part of BMW Bank as Servicer and including any balance credited to the Servicing Reserve Account but only to the extent such amount is necessary and applied to cover the Servicing Fee, and further including, without limitation, any balance credited to the Counterparty Downgrade Collateral Account to the extent that the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account have been applied pursuant to the terms of the Swap Agreement to

reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement and any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement, but excluding, for the avoidance of doubt, any amount credited to the Counterparty Downgrade Collateral Account which will be returned directly to the Swap Counterparty, including, without limitation, any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty), and excluding, for the avoidance of doubt, the Pro Rata Residual Value Share and further excluding any interest earned on the balance credited to the Servicing Reserve Account and any Servicing Reserve Excess Amount standing to the credit of the Servicing Reserve Account which shall be distributed in accordance with lit. (b) (iv) of the Outside Waterfall Payments.

<b>"Back-Up Servicer Facilitator"</b>	means Intertrust (Luxembourg) S.à r.l..
<b>"BaFin"</b>	means the German Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> ).
<b>"Bank Account Agreement"</b>	means a bank account agreement between, <i>inter alia</i> , the Issuer and the Account Bank, the Calculation Agent and the Servicer relating to the Issuer Account and the Counterparty Downgrade Collateral Account and dated as of the Signing Date.
<b>"Base Rate Modification"</b>	has the meaning assigned to such term in clause 23(a) of the Trust Agreement.
<b>"Benchmark Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended, and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) 596/2014.
<b>"BMW AG"</b>	means Bayerische Motoren Werke Aktiengesellschaft.
<b>"BMW Bank"</b>	means BMW Bank GmbH.
<b>"BMW Group"</b>	means BMW AG together with its consolidated subsidiaries.
<b>"BRRD"</b>	means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) 1093/2010 and (EU) 648/2012, of the European Parliament and of the Council.

<b>"Business Day"</b>	means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London, Munich, Frankfurt am Main and Luxembourg and on which the real time gross settlement system operated by the Eurosystem (the European Central Bank and the national central banks of the Member States whose currency is EUR) (" <b>T2</b> ") operates, or any successor or replacement for that system.
<b>"Calculation Agency Agreement"</b>	means the calculation agency agreement between, <i>inter alios</i> , the Issuer and the Calculation Agent and the Servicer dated as of the Signing Date.
<b>"Calculation Agent"</b>	means The Bank of New York Mellon, London Branch, any successor thereof or any other Person appointed as replacement calculation agent from time to time in accordance with the Calculation Agency Agreement.
<b>"Calculation Check Notice"</b>	means the written notice issued by the Calculation Agent to the Issuer and the Servicer after conducting the Calculation Check.
<b>"Calculation Check"</b>	has the meaning assigned to such term in clause 5.1 of the Calculation Agency Agreement.
<b>"Cash Reserve Account"</b>	means a sub-account to the Issuer Account held by the Issuer with the Account Bank for the Required Cash Reserve Amount in respect of Compartment German Auto Leases 8 and for the purposes of the Transaction.
<b>"CCP"</b>	means an authorised central counterparty pursuant to EMIR.
<b>"CET"</b>	means Central European time.
<b>"Chairperson"</b>	means the chairperson presiding over the taking of any votes for the purposes of any noteholder voting in accordance with Condition 14 of the Conditions and the German Act on Debt Securities ( <i>Schuldverschreibungsgesetz</i> ).
<b>"Charged Assets"</b>	means the whole of the right, title, benefit and interest of the Issuer in such undertaking, property, assets and rights whatsoever and wheresoever situated, present and future, as are subject to the Security under the Security Documents, including the Transferred Assets and the Charged Property.
<b>"Charged Property"</b>	means the whole of the right, title, benefit and interest of the Issuer in such undertaking, property, assets and rights assigned to the Trustee pursuant to clause 3 (Grant of Security and declaration of trust) of the Deed of Security Assignment.
<b>"Class Outstanding Notes Balance"</b>	means either of the Class A Outstanding Notes Balance or the Class B Outstanding Notes Balance, as applicable.

<b>"Class A Noteholder"</b>	means a holder of the Class A Notes and <b>"Class A Noteholders"</b> means all holders of the Class A Notes collectively.
<b>"Class A Notes"</b>	means the class A notes issued by the Issuer on the Issue Date with a total nominal amount of EUR 800,000,000, consisting of 8,000 individual Notes, each in the nominal amount of EUR 100,000 and ranking senior to the Class B Notes and the Subordinated Loan.
<b>"Class A Outstanding Notes Balance"</b>	means, as of any date, the sum of the Outstanding Note Balances of all Class A Notes as of such date and if such date is a Payment Date, taking into account the principal redemption on such Payment Date.
<b>"Class B Noteholder"</b>	means a holder of the Class B Notes and <b>"Class B Noteholders"</b> means all holders of the Class B Notes collectively.
<b>"Class B Notes"</b>	means the class B notes issued by the Issuer on the Issue Date with a total nominal amount of EUR 63,900,000, consisting of 639 individual Notes, each in the nominal amount of EUR 100,000 and ranking junior to the Class A Notes and senior to the Subordinated Loan.
<b>"Class B Outstanding Notes Balance"</b>	means, as of any date, the sum of the Outstanding Note Balances of all Class B Notes as of such date and if such date is a Payment Date, taking into account the principal redemption on such Payment Date.
<b>"Class"</b>	means any of the Class A Notes and the Class B Notes.
<b>"Clean-Up Call Conditions"</b>	means: <ul style="list-style-type: none"> <li>(a) the proceeds distributable as a result of the repurchase of all outstanding Purchased Lease Receivables (together with any Lease Collateral and the relevant Leased Vehicles) (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Account, be at least equal to the sum of (x) the Aggregate Outstanding Notes Balance of the Class A Notes (to the extent still outstanding) plus (y) accrued but unpaid interest thereon (if any) plus (z) all claims of any creditors of the Issuer in respect of Compartment German Auto Leases 8 ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments;</li> <li>(b) the Seller shall have notified the Issuer and the Trustee of its intention to exercise the Clean-Up Call Option at least ten calendar days prior to the contemplated Clean-Up Call Settlement Date; and</li> <li>(c) the repurchase price to be paid by the Seller shall be equal to the then current value (<i>aktueller Wert</i>) of all Purchased Lease Receivables plus any interest accrued until and outstanding on the Clean-Up Call Settlement Date.</li> </ul>

<b>"Clean-Up Call Notice"</b>	means a notice substantially in the form as set out in Schedule 5 (Form of Clean-Up Call Notice) to the Lease Receivables Purchase Agreement.
<b>"Clean-Up Call Option"</b>	means the Seller's right to exercise a clean-up call more specifically described in Condition 8.3(a) of the Conditions.
<b>"Clean-Up Call Settlement Date"</b>	means a Payment Date as specified by the Seller upon the Clean-Up Call Conditions being satisfied and provided that the Seller exercises the Clean-Up Call Option with at least ten calendar days prior to the such specified Payment Date in accordance with the form of Clean-Up Call Notice.
<b>"Clearing Obligation"</b>	means the obligation for a mandatory clearing of certain OTC derivate contracts in accordance with EMIR.
<b>"Clearing Systems"</b>	means Clearstream, Luxembourg and Euroclear.
<b>"Clearstream Luxembourg"</b>	means the Clearstream clearance system for internationally traded securities operated by Clearstream Banking S.A. at 42 Avenue John F. Kennedy, L-1855 Luxembourg and any successor thereto.
<b>"Collection Mandate"</b>	means the authority to collect ( <i>Einziehungsermächtigung</i> ) the Purchased Lease Receivables and any amounts or proceeds from the related Lease Collateral and the Leased Vehicles.
<b>"Collections"</b>	<p>means, with respect to any Purchased Lease Receivable during the relevant period, any amounts, proceeds, interest, late payment or similar charges and any other cash or financial benefits received on or in connection with such Purchased Lease Receivable and related Lease Collateral including, without limitation:</p> <ul style="list-style-type: none"> <li>(a) all collections of the Lease Instalments that have been paid by the Lessees;</li> <li>(b) the Deemed Collections, if any, paid in respect of such Purchased Lease Receivable;</li> <li>(c) the Pro Rata Lease Instalment Share of any proceeds of any Lease Collateral, including, without limitation, all proceeds received by means of realisation of any related security which for the avoidance of doubt excludes the Pro Rata Residual Value Share of such recovery proceeds; and</li> <li>(d) any proceeds from the sale of Defaulted Lease Receivables received by the Servicer on behalf of the Issuer from any third party,</li> </ul> <p>in each case which is irrevocable and final (provided that any direct debit (<i>Lastschriftinzug</i>) shall constitute a Collection irrespective of any subsequent valid return thereof (<i>Lastschriftrückbelastung</i>)), and any Deemed Collections of such Purchased Lease Receivable less any amount previously received but required to be repaid on account of a</p>

valid return of a direct debit (*Lastschriftrückbelastung*), provided that, for the avoidance of doubt, any Collection which is less than the amount then outstanding and due from the relevant Lessee shall be applied in accordance with sections 366 *et seq.* and 506, 497 (3) of the German Civil Code.

**"Commingling Reserve Account"**

means a sub-account to the Issuer Account held by the Issuer with the Account Bank for the Commingling Reserve Required Amount in respect of Compartment German Auto Leases 8 and for the purposes of the Transaction.

**"Commingling Reserve Excess Amount"**

means, as of any Cut-Off Date, an amount equal to the amount credited to the Commingling Reserve Account which exceeds the Commingling Reserve Required Amount.

**"Commingling Reserve Reduction Amount"**

means on any Payment Date following (i) the occurrence and continuation of a Commingling Reserve Trigger Event and (ii) for as long as the Servicer has selected the option set-out in clause 13.1.(ii) of the Servicing Agreement, the product of:

- (a) the Current Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the relevant Payment Date; and
- (b) the difference, if positive, of (i) over (ii) where:
  - (i) is the result of (A) Current Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Outstanding Notes Balance on such Payment Date plus the cash reserve amount standing to the credit of the Cash Reserve Account on such Payment Date, divided by (B) the Current Aggregate Discounted Outstanding Lease Balance on the Cut-Off Date immediately preceding the relevant Payment Date; and
  - (ii) is 8.5 per cent,

provided that if (i) is lower than (ii), the Commingling Reserve Reduction Amount shall be zero.

**"Commingling Reserve Required Amount"**

means (i) if no Commingling Reserve Trigger Event prevails or if, and for as long as the Servicer has selected the option set out in clause 13.1 (i) of the Servicing Agreement, zero, and (ii) upon the occurrence and the continuance of a Commingling Reserve Trigger Event and if and for as long as the Servicer has selected the option set out in Clause 13.1 (ii) of the Servicing Agreement, an amount equal to the sum of the Collections expected to be received (as calculated by the Servicer and for the avoidance of doubt based on the scheduled Lease Instalments under the relevant Lease Agreement) during the Monthly Period in which such Payment Date falls and the immediately following Monthly



Period, reduced by the Commingling Reserve Reduction Amount provided that such sum shall at all times be a positive amount or otherwise zero,

**provided that**, after the occurrence of a Servicer Termination Event, such amount shall equal zero on the date on which the Issuer has determined that no Servicer Shortfall exists and no further Servicer Shortfalls are to be expected.

**"Commingling Reserve Trigger Event"**

means if, at any time for as long as the Seller remains the Servicer:

- (a) (A) the issuer rating of BMW AG is assigned a rating lower than "BBB(low)" (or its replacement) by DBRS, or (B) Fitch deems the credit worthiness of BMW AG (i) in respect of the short-term issuer default rating, to be lower than "F2" (or its replacement) and (ii) in respect of the long-term issuer default rating, to be lower than "BBB" (or its replacement), or (C) (i) the short-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are assigned a rating of lower than "P-2" (or its replacement) by Moody's and (ii) the long-term unsecured, unsubordinated and unguaranteed debt obligations of BMW AG are assigned a rating of lower than "Baa1" (or its replacement) by Moody's; or
- (b) BMW AG ceases to own, directly or indirectly, 95 per cent of the share capital of the Seller, or a termination of the profit and loss transfer agreement between BMW AG and the Servicer occurs, for as long as identical with the Seller,

**provided that** a Commingling Reserve Trigger Event shall cease to continue upon the earlier of (A) all Lessees have redirected their payments directly to the Issuer Account and (B) a substitute Servicer has been appointed.

**"Common Safekeeper for the Class A Notes"**

means the ICSD appointed by the Paying Agent to provide safekeeping for the Class A Notes in NGN form.

**"Common Safekeeper for the Class B Notes"**

means The Bank of New York Mellon, London Branch to provide safekeeping for the Class B Notes in NGN form.

**"Common Safekeeper"**

means any of the Common Safekeeper for the Class A Notes and the Common Safekeeper for the Class B Notes.

**"Common Services Provider" or "CSP"**

means the entity appointed by the ICSDs to provide asset servicing for the Notes in NGN form.

**"Common Terms"**

means the provisions set out in Schedule 2 (Common Terms) of the Incorporated Terms Memorandum.

**"Compartment"**

means a compartment of the Company within the meaning of the Luxembourg Securitisation Law.

<b>"Compartment German Auto Leases 8"</b>	means the Compartment designated for the purposes of the Transaction and named ' <i>Compartment German Auto Leases 8</i> '.
<b>"Compartment"</b>	means a compartment of the Issuer within the meaning of the Luxembourg Securitisation Law.
<b>"Concentration Limits"</b>	means the following requirements: <ul style="list-style-type: none"> <li>(a) the (i) sum of the Discounted Outstanding Lease Balance of the Lease Receivable to be purchased on the relevant Purchase Date and (ii) the aggregate Discounted Outstanding Lease Balance of all other Purchased Lease Receivables owed by the Lessee owing the Lease Receivable mentioned under item (i) above does not exceed EUR 1,000,000; and</li> <li>(b) the aggregate Discounted Outstanding Lease Balance of Purchased Receivables owed by commercial Lessees does not exceed 77 per cent of the Current Aggregate Discounted Outstanding Lease Balance.</li> </ul>
<b>"Conditions"</b>	means the terms and conditions of the Notes (which terms and conditions are set out in the Offering Circular).
<b>"Corporate Administration Agreement"</b>	means a corporate administration agreement (relating to all Compartments of Bavarian Sky S.A.) entered into by the Issuer and the Corporate Administrator on 26 April 2007 (as amended, supplemented or otherwise modified) under which the Corporate Administrator is responsible for the day to day administrative activities of the Issuer, including providing secretarial, clerical, administrative and related services to the Issuer and maintaining the books and records of the Issuer in accordance with applicable laws and regulations of Luxembourg.
<b>"Corporate Administrator"</b>	means Intertrust (Luxembourg) S.à r.l., any successor thereof or any other Person appointed as replacement corporate administrator from time to time in accordance with the Corporate Administration Agreement.
<b>"Counterparty Downgrade Collateral Account"</b>	means the counterparty downgrade collateral account or any other account replacing such account held with the Account Bank with the account details set out in Schedule 12 (Account details) to the Incorporated Terms Memorandum and opened for the posting of collateral by the Swap Counterparty under the Swap Agreement and receiving any Replacement Swap Premium.
<b>"CRA Regulation"</b>	means Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
<b>"CRA III Regulation"</b>	means Regulation (EU) 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) 1060/2009 on credit rating agencies.

<b>"Credit and Collection Policy"</b>	means the body of binding working instructions ( <i>Richtlinien and Arbeitsanweisungen</i> ) created by the Servicer to standardise its credit and collection management as consistently applied by the Servicer from time to time and as modified from time to time in accordance with the Servicing Agreement.
<b>"CRR"</b>	means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 (as amended from time to time).
<b>"CSSF"</b>	means the <i>Commission de Surveillance du Secteur Financier of Luxembourg</i> .
<b>"Cumulative Gross Loss Ratio"</b>	means, for any Payment Date, a ratio which shall be calculated as <ul style="list-style-type: none"> <li>(a) the sum of the Aggregate Defaulted Lease Receivables Balance as at the immediately preceding Cut-Off Date,</li> </ul> <p style="margin-left: 40px;">divided by</p> <ul style="list-style-type: none"> <li>(b) the sum of the Current Aggregate Discounted Outstanding Lease Balance of the Lease Receivables of (i) all Lease Receivables purchased prior to such Payment Date and (ii) any Additional Lease Receivables to be purchased on such Payment Date, in each case calculated as of the Cut-Off Date immediately preceding the Payment Date on which the Initial Purchased Lease Receivables or, as the case may be, the Additional Lease Receivables have been or, respectively, will be, purchased.</li> </ul>
<b>"Current Aggregate Discounted Outstanding Lease Balance"</b>	means on each Cut-Off Date or such other relevant date, the sum of the Discounted Outstanding Lease Balances of all Purchased Lease Receivables as at such date.
<b>"Custodian Bank"</b>	means any bank or other financial institution of recognised standing authorised to engage in security custody business ( <i>Wertpapierverwahrungsgeschäft</i> ) with which a Noteholder maintains a securities account in respect of the Notes and which maintains an account with the Clearing Systems.
<b>"Cut-Off Date"</b>	means the last calendar day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date, provided that the Cut-Off Date immediately preceding the Issue Date is 31 October 2023.
<b>"Data Trust Agreement"</b>	means a data trust agreement between the Seller, the Servicer, the Data Trustee and the Issuer dated as of the Signing Date.
<b>"Data Trustee"</b>	means The Bank of New York Mellon, Frankfurt Branch or any successor thereof or any other Person appointed as replacement data trustee from time to time in accordance with the Data Trust Agreement.

**"Day Count Fraction"** means in respect of an Interest Period, the actual number of calendar days in such period divided by 360.

**"DBRS or DBRS Morningstar"** means (i) for the purpose of identifying which DBRS entity which has assigned the credit rating to the Class A Notes, DBRS Ratings GmbH and any successor to this rating activity, and (ii) in any other case, any entity that is part of DBRS Morningstar, which is either registered or not under the CRA III Regulation, as it appears from the last the last available list published by ESMA on the ESMA website, or any other applicable regulation.

**"DBRS Critical Obligations Rating" or "COR"** means, in relation to a relevant entity, the rating assigned by DBRS which addresses the risk of default of particular obligations and/or exposures of the relevant entity that in the view of DBRS have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations. If the COR assigned by DBRS to the entity is public, it will be indicated on the website of DBRS ([www.dbrs.com](http://www.dbrs.com)); or if the COR assigned by DBRS to the entity is private, such entity shall give notice to the other party as soon as reasonably practicable upon the occurrence of any change relevant for the purpose of the applicability of the COR.

**"DBRS Chart"** Equivalent means

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC
CCC	Caa2	CCC	
CCC(low)	Caa3	CCC-	
CC	Ca	CC	
C			
D	C	D	D

<b>"DBRS Rating"</b>	<b>Equivalent</b>	means (i) if a Fitch public senior debt rating, a Moody's public senior debt rating and an S&P public senior debt rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and the lowest rating have been excluded or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public senior debt ratings by any two of Fitch, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above, and therefore only a public senior debt rating by one of Fitch, Moody's and S&P is available, such rating will be the DBRS Equivalent Rating (upon conversion on the basis of the DBRS Equivalent Chart).
<b>"Deed of Security Assignment"</b>		means a deed of security assignment between, <i>inter alios</i> , the Issuer and the Trustee dated as of the Signing Date.
<b>"Deemed Collection"</b>		means, in respect of any Purchased Lease Receivable, an amount to be paid if, and equal to, the Discounted Outstanding Lease Balance of such Purchased Lease Receivable (including, for the avoidance of doubt, in case only a portion of the Purchased Lease Receivable is affected) outstanding on the Cut-Off Date falling in the Monthly Period during which one of the following events occurs: <ul style="list-style-type: none"> <li>(a) a Purchased Lease Receivable proves to be in material breach of any of the Eligibility Criteria as of the relevant Cut-Off Date relating to the Purchase Date on which such Purchased Lease Receivable is purchased by the Issuer under the Lease Receivables Purchase Agreement, unless such non-compliance is fully remedied by the Seller to the satisfaction of the Trustee;</li> <li>(b) a Purchased Lease Receivable remains unpaid solely as a result of a material breach of the Servicer's obligations under the Servicing Agreement and the Credit and Collection Policy (for as long as the Seller and the Servicer are identical);</li> <li>(c) such Purchased Lease Receivable is affected due to any material modification or amendment to the relevant Lease Agreement or early termination of the relevant Lease Agreement agreed upon by the parties thereto other than in accordance with the Credit and Collection Policy;</li> <li>(d) a valid revocation, if applicable, being exercised (<i>wirksame Ausübung des Widerrufs</i>) based on non-compliance with mandatory information (<i>Pflichtangaben</i>) as required by applicable law by the Lessee vis-à-vis the Seller; or</li> <li>(e) any material reduction of the Discounted Outstanding Lease Balance of such Purchased Lease Receivable or any other</li> </ul>

amount owed by a Lessee due to (x) any set-off against the Seller due to a counterclaim of the Lessee or any set-off or equivalent action against the relevant Lessee by the Seller or (y) any discount or other credit in favour of the Lessee, in each case as at the date of such reduction for such Purchased Lease Receivable,

**provided that**, for the avoidance of doubt, no Deemed Collection shall be payable in respect of Eligible Lease Receivables if the Lessee fails to make due payments solely as a result of its lack of funds or insolvency (*Delkredererisiko*).

Any such Deemed Collection shall be at an amount equal to the Discounted Outstanding Lease Balance(s) of the affected Purchased Lease Receivable(s) (the Deemed Collections will be collected by the Servicer from the Seller if the Servicer and the Seller are not the same person).

**"Defaulted Lease Receivable"**

means, as of any date, any Purchased Lease Receivable which (i) has been sold to a debt collection agency, (ii) is terminated and the Leased Vehicle is repossessed in accordance with the Credit and Collection Policy or (iii) has been written off in the system of the Seller.

**"Delinquency Percentage"**

means, as of any Cut-Off Date, the quotient, expressed as a percentage, of:

(a) the sum of the Discounted Outstanding Lease Balance for all Delinquent Lease Receivables;

divided by,

(b) the Current Aggregate Discounted Outstanding Lease Balance.

**"Delinquent Lease Receivable"**

means as of any Cut-Off Date, a Purchased Lease Receivable with at least one Lease Instalment being overdue for more than 30 calendar days, provided that such Purchased Lease Receivable has not yet become Defaulted Lease Receivable.

**"Discount Rate"**

means 7 per cent.

**"Discounted Lease Balance"**

means the Lease Receivables discounted by the Discount Rate.

**"Discounted Outstanding Lease Balance"**

means on each Cut-Off Date or such other relevant date, in respect of a Purchased Lease Receivable, the outstanding balance of such Purchased Lease Receivable discounted by the Discount Rate as at such date provided that the outstanding balance will be zero for such Purchased Lease Receivables which are Defaulted Lease Receivables.

**"Early Amortisation Event"**

means the occurrence of any of the following events during the Revolving Period:

- (i) as at any Cut-Off Date, the Cumulative Gross Loss Ratio exceeds 1 per cent for any Payment Date;
- (ii) as at any Payment Date, the 3 Month Rolling Average Delinquency Percentage exceeds 1.50 per cent;
- (iii) if after application of the Available Distribution Amount in accordance with the Pre-Enforcement Priority of Payments, the Excess Collection Amount paid to the Replenishment Ledger under item *seventh* of the Pre-Enforcement Priority of Payments on any Payment Date (when aggregated with any Additional Purchase Price paid on such Payment Date) would be lower than the Replenishment Available Amount;
- (iv) on two consecutive Cut-Off Dates, the amount standing to the credit of the Replenishment Ledger exceeds 10 per cent of the Initial Aggregate Discounted Outstanding Lease Balance;
- (v) the occurrence of an Issuer Event of Default; or
- (vi) the occurrence of a Servicer Termination Event.

**"EBA Guidelines on STS Criteria"**

means the Final Report on the STS criteria for non-ABCP securitisation dated 12 December 2018 of the European Banking Authority.

**"Eligibility Criteria"**

means as of the Cut-Off Date immediately preceding the relevant Purchase Date, the following criteria, **provided that**, for the avoidance of doubt, any deferrals as implemented by the German law on the reduction of the consequences of the Covid-19 pandemic (*Gesetz zur Abmilderung der Folgen der Covid-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) or any similar statutory deferrals shall not be taken into consideration with respect to the below criteria:

- (i) The Lease Agreement under which the relevant Lease Receivable arises as well as the Lease Collateral and the legal documents underlying such Lease Collateral are legally valid, binding and enforceable, and the relevant Lease Receivable exists and constitutes legally valid, binding and enforceable obligations of the respective Lessee. In addition, no Lease Agreement has been subject to any variation, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Lease Receivables offered for purchase.
- (ii) The relevant Lease Receivable is assignable and can be transferred by way of assignment without the consent of the related Lessee.

- (iii) The relevant Lease Receivable has a fixed interest rate and is payable by way of monthly instalments (except for the first instalment and the final instalment payable under the relevant Lease Agreement which may differ from the monthly instalments payable for subsequent or previous months).
- (iv) The relevant Lease Receivable is denominated and payable in euro.
- (v) The relevant Lease Receivable was originated on or after 1 April 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general lending terms of the Seller.
- (vi) The relevant Lease Receivable is not subject to any right of revocation (*Anfechtungsrecht*), set-off or counterclaim or warranty claims of the Lessee and other defences (*Einwendungen und Einreden*) (irrespective of whether the Issuer knew or could have known of the existence of any such rights, claims, objections and defences), except for any rights arising from a non-compliance with mandatory information (*Pflichtangaben*) as required by applicable law.
- (vii) The Lessee of the relevant Lease Receivable does not hold deposits (*Einlagen*) with the Seller.
- (viii) The Lease Agreement under which the relevant Lease Receivable arises has not been terminated and, according to the Seller's records, the Seller has not received a termination notice.
- (ix) The Lease Agreement under which the relevant Lease Receivable arises has a maximum remaining term of sixty (60) months.
- (x) At least one (1) due Lease Instalment has been fully paid in respect of the relevant Lease Receivable.
- (xi) The Seller is fully entitled to the relevant Lease Receivable, and such Lease Receivable is free of any rights of any third party, and the Seller may freely dispose of such Lease Receivable (including any part thereof, the related Leased Vehicle and the other Lease Collateral) to which the Seller is fully entitled, free of any rights of any third party and over which the Seller may freely dispose.
- (xii) The relevant Lease Receivable may be segregated and identified at any time for purposes of ownership and Lease Collateral in the electronic files of the Seller.



- (xiii) If the relevant Lease Agreement is subject to the provisions of the German Civil Code and the Introductory Act to the German Civil Code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*) on consumer financing, such Lease Agreement complies in all material respects with the requirements of such provisions (except that the Lease Agreement may not contain all mandatory information (*Pflichtangaben*) as required by applicable law).
- (xiv) The relevant Lease Receivable is not overdue for more than 30 calendar days (and for the avoidance of doubt it is hereby agreed that any return of any amounts received by the Seller or the Servicer by way of direct debit (*Lastschrift*) to the relevant Lessee or intermediary credit institution because of a return of such direct debit (*Rücklastschrift*) shall not render the relevant Lease Receivable to be an ineligible Lease Receivable ab initio if, but only if, such Lessee has objected (*widersprechen*) to such direct debit within six (6) weeks of such debit), or a Defaulted Lease Receivable or a Lease Receivable disputed by the relevant Lessee whether by reason of any matter concerning the Leased Vehicles or by reason of any other matter or in respect of which a set-off or counterclaim is being claimed by such Lessee. No breach of any obligation under any agreement (except of the obligation to pay) of any party exists with respect to the relevant Lease Receivable.
- (xv) The relevant Lease Agreement is subject to, and governed by, the laws of Germany.
- (xvi) The assignment of the relevant Lease Receivable does not violate any law or agreements (in particular with respect to consumer protection and data protection) to which the Seller is bound.
- (xvii) 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.
- (xviii) According to the Seller's records and to the best of its knowledge, the relevant Lease Receivable is due from a Lessee who:
  - (a) has neither been declared insolvent nor had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to its non-performing exposures within three years prior to the date of transfer or

assignment of the Purchased Lease Receivables to the Issuer;

- (b) was, at the time of origination, where applicable, not on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the Seller; or
  - (c) has neither a credit assessment nor a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.
- (xix) The relevant Lease Receivable is not due from a Lessee who is (i) either an employee or an officer of BMW Bank or of an Affiliate of BMW AG or (ii) an employee or officer of BMW AG.
  - (xx) The acquisition of the relevant Leased Vehicle by the Seller is financed in compliance with the requirements of Section 108 subsection 1 sentence 2 of the German Insolvency Code (*Insolvenzordnung*).
  - (xxi) The relevant Lease Receivable does not exceed any Concentration Limit.

**"Eligible Counterparty"** means any entity with:

- (i) the higher of (1) if a COR is currently maintained in respect of the entity, a rating one notch below the entity's COR, being a rating of "A(high)" from DBRS, and (2) a long-term senior unsecured debt rating or deposit rating of "A" from DBRS or (3) if none of (1) or (2) above are currently maintained in respect of the entity, a DBRS Equivalent Rating at least equal to "A";
- (ii) a short-term deposit rating of at least "F1" (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least "F1" (or its replacement) by Fitch) or a long-term deposit rating of at least "A" (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least "A" (or its replacement) by Fitch;
- (iii) a short term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least "P-1" (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured,

unguaranteed and unsubordinated long-term debt obligations rating) of at least "A2" (or its replacement) by Moody's; and

- (iv) another rating provided that such entity will have taken measures that would lead to the then current rating of the Class A Notes not being downgraded or withdrawn.

If at any time the Account Bank ceases to be an Eligible Counterparty, it shall at its own cost, (in case of a downgrade of the Account Bank by DBRS, Fitch or Moody's within the Performance Period) after becoming ineligible (i) replace itself with a bank which is an Eligible Counterparty, or (ii) find an irrevocable and unconditional guarantor with (x) in case of DBRS: the higher of (1) if a COR is currently maintained in respect of the guarantor, a rating one notch below the guarantor's COR, being a rating of "A(high)" from DBRS, and (2) a long-term senior unsecured debt rating or deposit rating of "A" from DBRS or (3) if none of (1) or (2) above are currently maintained in respect of the guarantor, a DBRS Equivalent Rating at least equal to "A", (y) in case of Fitch: a short-term deposit rating of at least "F1" (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least "F1" (or its replacement) by Fitch) or a long-term deposit rating of at least "A" (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least "A" (or its replacement) by Fitch, and (z) in case of Moody's: a short term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least "P-1" (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating) of at least "A2" (or its replacement) by Moody's or, in each case, such other ratings as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Class A Notes rated by it, or (iii) take any other action in order to maintain the rating of the Class A Notes or to restore the rating of the Class A Notes.

**"Eligible Lease Receivable"**

means any Lease Receivable which satisfies the Eligibility Criteria on the Cut-Off Date immediately preceding the relevant Purchase Date.

**"Eligible Swap Counterparty"**

means any entity with:

- (a) (i) a Critical Obligations Rating of at least "A" by DBRS or, if it does not have a Critical Obligations Rating, the higher of (x) the issuer rating or (y) the unsecured, unsubordinated and unguaranteed long-term debt obligations rating of at least "A" by DBRS or (ii) a Critical Obligations Rating of at least "BBB" by DBRS, or if it does not have a Critical Obligations Rating, the higher of (x) issuer rating (y) or unsecured, unsubordinated and unguaranteed long-term debt obligations rating of at least

"BBB" by DBRS, and which either posts collateral in the amount and manner set forth in the Credit Support Annex or has its obligations guaranteed by a guarantor with at least a DBRS Equivalent Rating corresponding to (i) above;

- (b) (A)(i) a short-term, unsecured and unsubordinated debt obligations rating of at least "F3" (or its replacement) by Fitch, or (ii) a derivative counterparty rating (or, if it does not have a derivative counterparty rating, an issuer default rating or a long-term, unsecured and unsubordinated debt obligations rating) of at least "BBB-" (or its replacement) by Fitch provided that collateral will be posted by such entity in accordance with the respective requirements under the Swap Agreement, or otherwise (B)(i) a short-term, unsecured and unsubordinated debt obligations rating of at least "F1" (or its replacement) by Fitch, or (ii) a derivative counterparty rating (or, if it does not have a derivative counterparty rating, an issuer default rating or a long-term, unsecured and unsubordinated debt obligations rating) of at least "A" (or its replacement) by Fitch; and
- (c) a counterparty risk assessment (or, if it does not have a counterparty risk assessment from Moody's, the senior unsecured debt rating (or equivalent monitored rating)) or if it neither has a counterparty risk assessment nor a senior unsecured debt rating (or equivalent monitored rating) from Moody's, the deposit rating, of at least (i) "A3" by Moody's or (ii) "Baa1" by Moody's and which either posts collateral in the amount and manner set forth in the Swap Agreement or obtains a guarantee from a person having the ratings set forth in item(c)(i) above; or
- (d) another rating provided that such entity will have taken measures that would lead to the then current rating of the Class A Notes not being downgraded or withdrawn.

**"EMIR REFIT"** means Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 648/2012.

**"EMIR"** means Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012, as amended.

**"Enforcement Costs"** means the enforcements costs an insolvency administrator of the Seller would be entitled to deduct from enforcement proceeds being (i) up to 4 per cent for the determination of the relevant assets and the existing rights of assets (*Feststellungskosten*) plus (ii) 5 per cent for costs of enforcement (*Kosten der Verwertung*) (if the actual costs of enforcement are materially higher or lower than 5 per cent of the realisation proceeds, the actual costs shall be applied) plus (iii) any applicable VAT.

**"Enforcement Event"** means the event that (i) (in the sole judgment of the Trustee) an Issuer Event of Default has occurred; (ii) in case of any security interests

granted in the form of a German law pledge (*Pfandreicht*) that the Secured Obligations have become due and payable in whole or in part (*Pfandreife*); and (iii) the Trustee has served an Enforcement Notice upon the Issuer.

**"Enforcement Notice"** means a notice delivered as soon as reasonably practicable by the Trustee on the Issuer, each of the other Secured Parties and the Rating Agencies upon the occurrence of an Issuer Event of Default stating that the Trustee commences with the enforcement of the Security pursuant to the procedures set out in the relevant Security Documents.

**"ESMA"** means the European Securities and Market Authority.

**"EU Insolvency Regulation"** means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings which applies to insolvency proceedings opened after 26 June 2017, as amended.

**"EU Treaties"** means the Treaty on the Functioning of the European Union (signed in Rome on 25 March 1957) and the Treaty on European Union (signed in Maastricht on 7 February 1992), as amended from time to time, including by the Treaty of Amsterdam (signed in Amsterdam on 2 November 1997), by the Treaty of Nice (signed in Nice on 26 February 2001) and by the Lisbon Treaty (signed in Lisbon on 13 December 2007).

**"EUR", "Euro" or "€"** means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the EU Treaties.

**"EURIBOR"  
(Euro Interbank Offered Rate)** means the rate determined by the Interest Determination Agent for deposits in euro for a period of one (1) month which appears on page EURIBOR 01 of the Reuters screen (or such other page as may replace such page on that service for the purpose of displaying the euro inter-bank offered rate administered by the European Money Markets Institute (EMMI) (or any other person which takes over the administration of such rate)) as of 11:00 a.m. in Brussels on the second Business Day immediately preceding the first day of such Interest Period (each an **"Interest Determination Date"**). If page EURIBOR 01 of the Reuters screen is not available or if no such quotation appears thereon, in each case as at such time, the Interest Determination Agent shall either specify another page or service displaying the relevant rate or use the Reference Bank Rate (expressed as a percentage rate *per annum*) as determined by it in consultation with the Issuer for one-month deposits (with respect to the first Interest Period, for one (1) month deposit) in euro at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date, where the **"Reference Bank Rate"** means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Interest Determination Agent at its request by the Reference Banks selected by it in consultation with the Issuer as the rate at which such Reference Bank could borrow funds in the European interbank market in euro and for such Interest

Period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in euro and for such Interest Period.

In the event that the Interest Determination Agent is on any Interest Determination Date required but unable to determine EURIBOR for the relevant Interest Period in accordance with the above:

- (i) for any reason other than as described under (ii) below, EURIBOR for such Interest Period shall be EURIBOR as determined on the previous Interest Determination Date.
- (ii) due to a public announcement of the permanent or indefinite discontinuation of EURIBOR that applies to the Class A Notes at that time (the date of such public announcement being the "**Relevant Time**"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with clause 23 (Base Rate Modification) of the Trust Agreement.

<b>"Euroclear"</b>	means the Euroclear system operated by Euroclear Bank S.A./N.V. at 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and any successor thereto.
<b>"European Economic Area" or "EEA"</b>	means then economic area established by the Agreement on the European Economic Area (signed in Brussels on 17 March 1993) and comprising the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway.
<b>"European Union" or "EU"</b>	means the union of European states initially established by Treaty on European Union (signed in Maastricht on 7 February 1992).
<b>"Euro-zone"</b>	means the region comprising member states of the European Union that have adopted the single currency, the euro, in accordance with the EU Treaties.
<b>"EUWA"</b>	means European Union (Withdrawal) Act 2018 (as amended, restated or supplemented).
<b>"Excess Collection Amount"</b>	means, on any Payment Date during the Revolving Period, the cash amount, as calculated with respect to the immediately preceding Cut-Off Date, by which the lower of <ul style="list-style-type: none"><li>(i) the Replenishment Available Amount; and</li><li>(ii) the Available Distribution Amount remaining after the payment of items <i>first</i> to <i>sixth</i> of the Pre-Enforcement Priority of Payments, exceeds the Additional Purchase Price to be paid by the Issuer to the Seller on such Payment Date.</li></ul>
<b>"Excess Spread"</b>	means, with respect to any Payment Date, the amount equal to the difference between the amount of collections, which are interest

income calculated using the Discount Rate during the Monthly Period immediately preceding a Payment Date and the sum of the amounts required to be paid under items (a) to (e) of the Pre-Enforcement Priority of Payments and item (a) to (e) of the Post-Enforcement Priority of Payments, respectively, on such Payment Date and providing the first loss protection to the Notes.

<b>"Exchange Date"</b>	has the meaning assigned thereto in Condition 2(c) of the Conditions.
<b>"FC"</b>	means a financial counterparty pursuant to EMIR.
<b>"Final Discharge Date"</b>	means the date on which the Trustee notifies the Issuer and the Secured Parties that the Trustee is satisfied that all the Secured Obligations and the Trustee Claim, actual or contingent, and/or all other moneys and other liabilities due or owing by the Issuer, actual or contingent, in relation to the Transaction have been paid or discharged in full.
<b>"Fitch"</b>	means Fitch Ratings, a branch ( <i>Zweigniederlassung</i> ) of Fitch Ratings Ireland Limited or any other Fitch Rating entity established in the European Union or its affiliate and its successors.
<b>"Form of Accession Agreement"</b>	means a form of accession agreement as set out in Schedule 3 to the Trust Agreement.
<b>"Foundation"</b>	means the Stichting Andesien, a Dutch foundation ( <i>stichting</i> ) established under the laws of The Netherlands whose statutory seat is in Amsterdam and whose registered office is at Basisweg 10, 1043 AP Amsterdam, The Netherlands'.
<b>"FSMA"</b>	means the United Kingdom Financial Services and Markets Act 2000.
<b>"FTT"</b>	means the proposal of the European Commission dated 14 February 2013 for a common Financial Transaction Tax in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the " <b>Participating Member States</b> ").
<b>"GDPR"</b>	means Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons to the processing of personal data and on the free movement of such data, as amended.
<b>"German Civil Code"</b>	means the civil code ( <i>Bürgerliches Gesetzbuch - BGB</i> ) of Germany, as amended or restated from time to time.
<b>"German Insolvency Code"</b>	means the insolvency code ( <i>Insolvenzordnung - InsO</i> ) of Germany, as amended or restated from time to time.
<b>"German Transaction Documents"</b>	means the Notes, the Trust Agreement, the Agency Agreement, the Bank Account Agreement, the Calculation Agency Agreement, the Lease Receivables Purchase Agreement, the Servicing Agreement, the Data Trust Agreement and the Subordinated Loan Agreement, which are governed by, and shall be construed in accordance with, the

laws of Germany and any amendment agreement, termination agreement or replacement agreement relating to any such agreement.

<b>"Germany"</b>	means the Federal Republic of Germany.
<b>"Global Note"</b>	means each of the Temporary Global Notes and the Permanent Global Notes.
<b>"Governmental Authority"</b>	means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including, without limitation, any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including, for the avoidance of doubt, the BaFin.
<b>"ICSD"</b>	means either of Clearstream Banking S.A. or Euroclear Bank S.A./N.V., and <b>"ICSDs"</b> means Clearstream Banking S.A. and Euroclear Bank S.A./N.V. collectively.
<b>"IDD"</b>	means Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, as amended.
<b>"IGA"</b>	means intergovernmental agreements of several jurisdictions with the United States to implement FATCA.
<b>"Incorporated Terms Memorandum"</b>	means the memorandum so named, dated on or about the Issue Date and signed for the purpose of identification by the Seller, the Servicer, the Subordinated Lender, the Issuer acting in respect of its Compartment German Auto Leases 8, the Trustee, the Account Bank, the Data Trustee, the Interest Determination Agent, Paying Agent, the Calculation Agent, the Corporate Administrator, the Back-Up Servicer Facilitator and the Swap Counterparty.
<b>"Initial Aggregate Discounted Outstanding Lease Balance"</b>	means the sum of the Discounted Outstanding Lease Balances of all Purchased Lease Receivables on the first Cut-Off Date immediately preceding the Issue Date.
<b>"Initial Lease Receivables"</b>	means the initial Lease Receivables offered by the Seller on the Issue Date to the Issuer.
<b>"Initial Purchase Price"</b>	means the Purchase Price payable on the Issue Date for the purchase of the Initial Lease Receivables.
<b>"Initial Purchased Lease Receivable"</b>	means any initial Lease Receivable which is sold and assigned or purported to be assigned to the Issuer in accordance with the Lease Receivables Purchase Agreement on the Issue Date.
<b>"Insolvency Event"</b>	means, with respect to Bavarian Sky S.A. (where the context requires, in respect of its Compartment German Auto Leases 8) or any Transaction Party, as the case may be, each of the following events:



- (a) if such person is incorporated, domiciled or resident in Luxembourg or has its "centre of main interests" in Luxembourg, as such term is used by the EU Insolvency Regulation, such person is subject to a winding-up, administration or dissolution, administration or reorganisation, liquidation, composition, compromise, assignment or arrangement or similar laws affecting the rights of creditors generally which includes without limitation when such person:
- (i) enters into negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness includes any such negotiations conducted in order to reach an amicable agreement (*accord amiable*) with creditors pursuant to the Luxembourg law of 7 August 2023 on business continuity and the modernisation of bankruptcy;
  - (ii) is granted a moratorium or reprieve from payment (*sursis de paiement*) within the meaning of articles 593 *et seq.* of the Luxembourg Commercial Code (*Code de Commerce*);
  - (iii) is subject to judicial reorganisation (*réorganisation judiciaire*) pursuant to the Luxembourg of 7 August 2023 on business continuity and the modernisation of bankruptcy;
  - (iv) is itself or any of its assets the subject of any Insolvency Proceedings commenced pursuant to articles 437 *et seq.* of the Luxembourg Commercial Code (*Code de Commerce*) or any other Insolvency Proceedings pursuant to the EU Insolvency Regulation, unless the application for such proceedings is dismissed within 30 calendar days from and excluding the day it is filed (unless dismissed on the ground that the costs of the Insolvency Proceedings were likely to exceed the assets of such person (*clôture pour insuffisance d'actifs*));
  - (v) takes any corporate action or is the subject of any legal proceedings commenced against it for its dissolution or (voluntary or judicial) liquidation in accordance with the laws of Luxembourg;
  - (vi) is in a situation of illiquidity (*cessation de paiements*), and without access to credit (*crédit ébranlé*) within the meaning of article 437 of the Luxembourg Commercial Code (*Code de Commerce*);
  - (vii) has entered into general settlement arrangement with creditors; or

- (viii) where such person is a bank or another entity licensed under the Luxembourg Banking Act to conduct management of third party assets, any action under articles 120 *et seq.* of the Luxembourg Law of 18 December 2018 on the resolution, reorganisation and winding up measures of credit institutions and certain investment firms have been taken with respect to such person; or
- (b) if such person is incorporated, domiciled or resident in Germany or has its "centre of main interests" in Germany, as such term is used by the EU Insolvency Regulation, such person
- (i) enters into a voluntary arrangement with its creditors or is declared bankrupt;
  - (ii) is itself or any of its assets the subject of any insolvency proceedings commenced pursuant to section 13 of the German Insolvency Code (*Insolvenzordnung*), unless the application for such proceedings is dismissed within 30 calendar days from and excluding the day it is filed (unless dismissed on the ground that the costs of the insolvency proceedings were likely to exceed the assets of such person (*Abweisung mangels Masse*));
  - (iii) takes any corporate action or is the subject of any legal proceedings commenced against it for its dissolution or liquidation in accordance with the laws of Germany;
  - (iv) is in a situation of illiquidity (*Zahlungsunfähigkeit*), over-indebtedness (*Überschuldung*) or presumably unable to pay its debts as they fall due within the meaning of section 18 of the German Insolvency Code (*drohende Zahlungsunfähigkeit*); or
  - (v) where such person is a credit institution, any action under sections 45, 46, 46(b), 46(g) and 48(t) of the German Banking Act (*Kreditwesengesetz*) or any measures under the SAG have been taken or such person is subject to the rules of the SRM Regulation; or
- (c) if such person is not insolvent according to (a) or (b) above, such person:
- (i) is dissolved or has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
  - (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
  - (iv) institutes or has instituted against it proceedings seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;
  - (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
  - (vi) has a creditor take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such creditor maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter;
  - (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified under paragraphs (i) to (vi) above (inclusive); or
  - (viii) takes any formal action in indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (d) such person is itself or any of its assets are otherwise subject to any Insolvency Proceeding.

**"Insolvency Proceeding"**

means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganisation, restructuring, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors of a Person, or (b) any general assignment of assets for the benefit of creditors of a Person, composition, marshalling of assets for creditors of a Person, or other

similar arrangement in respect of its creditors generally or any substantial portion of its creditors (which, for the avoidance of doubt, shall not include the distribution of the Issuer's cash in accordance with the applicable Priority of Payments). For the avoidance of doubt, in relation to Bavarian Sky S.A., this includes, without limitation, bankruptcy (*faillite*), insolvency, its voluntary or judicial liquidation, administrative dissolution without liquidation (*dissolution administrative sans liquidation*), reprieve from payment (*sursis de paiement*), judicial reorganisation (*réorganisation judiciaire*), fraudulent conveyance, reorganisation by amicable agreement (*réorganisation par accord amiable*), reorganisation or similar proceedings affecting the rights of creditors generally.

<b>"Interest Amount"</b>	means the amount of interest payable by the Issuer on a Note on a Payment Date accrued during the Interest Period relating to such Payment Date as further described in Condition 7.1(b) of the Conditions.
<b>"Interest Determination Agent"</b>	means The Bank of New York Mellon, London Branch, any successor thereof or any other Person appointed as replacement interest determination agent from time to time in accordance with the Agency Agreement.
<b>"Interest Determination Date"</b>	means the second Business Day prior to the first day of the relevant Interest Period.
<b>"Interest Period"</b>	means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date, and in respect of any subsequent Payment Date, the period commencing on (and including) the respective previous Payment Date and ending on (but excluding) the relevant Payment Date, provided that the last Interest Period shall end on (but exclude) the Legal Final Maturity Date or, if earlier, the date on which all Notes are redeemed in full.
<b>"Interest Rate"</b>	means in respect of the Notes the applicable rate of interest as more specifically described in Condition 7.2 of the Conditions.
<b>"Interest Shortfall"</b>	means, with respect to any Note, accrued interest not paid on any Payment Date related to the Interest Period in which it accrued, including but not limited to any accrued interest resulting from a correction of any miscalculation of interest payable on a Note related to the last Interest Period immediately prior to the Payment Date.
<b>"Investor Reporting Date"</b>	means the second Business Day prior to the respective Payment Date.
<b>"ISDA Calculation Agent"</b>	means, for the purpose of the Swap Agreement, the Calculation Agent defined in Section 1.2.1 of the 2021 ISDA Definitions.

<b>"ISIN"</b>	means the international securities identification number pursuant to the ISO – 6166 Standard.
<b>"ISO"</b>	means the International Organisation for Standardisation.
<b>"Issue Date"</b>	means 20 November 2023.
<b>"Issuer Account"</b>	means an account held with the Account Bank in respect of the Compartment German Auto Leases 8.
<b>"Issuer Event of Default"</b>	<p>means in respect of the Notes any of the following events:</p> <ul style="list-style-type: none"> <li>(a) a default occurs in the payment of interest on any Payment Date (and such default is not remedied within two Business Days of its occurrence) or the payment of principal on the Legal Final Maturity Date (and such default is not remedied within two Business Days of its occurrence) in respect of the most senior Class of Notes;</li> <li>(b) the Issuer fails to perform or observe any of its other material obligations under the Conditions or the Transaction Documents (other than the Subordinated Loan Agreement) and, in each such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) such failure is continuing for a period of 30 calendar days following the service by the Trustee on the Issuer of a notice requiring the same to be remedied;</li> <li>(c) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Class A Notes or any other Transaction Document (other than the Subordinated Loan Agreement); or</li> <li>(d) an Insolvency Event has occurred with respect to the Issuer.</li> </ul>
<b>"Issuer Representations and Warranties"</b>	means representations and warranties as set out for the Issuer in Schedule 7 (Issuer Representations and Warranties) of the Incorporated Terms Memorandum.
<b>"Issuer"</b>	means Bavarian Sky S.A., an unregulated securitisation undertaking within the meaning of the Luxembourg Securitisation Law, incorporated under the form of a public limited liability company ( <i>société anonyme</i> ), with registered office at 287-289 route d'Arlon, L-1150 Luxembourg, registered with the Luxembourg trade and companies register under number B 127982, acting, unless the context requires otherwise, solely in respect of its Compartment German Auto Leases 8.
<b>"Issuer-ICSDs Agreement"</b>	means any Issuer-ICSDs agreement between the Issuer and the ICSDs with respect to any Class of Notes before any Notes of such Class in NGN form will be accepted by the ICSDs.

<b>"Joint Bookrunners"</b>	means Deutsche Bank AG, RBC Capital Markets (Europe) GmbH and Landesbank Baden-Württemberg, collectively.
<b>"Joint Lead Managers"</b>	means Deutsche Bank AG, RBC Capital Markets (Europe) GmbH and Landesbank Baden-Württemberg, collectively.
<b>"Lease Agreement Identifier"</b>	means the lease agreement identification number as allocated to the relevant Purchased Lease Receivable by the Servicer in the portfolio management system.
<b>"Lease Agreement Termination Event"</b>	means the termination of the Lease Agreement including, without limitation: <ul style="list-style-type: none"> <li>(a) termination due to contractual lapse of agreement (<i>Ablauf der regulären, ursprünglich vereinbarten Leasingdauer</i>); or</li> <li>(b) rescission of the Lease Agreement by the Lessee (<i>Rücktritt des Leasingnehmers</i>); or</li> <li>(c) termination for good cause (<i>Kündigung aus wichtigem Grund</i>).</li> </ul>
<b>"Lease Agreement"</b>	means each contractual framework, based on the standard business terms ( <i>Allgemeine Geschäftsbedingungen</i> ) or otherwise, which governs the Seller's relationship with the respective Lessee(s) with regard to the Lease Receivables.
<b>"Lease Collateral"</b>	means (i) the Pro Rata Lease Instalment Share of any claims of the Seller to damages and excess mileage in accordance with its Credit and Collection Policy, and (ii) any other security interests related to the Purchased Lease Receivables under the Lease Agreements.
<b>"Lease Instalment"</b>	means any lease instalment due and payable by the Lessee in the future, but excluding (i) any portion relating to VAT, relating to residual values or relating to the provision of services, under a Lease Agreement as well as (ii) any Lease Collateral.
<b>"Lease Receivable"</b>	means any obligation to pay Lease Instalments which a Lessee owes to the Seller in accordance with the Lease Agreement, together with any and all present and future ancillary rights under the relevant Lease Agreement(s), in particular rights to determine legal relationships ( <i>Gestaltungsrechte</i> ), including termination rights ( <i>Kündigungsrechte</i> ), and the right to give directions ( <i>Weisungsrechte</i> ) but excluding any portion relating to VAT, relating to residual values or relating to the provision of services.
<b>"Lease Receivables Purchase Agreement"</b>	means the lease receivables purchase agreement between the Seller and the Issuer dated the Signing Date, as amended from time to time.
<b>"Leased Vehicle"</b>	means any passenger car, light commercial vehicle or motorcycles leased to a customer under a Lease Agreement.

<b>"Legal Final Maturity Date"</b>	means the Payment Date falling in November 2031.
<b>"Lessee"</b>	means, in respect of a Lease Receivable, a Person (including consumers and commercial customers) to whom the Seller has leased one or more vehicles on the terms of the relevant Lease Agreement(s).
<b>"Lessee Identifier"</b>	means the lessee identification number allocated to the relevant Lessee by the Servicer.
<b>"Lessee Notification Event"</b>	means a Servicer Termination Event.
<b>"Lessee Notification"</b>	means in respect of a Purchased Lease Receivable a notice substantially in the form as set out in Schedule 3 (Form of Lessee Notification) of the Lease Receivables Purchase Agreement sent to the relevant Lessees in accordance with the provisions of the Lease Receivables Purchase Agreement.
<b>"Level of Collateralisation"</b>	means on the Issue Date, the level of collateralisation of the Notes being 100 per cent and calculated as (i) the Initial Aggregate Discounted Outstanding Lease Balance divided by (ii) the sum of the then Outstanding Note Balance of the Class A Notes and the Class B Notes, collectively.
<b>"Liabilities"</b>	means, in respect of any Person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever, including reasonable legal fees and any Taxes and penalties incurred by that person, together with any VAT charged or chargeable in respect of any of the sums referred to in this definition.
<b>"Loss"</b>	means, in respect of any Person, any loss, liability, damages, cost, expense, claim, action, suit, judgment, and out-of-pocket costs and expenses (including, without limitation, fees and expenses of any professional adviser to such Person) which such Person may have incurred or which may be made against such Person and any reasonable costs of investigation and defence.
<b>"Luxembourg Securitisation Law"</b>	means the Luxembourg law on securitisation of 22 March 2004, as amended.
<b>"Luxembourg Stock Exchange"</b>	means <i>société de la bourse de Luxembourg</i> .
<b>"Luxembourg"</b>	means the Grand Duchy of Luxembourg.
<b>"Managers"</b>	means the Joint Lead Managers and the Joint Bookrunners, collectively.

<b>"Margining Obligation"</b>	means the obligation for a mandatory exchange of collateral in relation to OTC derivate contracts not cleared by a CCP in accordance with EMIR.
<b>"Master Definitions Schedule"</b>	means Schedule 1 (Master Definitions Schedule) of the Incorporated Terms Memorandum.
<b>"Material Adverse Effect"</b>	means in relation to any Person, any effect that results in, or could reasonably be expected to result in, the Insolvency Event of that Person or otherwise hinders or could reasonably be expected to hinder not only temporarily, the performance of that Person's obligations under any of the Transaction Documents as and when due.
<b>"Member State"</b>	means, as the context may require, a member state of the European Union or of the European Economic Area.
<b>"MiFID II"</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended.
<b>"MiFIR"</b>	means Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012, as amended.
<b>"Monthly Investor Report"</b>	means the report which contains key information the investor needs to analyse the development of the Purchased Lease Receivables, for instance defaults, delinquencies and performance, and which is prepared by the Servicer and made available by the Calculation Agent no later than on the Investor Reporting Date and more than one report the <b>"Monthly Investor Reports"</b> .
<b>"Monthly Period"</b>	means, with respect to the first Monthly Period, the period commencing on (but excluding) the Cut-Off Date immediately preceding the Issue Date and ending on (and including) 30 November 2023 and with respect to each following Monthly Period the period commencing on (but excluding) a Cut-Off Date and ending on (and including) the immediately following Cut-Off-Date.
<b>"Moody's"</b>	means Moody's Deutschland GmbH or its successors.
<b>"New Global Note" or "NGN"</b>	means a global note which refers to the books and records of the ICSDs to determine the total remaining indebtedness of the Issuer as determined from time to time.
<b>"New Issuer"</b>	means any new issuer substituting the Issuer in accordance with Condition 13 (Substitution of the Issuer) of the Conditions.
<b>"NFC"</b>	means a non-financial counterparty pursuant to EMIR.
<b>"Note Principal Amount"</b>	means the initial note principal amount of any Note of EUR 100,000.



<b>"Noteholder Representative"</b>	means a common representative ( <i>gemeinsamer Vertreter</i> ) of the Noteholders as appointed in accordance with Condition 14(i) of the Conditions.
<b>"Noteholders"</b>	means collectively the Class A Noteholders and the Class B Noteholders and each holder of a Note, a <b>"Noteholder"</b> .
<b>"Notes"</b>	means collectively the Class A Notes and the Class B Notes.
<b>"Offer Date"</b>	means the date falling three Business Days prior to the relevant Additional Purchase Date.
<b>"Offering Circular"</b>	means the offering circular dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Notes.
<b>"Operating Account"</b>	means a sub-account to the Issuer Account held by the Issuer with the Account Bank for and into which the Servicer transfers all Collections received by it on behalf of the Issuer in accordance with the Servicing Agreement in respect of Compartment German Auto Leases 8 and for the purposes of the Transaction.
<b>"Originator Group"</b>	means the Seller and its affiliated companies.
<b>"Outside Waterfall Payments"</b>	means <ul style="list-style-type: none"> <li>(a) in case of a pre-enforcement scenario <ul style="list-style-type: none"> <li>(i) any taxes referred to in item <i>"first"</i> of the Pre-Enforcement Priority of Payments using any amounts then credited to the Issuer Account and, if applicable, the Commingling Reserve Account, the Cash Reserve Account or (if and to the extent the amounts standing to the credit of the Counterparty Downgrade Collateral Account would form part of the Available Distribution Amount) the Counterparty Downgrade Collateral Account;</li> <li>(ii) any swap collateral or any Replacement Swap Premium due to be transferred or paid by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) pursuant to the terms and conditions of the Swap Agreement will be transferred or paid (as applicable) by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) if and to the extent that such Replacement Swap Premium has been received by the Issuer,</li> <li>(iii) any interest earned on the balance credited to the Commingling Reserve Account and any Commingling Reserve Excess Amount in accordance with clauses 13.3 of the Servicing Agreement shall be paid to the Seller as well as any (i) remaining amount standing to the credit of the Commingling Reserve Account to the</li> </ul> </li> </ul>

extent not part of the Available Distribution Amount and (ii) amounts to be released to the Servicer in accordance with clauses 13.4 of the Servicing Agreement, once the Issuer has determined that no Servicer Shortfall exists and no further Servicer Shortfalls are to be expected and no Commingling Reserve Trigger Event has occurred and is still continuing, and

- (iv) any interest earned on the balance credited to the Servicing Reserve Account and any Servicing Reserve Excess Amount in accordance with clause 22.3 of the Lease Receivables Purchase Agreement shall be paid to the Seller as well as any remaining amount standing to the credit of the Servicing Reserve Account (i) upon termination of the Transaction or (ii) prior to the occurrence of a Servicing Reserve Trigger Event (lit. (d) or (f)), as soon as the Servicing Reserve Trigger Event (lit. (a), (b), (c) or (e)) no longer prevails;
  - (v) any (if any) interest compensation fee payable by the Issuer to the Seller pursuant to a separate arrangement between the Issuer and the Seller;
- (b) in case of a post-enforcement scenario
- (i) any taxes referred to in item "*first*" of the Post-Enforcement Priority of Payments using any Available Post-Enforcement Funds;
  - (ii) any swap collateral and any Replacement Swap Premium due to be transferred or paid by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) pursuant to the terms and conditions of the Swap Agreement will be transferred or paid (as applicable) by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) if and to the extent that such Replacement Swap Collateral has been received by the Issuer;
  - (iii) any compensation fee payable by the Issuer to the Seller pursuant to a separate arrangement between the Issuer and the Seller;
  - (iv) after the realisation of Security, any remaining amount standing to the credit of the Servicing Reserve Account shall be paid to the Seller.

**"Outstanding Lease Receivables"**

means a Purchased Lease Receivable that is neither a Defaulted Lease Receivable, nor a Purchased Lease Receivable being fully repaid.

<b>"Outstanding Note Balance"</b>	means in respect of any Note as of any date the Note Principal Amount of such Note as reduced by all amounts paid in accordance with the applicable Priority of Payments prior to such date on such Note in respect of principal.
<b>"Paying Agent"</b>	means The Bank of New York Mellon, London Branch, any successor thereof or any other Person appointed as replacement paying agent from time to time in accordance with the Agency Agreement.
<b>"Payment Date"</b>	means (in respect of the first Payment Date) 20 December 2023 and thereafter the twentieth (20th) of each calendar month, provided that if any such day is not a Business Day, the relevant Payment Date will fall on the next following Business Day unless such date would thereby fall into the next calendar month, in which case the Payment Date shall be the immediately preceding Business Day. Any reference to a Payment Date relating to a given Monthly Period shall be a reference to the Payment Date falling in the calendar month following such Monthly Period.
<b>"Performance Period"</b>	means a period of 60 calendar days.
<b>"Permanent Global Notes"</b>	means in respect of any Class of Notes the permanent global bearer note without coupons attached representing such Class as more specifically described in Condition 2(b) of the Conditions.
<b>"Person"</b>	means an individual, partnership, corporation (including a business trust), unincorporated association, trust, joint stock company, limited liability company, joint venture or other entity, or a government or political subdivision, agency or instrumentality thereof.
<b>"Portfolio Decryption Key"</b>	means a file of information sent by the Seller to the Data Trustee, required to decrypt the encrypted Portfolio Information.
<b>"Portfolio Information"</b>	means a portfolio file (non-encrypted information) and a Data Trustee file (encrypted information) with the information as set out in the Annex to Schedule 2 of the Lease Receivables Purchase Agreement sent by the Seller to the Issuer (the encrypted information readable only together with the Portfolio Decryption Key).
<b>"Post-Enforcement Priority of Payments"</b>	means the priority of payments set out in Condition 9 (Post-Enforcement Priority of Payments) of the Conditions.
<b>"Pre-Enforcement Priority of Payments"</b>	means the priority of payments set out in Condition 7.6 (Pre-Enforcement Priority of Payments) of the Conditions.
<b>"PRIIPs Regulation"</b>	means Regulation (EU) 1286/2014, as amended.
<b>"Principal Amount"</b>	means with respect to any Note, on any Payment Date, the amount of principal payable by the Issuer on such Note on such Payment Date.
<b>"Priority of Payments"</b>	means either the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

<b>"Private Investment Income"</b>	means income from private (i.e. non-business) investments and capital gains.
<b>"Pro Rata Lease Instalment Share"</b>	means the rate, expressed as a percentage, calculated as (i) the present value of the relevant Purchased Lease Receivable outstanding using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value ( <i>kalkulierter Restwert</i> ) of the relevant Leased Vehicle using the APR.
<b>"Pro Rata Residual Value Share"</b>	means the rate, expressed as a percentage, calculated as (i) the present value of the calculated residual value ( <i>kalkulierter Restwert</i> ) of the relevant Leased Vehicle using the APR divided by (ii) the sum of (a) the present value of the relevant Purchased Lease Receivable outstanding using the APR plus (b) the present value of the calculated residual value ( <i>kalkulierter Restwert</i> ) of the relevant Leased Vehicle using the APR.
<b>"Prospectus Law 2019"</b>	means the Luxembourg act relating to prospectuses for securities dated 16 July 2019 on prospectus for securities, as amended ( <i>loi relative aux prospectus pour valeurs mobilières</i> ).
<b>"Prospectus Regulation"</b>	means Regulation (EU) 2017/1129, as amended or superseded from time to time.
<b>"Prospectus"</b>	means the prospectus prepared by the Issuer for the purposes of admission to trading of the Notes and filed with, and approved by, the Competent Authority pursuant to the Prospectus Regulation and to the Prospectus Law 2019 relating to prospectuses for securities on or about 16 November 2023 (which term shall include those documents incorporated in it by reference from time to time as provided in it) as from time to time amended, supplemented or replaced (but not including any information or documents replaced or superseded by any information so subsequently included or incorporated).
<b>"Purchase Date"</b>	means the Issue Date and any Additional Purchase Date.
<b>"Purchase Price"</b>	means with respect to any Purchased Lease Receivable, an amount equal to its Discounted Outstanding Lease Balance.
<b>"Purchase Requirements"</b>	means the following conditions: <ul style="list-style-type: none"> <li>(a) the relevant Additional Lease Receivable fulfils the Eligibility Criteria as at the relevant Additional Cut-Off Date;</li> <li>(b) the Seller Warranties are materially true and correct as at the relevant Offer Date;</li> <li>(c) the Seller is not in breach of any of its material duties as set out in the Transaction Documents; and</li> <li>(d) no Issuer Event of Default has occurred.</li> </ul>

<b>"Purchased Lease Receivables"</b>	means the Initial Purchased Lease Receivables and the Additional Purchased Lease Receivables, collectively.
<b>"Rating Agencies"</b>	means DBRS, Fitch and Moody's and each a <b>"Rating Agency"</b> .
<b>"Records"</b>	means with respect to any Purchased Lease Receivable, Lease Collateral, Leased Vehicle and the related Lessees which owes such Purchased Lease Receivable all contracts, invoices, receipts, correspondence, files, notes of dealings and other documents, books, books of account, registers, records and other information (especially computerised data, tapes, discs, punch cards, data processing software and related property and rights) maintained (and recreated in the event of destruction of the originals thereof) regardless of how stored.
<b>"Recoveries"</b>	means all amounts received in respect of, or in connection with, any Purchased Lease Receivable by the Servicer after the date such Purchased Lease Receivable became a Defaulted Lease Receivable (provided that such Defaulted Lease Receivable has not been totally written off), including, for the avoidance of doubt, Lease Instalments, damages, reminder fees, past due interest and any other payment, by or for the account of the relevant Lessee minus all out-of-pocket expenses paid to third parties and incurred by the Servicer in connection with the collection of Defaulted Lease Receivables or the enforcement of the Lease Collateral.
<b>"Reference Bank Rate"</b>	means the arithmetic mean of the rates (rounded upwards to four decimal places).
<b>"Reference Banks"</b>	means four major banks in the Euro-zone inter-bank market selected by the Paying Agent in consultation with the Issuer from time to time.
<b>"Regulation S"</b>	means Regulation S under the Securities Act.
<b>"Release Condition"</b>	means the earlier of (i) the full and final fulfilment of the obligations secured pursuant to clause 4.5 of the Lease Receivables Purchase Agreement; (ii) the full and final payment of the relevant Purchased Lease Receivables or (iii) the termination of the relevant Lease Agreement.
<b>"Replacement Swap Premium"</b>	means an amount received by the Issuer from a replacement interest rate swap provider upon entry by the Issuer into an agreement with such replacement interest rate swap provider to replace a transaction entered into under the Swap Agreement;
<b>"Replenishment Available Amount"</b>	means, as of any Payment Date, the amount by which the Aggregate Outstanding Notes Balance exceeds the Current Aggregate Discounted Outstanding Lease Balance as of the Cut-Off Date immediately preceding such Payment Date.
<b>"Replenishment Ledger"</b>	means a separate ledger of the Operating Account held with the Account Bank for and into which, during the Revolving Period only, the

	<p>Servicer transfers any Excess Collection Amount on any Payment Date in accordance with the applicable priority of payments.</p>
<b>"Reporting Date"</b>	<p>means the seventh Business Day prior to the respective Payment Date.</p>
<b>"Reporting Entity"</b>	<p>means the entity that is designated to fulfil the reporting obligations under the Securitisation Regulation.</p>
<b>"Reporting Obligation"</b>	<p>means the requirements according to EMIR to report certain OTC derivative contracts to a registered or recognised trade repository.</p>
<b>"Required Cash Reserve Amount"</b>	<p>means as of any date, an amount equal to either (i) EUR 9,502,900; or (ii) zero upon the occurrence of either (a) the Legal Final Maturity Date, (b) the Available Distribution Amount as of such date being sufficient to reduce the Class A Outstanding Notes Balance to zero or (c) the Current Aggregate Discounted Outstanding Lease Balance being equal to zero, whichever occurs earlier.</p>
<b>"Revolving Period"</b>	<p>means the period which commences on the Issue Date (including) and which ends on the earlier of (i) the Payment Date falling in November 2024 (including) and (ii) the date on which an Early Amortisation Event has occurred prior to the respective Payment Date.</p>
<b>"SAG"</b>	<p>means the German Recovery and Resolution Act (<i>Sanierungs- und Abwicklungsgesetz</i>).</p>
<b>"Secrecy Rules"</b>	<p>means, collectively, the rules of German banking secrecy (<i>Bankgeheimnis</i>), the provisions of the German Federal Data Protection Act (<i>Bundesdatenschutzgesetz</i>), the GDPR, and the German Data Protection Amendment and Implementation Act (<i>Datenschutzanpassungs- und Umsetzungsgesetz</i>) as such rules are binding the relevant Transaction Party to the German Transaction Documents with respect to the Purchased Lease Receivables, the Leased Vehicles and the Lease Collateral from time to time.</p>
<b>"Secured Obligations"</b>	<p>means all duties and liabilities (present and future, actual and contingent) of the Issuer which the Issuer has covenanted with the Trustee to pay to the Noteholders and the other Secured Parties pursuant to clause 5.1(a) and (b) of the Trust Agreement.</p>
<b>"Secured Parties"</b>	<p>means each of the Noteholders, the Trustee, the Seller, the Servicer (if different from the Seller), the Subordinated Lender, the Swap Counterparty, the Paying Agent, the Interest Determination Agent, the Calculation Agent, the Account Bank, the Data Trustee, the Corporate Administrator, the Back-Up Servicer Facilitator and any successor, assignee, transferee or replacement thereof.</p>
<b>"Securities Act"</b>	<p>means the U.S. Securities Act of 1933 as amended from time to time.</p>

<b>"Securitisation Regulation"</b>	means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 on 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.
<b>"Security Documents"</b>	means the Trust Agreement and the Deed of Security Assignment.
<b>"Security"</b>	means the security interests created pursuant to clause 8 (Creation of Security, i.e., clause 8.1 (Transfer for security purposes of Transferred Assets) and clause 8.2 (Pledges)) and the other provisions of the Trust Agreement and pursuant to the Deed of Security Assignment and serving as security for the Secured Obligations and the Trustee Claim.
<b>"Seller Representations and Warranties"</b>	means representations and warranties as set out for the Seller in Schedule 3 (Seller Representations and Warranties) of the Incorporated Terms Memorandum.
<b>"Seller Warranties"</b>	means the Seller's warranties as set forth in Schedule 10 (Seller Warranties) of the Incorporated Terms Memorandum.
<b>"Seller"</b>	means BMW Bank.
<b>"Servicer"</b>	means BMW Bank, unless the engagement of BMW Bank as servicer of the Issuer in respect of Compartment German Auto Leases 8 of the Issuer is terminated upon the occurrence of a Servicer Termination Event in accordance with the Servicing Agreement in which case the Servicer shall mean the successor Servicer or replacement Servicer (if any) appointed in accordance with the Servicing Agreement.
<b>"Servicer Shortfall"</b>	means, with respect to any Payment Date, a shortfall in respect of amounts of Collections due and payable by the Servicer to the Issuer which is less than the amounts of Collections as indicated in the relevant Monthly Investor Report prepared by the Servicer to such Payment Date and in respect of which no previous drawing has been made from the Commingling Reserve Account.
<b>"Servicer Termination Event"</b>	means any of the following: <ul style="list-style-type: none"> <li>(a) an Insolvency Event has occurred with respect to the Seller or the Servicer; or</li> <li>(b) the Seller or the Servicer fails to make any payment or deposit required by the terms of the relevant Transaction Document within five Business Days of the date such payment or deposit is required to be made; or</li> <li>(c) the Seller or the Servicer fails to perform any of its material obligations under the Lease Receivables Purchase Agreement and/or the Servicing Agreement (other than a payment or deposit required), and such breach, if capable of remedy, is not</li> </ul>

remedied within 20 Business Days of written notice from the Issuer or the Trustee; or

- (d) any representation or warranty in the Lease Receivables Purchase Agreement or in the Servicing Agreement or in any report provided by the Seller or the Servicer is materially false or incorrect, and such inaccuracy, if capable of remedy, is not remedied within 20 Business Days of written notice from the Issuer or the Trustee and has a Material Adverse Effect in relation to the Issuer.

<b>"Services"</b>	means the services outlined in clause 3 of the Servicing Agreement.
<b>"Servicing Agreement"</b>	means a servicing agreement between, <i>inter alia</i> , the Servicer, the Issuer, the Back-Up Servicer Facilitator and the Calculation Agent dated as of the Signing Date.
<b>"Servicing Fee"</b>	means, (i) for as long as BMW Bank GmbH remains Servicer, EUR 0 and (ii) for as long as BMW Bank GmbH is no longer the Servicer and for any Monthly Period, the servicing fee charged by any substitute Servicer.
<b>"Servicing Reserve Account"</b>	sub-account to the Issuer Account held by the Issuer with the Account Bank for the Servicing Reserve Required Amount in respect of Compartment German Auto Leases 8 and for the purposes of the Transaction.
<b>"Servicing Reserve Excess Amount"</b>	means (i) as long as BMW Bank is the Servicer, an amount equal to the amount credited to the Servicing Reserve Account which exceeds the Servicing Reserve Required Amount, (ii) otherwise zero.
<b>"Servicing Reserve Required Amount"</b>	means (i) if no Servicing Reserve Trigger Event prevails, zero, and (ii) upon the occurrence and the continuance of a Servicing Reserve Trigger Event, an amount equal to 2 per cent of the Current Aggregate Discounted Outstanding Lease Balance.
<b>"Servicing Reserve Trigger Event"</b>	means: <ul style="list-style-type: none"><li>(a) for so long as BMW Bank is the Servicer, the issuer rating of BMW AG is assigned a rating lower than "BBB(low)" (or its replacement) by DBRS; or</li><li>(b) for so long as BMW Bank is the Servicer, if Fitch deems the credit worthiness of BMW AG (i) in respect of the short-term issuer default rating, to be lower than "F2" (or its replacement) and (ii) in respect of the long-term issuer default rating, to be lower than "BBB" (or its replacement); or</li><li>(c) for so long as BMW Bank is the Servicer, (i) the short-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are assigned a rating of lower than "P-2" (or its replacement) by Moody's and (ii) the long-term unsecured, unsubordinated and unguaranteed debt</li></ul>



obligations of BMW AG are assigned a rating of lower than "Baa1" (or its replacement) by Moody's; or

- (d) a Servicer Termination Event has occurred and is continuing; or
- (e) BMW AG ceases to own, directly or indirectly, 95 per cent of the share capital of the Seller, or a termination of the profit and loss transfer agreement between BMW AG and the Servicer occurs, for as long as the Servicer is identical with the Seller; or
- (f) BMW Bank is replaced as Servicer for any other reason.

**"Signing Date"**

means 16 November 2023

**"SRM Regulation"**

means Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) 1093/2010.

**"STS Requirements"**

means the requirements for a simple, transparent and standardised securitisation according to article 19 to 22 of the Securitisation Regulation.

**"Subordinated Lender"**

means BMW Bank or any successor thereof.

**"Subordinated Loan"**

means the EUR 9,502,900 loan received (or to be received at the latest on the Issue Date) by the Issuer under the Subordinated Loan Agreement.

**"Subordinated Loan Agreement"**

means a subordinated loan agreement entered into, *inter alios*, by the Issuer and the Subordinated Lender and dated as of the Signing Date under which the Subordinated Lender will advance at the latest on the Issue Date (or has advanced) the Subordinated Loan to the Issuer.

**"Subscription Agreement"**

means a subscription agreement between, *inter alia*, the Issuer, the Seller and the Managers dated on or before the Issue Date.

**"Subsidiary"**

means a corporation in relation to another corporation, if (x) the other corporation (aa) controls the composition of the board of directors of the first-mentioned corporation; (bb) controls more than half of the voting power of the first-mentioned corporation; (cc) holds more than half of the issued share capital of the first-mentioned corporation (excluding any part thereof which consists of preference shares); or (dd) possesses, directly or indirectly the power to direct or cause the direction of the management and policies of the first-mentioned corporation, whether through the ownership or voting of securities, by contract or otherwise; or, (y) the first-mentioned corporation is a Subsidiary of any corporation which is that other corporation's Subsidiary. For this purpose, the composition of a corporation's board of directors, *inter alia*, shall be deemed to be controlled by another

corporation if that other corporation by the exercise of some power exercisable by it without the consent or concurrence of any other person can directly or indirectly appoint or influence the appointment of or remove all or a majority of the directors, and for the purposes of this provision that other corporation shall be deemed to have power to make such an appointment if a person cannot be appointed as a director without the exercise in his favour by that other corporation of such a power or a person's appointment as a director follows necessarily from his being a director or other office of that other corporation.

<b>"SVI"</b>	means STS Verification International GmbH.
<b>"Swap Agreement"</b>	means a swap agreement dated and executed prior to the Issue Date between, <i>inter alios</i> , the Issuer and the Swap Counterparty pursuant to the 2002 ISDA Master Agreement and a rating agency compliant Schedule (including the related Credit Support Annex) and Confirmation (such confirmation executed on or about 09 October 2023 with trade date 09 October 2023 and effective date 20 November 2023) as amended from time to time.
<b>"Swap Counterparty"</b>	means Skandinaviska Enskilda Banken AB (publ) or its successor or any transferee appointed in accordance with the Swap Agreement.
<b>"Swap Fixed Interest Rate"</b>	means 3.48476 per cent <i>per annum</i> .
<b>"Swap Floating Interest Rate"</b>	means, with respect to each Payment Date, EURIBOR determined by the Interest Determination Agent (analogously to its determination of EURIBOR for the purposes of the Class A Notes for such Payment Date) two Business Days before the inception of the Interest Period ending on such Payment Date.
<b>"Swap Incoming Cashflow"</b>	<p>means on any Payment Date, the product of:</p> <ul style="list-style-type: none"><li>(a) the Swap Floating Interest Rate; and</li><li>(b) the Swap Notional Amount; and</li><li>(c) the actual number of calendar days of the Interest Period ending on such Payment Date divided by 360,</li></ul> <p>payable by the Swap Counterparty to the Issuer under the Swap Agreement.</p>
<b>"Swap Net Cashflow"</b>	means the amount equal, on any Payment Date, to (i) the Swap Incoming Cashflow, minus (ii) the Swap Outgoing Cashflow.
<b>"Swap Notional Amount"</b>	means, as of any date, an amount equal to the Class A Outstanding Notes Balance on the immediately preceding Payment Date.

<b>"Swap Outgoing Cashflow"</b>	<p>means on any Payment Date, the product of:</p> <ul style="list-style-type: none"> <li>(a) the Swap Fixed Interest Rate; and</li> <li>(b) the Swap Notional Amount; and</li> <li>(c) the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve thirty-day months,</li> </ul> <p>payable by the Issuer to the Swap Counterparty under the Swap Agreement.</p>
<b>"Swap Termination Date"</b>	<p>means the earlier of (i) the Legal Final Maturity Date, (ii) the Clean-up Call Settlement Date and (iii) the date on which the Notes are otherwise redeemed in full in accordance with the Conditions.</p>
<b>"Taxes"</b>	<p>means any stamp duty, sales, exercise, registration and other tax (including value added tax, income tax (other than the income tax payable by the Issuer or its shareholder at its place of incorporation or at its registered office) due and payable by the Issuer and reasonably evidenced in connection with the execution, filing or recording of the Transaction Documents or the purchase, transfer or retransfer of Lease Receivables or their financing under or pursuant to the Transaction Documents or the other documents to be delivered under or relating to the Transaction Documents or in any way connected with any transaction contemplated by the Lease Receivables Purchase Agreement or the Servicing Agreement.</p>
<b>"TEFRA D Rules"</b>	<p>means the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (or successor rules in substantially the same form).</p>
<b>"Temporary Global Note"</b>	<p>means in respect of any Class of Notes the temporary global bearer note without coupons attached as more specifically described in Condition 2(b) of the Conditions.</p>
<b>"Transaction Documents"</b>	<p>means the German Transaction Documents, Deed of Security Assignment and the Swap Agreement collectively, including any amendment agreement, termination agreement or replacement agreement relating to any such agreement.</p>
<b>"Transaction Party"</b>	<p>means any Person who is a party to a Transaction Document and "Transaction Parties" means some or all of them.</p>
<b>"Transaction"</b>	<p>means the transaction as contemplated by the Transaction Documents, in particular, relating to the issue of the Notes by the Issuer in respect of its Compartment German Auto Leases 8 on the Issue Date.</p>
<b>"Transferred Assets"</b>	<p>has the meaning assigned thereto in clause 8.1 of the Trust Agreement.</p>

<b>"Trust Agreement"</b>	means a trust agreement entered into by, <i>inter alios</i> , the Issuer and the Trustee.
<b>"Trust Property"</b>	has the meaning assigned thereto in clause 7.1 (Appointment as Trustee) of the Trust Agreement.
<b>"Trustee Claim"</b>	has the meaning assigned thereto in clause 6.1 (Parallel Debt – Trustee joint and several creditor) of the Trust Agreement.
<b>"Trustee"</b>	means BNY Mellon Corporate Trustee Services Limited, any successor thereof or any other Person appointed as replacement trustee from time to time in accordance with the Trust Agreement.
<b>"TSI"</b>	means True Sale International GmbH.
<b>"U.S. Risk Retention Rules"</b>	means the final rules implementing the credit risk retention requirements of section 941 of the Dodd-Frank Act, codified by section 15G of the U.S. Securities Exchange Act of 1934, as in effect at any time or as otherwise amended.
<b>"U.S." or "United States"</b>	means, for the purpose of the Transaction, the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).
<b>"UK" or "United Kingdom"</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>"USD"</b>	means the lawful currency of the United States.
<b>"VAT"</b>	means value added tax and any other tax of a similar fiscal nature (instead of or in addition to value added tax) whether imposed in Germany or elsewhere.
<b>"WpHG"</b>	means the German Securities Trading Act ( <i>Wertpapierhandelsgesetz</i> ).

## **THE ISSUER**

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## **THE ACCOUNT BANK AND THE DATA TRUSTEE**

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