

# Final Verification Report

In respect of the Transaction „Bavarian Sky S.A., acting in respect of its  
Compartment German Auto Loans 9“ (BMW Bank GmbH)



18 December 2019

## **Authorization of SVI as third party**

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

## **Mandating of SVI and verification steps**

On 7 October 2019, SVI has been mandated by the Originator (BMW Bank GmbH) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction "Bavarian Sky S.A., acting in respect of its Compartment German Auto Loans 9" (the "Transaction").

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

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

- Final Prospectus
- German Legal Opinion
- Incorporated Terms Memorandum
- Receivables Purchase Agreement
- Servicing Agreement
- Trust Agreement

- Bank Account Agreement
- AuP Reports
- Additional information received by e-mail, such as confirmations, comments, etc.

### Verification Methodology

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

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

The verification process is based on the SVI verification manual (“Verification Manual”), defined terms of the Verification Manual shall also apply to this report. It describes the verification process and the individual inspections in detail. The Verification Manual is applicable to all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified. Based on the Verification Manual, SVI has derived the Transaction Verification Catalogue for this Transaction as described under Verification Method in this report. For a full description of the methodology used by SVI for the Verification can be found in the Verification Manual on our website: [ww.svi-gmbh.com](http://ww.svi-gmbh.com).

## **Disclaimer of SVI**

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

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

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

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

## LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Final Verification Report in capital spelling, please refer to the defined terms in the section “MASTER DEFINITIONS SCHEDULE” in the Final Prospectus.

AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BMW	BMW Bank GmbH and BMW Group
BSKY Auto Loans 9	Bavarian Sky S.A., acting in respect of its Compartment German Auto Loans 9
CF-Model	Cash Flow-Model
EBA	European Banking Authority
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
Final Prospectus	Final Prospectus dated 16 December 2019
Issuer	BSKY Auto Loans 9
ITM	Incorporated Terms Memorandum
LO	German Legal Opinion
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)
Originator	BMW Bank GmbH
Pkw-EnVKV	Pkw-Energieverbrauchskennzeichnungsverordnung (German-law ordinance for passenger car energy consumption labelling)
Preliminary Prospectus	Preliminary Prospectus dated 6 November 2019
RPA	Receivables Purchase Agreement
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
Seller	BMW Bank GmbH
Servicer	BMW Bank GmbH
SPV	Special Purpose Vehicle or Issuer
Transaction	The securitisation of auto loan receivables involving BSKY Auto Loans 9 as Issuer

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the risk positions takes place by means of a <b>true sale</b> and is legally enforceable.	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence (Prospectus)</p> <p>The Legal Opinion expresses the opinion that:</p> <ul style="list-style-type: none"> <li>- the RPA constitutes an assignment and transfer of title of the Purchased Receivables that is valid and gives the Issuer a right for segregation (Aussonderungsrecht) in any insolvency of the Seller,</li> <li>- any seizure of such Purchased Receivables by the Seller's creditors in any execution proceedings (Zwangsvollstreckung) would be voidable by way of third-party claim proceedings (Drittwiderrspruchsklage),</li> <li>- the RPA contemplates a valid security transfer of title (Sicherungsübereignung) to the Financed Vehicles, and</li> <li>- the Issuer has created a valid, legally binding and enforceable security interest in favour of the Trustee as set out in more detail in the Trust Agreement and will have a right for segregation of such collateral in case of an insolvency of the Trustee.</li> </ul> <p>The LO confirms that the opinion documents governed by German law constitute valid and legally binding obligations enforceable by the respective parties in accordance with their respective terms.</p> <p>All opinion statements are subject to customary assumptions and qualifications, inter alia with regard to solvency, set-off, voidability, claw-back, re-characterisation into a secured loan, commingling and data protection/banking secrecy.</p> <p>No opinion is given on the (security) transfer or assignment of other Loan Collateral (other than Financed Vehicles) and on the existence, validity and enforceability of Purchased Receivables or Loan Collateral. Standard forms of the underlying loan agreements were only reviewed with respect to any restrictions on assignment. However, it is an eligibility criterion and the Seller represents and warrants pursuant to clause 10.1 of the RPA in accordance with Schedule 3 Part 3 of the ITM that the underlying loan agreements and the legal documents underlying the Loan Collateral are legally valid, binding and enforceable and that the Loan Collateral is free of any rights of third parties over which the Seller may freely dispose.</p>
#	Criterion Article 20 (1)	Verification Report
2	Requirements for the external <b>legal opinion</b>	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>The LO is provided by Linklaters LLP, a well-known law firm with expertise in the area of securitisation.</p> <p>The LO may be disclosed on a need-to-know and non-reliance basis to SVI as verification agent and competent supervisory authorities. SVI has received a copy of the LO.</p>

#	Criterion Article 20 (2)	Verification Report
3	Specification of increased <b>claw-back risks</b> : Are there any provisions in the respective national insolvency law, which could render the transfer voidable?	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>Other than as provided by applicable German insolvency laws in case of transfers which are fraudulent, damaging to creditors or favouring certain creditors, there are no such increased risks. Such laws are considered non-increased claw-back risks under #4.</p> <p>The LO is qualified by German insolvency laws. Pursuant to such provisions, additional circumstances must be present so that (i) the insolvency administrator could challenge any transfer made by a transferor within certain time periods and (ii) the burden of proof in relation to the creditors' unawareness of the seller's insolvency would shift to the transferee. The LO basically assumes the absence of such circumstances.</p> <p>As a mitigant against any requirement of the SPV to demonstrate its unawareness of an insolvency of the Seller, the Seller represents and warrants pursuant to clause 10.1 of the RPA in accordance with Schedule 3 item 3 of the ITM that on the Issue Date it is not insolvent or in a situation of illiquidity (Zahlungsunfähigkeit) and that no insolvency or similar proceedings were instituted against it.</p>
#	Criterion Article 20 (3)	Verification Report
4	Specification of non-increased claw-back risks: National insolvency laws are harmless, as they provide for the possibility of reassignment in other unfair ways in the event of fraud, damage to creditors or favouring other creditors.	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>Applicable German insolvency laws are considered not to represent any severe claw-back risks (see above under #3).</p>
#	Criterion Article 20 (4)	Verification Report
5	If the sale and transfer is not taking place directly between the seller and the SPV but <b>intermediate sales</b> take place, is the true sale still fulfilled?	<p><u>Verification Method</u>: Legal (Legal opinion, Receivable purchase agreement)</p> <p>Under the transaction structure used by BSKY Auto Loans 9, the sale and transfer take place directly between the Seller (who is the original lender) and the SPV acting as Issuer, i.e. without any intermediate sale taking place.</p>

#	Criterion Article 20 (5)	Verification Report
6	If the <b>transfer of receivables takes place at a later stage</b> , are the trigger events in relation to the seller's credit quality standing sufficiently defined?	<p><u>Verification Method</u>: Legal (Legal opinion, Receivable purchase agreement)</p> <p>The transfer of the underlying exposures will occur on the closing date of the transaction (18 December 2019), i.e. there will be no transfer of receivables at a later stage.</p>
#	Criterion Article 20 (6)	Verification Report
7	<b>Representations and warranties</b> of the seller with regard to the legal condition of the underlying exposures	<p><u>Verification Method</u>: Legal (Receivable purchase agreement)</p> <p>The Seller (who is the original lender) warrants that the underlying purchased Receivables are legally valid, binding and enforceable Loan Agreements and that, to the best of its knowledge, the Eligible Receivables are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect, see section "ELIGIBILITY CRITERIA", items (a) and (b) of the Final Prospectus and above under #3.</p>
#	Criterion Article 20 (7)	Verification Report
8	Clear selection criteria (' <b>eligibility criteria</b> ') and no active portfolio management (I / III)	<p><u>Verification Method</u>: Legal (Receivable purchase agreement)</p> <p>The underlying exposures transferred from the Seller to the SPV are selected according to predetermined, clear and documented eligibility criteria, see section "ELIGIBILITY CRITERIA" in the Final Prospectus.</p> <p>The transaction is amortising and does not feature a revolving period and / or a term take-out.</p> <p>There are no exposures that will be transferred to the SPV after closing of the transaction.</p> <p>As a result of the above, the criterion "no active portfolio management" is fulfilled.</p>



#	Criterion Article 20 (7)	Verification Report
9	Clear selection criteria ('eligibility criteria') and no active portfolio management (II / III)	<p><u>Verification Method:</u> Due Diligence</p> <p>The underlying exposures in the provisional and the final pool are selected based on a well-established, random selection process.</p> <p>In case a Purchased Receivable should turn out to be not eligible, the Seller shall be deemed to have received a Collection in respect of the affected Purchased Receivable in an amount equal to the Outstanding Principal Balance of such Purchased Receivable and shall be obliged to pay to the Issuer as from the time the Deemed Collection comes to the attention the then Outstanding Principal Balance of the affected Purchased Receivable, see section "MASTER DEFINITIONS SCHEDULE — Deemed Collections" of the Final Prospectus as well as clause 14.1 of the RPA. There will, however, be no substitution of the ineligible receivable with a new receivable.</p>
#	Criterion Article 20 (7)	Verification Report
10	Clear selection criteria ('eligibility criteria') and no active portfolio management (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample, covers the key eligibility criteria specified for the Transaction. Please also refer to #39 for a summary of the scope of the asset audit.</p>
#	Criterion Article 20 (8)	Verification Report
11	Securitisation of a <b>homogeneous</b> portfolio in terms of asset classes (I / III)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>According to Art. 1 (a) (v) of the Commission Delegated Regulation (EU) 2019/1851 on the homogeneity of the underlying exposures the underlying exposures correspond to the asset type auto loans and leases.</p> <p>The Seller has chosen the homogeneity factor according to Art. 2 (4.) (b) of the Commission Delegated Regulation (EU) 2019/1851 on the homogeneity of the underlying exposures, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to Debtors with residence in one jurisdiction (Germany) only, see section "ELIGIBILITY CRITERIA", item (q) of the Final Prospectus.</p>

#	Criterion Article 20 (8)	Verification Report
12	Securitisation of a homogeneous portfolio in terms of asset classes (II / III)	<p><u>Verification Method:</u> Due Diligence (Underwriting and Servicing Policy)</p> <p>The underlying exposures have been originated in accordance with consistent underwriting standards, as presented in the Due Diligence and further described in #17. No distinction is made between securitised and non-securitised receivables.</p> <p>The processes assure that only Debtors resident in Germany are originated according to the underwriting policy.</p> <p>The same applies to the servicing policy, with the underlying exposures being serviced using consistent standards and no distinction being made between securitised and non-securitised receivables.</p>
13	Securitisation of a homogeneous portfolio in terms of asset classes (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>The homogeneity factor "residence in Germany" is, through the check of the key eligibility criteria "The relevant loan agreement has been entered into with a borrower 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" part of the Pool Data and Eligibility Criteria Verification as further described in #39. The loan contracts have been entered into exclusively with Obligor residents in Germany, see section "ELIGIBILITY CRITERIA", item (q) of the Final Prospectus.</p>
14	The underlying exposures contain <b>obligations that are contractually binding and enforceable</b>	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>Section "ELIGIBILITY CRITERIA", item (a) of the Final Prospectus contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures, i.e. the Loan Agreements under which the relevant Receivables arise. Please also refer to #1.</p>

#	Criterion Article 20 (8)	Verification Report
15	The underlying exposures have <b>defined periodic payment streams</b> and do not include <b>transferable securities</b> other than unlisted corporate bonds	<p><u>Verification Method</u>: Legal (Legal opinion, Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The underlying exposures for the transaction represent standard auto Loan Agreements originated by BMW Bank GmbH in respect of retail and commercial clients.</p> <p>For the purposes of the transaction, two loan types form part of the securitised portfolio:</p> <ul style="list-style-type: none"> <li>• <u>annuity loans</u> under which instalments are calculated on the basis of equal monthly periods during the life of each loan,</li> <li>• <u>balloon loans</u> under which the final instalment may be higher than the previous instalments.</li> </ul> <p>Each instalment is comprised of a portion allocable to interest and a portion allocable to principal under such loan. In general, the interest portion of each instalment under annuity loans decreases in proportion to the principal portion over the life of such loan whereas towards maturity of such loan a greater part of each monthly instalment is allocated to principal.</p> <p>Apart from these variations, the two loan types do not differ structurally in terms of payment streams (with the exception of the final instalment). The Loan Instalments in respect of each Purchased Receivable will be payable on a monthly basis, see in this regard section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Loan Instalments of the Purchased Receivables" of the Final Prospectus.</p> <p>The Eligibility Criteria restrict the underlying exposures to Receivables originated under a loan contract. The compliance of the provisional pool with the eligibility criteria has been verified through the Pool Data and Eligibility Criteria Verification (see #39).</p>
#	Criterion Article 20 (9)	Verification Report
16	Are there any <b>securitisation positions</b> in the portfolio?	<p><u>Verification Method</u>: Legal (transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The Eligibility Criteria restrict the underlying exposures to Receivables originated under a loan contract, thereby assuring that no securitisation position may become part of the portfolio. The compliance of the provisional pool with the Eligibility Criteria has been verified through the Pool Data and Eligibility Criteria Verification (see # 39).</p> <p>As demonstrated during the Due Diligence, the origination and/or resale of securitisation positions is not part of the business model of the Originator and not permitted under the Originators' underwriting policy.</p>

#	Criterion Article 20 (10)	Verification Report
17	<b>Origination of underlying exposures in the ordinary course of business</b> and in accordance with underwriting standards that are no less stringent than those applied to non-securitised risk positions	<p><u>Verification Method:</u> Legal (Underwriting and Servicing Policy) / Due Diligence</p> <p>BMW Bank GmbH is today one of Germany’s leading automobile banks, active in Germany since 1971. Organisation and business processes have been developed over decades. BMW Bank GmbH is subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and the European Central Bank in accordance with the German Banking Act (Kreditwesengesetz) (please also refer to the website of BMW Bank GmbH: <a href="https://www.bmwbank.de/impressum.html">https://www.bmwbank.de/impressum.html</a>).</p> <p>As presented and discussed in the Due Diligence, the well-developed, highly professional and reasonably automated organisation of BMW Bank’s business procedures is in line with the volume and quantity of business transactions. Sales are made via the dealership groups for “BMW / MINI” and “Multimake”.</p> <p>BMW Bank’s business procedures assure that securitised exposures have been originated in the ordinary course of business and in accordance with uniform standards. Deviations from the underwriting policy are only permissible in well-defined and documented instances. The underlying exposures are selected for securitisation using a random selection process.</p> <p>The underlying exposures are similar to the non-securitised loan contracts in the asset type “auto loans and leases” due to the strictly random selection process.</p> <p>Since no exposures will be transferred to the Issuer after closing (static portfolio), no obligation to disclose material changes to the underwriting policy after the closing of the Transaction applies.</p>
18	<b>Underwriting standards</b> for securitised exposures are no less stringent than those applied to non-securitised exposures	<p><u>Verification Method:</u> Due Diligence</p> <p>As presented and discussed in the Due Diligence, no distinction is made between securitised and non-securitised exposures in any respect, be it applicable regulatory standards, competence grid and involvement of decision-makers, distribution channels, product types and product characteristics, annual agreements on (sales) objectives, sales management measures and bonus systems, lending standards, approval processes and incentive measures, credit processing, dunning procedures, debt collection, realisation of collateral, customer service, outsourcing of sales, underwriting and servicing activities or areas of risk controlling, accounting and reporting (except for the required reporting of ABS transactions).</p> <p>Employees of the Originator or sales staff of the dealership groups involved in the underwriting do not know whether a risk position currently being processed for application will be securitised at a later stage or not.</p>

#	Criterion Article 20 (10)	Verification Report
19	<b>Assessment of the borrower's creditworthiness</b> performed in accordance with Article 8 of Directive 2008/48/EC, or paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU or, if applicable, the analogous provisions of a third country	<p><u>Verification Method:</u> regulatory / legal / due diligence / data</p> <p>BMW Bank is a credit institution (Kreditinstitut) according to § 1 German Banking Act. As such, the Originator is supervised by BaFin as competent national supervisory authority and by the European Central Bank. BMW Bank performs the „Assessment of the borrower's creditworthiness“ with respect to loan contracts with consumers in accordance with paragraphs 1-4, point a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU as reflected in § 505 a and § 505 b German Civil Code (BGB).</p>
#	Criterion Article 20 (10)	Verification Report
20	<b>Originator's experience</b> (management and senior staff) in origination of risk positions	<p><u>Verification Method:</u> Regulatory (suitable proof incl. Imprint Website) / Due Diligence</p> <p>As an institution, the Originator does have substantially more than 5 years of experience in origination and underwriting of exposures similar to those securitised, see section "THE SELLER AND SERVICER" of the Final Prospectus.</p>
#	Criterion Article 20 (11)	Verification Report
21	The underlying exposures are <b>transferred without undue delay</b> after selection	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The date of the preliminary and final pool cuts are 31 August 2019 and 30 November 2019, respectively. Transfer of the final pool will occur at closing (18 December 2019), i.e. without undue delay.</p>

#	Criterion Article 20 (11)	Verification Report
22	<p>The underlying exposures do not include <b>any defaulted exposures</b> or to <b>debtors/guarantors with impaired creditworthiness</b></p>	<p><u>Verification Method</u>: Regulatory (suitable proof incl. Imprint Website) / Legal (Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The Originator is an institution subject to Regulation (EU) No. 575/2013. As presented in the Due Diligence and confirmed in the Final Prospectus the purchased Receivables are transferred to the Issuer after selection without undue delay and do not include, at the time of selection and to the best of the Originator’s knowledge, exposures in default within the meaning of Article 178 (1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired Debtor or guarantor (see section “ELIGIBILITY CRITERIA”, items (n) and (r) of the Final Prospectus).</p> <p>Furthermore, the underlying exposures will not include purchased receivables relating to credit-impaired Debtors or guarantors who, to the best of the Originator’s knowledge, have (1) been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within 3 years prior to the transfer date of the underlying exposures to the Issuer; (2) was, at the time of origination, on a public credit registry of persons with adverse credit history; or (3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the Originator which are not securitised (see section “ELIGIBILITY CRITERIA”, item (r) of the Final Prospectus).</p> <p>The Originator represents, with regards to the question which sources of information has been used to identify defaulted exposures and to determine if a borrower or guarantor is credit-impaired, that information have been obtained (1) from the Debtor on origination of the exposures, (2) in the course of BMW Bank’s servicing of the exposures or BMW Bank’s risk management procedures, or (3) from a third party, see section “ELIGIBILITY CRITERIA”, items (n) and (r) of the Final Prospectus. This is in line with the ‘best knowledge’ standard stipulated in the EBA Guidelines.</p> <p>Debtors and guarantors (i) declared insolvent and/or undergone a debt-restructuring process, or (ii) found on a public or other credit registry of persons with adverse credit history are generally not eligible according to the underwriting policy, as discussed in the Due Diligence.</p> <p>The Originator has IT systems in place to ensure that defaulted exposures or exposures to Debtors/guarantors with impaired creditworthiness are excluded from the provisional or final pool cut.</p>

#	Criterion Article 20 (11)	Verification Report
23	The risk positions do not have a <b>credit assessment or a credit score</b> that allows a significantly higher default risk to be expected than for non-securitised risk positions	<p><u>Verification Method</u>: Due Diligence</p> <p>The most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio are the profiles of the retail and commercial customers, credit agencies' information and financial information as well as past payment behaviour. All of these factors have an impact on the credit score.</p> <p>These factors are the same for securitised and non-securitised exposures due to the strictly random selection process.</p> <p>On this basis, it can be reasonably assumed that – in comparison to non-securitised exposures - no worse performance should occur for securitised exposures for the term of the Transaction.</p> <p>The requirement that the underlying exposures do not have a “credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable Receivables held by the Originator which are not securitised” is considered to be met as the underlying exposures do not include (i) exposures that are classified as doubtful, impaired, non-performing or similar, or (ii) exposures whose credit quality (based on credit ratings or other credit quality thresholds) significantly differs from the quality of other exposures ordinarily originated by the Originator.</p>
#	Criterion Article 20 (12)	Verification Report
24	At the time of the transfer, the <b>debtor has paid at least 1 instalment</b>	<p><u>Verification Method</u>: Legal (Transaction documents) / Data (AuP Report)</p> <p>The Originator warrants that on the initial cut-off date at least 1 instalment has been paid in respect of each Eligible Receivable, see section “ELIGIBILITY CRITERIA”, item (j) of the Final Prospectus.</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample (please also refer to #39, Article 22 (3)), covers the above mentioned Eligibility Criteria.</p>

#	Criterion Article 20 (13)	Verification Report
25	The repayment of the securitisation position should <b>not be predominantly dependent on the sale of assets</b> collateralising the underlying exposures	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence / Data</p> <p>As presented and discussed in the Due Diligence, the Transaction has been structured to not be predominantly dependent on the sale of the cars or other assets securing the purchased Receivables. The repayment is entirely linked to the repayment of the performing Receivables; the repayment of the performing Receivables in turn is not contingent and does not depend on the sale of the vehicles which serve as collateral for the purchased Receivables. As demonstrated during the Due Diligence, the Originator's underwriting focuses on the creditworthiness of its Debtors rather than on the recoveries derived from the sale of the cars or other assets securing the purchased Receivables in the case of default.</p>
#	Criterion Article 21 (1)	Verification Report
26	<b>Risk retention</b> (Art. 6.1 of the Securitisation Regulation), usually by the Originator	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>Holder of risk retention: BMW Bank GmbH as the Seller, as subordinated lender and as Originator, see section "RISK RETENTION", subsection "Risk retention under the Securitisation Regulation" of the Final Prospectus.</p> <p>Type of risk retention: in accordance with Article 6 (3) (d) of Securitisation Regulation, see section "RISK RETENTION", subsection "Risk retention under the Securitisation Regulation" of the Final Prospectus. The Seller will (i) retain the Class B Note and (ii) retain a first loss tranche constituted by the claim for repayment of a loan in advance so that the sum of the aggregate principal amount of the Class B Notes and the nominal amount of the subordinated loan is equal to at least 5 per cent of the nominal amount of the "securitised exposures" (i.e. the purchased Receivables).</p> <p>The monthly reports will also set out monthly confirmation regarding the continued holding of the risk retention by the Originator, as confirmed by the Originator (see section "RISK RETENTION", subsection "Risk retention under the Securitisation Regulation" of the Final Prospectus).</p> <p>The legal obligation of the seller to hold the risk retention during the lifetime of the transaction is entered into according to section "RISK RETENTION", subsection "Risk retention under the Securitisation Regulation" of the Final Prospectus.</p>



#	Criterion Article 21 (2)	Verification Report
27	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (I / II)	<p><u>Verification Method:</u> Due Diligence</p> <p>Since the Receivables are fixed rate and the Class A Notes are floating rate, interest rate risks arise from such mismatch. Both assets and liabilities of the Issuer are EUR denominated hence no currency risk occurs.</p> <p>The purchased Receivables bear interest at fixed rates while the Class A Notes will bear interest at floating rates based on 1-M-EURIBOR. Interest rate risk for the Class A Notes is hedged appropriately with a fixed-floating interest rate swap where the swap notional is always equal to the outstanding Class A Notes' balance.</p> <p>No further risks in addition to the interest rate risks are hedged under the interest rate hedge agreement.</p>
#	Criterion Article 21 (2)	Verification Report
28	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (II / II)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The legal instrument used by the Issuer to hedge interest rate risks is the Swap Agreement for the Class A Notes, see in this regard section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" as well as section "TRANSACTION OVERVIEW", subsection "Swap Agreement" of the Final Prospectus.</p> <p>The agreement considers any potential asset liability mismatch by referencing to the outstanding Class A Notes balance, and the agreement is based on the 1992 ISDA Master Agreement as established market standard, see definition of "Swap Agreement" in the MASTER DEFINITIONS SCHEDULE of the Final Prospectus.</p> <p>The requirements for eligible swap counterparties are market standard in international finance, see section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" of the Final Prospectus as well as section "MASTER DEFINITIONS SCHEDULE", definition of "Eligible Swap Counterparty" of the Final Prospectus.</p>
#	Criterion Article 21 (3)	Verification Report
29	Generally used <b>reference rates</b> for interest payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>No reference rates apply to the purchased Receivables which bear fixed interest rates.</p> <p>The Class A Notes will bear interest at floating rates based on 1-M-Euribor, see section "RISK FACTORS", subsection "Interest Rate Risk" as well as section "TRANSACTION OVERVIEW", subsection "Swap Agreement" in the Final Prospectus, constituting a market standard reference rate.</p>

		The interest for the cash accounts will be based on EONIA, also constituting a market standard reference rate.
		Currency hedges are not provided for in the transaction structure.

#	Criterion Article 21 (4)	Verification Report
30	<b>Requirements in the event of an enforcement</b> or delivery of an acceleration notice	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>After the occurrence of an Enforcement Event:</p> <ul style="list-style-type: none"> <li>• no cash will be retained with the Issuer, see section "TERMS AND CONDITIONS OF THE NOTES", subsection "Post-Enforcement Priority of Payments" in the Final Prospectus.</li> <li>• the Available Post-Enforcement Funds will be used for the fully sequential amortisation of the securitisation positions as determined by the seniority of the securitisation position, see section "TERMS AND CONDITIONS OF THE NOTES", subsection "Post-Enforcement Priority of Payments" in the Final Prospectus.</li> <li>• all creditors of a class of notes will be served equally.</li> <li>• interest and principal payments are first made for the Class A Notes and then interest and principal payments are made for the subsequent Notes, hence repayments are not reversed with regard to their seniority.</li> <li>• no automatic liquidation or sale of risk positions or assets is provided for.</li> </ul>

#	Criterion Article 21 (5)	Verification Report
31	<b>Sequential repayment</b> as fall-back in the event of a deterioration in portfolio quality for Transactions that feature a non-sequential priority of payments	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>The Transaction has a strictly sequential priority of payment.</p>

#	Criterion Article 21 (6)	Verification Report
32	Early amortisation provisions or triggers for termination of the revolving phase to include at least the following:	<p><u>Verification Method</u>: Legal (Transaction documents)</p> <p>n.a. (no revolving period)</p>

a) deterioration in the credit quality of the underlying exposures below a predefined threshold	n.a. (no revolving period)
b) insolvency-related events in relation to the Originator or the Servicer	n.a. (no revolving period)
c) decline in value of the underlying exposures below a predefined threshold	n.a. (no revolving period)
d) failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	n.a. (no revolving period)

#	Criterion Article 21 (7)	Verification Report
33	<b>Clear rules</b> in the Transaction documentation regarding obligations, tasks and responsibilities of the Servicer, trustees and other ancillary service providers	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Servicing Agreement provides for a clear specification of the contractual obligations, duties and responsibilities of the servicer, especially with regard to the servicing, monitoring, reporting and monthly advances to mitigate for commingling risk, as well as the provisions for a potential replacement in case of a servicer termination event, see section "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS", subsection "Servicing Agreement" of the Final Prospectus or the Servicing Agreement.</p> <p>Similar provisions for the obligations, duties and responsibilities of the Corporate Administrator (Intertrust) who is administering the Issuer, the Trustees (BNY Mellon Corporate Trustee Services, UK, as Trustee and BNY Mellon, Frankfurt Branch, as Data Trustee), the Account Bank (BNY Mellon, Frankfurt Branch) and further agents BNY Mellon, London Branch as Calculation Agent, Paying Agent and Interest Determination Agent) are provided for in the Final Prospectus, see section "PARTIES TO THE TRANSACTION".</p> <p>The transaction documentation specifies clearly provisions that ensure the replacement of the Swap Counterparty and the Account Bank in the case of their default, insolvency, and other specified events, where applicable. In respect of the Account Bank provisions exist for its replacement if the Account Bank ceases to be an "Eligible Counterparty" as set out in section "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Bank account used for the Transaction" of the Final Prospectus.</p>

		Also, detailed provisions exist for the obligations, duties and responsibilities of the swap counterparty (see sections "CREDIT STRUCTURE AND FLOW OF FUNDS", subsection "Interest rate hedging" in the Final Prospectus).
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#	Criterion Article 21 (8)	Verification Report
34	<b>Experience of the Servicer</b> (management and senior staff) in the servicing of exposures of a similar nature to those securitised	<p><u>Verification Method:</u> Regulatory (suitable proof) / Legal (Transaction documents) / Due Diligence</p> <p>BMW Bank GmbH is a financial institution (Kreditinstitut) according to § 1 German Banking Act. As such, the Originator is supervised by BaFin as competent national supervisory authority and by the European Central Bank.</p> <p>The Final Prospectus contains information on the experience of BMW Bank as a seller and servicer, see section "THE SELLER AND THE SERVICER", subsection "Incorporation, Registered Office and Purpose".</p> <p>The experience and expertise of the management and the senior staff has been confirmed during the Due Diligence.</p> <p>As a result, BMW Bank as servicer is deemed to have the relevant expertise as an entity being active as servicer of Loan Receivables for over 45 years and as servicer of Receivables securitisations for over 15 years, and no contrary findings were observed in the Due Diligence.</p>

#	Criterion Article 21 (8)	Verification Report
35	Appropriate and well documented risk management and service policies, procedures and controls	<p><u>Verification Method:</u> Regulatory (suitable proof) / Due Diligence</p> <p>As a result of the regulatory status (see #34 above), BMW Bank has well established procedures with regard to risk management, servicing and internal control systems in place, and no contrary findings were observed in the Due Diligence.</p>

#	Criterion Article 21 (9)	Verification Report
36	Clear and coherent definitions, regulations and possible measures with regard to the <b>servicing of non-performing exposures</b> , specification of the <b>priorities of payment</b>	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence</p> <p>The credit and collection policy of BMW Bank (see section "CREDIT AND COLLECTION POLICY" of the Final Prospectus) which must be complied in respect of the servicing of the purchased Receivables and the related Loan Collateral by the Servicer in accordance with the Servicing Agreement (as summarised in section "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS", subsection "Servicing Agreement" of the Final Prospectus) contains a description of procedures related to, among others, measures before or after termination of contracts, such as deferrals, remedies and actions relating to delinquency and default of debtors, termination of loan contracts, realisation of financed assets, other forms of restructuring and write-offs.</p> <p>The Transaction documentation clearly specifies the priorities of payment (Pre-Enforcement Priority of Payments and Post-Enforcement Priority of Payments), see section "TRANSACTION OVERVIEW" of the Final Prospectus, and the events which trigger changes in such priorities of payment, see definition of "Enforcement Event" in the section "MASTER DEFINITIONS SCHEDULE" of the Final Prospectus.</p> <p>In addition, the procedures in relation to non-performing exposures have been presented and discussed in the Due Diligence and are consistent and in line with the terms used in the Transaction documentation for non-performing exposures.</p>
#	Criterion Article 21 (10)	Verification Report
37	<b>Clear rules in the event of conflicts</b> between the different classes of noteholders	<p><u>Verification Method</u>: Regulatory / Legal (Transaction documents)</p> <p>The notes are issued on the basis of the German Act on Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen - SchVG), see section "TRANSACTION OVERVIEW", description "Resolutions of Noteholders" as well as section "OVERVIEW OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS" of the Final Prospectus, enabling noteholders to take resolutions within one class of notes. In addition, Clause 2.16 of the Trust Agreement provides for clear instructions for the trustee as regards the treatment of the interests of different classes of notes and their ranking in line with the applicable Priority of Payments (see section "MATERIAL TERMS OF THE TRUST AGREEMENT" and section "TERMS AND CONDITIONS OF THE NOTES", subsections 7.6 (Pre-Enforcement Priority of Payments) and 9 (Post-Enforcement Priority of Payments) of the Final Prospectus.</p>

#	Criterion Article 22 (1)	Verification Report
38	Provision of <b>historical performance data</b> before pricing	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence</p> <p>The historical performance data relate to the portfolio of auto Receivables have been granted by the Seller (see section "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA", subsection "Historical performance data" in the Final Prospectus) and include the following areas:</p> <ul style="list-style-type: none"> <li>a) Gross loss (i.e. losses before recoveries) in static format (covering the period from Q1 2009 until Q2 2019), separate for the total portfolio, commercial Debtors, private Debtors, contracts with balloon payments and contracts without balloon payments.</li> <li>b) Net loss (i.e. losses after recoveries) in static format (covering the period from Q1 2009 until Q2 2019), separate for the total portfolio, commercial Debtors, private Debtors, contracts with balloon payments and contracts without balloon payments.</li> <li>c) Delinquencies measured as monthly delinquency rate (covering the period from January 2009 until June 2019).</li> <li>d) Annualised prepayments rates (covering the period from January 2009 until June 2019).</li> </ul> <p>The data history, provided prior to pricing, covers a period of at least 5 years required under Article 22 (1) of the Securitisation Regulation, see section "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA" subsection "Historical performance data" in the Final Prospectus.</p> <p>Given that the most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio, namely the factors described in #23, are the same to the overall portfolio for which the above mentioned historical performance data have been procured, comparability between the securitised portfolio and the Originator's overall portfolio ("substantially similar exposures") is ensured.</p>
#	Criterion Article 22 (2)	Verification Report
39	Performance of an <b>asset audit</b> on the basis of a sample and defined audit steps (Agreed upon Procedures, AuP) by an external independent party	<p><u>Verification Method:</u> Legal (AuP Report)</p> <p>The Originator has mandated a qualified and experienced audit firm to perform the asset audit. The asset audit and the related AuP include both of the following:</p> <ul style="list-style-type: none"> <li>a) a verification of the compliance of the underlying exposures in the portfolio with selected key pool data fields and the key eligibility criteria (the "<b>Pool Data and Eligibility Criteria Verification</b>"); and</li> <li>b) verification that the data disclosed to investors in the Preliminary Prospectus and the Final Prospectus in respect of the underlying exposures is accurate (the "<b>Prospectus Data Verification</b>").</li> </ul> <p>The sample drawn for the Pool Data and Eligibility Criteria Verification is representative of the securitised portfolio, based on a provisional pool cut dated 31 August 2019. This is ensured by a sufficiently large sample and random selection, applying a 99%</p>

	<p>confidence level. The final report prepared by the audit firm with regards to the Pool Data and Eligibility Criteria Verification has been made available to SVI on 31 October 2019. The final report confirms that the Pool Data Eligibility Criteria Verification has occurred and that in all material respects the Data Fields agree to the respective information in the underlying documents or in the bookkeeping system of BMW.</p> <p>The Prospectus Data Verification has been performed by the audit firm based on the provisional pool cut dated 31 August 2019. This verification has been based on all underlying exposures (loan level data) and the scope comprises (i) information in the stratification tables (see section "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA", subsection "Purchased Receivables characteristics") correspond to the provisional pool cut and (ii) the calculation of the weighted average lives and the maturity profile of the Class A notes offered to investors (see section "EXPECTED MATURITY AND AVERAGE LIFE OF CLASS A NOTES AND ASSUMPTIONS" of the Preliminary Prospectus).</p> <p>The Prospectus Data Verification has been repeated by the audit firm based on the final pool cut dated 30 November 2019, applying the same scope as for the verification of the provisional pool cut (see above).</p> <p>The reports prepared by the audit firm with regards to the Prospectus Data Verification have been made available to SVI on 5 November 2019 and on 13 December 2019, respectively. Both reports confirm that no significant adverse findings have been found.</p> <p>Please note that, for the purpose of compliance with the requirements of Art. 22 (2) of the Securitisation Regulation, the AuP can be based on either the provisional or the final pool cut.</p>
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#	Criterion Article 22 (3)	Verification Report
40	Provision of a precise <b>liability cash flow model</b> to the investors prior to pricing by the Originator; "precise" refers to the possibility for the investor to calculate the amortisation rate and, based on this, the pricing of the securitisation position	<p><u>Verification Method</u>: Legal (Transaction documents) / Due Diligence (Cash flow model)</p> <p>A CF-Model has been prepared by Moody's Analytics on behalf of the Originator, which is provided as web-based tool and can be accessed by contacting Moody's Analytics through E-Mail (<a href="mailto:esa@moodys.com">esa@moodys.com</a>).</p> <p>SVI has been granted access to the website and the cash flow model for the Bavarian Sky S.A., acting in respect of its Compartment German Auto Loans 9 transaction prior to announcement in order to perform the steps necessary to verify the compliance under Article 22 (3) of the Securitisation Regulation. It should be noted that the statements below do reflect the result of SVI's review of the functionality of the cash flow model and can be considered as a check of plausibility, however no assurance can be given that the CF-Model does calculate correctly in each and every scenario.</p> <p>The CF-Model accurately reflects the contractual relationships and cash flows from and to the securitised portfolio, cash accounts, Classes A to B Notes, the Originator/Servicer as well as other parties involved (summarised as senior expenses).</p> <p>A wide range of different scenarios can be modelled, including but not limited to prepayments, delinquencies, defaults (gross losses), recoveries, coupon on the notes and senior expenses. Both size as well as timing of payments or defaults can be varied.</p>

	Furthermore, digital scenarios such as the exercise of call options (yes/no) can be considered. As a result, both base case scenarios for pricing as well as stress scenarios for credit analysis purposes can be modelled.
	The CF-Model is available since 31 October 2019 which means before pricing which occurred on 14 November 2019. The Originator undertakes to provide potential investors with the CF-Model upon request.

#	Criterion Article 22 (4)	Verification Report
41	For residential mortgage loan, auto loan or leasing portfolios: publication of information on the environmental performance of the assets financed by such underlying exposures (energy performance certificates)	<p><u>Verification Method:</u> Legal (Transaction documents, Due Diligence)</p> <p>The Originator has confirmed that information on the environmental performance of the assets financed by such underlying exposures (in this case: auto loans) is intended to be provided in the form of the efficiency classes as specified by Pkw-EnVKV (§ 3a). The information is intended to be made available at least on a quarterly basis as part of the information on the underlying exposures as per Article 7 (1) (a) of the Securitisation Regulation and as applicable.</p>

#	Criterion Article 22 (5)	Verification Report
42	Compliance with the provisions of Art. 7 of the Securitisation Regulation (regarding <b>Transparency</b> ) is the responsibility of the Originator or Sponsor	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>The Seller as the Originator confirms that it will fulfil the provisions of Art. 7 of the Securitisation Regulation as follows:</p> <ul style="list-style-type: none"> <li>- Art. 7 (1) (a): Loan level data will be made available for the first time after the payment date that will be one month after closing (18 December 2019) and then at least on a quarterly basis. In addition, such information has been made available before pricing in draft form for the preliminary pool upon request.</li> <li>- Art. 7 (1) (b): The key transaction documents have been made available in draft form prior to pricing and in final form within 15 days after closing.</li> <li>- Art. 7 (1) (c): Not applicable.</li> <li>- Art. 7 (1) (d): In accordance with the draft RTS for notification, the notification has been provided to investors in draft form prior to pricing and in final form within 15 days after closing.</li> <li>- Art. 7 (1) (e): The investor report will be made available for the first time on the payment date one month after closing (18 December 2019) and then at least on a quarterly basis.</li> <li>- Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR.</li> <li>- Art. 7 (1) (g): If a "Significant Event" occurs, investors will be informed immediately.</li> </ul> <p>Until the RTS on Art. 7 has entered into force, the information according to Art. 7 (1) (a) and Art. 7 (1) (e) according to Art. 43 (7) will be provided based on the CRA3 templates.</p>



As a result of the verifications documented above, we confirm to BMW Bank GmbH that the STS criteria pursuant to Article 19 to 22 of the European Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 for the transaction "**Bavarian Sky S.A., acting in respect of its Compartment German Auto Loans 9**" have been fulfilled.

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