

## Declaration of undertaking by the mandator as part of the TSI certification process

We, the undersigned

Mandator

**BMW Bank GmbH**

undertake to comply with all details of this declaration of undertaking for the entire term of the securitisation transaction.

Transaction

**Bavarian Sky S.A. Comp. German Auto Loans 7**

### Reference data

Transaction name

**Bavarian Sky S.A. Comp. German Auto Loans 7**

Name of the SPV

**Bavarian Sky S.A., acting in respect of its Compartment GAL 7**

SPV headquarters

**Luxembourg**

Originator

**BMW Bank GmbH**

Servicer

**BMW Bank GmbH**

Joint Lead Manager

**Lloyds, Deutsche Bank**

Bookrunner

**Lloyds, Deutsche Bank**

Documentation

**Clifford Chance**

If changes occur with regard to the fulfilment of individual criteria, we will inform True Sale International GmbH thereof without delay.

The General Conditions of Certification, including the annexes, of True Sale International GmbH, as published on the True Sale International GmbH website ([www.ts-i-gmbh.de](http://www.ts-i-gmbh.de)), shall apply. True Sale International GmbH will not carry out any initial or ongoing verification of the information given in this declaration of undertaking.

Corporate services provider

**Intertrust (Luxembourg) Sàrl**

Closing date

**October 18th 2017**

Volume per tranche in EUR million

**Class A EUR 1000m; Class B EUR 75.3m; Subloan EUR 5.38m**

Final maturity date

**October 2024**

Rating

**Class A: AAA/Aaa (Fitch, Moody's); Class B: NR**

Stock exchange

**Luxembourg Stock Exchange**

Portfolio structure

Static

Revolving

Asset class

Auto loans

non-garman SPV

Securitisation structure

True Sale

Synthetic

## General quality criteria

### No Quality criterion

#### Definition of the underlying asset class

- 1 Assurance is given that, at the time of selecting the loans in the portfolio to be securitised ("cut-off date"), the underlying assets in the transaction are predominantly (more than 60%) receivables pursuant to German law of a credit institution domiciled in Germany.

Yes  
 No  
 not applicable

continued on page 19

- 2 The Mandator confirms that no more than one-third of the balance sheet volume is securitised.

Yes  
 No  
 not applicable

continued on page 19

#### Loans in the securitised portfolio

- 3 Assurance is given that the asset pool includes only such receivables as are legally valid, binding and legally enforceable.

Yes  
 No  
 not applicable

continued on page 19

## General quality criteria

### Criterion fulfilled Comments

No.	Quality criterion	Yes	No	not applicable	Comments
4	Assurance is given that the assets have been transferred to the special purpose vehicle in a legally valid, binding and legally enforceable manner.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> continued on page 19
5	Assurance is given that the asset pool includes only those receivables that comply with the asset class referred to on page 1 of this Declaration. Swaps or other derivative financial instruments are included in the transaction structure solely for hedging purposes (e.g. interest rate or currency swaps).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> continued on page 19
6	Assurance is given that the asset pool includes only such receivables for which at least one instalment has been paid as per the agreement.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> continued on page 19

## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
7	The portfolio to be securitised contains no securitisation positions of other securitisation transactions (prohibition of re-securitisations).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<div style="text-align: right;"> <input type="checkbox"/> continued on page 19                 </div>
<b>Lending standards</b>			
8	In connection with the granting of a loan, the rules of Article 405 "Retained interest of the issuer" of the relevant version of the Capital Requirements Regulation (CRR) as published in the Official Journal of the European Union shall apply.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<div style="text-align: right;"> <input type="checkbox"/> continued on page 19                 </div>
9	The securitised loans have all been granted in the context of standard business activities (balance-sheet transactions).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<div style="text-align: right;"> <input type="checkbox"/> continued on page 19                 </div>

## General quality criteria

No. Quality criterion	Criterion fulfilled	Comments
<p>10 Assurance is given that the portfolio to be securitised does not contain loans which are granted on the basis of divergent lending standards and approval procedures so that they can be transferred directly to the capital market by means of securitisation (originate-to-distribute model).</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable                 </p>	<p><input type="checkbox"/> continued on page 19</p>
<p>11 Assurance is given that when the loans in the securitised portfolio were granted there were, according to the relevant credit reporting agency, no negative features (data from public debtor lists; signs of misuse or balance after titling; information on behaviour in contravention of the agreement).</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable                 </p>	<p><input type="checkbox"/> continued on page 19</p>
<p>12 All securitised loans have been subjected to a check of all relevant details regarding customer creditworthiness and evaluation of securities on the basis of documents submitted and documented (no self-certification).</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable                 </p>	<p><input type="checkbox"/> continued on page 19</p>

**General quality criteria**

**No Quality criterion Criterion fulfilled Comments**

<p><b>13</b> Assurance is given that, in granting the loan and loan processing, securitised and unsecured loans are subject to the same supervisory standards.</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable         </p>	<p><input type="checkbox"/> continued on page 19</p>
<p><b>14</b> Assurance is given that the same lending standards, approval procedures and incentive measures as for on-balance-sheet loans are used for the loans to be securitised.</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable         </p>	<p><input type="checkbox"/> continued on page 19</p>
<p><b>15</b> With regarding to lending, no divergent target agreement, marketing control measures or bonus systems are applied to securitised or unsecured loans.</p>	<p> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No  <input type="checkbox"/> not applicable         </p>	<p><input type="checkbox"/> continued on page 19</p>

## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
16	The same guidelines and competence matrices as well as the same structural integration of decision-makers in the organisational hierarchy apply to both securitised and unsecuritised loans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
17	Assurance is given that securitised and unsecuritised loans are not subject to divergent treatment in internal audits.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
18	Securitised and unsecuritised loans are not subject to systematic differences with regard to the business structure, the marketing channels used and the type of loan.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19

## General quality criteria

### No Quality criterion

### Criterion fulfilled Comments

#### The Originator's servicing standards

- 19 Assurance is given that loan servicing, including after securitisation, shall remain in our area of responsibility and shall continue to be subject to the general servicing standards applicable within our company. Servicing covers loan processing, including debt collection and customer account management. Assurance is hereby given that in the case of management by our company or outsourcing, the same servicing standards shall apply to both securitised and unsecuritised loans.

Yes  
 No  
 not applicable

continued on page 19

#### Appropriate procedures for the ongoing and prompt monitoring of the performance of the securitised loans

- 20 Regardless of the securitisation status of individual loans, for both securitised and unsecuritised loans compliance with the supervisory standards and the German Minimum Requirements for Risk Management (MaRisk) in the loan process and in loan servicing as well as compliance with defined minimum standards in the asset management process (e.g. automated dunning process, transfer to intensive management after a defined number of instalments in arrears, formulated sales guidelines or similar) and in risk controlling are ensured.

Yes  
 No  
 not applicable

continued on page 19

- 21 Assurance is given that an established regulatory framework and established processes for account management, the dunning procedure and internal auditing procedures, in accordance with the provisions of the German Banking Act and the banks' internal risk management, apply to both securitised and unsecuritised loans.

Yes  
 No  
 not applicable

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## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
22	In intensive management and in the workout, both securitised and unsecuritised loans are subject to the same established rules, management mechanisms and internal auditing procedures.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
23	<b>Selection criteria for the portfolio to be securitised</b> At the transaction cut-off date, the portfolio of loans to be securitised is qualitatively representative of the bank's total product range in accordance with the established selection criteria. Assurance is given that, with regard to the marketing channels, the types of product and product features (e.g. purpose of the loan, maturity or condition structural) and the borrower unit, there are no systematic qualitative divergences from the bank's total product range.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
24	The portfolio to be securitised fulfils all supervisory requirements for it to be classified as granular, in accordance with Article 261 (1), seventh sentence, and Article 262 (2), first and second sentences, of the applicable version of the CRR as published in the Official Journal of the European Union.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19

## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
25	Assurance is given that only loans which, when selecting and setting up the portfolio to be securitised (selection date or cut-off date), are not overdrawn and have no interest or repayment arrears or associated payments (such as insurance premiums) – i.e. “performing” loans – shall be securitised. (Exception: clearly identified technical overdrafts)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
26	Assurance is given that the period between the cut-off date and the closing date does not exceed three months. Assurance is also given that an independent third party (e.g. auditing company) has checked the underlying asset pool by means of random sampling for conformity with the defined selection criteria (pool audit).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
27	Assurance is given that the requirements in Nos 24 and 26 also apply mutatis mutandis to loans that are added to the securitisation at specific stipulated dates as replacements for other loans (“replenishment”).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> not applicable	Static transaction without revolving phase.  <input type="checkbox"/> continued on page 19

**General quality criteria**

No.	Quality criterion	Criterion fulfilled	Comments
<b>Securitisation structures</b>			
28	In the case of synthetic transactions, loss shall be verified by the loss auditor in the event of loss allocation. This verification shall include, inter alia, whether the individual loan fulfilled the eligibility criteria on the closing date. If this is not the case, the unjustified losses must be taken back.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> not applicable	
<b>Standard definition of reporting elements</b>			
29	Assurance is given that the investor report uses standard definitions for the reporting elements; these are given in TSI's specimen report.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	
<b>Prospectus requirements</b>			
30	Assurance is given that the preliminary prospectus (or "red herring" prospectus) shall be prepared and presented to the investors concerned no later than two weeks before the closing date. The preliminary prospectus shall contain all essential data required for the evaluation of the transaction.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	

**Securitisation structures**

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**Standard definition of reporting elements**

continued on page 19

**Prospectus requirements**

continued on page 19

## General quality criteria

### Criterion fulfilled Comments

No	Quality criterion	Yes <input type="checkbox"/>	No <input type="checkbox"/>	not applicable <input type="checkbox"/>	continued on page 19 <input type="checkbox"/>
31	Assurance is given that the process of selling and transferring the underlying asset pool from the Originator to the Issuer (SPV) is presented and explained in the listing prospectus.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	Confirmation is given that the risks associated with the sale and transfer of the underlying asset pool are described in the listing prospectus.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	Confirmation is given that the listing prospectus contains a diagram presenting a transaction overview.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
34	Assurance is given that all key transaction parties (e.g. Servicer, account bank, swap provider, etc) and their tasks and responsibilities are described in the listing prospectus. If specific requirements are made with regard to the rating of the relevant transaction party, these must be presented in the listing prospectus and the measures to be taken if the rating falls below the defined target value must be indicated.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
35	Assurance is given that the credit enhancement mechanisms in the transaction structure are presented and explained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19
36	Confirmation is given that two joint lead managers are involved in the transaction and that the joint lead managers are also named accordingly in the listing prospectus.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable	<input type="checkbox"/> continued on page 19

## General quality criteria

No	Quality criterion	Criterion fulfilled	Comments
	<p><b>37</b> Confirmation is given in the listing prospectus that the notes are listed in a regulated market, which is either part of the European Economic Area or an OECD member or partner country.</p>	<p>Yes <input checked="" type="checkbox"/>             No <input type="checkbox"/>             not applicable <input type="checkbox"/></p>	<p><input type="checkbox"/> continued on page 19</p>
	<p><b>Disclosure requirements</b></p>		
	<p><b>38</b> The disclosure requirements in Article 409 "Disclosure to investors" of the applicable version of the CRR as published in the Official Journal of the European Union are fulfilled in their entirety.</p>	<p>Yes <input checked="" type="checkbox"/>             No <input type="checkbox"/>             not applicable <input type="checkbox"/></p>	<p><input type="checkbox"/> continued on page 19</p>
	<p><b>39</b> The investor report presents the evolution of the ratings of the relevant transaction parties whose rating is referred to in the listing prospectus over the term of the transaction.</p>	<p>Yes <input checked="" type="checkbox"/>             No <input type="checkbox"/>             not applicable <input type="checkbox"/></p>	<p><input type="checkbox"/> continued on page 19</p>

## General quality criteria

### No. Quality criterion Criterion fulfilled Comments

40	The structure of the investor report follows the reporting standards of True Sale International GmbH for the asset class in question; these standards are published on the True Sale International GmbH website (www.tsi-gmbh.de).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable		<input type="checkbox"/> continued on page 19
41	We give our assurance that at least the following information provided by True Sale International GmbH for publication on its publicly accessible website will be made available:	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> not applicable	a) The final version of the issue prospectus b) The new issue or resale reports of the rating agencies concerned (if available and the rating agencies concerned have given their consent for publication) c) The investor report, which shall be published at least once a quarter, in PDF format and in write-protected xls format d) Declaration of undertaking by the Mandator as part of the TSI certification process	<input type="checkbox"/> continued on page 19
			Investor Report in PDF, not in xls.	

## General quality criteria

### No Quality criterion

### Criterion fulfilled

### Comments

#### Provision of valuation prices

42 The following rule shall apply to the provision of valuation prices:

- The transaction Lead Manager's valuation unit, which is independent of the structuring and trading unit, has declared its willingness to provide monthly valuation prices for rated and placed tranches.
- A divergent rule has been applied with the investors or trustee; this rule must be specified in the field "Comments".

Yes

No

not applicable

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#### Rating

43 Assurance is given that the transaction is evaluated by at least two rating agencies that are licensed and regulated in the jurisdiction in question. Assurance is also given that the top tranche in the capital structure of the transaction has the highest rating that can be awarded in the jurisdiction in question.

Yes

No

not applicable

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**General quality criteria**

No Quality criterion

Criterion fulfilled

Comments

**Compliance with the general conditions applicable to TSI SPVs**

44 We confirm, that the general conditions applicable to TSI SPVs also apply to the SPV in question. In particular, we hereby confirm that:

- a) the foreign SPV is domiciled within the European Union, Yes  No  not applicable
- b) no active asset management is carried out, Yes  No  not applicable
- c) at least two independent directors of the SPV shall be appointed Yes  No  not applicable
- d) non-petition, limited recourse is built into the transaction structure, separateness covenants (assurance with regard to independence and self-imposed pledge not to enter into further obligations) have been agreed, Yes  No  not applicable
- e) annual audit will be made by a reputable auditing company. Yes  No  not applicable

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## Additional quality criteria for auto loans

No	Quality criterion	Criterion fulfilled	Comments																					
<b>Definition of auto loans</b>																								
AL	The definition of auto loans is based on a loan to a borrower for the purchase of a motor vehicle, in which the item financed is used as collateral (assignment as collateral) and the vehicle registration document essentially remains with the lender or his/her authorised representative.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> not applicable																						
ASPV 1																								
<b>Loans in the securitised portfolio</b>																								
AL	Assurance is given that, on the cut-off date, the loans in the portfolio to be securitised fulfil the following criteria:																							
ASPV 2	<ul style="list-style-type: none"> <li>- Only borrowers domiciled in Germany</li> <li>- The maximum amount of the loan (initial principal balance) does not exceed EUR 500,000 and the borrower's share with a total exposure of between EUR 100,000 and EUR 500,000 is under 1.00% of the entire portfolio.</li> <li>- Only fixed-interest loans</li> <li>- Only loans with a maximum residual maturity of 84 months</li> <li>- The average score of the securitised portfolio shows at least a similar distribution as the Originator's total portfolio.</li> <li>- Only loans on which information has been obtained from the credit investigation agency (Schufa)</li> </ul>	<table border="0"> <tr> <td>Yes</td> <td>No</td> <td>not applicable</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Yes	No	not applicable	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The max. possible aggregated loan amount for each debtor is EUR 1,000,000.</p> <p>Largest debtor = EUR 997.022,13 in Black Pool as of 30.09.2017.</p>
Yes	No	not applicable																						
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																						
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**Comments**

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**Provision of anonymised loan-level data**

After considering data protection issues and bank secrecy, the certification applicant shall provide anonymised loan-level data over the entire term of the transaction.

Yes. The data will be provided in the form described below:

Data will be provided via the European Data Warehouse.

No. No anonymised loan-level data will be provided.

Place, Date

Munich, 10/Oct/2017

Signature

i.k.

Name in block capitals

Daniel Dietrich

Place, Date

Munich, 10/Oct/2017

Signature<sup>1</sup>

i.v. Lindemann

Name in block capitals

LINDEMANN

<sup>1</sup> Customary evidence of the authentication to represent the issuer signed must be provided, e.g. by means of a statement issued by the issuer's legal department.