EXECUTION VERSION

DATED 17 JULY 2025

BAVARIAN SKY FRENCH AUTO LEASES 5
as "**Issuer**"
represented by
IQ EQ MANAGEMENT
as Management Company

ISSUER REGULATIONS

BAVARIAN SKY FRENCH AUTO LEASES 5

1N3017.000256

Hogan Lovells (Paris) LLP
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CONTENTS

THESE ISSUER REGULATIONS (the "**Issuer Regulations**") are made on 17 July 2025

BY:

IQ EQ Management, a *société par actions simplifiée*, incorporated under the laws of France, registered with the Trade and Companies Registry of Paris (*Registre du commerce et des sociétés de* Paris) under number 431 252 121 R.C.S, whose registered office is at 92, avenue de Wagram, 75017 Paris, France, duly licensed as a portfolio management company (*société de gestion de portefeuille*) authorised to manage securitisation vehicles (*organismes de titrisation*) by the AMF (the "**Management Company**") under number GP-02023, acting as the management company of the French *fonds commun de titrisation* Bavarian Sky French Auto Leases 5 (the "**Issuer**" or the "**FCT**").

WHEREAS:

(A) IQ EQ Management, as Management Company, has established a securitisation fund (*fonds commun de titrisation*) known as "Bavarian Sky French Auto Leases 5" being governed by articles L. 214-167 to L. 214-175-8, articles L. 214-180 to L. 214-186 and R. 214-217 to R. 214-235 of the French Monetary and Financial Code, the relevant provisions of the AMF General Regulations and these Issuer Regulations.

(B) The Management Company has designated BNP Paribas (acting through its Securities Services business) as the Custodian of the Issuer.

(C) Pursuant to articles L. 214-168, I, L. 214-175-1, I, R. 214-217 1° and 2° and R. 214-223 of the French Monetary and Financial Code and the terms of these Issuer Regulations, the purpose of the Issuer is to (i) be exposed to credit risks by acquiring, from the Seller, the Purchased Receivables arising from the Underlying Agreements entered into with Obligors and (ii) finance in full and hedge such risks by (1) issuing the Units and the Notes, (2) entering into the Swap Agreement and (3) borrowing sums under the conditions set out in the Subordinated Loan Agreement and these Issuer Regulations, it being understood that the Management Company has not been involved in the arrangement of the structuring of the FCT.

(D) Pursuant to the terms of the Lease Receivables Purchase Agreement, the Seller has agreed to assign, transfer and sell to the Issuer, and the Management Company, acting for and on behalf of the Issuer, has agreed to purchase from the Seller, the Purchased Receivables and their Ancillary Rights.

(E) In order to fund the Purchase Price of the Purchased Receivables (including their Ancillary Rights) on the Issue Date, the Issuer will:

(a) issue €500,000,000.00 Class A Notes due August 2032 (the "**Class A Notes**") which (i) will be placed pursuant to the terms of the Subscription Agreement with respect to the Class A Notes and (ii) will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange;

(b) issue €68,900,000.00 Class B Notes due August 2032 (the "**Class B Notes**") which (i) will be placed pursuant to the terms of the Subscription Agreement with respect to the Class B Notes and (ii) will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange;

(c) issue €74,400,000.00 Class C Notes due August 2032 (the "**Class C Notes**") which (i) will be placed pursuant to the terms of the Subscription Agreement with respect to the Class C Notes and (ii) will be listed on the Official List of the Luxembourg

Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange; and

(d) issue €300 asset-backed units due August 2032 consisting of two (2) individual units, each of €150 (the "**Units**") which will be subscribed by BMW Finance on the Signing Date.

(F) These Issuer Regulations set out, *inter alia*, the terms and conditions applicable to the establishment, the operation and the liquidation of the Issuer. These Issuer Regulations also provide for, *inter alia*, the terms and conditions pursuant to which (a) the Purchased Receivables will be acquired by the Issuer, (b) the Notes and the Units will be issued by the Issuer and (c) the credit enhancement mechanisms are established with respect to the Issuer.

SECTION I

General provisions

1. DEFINITIONS, INTERPRETATION AND COMMON TERMS

1.1 Definitions

(a) Unless otherwise defined herein or the context requires otherwise, capitalised terms used in these Issuer Regulations have the meanings ascribed to them in clause 1 (*Definitions*) of the Master Definitions Schedule (the "**Master Definitions Schedule**") set out in Schedule 1 (*Master Definitions Schedule*) of the Incorporated Terms Memorandum (the "**Incorporated Terms Memorandum**") which is dated on or about the date of these Issuer Regulations 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 these Issuer Regulations by reference.

(b) In the event of any conflict between the Master Definitions Schedule and these Issuer Regulations, these Issuer Regulations shall prevail.

1.2 Interpretation

Terms in these Issuer Regulations, except where otherwise stated or where the context otherwise requires, shall be interpreted in the same way as set forth in clause 2 (*Principles of construction*) of the Master Definitions Schedule.

1.3 Common Terms

(a) **Incorporation of Common Terms**

Except as provided below, the Common Terms apply to these Issuer Regulations and shall be binding on the Parties to these Issuer Regulations as if set out in full in these Issuer Regulations.

(b) **Common Terms and applicable Priority of Payments**

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

(c) **Governing law and jurisdiction**

These Issuer Regulations and all matters (including non-contractual duties and claims) arising from or connected with it shall be governed by French law in accordance with clause 24 (*Governing law*) of the Common Terms. Clause 25 (*Jurisdiction*) of the Common Terms applies to these Issuer Regulations as if set out in full in these Issuer Regulations.

SECTION II

Description of the Issuer

2. ESTABLISHMENT OF THE ISSUER

2.1 Name of the Issuer

The name of the Issuer is "Bavarian Sky French Auto Leases 5".

2.2 Legal Entity Identifier of the Issuer

The Legal Entity Identifier (LEI) of the Issuer is 969500SFOY84X8JCM730.

2.3 Legal nature of the Issuer

The Issuer is a French securitisation fund (*fonds commun de titrisation*) governed by articles L. 214-167 to L. 214-175-8, articles L.214-180 to L.214-186 and R. 214-217 to R. 214-235 of the French Monetary and Financial Code, as well as the relevant provisions of the AMF General Regulations and these Issuer Regulations.

2.4 No separate legal personality

Pursuant to article L. 214-180 of the French Monetary and Financial Code, the Issuer has no legal personality (*personnalité morale*).

2.5 Issuer establishment date and duration

The Issuer is established on the Signing Date for a period commencing on (and including) that date and will be liquidated on the Issuer Liquidation Date.

Notwithstanding the foregoing, the Management Company also will be entitled to effect the accelerated liquidation of the Issuer, in accordance with the provisions of Section XI (*Liquidation of the Issuer*).

3. PURPOSE, FUNDING AND HEDGING STRATEGY OF THE ISSUER

3.1 Purpose of the Issuer

In accordance with articles L. 214-168, I, L. 214-175-1, I, R. 214-217 1° and 2° and R. 214-223 of the French Monetary and Financial Code and pursuant to the terms of these Issuer Regulations, the purpose of the Issuer is to:

(a) be exposed to credit risks by acquiring, from the Seller, the Purchased Receivables arising from Underlying Agreements entered into with Obligors; and

(b) finance in full and hedge such risks by (i) issuing the Units and the Notes, (ii) entering into the Swap Agreement and (iii) borrowing sums under the Subordinated Loan in accordance with the conditions set out in the Subordinated Loan Agreement and these Issuer Regulations.

3.2 **Funding strategy of the Issuer**

In accordance with articles R. 214-217, 2° and R. 214-223 of the French Monetary and Financial Code, the funding strategy (*stratégie de financement*) of the Issuer is to issue the Notes and the Units, and to borrow sums under the Subordinated Loan Agreement. The proceeds of which will be applied to the purchase by the Issuer from the Seller of the Purchased Receivables which will be allocated exclusively to the Issuer by the Management Company on the Issue Date.

3.3 **Hedging strategy of the Issuer**

In accordance with article R. 214-217, 2° and article R. 214-224 of the French Monetary and Financial Code, the Issuer may implement its hedging strategy (*stratégie de couverture*) in order to hedge its interest rate exposure under the Notes by entering into a Swap Agreement with the Swap Counterparty.

4. **MAIN FEATURES OF THE ISSUER**

4.1 **No replenishment**

Pursuant to the provisions of article L. 214-169 *et seq*. of the French Monetary and Financial Code, the Issuer shall acquire the Purchased Receivables from the Seller on the Issue Date only.

4.2 **Issue of Notes and Units**

(a) The Issuer shall issue the Notes on the Issue Date in accordance with, and subject to, the terms hereof and, in particular, clause 20.1 (*Description of the securities issued by the Issuer*) and clause 20.6 (*Issue, listing and trading).*

(b) the Issuer shall issue the Units on the Signing Date in accordance with, and subject to, the terms hereof and, in particular, clause 20.1 (*Description of the securities issued by the Issuer*) and clause 20.6 (*Issue, listing and trading).*

4.3 **Borrowing**

The Issuer shall be entitled to borrow sums under the Subordinated Loan pursuant to and in accordance with clause 24 (*The Subordinated Loan*).

4.4 **Interest rate hedging swap**

In accordance with articles R. 214-217, 2° and R. 214-224 of the French Monetary and Financial Code and pursuant to these Issuer Regulations, the Issuer will hedge its interest rate exposure under the Class A Notes by entering into the Swap Agreement with the Swap Counterparty, as the same is described in clause 55 (*Swap Agreement*). The Issuer will not enter into any derivative contracts other than for the purposes of hedging the interest rate risk under the Class A Notes.

4.5 **No compartment**

The Issuer shall not have any compartments.

4.6 **Credit enhancement mechanisms**

The credit enhancement mechanisms that benefit the Issuer are set out in Section XI (*Liquidation of the Issuer*).

4.7 **Investment strategy**

The Issuer will never engage in any active portfolio management of the Purchased Receivables on a discretionary basis.

SECTION III

Organs of the Issuer

5. **THE MANAGEMENT COMPANY**

5.1 **Role of the Management Company**

The Management Company will establish the Issuer in accordance with the conditions described in these Issuer Regulations. Pursuant to article L. 214-183 of the French Monetary and Financial Code, the Management Company will represent the Issuer as against third parties, in particular in any legal action or proceeding whether as a plaintiff or as a defendant. The Management Company shall be responsible for the management and the operation of the Issuer in accordance with all applicable laws and regulations and with the terms of these Issuer Regulations.

Pursuant to the provisions of these Issuer Regulations, the Management Company is specifically in charge of:

(a) entering into and/or amending and/or renewing any agreements necessary for the establishment and operation of the Issuer and ensuring the proper performance of such agreements and these Issuer Regulations;

(b) ensuring, on the basis of the information made available to it, that:

(i) the Seller complies with the provisions of the Lease Receivables Purchase Agreement; and

(ii) the Servicer complies with the provisions of the Servicing Agreement and in particular with the Credit and Collection Policy;

(c) allocating to the FCT on the Issue Date, the assets purchased by the FCT;

(d) allocating the expenses, costs or debts to be borne by the FCT;

(e) verifying that the payments received by the Issuer are consistent with the sums due to it with respect to the assets of the Issuer, and, if necessary, enforcing the rights of the Issuer under the Transaction Documents;

(f) ensuring that the Account Bank has opened the Accounts in accordance with the provisions of these Issuer Regulations and the Bank Account Agreement;

(g) providing the Account Bank with all necessary information and instructions in order for the Account Bank to be able to operate the Accounts, in accordance with the provisions of these Issuer Regulations;

(h) allocating and distributing the sums received by the Issuer in accordance with, and subject to, the relevant Priority of Payments;

(i) determining on each Interest Determination Date, the Interest Rate applicable for the Class A Notes with respect to the applicable Interest Period;

(j) determining the Principal Amount due and payable to the Noteholders on each Payment Date as well as making all other determinations and calculations referred to in these Issuer Regulations;

(k) appointing the statutory auditor and providing for a substitute statutory auditor if required, under the same terms and conditions;

(l) preparing, under the supervision of the Custodian as the case may be, all documents required by the applicable provisions of the French Monetary and Financial Code applicable to debt securitisation funds (*fonds communs de titrisation*) and all other applicable laws and regulations for the information of, if applicable, the Luxembourg Stock Exchange, the French *Autorité de contrôle prudentiel et de resolution*, the Rating Agencies, the Noteholders, the Unitholders and of any relevant supervising authority, market firm and clearing system (such as the Clearing Systems);

(m) ensuring that the register of the Units is duly kept by the Registrar;

(n) replacing, if necessary, the relevant Transaction Parties under the terms and conditions provided by any applicable laws at the time of such replacement and by the relevant Transaction Documents;

(o) identifying any new Servicer and negotiating a replacement Servicing Agreement with any new Servicer following the occurrence of a Servicer Termination Event, in accordance with the provisions of the Servicing Agreement;

(p) upon the occurrence of a Servicer Termination Event, notifying the Data Custody Agent that it has to provide the Portfolio Decryption Key to the relevant substitute Servicer or any Person designated by the Management Company;

(q) providing any relevant data and information in its possession to the substitute Servicer;

(r) notifying (or instructing any authorised third party to notify) the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies in accordance with the provisions of the Servicing Agreement;

(s) replacing, if applicable, with the prior consent of the Custodian, the Account Bank and replacing the Paying Agent, the Listing Agent, the Registrar and the Data Custody Agent under the terms and conditions provided by applicable laws at the time of such replacement and by the Bank Account Agreement, the Agency Agreement and the Data Custody Agreement, respectively;

(t) upon termination of the appointment of the Swap Counterparty, if reasonably possible, appointing another Swap Counterparty which is an Eligible Swap Counterparty informing the Custodian prior to such appointment;

(u) preparing and providing to the Custodian the Annual Activity Report and the Semi-Annual Activity Report and, after validation by the Custodian and the statutory auditor, making available and publishing on its internet website the Annual Activity Report and the Semi-Annual Activity Report;

(v) preparing and providing to the Seller, for its information only, the Monthly Activity Report;

(w) exercising constant vigilance and performing the verifications set out in Book III, Title I, Chapter V, Section VI on the obligations relating to anti-money laundering and combating financial terrorism of the AMF General Regulations regarding its obligations as Management Company of the Issuer and complying with the provisions of article L. 561-1 of the French Monetary and Financial Code and that it has established appropriate procedures in connection with anti-money laundering and prevention of terrorism in accordance with the provisions of Title VI Chapter I and Chapter II on the obligations relating to anti-money laundering and combating financial terrorism of Book V of the French Monetary and Financial Code;

(x) providing on-line secured access to certain data for investors (through website facilities/intralink) in order to distribute any information provided by the Seller pursuant to article 6 of the Securitisation Regulation;

(y) establishing and filing with the Commercial Court of Versailles the Pledged Vehicle registration form and any amendment registration form, in accordance with the Lease Vehicle Pledge Agreement;

(z) enforcing the rights of the Issuer under the Lease Vehicle Pledge, if and when applicable, pursuant to the Lease Vehicle Pledge Agreement;

(aa) to the extent they apply to the Management Company or the FCT, complying with the requirements deriving from the Securitisation Regulation, EMIR, SFTR, FATCA and any other Tax Information Arrangement; and

(bb) deciding whether to liquidate the Issuer and conducting the liquidation thereof subject to the conditions of legal and regulatory provisions in force and of these Issuer Regulations.

The Management Company may terminate all Transaction Documents if: (i) the issue of the Notes and Units has not been completed on the Issue Date or at any later date agreed between the parties to the relevant agreement or (ii) the total amounts received in respect of the subscription of the Class A Notes, the Class B Notes, the Class C Notes and the Units is less than the aggregate of the Purchase Price for the Purchased Receivables.

In the event of a dispute arising between the Management Company and the Custodian, each of them will be able to inform the AMF and will be able, if applicable, to take all precautionary measures (*mesures conservatoires*) which it considers appropriate to protect the interests of the Noteholders and of the Unitholders.

5.2 **Performance of the obligations of the Management Company**

The Management Company will, under all circumstances, act in an honest, loyal, professional, independent manner (*de manière honnête, loyale, professionnelle, indépendante*) in the interests of the Noteholders and of the Unitholders. It expressly and irrevocably waives all its rights of recourse against the Issuer with respect to the contractual liability of the Issuer. In particular, the Management Company will have no recourse against the Issuer or the assets allocated to the Issuer in respect of a default in the payment, for whatever reason, of the fees due to the Management Company.

The Management Company shall take all steps which it deems necessary or desirable to protect the Issuer's rights in relation to the Purchased Receivables.

Pursuant to article 321-100 of the AMF General Regulations (which applies to the Management Company pursuant to article 321-154 III of the AMF General Regulations),

the Management Company shall act in the best interests of the Issuer and of the Noteholders and of the Unitholders and foster (*favoriser*) the integrity of the market.

Pursuant to the terms of these Issuer Regulations it shall be bound to act at all times in the best interests of the Noteholders and the Unitholders.

In the event of a dispute arising between the Management Company and the Custodian, each of them shall be entitled to inform the AMF of such dispute and, as the case may be, shall be able to take all precautionary measures (*mesures conservatoires*) which it considers appropriate to protect the interests of the Noteholders and the Unitholders.

5.3 **Delegation**

The Management Company may sub-contract or delegate all or part of its obligations assigned to the Management Company by law, any agreement and/or the Issuer Regulations or appoint any third party (other than an entity within the BMW Group) to perform all or part of its obligations, subject to:

(a) the Management Company arranging for the sub-contractor, the delegate, the agent or the appointee to expressly and irrevocably waive all its rights of recourse against the Issuer with respect to the contractual liability of the Issuer;

(b) such sub-contracting, delegation, agency or appointment complying with the applicable laws and regulations;

(c) the AMF having received prior notice, if required by the AMF General Regulations;

(d) the Rating Agencies having received prior notice and such sub-contract, delegation, agency or appointment will not result, in the reasonable opinion of the Management Company, in the placement on "negative outlook" or as the case may be on "rating watch negative" or "review for possible downgrade", or the downgrading or the withdrawal of any of the ratings of the Notes or that such sub-contract, delegation, agency or appointment limits such downgrading or avoids such withdrawal; and

(e) the sub-contractor, delegate, agent or appointee having waived its right of recourse against the Issuer,

provided that notwithstanding such sub-contracting, delegation, agency or appointment, the Management Company will continue to be bound to comply with its obligations to the Noteholders and the Unitholders pursuant to these Issuer Regulations.

5.4 **Conflicts of interest**

The Management Company shall at all times during the term of the Issuer, comply with the provisions of article L. 214-175-3 of the French Monetary and Financial Code aiming at preventing conflicts of interest between the Custodian, the Management Company, the Noteholders and the Unitholders.

Pursuant to article 321-46 of the AMF General Regulations (which applies to the Management Company pursuant to article 321-154 III of the AMF General Regulations), the Management Company shall take all reasonable steps designed to identify conflicts of interest arising during the management of the Issuer in particular between the Management Company, the persons concerned or any person directly or indirectly related to the Management Company by a control relationship, on one hand, and its clients or the Issuer, on the other hand.

Pursuant to article 321-51 of the AMF General Regulations (which applies to the Management Company pursuant to article 321-154 III of the AMF General Regulations), where the organisational or administrative arrangements made by the Management Company to manage conflicts of interest are not sufficient to ensure with reasonable certainty that the risk of prejudicing the interests of the Issuer or the Unitholders will be avoided, the managers (*dirigeants*) or the competent internal body of the Management Company shall be promptly informed so that it may take any measure necessary to ensure that the Management Company will in all cases act in the best interests of the Issuer and of the Unitholders. The Unitholders are informed in a durable medium (*support durable*) of the reasons for the Management Company decision.

5.5 **Liability of the Management Company**

The Management Company shall be liable towards Custodian, the Noteholders and the Unitholders of all damage resulting directly from a breach of its obligations under these Issuer Regulations, bad faith (*mauvaise foi*), wilful misconduct (*dol*), negligence (*faute lourde*) and fraud (*fraude*) of the Management Company.

The Management Company declines any responsibility in the event of any delay or breach in the performance of these Issuer Regulations subsequent to events that are not attributable to the Management Company which are the result, *inter alia*, of a *force majeure* event, as defined under article 1218 of the French Civil Code. In such case, in the event that the Management Company suspends the performance of its obligations, or fails to perform its obligations, no damages shall be due, nor shall penalties be paid.

5.6 **Substitution at the initiative of the Management Company**

(a) Subject to sub-paragraph (b) below, at any time during the life of the Issuer and subject to a three (3)-month prior notice served on the Custodian by way of registered letter with acknowledgement of receipt, the Management Company may substitute for itself any other portfolio management company (*société de gestion de portefeuille*) duly licensed and authorised to manage *organismes de titrisation* by the AMF in the performance of its obligations hereunder, on condition that such substitution shall have been notified by the Management Company to the Noteholders and the Unitholders and always be made in compliance with the then applicable laws and regulations, these Issuer Regulations and the Custodian Agreement.

(b) The substitution of the Management Company in accordance with sub-paragraph (a) above shall not take effect until the following conditions are satisfied:

(i) the Management Company shall have proposed a substitute management company duly licensed by the AMF for the purposes of managing the Issuer;

(ii) the Management Company shall procure from such substitute management company, and as the case may be, from any third party, the execution of any confidentiality agreement as may be reasonably required;

(iii) the appointment of such substitute management company has become effective; and

(iv) the Management Company shall, at its own expense, make available to such substitute management company, for such period as is necessary any human resources, material and/or computing systems that such substitute management company may reasonably require in order to be able to

perform the Management Company's obligations under these Issuer Regulations, as quickly as possible and for the benefit of the Noteholders and the Unitholders.

5.7 **Duties of the Management Company upon substitution**

(a) Upon receipt by the Custodian of the notice of substitution referred to in clause 5.6 (*Substitution at the initiative of the Management Company*):

(i) the Management Company shall initiate the transfer of the management of the Issuer to the substitute management company without delay;

(ii) the Management Company shall for such time as is necessary for a complete and efficient transfer, make available to such substitute management company, at its own expense, provided that the expense shall be reasonable, strictly and exclusively limited to such transfer, and justified in writing, any human resources, materials and computer systems that the new management company may reasonably require so that it shall be able to replace the Management Company in, substantially, all its rights and obligations, without delay, for the benefit of the Noteholders and the Unitholders;

(iii) the Management Company shall direct the Account Bank to deliver without delay to the substitute management company:

(1) all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer; and

(2) any monies then held on behalf of the Issuer;

(iv) the Management Company shall be responsible for the daily management of the Issuer, for the entire period necessary for the transfer to such substitute management company, and such management shall be performed with the same standard of care as is applied to the other *fonds communs de titrisation* that the Management Company is responsible for, and it shall at least manage the Issuer *en bon père de famille*, for the benefit of the Noteholders and the Unitholders;

(v) such substitution shall be complete and shall automatically and without any further formality (*de plein droit*) lead to the transfer to such substitute management company of the rights and obligations of the Management Company in respect of the management of the Issuer; and

(vi) the Management Company shall remain liable against the Noteholders and the Unitholders and against the Custodian for the direct consequences of any action taken by it under these Issuer Regulations, or for any omission, which has occurred prior to the date of such transfer.

(b) In case of a transfer of the obligations of the Management Company in accordance with the conditions set out in clause 5.6 (*Substitution at the initiative of the Management Company*) above:

(i) the fees of the Management Company in respect of its role under these Issuer Regulations shall cease to be payable as of the date on which the Management Company notifies the Custodian of its decision to substitute a

new management company. Any overpayment in respect of a fee payable in advance shall be repaid to the Issuer on the same date, *pro rata temporis*;

(ii) no indemnity of any nature whatsoever and for any reason whatsoever shall be due to the Management Company and no reimbursement of expenses shall be requested by the Management Company for any reason whatsoever; and

(iii) the costs, charges and expenses associated with such substitution shall neither be borne by the Issuer nor by the Noteholders, the Unitholders or the Custodian.

6. THE CUSTODIAN

6.1 Role of the Custodian

Pursuant to article L. 214-175-2 *et seq*. of the French Monetary and Financial Code, articles R. 214-217 to R. 214-235 of the French Monetary and Financial Code and the relevant provisions of the AMF General Regulations, BNP Paribas, a *société anonyme* incorporated under the laws of France, whose registered office is at 16 boulevard des Italiens, 75009, Paris, France, acting through its Securities Services business located at Les Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin, France, registered with the Trade and Companies Register of Paris (*Registre du Commerce et des Sociétés de Paris*) under number 662 042 449, licensed in France as a credit institution (*établissement de credit*) by the French *Autorité de contrôle prudentiel et de resolution*, has been designated by the Management Company, acting for and on behalf of the Issuer, to act as the Custodian.

The Management Company and the Custodian have entered into the Custodian Agreement which sets out (i) the terms and conditions of the appointment of the Custodian, (ii) the duties of the Custodian in respect of the Issuer for the entire life of the Issuer, (iii) the conditions under which the Custodian shall perform such duties and, as the case may be, may delegate such duties and (iv) the conditions under which the Custodian may be substituted.

Pursuant to the Custodian's Acceptance Letter, BNP Paribas (acting through its Securities Services business) has expressly accepted to be designated by the Management Company as the Custodian of the Issuer pursuant to and in accordance with the Custodian Agreement and the provisions of these Issuer Regulations.

The Custodian shall be responsible for:

(a) safekeeping the Purchased Receivables in accordance with these Issuer Regulations, the Servicing Agreement and the Custodian Agreement; and

(b) ensuring the lawfulness (*régularité*) of the decisions of the Management Company in relation to the Issuer. The Custodian shall implement a monitoring and reporting procedure (*procédure d'alerte*) of any irregularity (*anomalie*) which will be adapted to the nature of the irregularity. Under such procedure, the Custodian shall notify successively the managers and executive officers of the Management Company and the AMF.

In the event of a dispute arising between the Management Company and the Custodian, each of them shall be able to inform the AMF of such dispute and, as the case may be, shall be able to take all precautionary measures (*mesures conservatoires*) which it considers appropriate to protect the interests of the Noteholders and of the Unitholders.

6.2 **Specific duties**

The Custodian will be responsible for the custody (*garde*) of the Purchased Receivables (including, pursuant to article D. 214-233 of the French Monetary and Financial Code, the custody of the Underlying Agreements from which the Purchased Receivables arise) provided that the Management Company, the Custodian and the Seller opt for the possibility offered by such article D. 214-233 of the French Monetary and Financial Code so that:

(a) the Custodian shall ensure, under its own liability, the custody of the Assignment Documents evidencing the assignment of such Purchased Receivables to the Issuer; and

(b) the Servicer shall ensure, under its own liability, the custody of the records and other agreements and instruments relating to such Purchased Receivables and any Ancillary Rights thereto, shall implement to that effect documented custody procedures and shall procure that a regular and independent internal supervision of such procedures is carried out regularly.

In addition, the Custodian shall, pursuant to the applicable provisions of the French Monetary and Financial Code and the AMF General Regulations:

(i) ensure that all payments made by the Noteholders and the Unitholders or in their name at the time of the subscription of the relevant Notes and Units have been received and that all cash has been recorded;

(ii) on a general basis, ensure the proper monitoring of the Issuer's cash flows;

(iii) hold (including in electronic format) the Assignment Documents, keep a register of the Purchased Receivables and check the existence of the Purchased Receivables on the basis of samples;

(iv) keep a register of all other assets of the Issuer and check the reality of these other assets transferred to, or acquired by, the Issuer and of any security, guarantee and ancillary rights thereto;

(v) determine the frequency and the extent of the verification procedure related to the existence of the Purchased Receivables on the basis of samples and provide verification procedures that are adjusted to the non-existence risk of the receivables and which comply with the criteria set out in the AMF General Regulations, as amended from time to time;

(vi) ensure that the sale, issue, repayment or cancellation of the Notes and the Units carried out by the Issuer or on its behalf comply with applicable laws and regulations and with these Issuer Regulations, the Offering Circular and the Custodian Agreement;

(vii) ensure that the computation of the value of the Notes and the Units is carried out in accordance with applicable laws and regulations and with these Issuer Regulations, the Offering Circular and the Custodian Agreement;

(viii) comply with the instructions of the Management Company subject to these instructions complying with applicable laws and regulations and with these Issuer Regulations, the Offering Circular and the Custodian Agreement;

(ix) ensure that, in the context of any transaction relating to the assets of the Issuer, the consideration is remitted to the Issuer within the time limits set

out in these Issuer Regulations and the Offering Circular, or, in the absence of such provisions, within the usual time limits;

(x) ensure that any income of the Issuer is allocated in accordance with applicable laws and regulations and with these Issuer Regulations, the Offering Circular and the Custodian Agreement;

(xi) be responsible for supervising the compliance (*régularité*) of any decision of the Management Company, it being provided that the Custodian shall take all necessary and appropriate steps in the event of failure by, incapacity or wilful misconduct (*dol*) of, the Management Company to perform its duties under the Transaction Documents;

(xii) control that the Management Company has, pursuant to article L. 214-175 II of the French Monetary and Financial Code, no later than six (6) weeks following the end of each semi-annual period of each Financial Period of the Issuer, prepared an inventory report of the assets of the Issuer (*inventaire de l'actif*);

(xiii) no later than seven (7) weeks following the end of each Financial Period of the Issuer or, as the case may be, two (2) weeks following the receipt by the Custodian of the inventory report of the assets of the Issuer prepared by the Management Company and referred to in paragraph (e) above, the Custodian shall issue and deliver a statement (*attestation*) under which it certifies:

(1) the existence of the assets of the Issuer under its custody; and

(2) the status of the other assets of the Issuer referred to in paragraphs 2° and 3° of article 323-44 of the AMF General Regulations and which are registered in the register and kept in custody in accordance with the provisions of said article 323-44 of the AMF General Regulations.The certificate shall be provided to the Management Company and shall constitute the intermediate report (*état périodique*) referred to in article 322-12 of the AMF General Regulations;

(xiv) control that the Management Company has, pursuant to article 425-15 of the AMF General Regulations, drawn up and published and subject to a verification made by the statutory auditor;

(xv) no later than four (4) months following the end of each Financial Period of the Issuer, the Annual Activity Report (*compte rendu d'activité de l'exercice*) of the Issuer;

(xvi) no later than three (3) months following the end of the first semi-annual period of each Financial Period of the Issuer, the Semi-Annual Activity Report (*compte rendu d'activité semestriel*) of the Issuer;

(xvii) ensure (1) the custody of the balance of the Issuer Account and (2) on the basis of an undertaking of the Servicer, that the Servicer has implemented procedures guaranteeing the existence of the Purchased Receivables and their safe custody and that such Purchased Receivables are collected for the exclusive benefit of the Issuer;

(xviii) act in the interest of the Noteholders and the Unitholders;

(xix) ensure that the register of the Notes and the Units is duly kept by the Registrar;

(xx) verify the instructions given by the Management Company to the Account Bank to debit or credit, as the case may be, the Issuer Account in accordance with the provisions of these Issuer Regulations; and

(xxi) perform the additional duties set out in the relevant provisions of the French Monetary and Financial Code and any related provisions of the AMF General Regulations.

The Custodian shall comply with the provisions of article L. 214-175-3 of the French Monetary and Financial Code aiming at preventing conflicts of interest between the Custodian, the Management Company, the Issuer, the Noteholders and the Unitholders and subject to the terms of the Custodian Agreement.

6.3 **Performance of the obligations of the Custodian**

The Custodian shall, under all circumstances, act in an honest, loyal, professional, independent manner (*de manière honnête, loyale, professionnelle, indépendante*) and in the interests of the Noteholders and the Unitholders.

The Custodian shall expressly and irrevocably waive all its rights of recourse against the Issuer with respect to the contractual liability of the Issuer. In particular, the Custodian will have no recourse against the Issuer or its assets in respect of a default in the payment, for whatever reason, of the fees due to the Custodian in respect of the Issuer.

In order to allow the Custodian to perform its supervisory duties, the Management Company undertakes to provide the Custodian with:

(a) an Annual Activity Report and Semi-Annual Activity Report concerning the Issuer, the contents of which will be determined by the Custodian pursuant to the events which have occurred;

(b) any information provided by the Seller, the Servicer, the Account Bank and the Pledgor pursuant to the Lease Receivables Purchase Agreement, the Servicing Agreement, the Bank Account Agreement and the Lease Vehicle Pledge Agreement, respectively; and

(c) any calculations made by the Management Company, on the basis of the information received from the Servicer or any substitute, in order to proceed with any payments in respect of the Issuer; and

(d) access to on-line details of the Accounts.

Moreover, and more generally, at the demand of the Custodian, the Management Company undertakes to provide the Custodian, on first demand and before any distribution to a third party, with any information or document relating to the Purchased Receivables and/or the Issuer that the Custodian may reasonably require in order to perform its supervision duty pursuant to article L. 214-175-2, I of the French Monetary and Financial Code, the relevant provisions of the AMF General Regulation and within the framework of the Custodian Agreement.

Following the occurrence of a Custodian Non-replacement Event, the Custodian will continue to perform its duties until completion (*clôture*) of the liquidation of the Issuer.

6.4 **Operation of Accounts**

The Custodian shall exercise control and supervision in relation to the operations of the Accounts on the basis of an account statement and any other document it may request and which are received by the Custodian.

6.5 **Delegation and sub-contract**

The Custodian Agreement may allow the Custodian to sub-contract or delegate part of its obligations with respect to the Issuer or appoint any third party to perform part of its obligations subject to the following overarching principles being complied with:

(a) the Custodian shall only be entitled to sub-contract or delegate to any third party its obligation to keep a register of those assets of the Issuer other than the Purchased Receivables, to the exclusion of any other obligation which may be binding upon it pursuant to these Issuer Regulations and the Custodian Agreement;

(b) the Custodian arranging for the sub-contractor or the delegate to expressly and irrevocably waive all its rights of recourse against the Issuer with respect to the contractual liability of the Issuer;

(c) such sub-contracting or delegation being made in compliance with the then current and applicable provisions of the laws and regulations in force;

(d) the Management Company having given its prior written consent to such sub-contracting or delegation (such consent not to be refused other than on the basis of legitimate, serious and reasonable grounds) and having approved the identity of any such third-party entity.

In addition to the rules set out above, pursuant to articles L. 214-175-5 and D. 214-233 2° of the French Monetary and Financial Code, the Servicer will continue to hold the Underlying Agreements.

Notwithstanding any sub-contracting or delegation made in accordance with this clause, the Custodian shall remain liable for the performance of its duties and obligations under the Custodian Agreement *vis-à-vis* the Noteholders, the Unitholders and the Issuer unless, pursuant to, and in accordance with, the provisions of article L. 214-175-6, III of the French Monetary and Financial Code, it is able to prove that:

(a) it has performed all obligations that are binding upon it in connection with the delegation of its custody tasks as referred to in article L. 214-175-4, II of the French Monetary and Financial Code;

(b) the written agreement entered into with the relevant third party expressly transfers the liability of the Custodian to such third party and allows the Issuer or the Management Company to file a complaint (*déposer une plainte*) in connection with the loss of financial instruments or allows the Custodian to file such a complaint in their name; and

(c) the Custodian Agreement expressly authorises a discharge of the Custodian's liability and specifies the objective reasons justifying such a discharge.

6.6 **Liability of the Custodian *vis-à-vis* the Noteholders and the Unitholders**

Pursuant to articles L. 214-175-6 to L. 214-175-8 of the French Monetary and Financial Code and the Custodian Agreement:

(a) the Custodian shall be liable *vis-à-vis* the Issuer, the Noteholders or the Unitholders for any loss resulting from negligence or the intentional improper performance of its obligations;

(b) the Custodian's liability *vis-à-vis* the Noteholders or the Unitholders may be invoked directly or indirectly through the Management Company; and

(c) the AMF may obtain from the Custodian, upon request, all information obtained by the Custodian in performing its functions and necessary to the performance of the AMF's missions.

6.7 **Replacement of the Custodian**

The circumstances and conditions for the replacement of the Custodian are provided for in these Issuer Regulations and in the Custodian Agreement, provided that:

(a) such substitution shall have been notified by the Management Company to the Noteholders and the Unitholders; and

(b) such substitution shall always be made in compliance with the then applicable laws and regulations and these Issuer Regulations.

The Custodian may also resign from its appointment as provided for in the Custodian Agreement.

6.8 **Prevalence**

In the event of any inconsistency between these Issuer Regulations and the Custodian Agreement, the terms of the Custodian Agreement will prevail, except the terms and conditions regarding the Priority of Payments, the provisions regarding non-petition, limited recourse and assets of the Issuer and the fees of the Custodian.

7. PAYING AGENT AND REGISTRAR

7.1 BNP Paribas (acting through its Securities Services business) has been appointed by the Management Company as Paying Agent under the terms of the Agency Agreement, for the purpose, *inter alia,* of making payments of principal, interest and other amounts (if any) in respect of the Notes and the Units, subject to the right of the Management Company, having previously informed the Custodian and the Paying Agent, to terminate the Agency Agreement.

7.2 The Management Company has appointed BNP Paribas (acting through its Securities Services business) as Registrar under the terms of the Agency Agreement in order to keep and maintain the register of the Units and provide and perform certain services in respect of the issuance of the Units in accordance with the provisions of the Agency Agreement.

7.3 The Registrar shall perform certain administrative services in relation to the register of the Units including:

(a) no later than the Signing Date and upon instructions of the Management Company, open and maintain a register of holders of the Units (*compte titre nominatif;* whether in the form of *nominatif pur or nominatif administré*) with a full and complete record of all Units and of their redemption, payment or cancellation as well as any service in connection therewith and, upon written request, make such records available for inspection at all reasonable times by the Management Company in respect of the Units;

(b) on the Signing Date and upon receipt of the subscription price in respect of the Units and of the form of units subscription form substantially in the form set out in Schedule 4 (*Form of units subscription form*), forthwith register each relevant Unitholders as the owner of the relevant Units;

(c) upon presentation of a transfer order (*ordre de mouvement*), forthwith register each relevant transferee as new owner of the Units;

(d) provide any relevant information regarding the Units upon written request from the Custodian and the Management Company or any Unitholder; and

(e) administer the registered securities accounts opened in the form of *nominatif pur* referred to in paragraph (a) above, including the payment of any sums and the preparation of any document or filing to the tax authorities.

As account holder (*teneur de compte conservateur*) and "Participating Foreign Financial Institution" under the FATCA Regulations, the Registrar hereby confirms that:

(i) it complies with all its duties under FATCA;

(ii) its GIIN number is 1G159I.00207.ME.250. The aforementioned GIIN number does not constitute the GIIN number of the Issuer; and

(iii) it will accordingly perform all the necessary actions (including, reporting, and determination of any tax deduction, as the case may be with the assistance of the Management Company).

7.4 The Registrar is committed to provide the Management Company with all the required information to extent such information is available to it in order to allow it to do any required declaration as regards the Issuer. In this respect, the Registrar will also provide the Management Company with any requested information provided that the Registrar has such information.

8. STATUTORY AUDITOR

The statutory auditor of the Issuer is PricewaterhouseCoopers Audit.

PricewaterhouseCoopers Audit is a member of *La Compagnie Nationale des Commissaires aux Comptes* (CNCC).

In accordance with article L. 214-185 of the French Monetary and Financial Code and following approval by the AMF, the statutory auditor of the Issuer is appointed for six (6) financial years by the board of directors, the manager or the executive board of the Management Company. It will perform the audits required by applicable laws and regulations, certify, where applicable, that the accounts are accurate and verify that the information contained in the Annual Activity Report and the Semi-Annual Activity Report is reliable. It will inform the AMF and the Management Company of any irregularities and errors that it discovers in the course of its duties. It will verify the periodic information given to the Noteholders and the Unitholders by the Management Company and prepare an annual report on the accounts of the Issuer for the attention of the Noteholders and the Unitholders.

The statutory auditor shall:

(a) perform the audits required by applicable laws and regulations;

(b) certify, where applicable, that the accounts of the Issuer are accurate and verify that the information contained in each Annual Activity Report, Semi-Annual Activity Report and in the documents published by the Management Company pursuant to the provisions of Section XII (*Information relating to the Issuer and accounting principles*) is reliable;

(c) inform the AMF and the Management Company of any irregularities and errors (*irrégularités et inexactitudes*) that it discovers in the course of its duties; and

(d) prepare an annual report on the accounts of the Issuer for the attention of the Noteholders and the Unitholders.

The financial statements of the Issuer, generally, will be prepared in accordance with the recommendations of the French *Conseil National de la Comptabilité* (the National Accounting Board) as set out in its *avis* no. no. 2016-02 dated 11 March 2016 relating to the annual statements of securitisation (*règlement n° 2016-02 du 11 mars 2016 relatif aux comptes annuels des organismes de titrisation de l'Autorité des normes comptables*).

The Unitholders have the rights attributed to shareholders by articles L. 214-185 of the French Monetary and Financial Code and articles L. 821-49 and L. 225-231 of the French Commercial Code. Accordingly, in accordance with article L. 225-231 of the French Commercial Code, the Unitholders are entitled to request the revocation of the statutory auditor of the Issuer.

9. SERVICER

Pursuant to the Servicing Agreement, the Management Company has appointed the Servicer to administer the Purchased Receivables and the Ancillary Rights, collect and, if necessary, enforce the Purchased Receivables and enforce the Ancillary Rights and pay all proceeds to the Issuer.

The Servicer has accepted such appointment and authorisation and has agreed to perform the duties of Servicer with respect to the Purchased Receivables on the terms and subject to the conditions of the Servicing Agreement.

10. ACCOUNT BANK

10.1 BNP Paribas (acting through its securities services department) will act as the Account Bank pursuant to the Bank Account Agreement. As such BNP Paribas (acting through its securities services department) will administer the Issuer Account and the Counterparty Downgrade Collateral Account pursuant to the instructions given by the Management Company.

10.2 The Account Bank will have sole authority to ensure that the Accounts are credited and debited as described in these Issuer Regulations.

11. OTHER PARTIES

On the Signing Date, the Management Company, together with the Issuer, will enter into agreements in order to appoint the Account Bank, the Interest Determination Agent, the Alternative Base Rate Determination Agent, the Paying Agent, the Calculation Agent, the Swap Counterparty and the Data Custody Agent, pursuant to the provisions of the Bank Account Agreement, the Agency Agreement, the Calculation Agency Agreement, the Swap Agreement and the Data Custody Agreement, respectively. Furthermore, the Management Company will enter into the Lease Vehicle Pledge Agreement.

The Management Company may appoint or designate such other services provider(s) or agent(s) (*mandataire*(s)) which it may deem necessary over time and the prevailing circumstances provided that it shall notify the Custodian and the Noteholders of such appointment or designation.

The Management Company expressly and irrevocably undertakes that, when entering into any contract or agreement in the name and on behalf of the Issuer with any third party, it will procure that such third party expressly and irrevocably waives all its rights of recourse against the Issuer with respect to the contractual liability of such third party.

SECTION IV

Operation of the Issuer, remuneration and amortisation of the Notes

12. GENERAL

12.1 Payment of principal and interest on the Notes and Units

Subject to the applicable Priority of Payments, the Issuer will operate as follows:

(a) the Issuer will make the payments of principal and interest on the Notes in accordance with clause 12.2 (*Payments of principal and interest*) and the terms and conditions of the Class A Notes, Class B Notes and Class C Notes as set out in Schedule 1 (*Terms and conditions of the Notes*); and

(b) the Issuer will make the payments of principal on the Units in accordance with the terms of these Issuer Regulations and the terms and conditions of the Units as set out in Schedule 2 (*Terms and conditions of the Units*).

12.2 Payments of principal and interest

Payments of interest and, in accordance with the provisions herein, principal in respect of the Notes to the Noteholders will become due and payable monthly on each 20th day of each calendar month or, if such day is not a Business Day, on the next following Business Day 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, commencing on 20 August 2025 (each such day, a "**Payment Date**").

Payments of principal and interest on each Note as of any Payment Date will be calculated on the basis of the Outstanding Note Balance of such Note. The "**Outstanding Note Balance**" of any Note as of any date will equal the initial note principal amount of €100,000.00 ("**Note Principal Amount**") 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. On the Issue Date, the aggregate outstanding Note Principal Amount of all Class A Notes is €500,000,000.00, the aggregate outstanding Note Principal Amount of all Class B Notes is €68,900,000.00 and the aggregate outstanding Note Principal Amount of all Class C Notes is €74,400,000.00. The "**Class A Outstanding Notes Balance**" 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 in account the principal redemption on such Payment Date, the "**Class B Outstanding Notes Balance**" 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 in account the principal redemption on such Payment Date and the "**Class C Outstanding Notes Balance**" means, as of any date, the sum of the Outstanding Note Balances of all Class C Notes as of such date and if such date is a Payment Date, taking in account the principal redemption on such Payment Date. The "**Class Outstanding Notes Balance**" means either the Class A Outstanding Notes Balance, the Class B

Outstanding Notes Balance or the Class C Outstanding Notes Balance, as applicable. The aggregate amount of the Class A Outstanding Notes Balance, the Class B Outstanding Notes Balance and the Class C Outstanding Notes Balance on a Payment Date (taking into account the principal redemption on such Payment Date) is referred to herein as the "**Aggregate Outstanding Notes Balance**".

Payments of principal and interest in respect of the Notes will be made from the Available Distribution Amount or as applicable Available Post Enforcement Funds by the Issuer, through the Paying Agent, on each Payment Date to, or to the order of, the Clearing Systems, as relevant, for credit to the relevant participants in the Clearing Systems and subsequent transfer to the Noteholders.

Subject to the limitations set forth in Condition 3.2 (*Limited recourse and assets of the Issuer*) of the Conditions and subject to Condition 5.6 (*Pre-Enforcement Priority of Payments*) of the Conditions and, upon the occurrence of an Enforcement Event, the Post-Enforcement Priority of Payments, each Note will 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.

The amount of interest payable by the Issuer in respect of each Note on any Payment Date (including any Interest Shortfall) (the "**Interest Amount**") will be calculated by the Calculation Agent on the relevant Interest Determination Date.

In respect of the Class A Notes, the interest amount for each Note shall be calculated by multiplying the relevant Interest Rate (Condition 5.3 (*Interest Rate*)) for the relevant Interest Period (Condition 5.2 (*Interest Period*)) to the Outstanding Note Balance for each Class A Note during the relevant Interest Period prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Period divided by 360 and then rounding the figure downwards to the nearest cent. The total Interest Amount for the Class A Notes is the sum of the interest amounts of each Class A Note.

In respect of the Class B Notes and the Class C Notes, the interest amount for each Note shall be calculated by multiplying the relevant Interest Rate (Condition 5.3 (*Interest Rate*)) for the relevant Interest Period (Condition 5.2 (*Interest Period*)) to the Outstanding Note Balance for each Note during the relevant Interest Period prior to the relevant Payment Date to the Outstanding Note Balance for each Class B Note and each Class C Note on the basis of a 360 day year consisting of 12 months of 30 days each and then rounding the figure downwards to the nearest cent. The total Interest Amount for each of the Class B Notes and the Class C Notes is the sum of the interest amounts of each Class B Note and each Class C Note respectively.

12.3 **Prior to an Enforcement Event and following an Enforcement Event**

The rights of the Noteholders and the Unitholders to receive payments of principal and interests on the Notes and Units will be determined by the applicable period at the relevant time. The relevant periods are (i) prior to an Enforcement Event and (ii) following an Enforcement Event.

13. AMORTISATION OF THE NOTES

13.1 Unless an Enforcement Event has occurred on or before the relevant Payment Date, the Available Distribution Amount for that Payment Date will be applied to redeem the Class A Notes, the Class B Notes and the Class C Notes, respectively, on a sequential basis subject to the Pre-Enforcement Priority of Payments.

The Available Distribution Amount will be divided by the number of Notes and rounded down to the nearest cent. This calculated amount will be the payout per Note to the Noteholders. Any remaining difference between the Available Distribution Amount and the total amount paid out to the Noteholders will be carried forward for distribution in the following month. 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.

If at any time an Enforcement Event has occurred, the available 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.

13.2 **Enforcement Event**

(a) The occurrence of any of the following events will constitute an "**Enforcement Event**":

(i) there is an Interest Shortfall on any Payment Date (and such Interest Shortfall is not paid within five (5) Business Days of its occurrence) or the payment of principal on the Legal Final Maturity Date (and such shortfall is not paid within five (5) Business Days of its occurrence), in each case, in respect of the most senior Class of Notes (but not in respect of the Subordinated Loan Agreement); or

(ii) 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, the Class B Notes, the Class C Notes or any Transaction Document (other than the Subordinated Loan Agreement).

(b) **Information**

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to provide the Management Company with certain information relating to the Lease Instalments, vehicle buy back and sale payments and any other payments received on the Purchased Receivables. In that respect, the Servicer will provide the Management Company, with a copy to the Calculation Agent and the Paying Agent, with the Monthly Investor Report on each Reporting Date. On the basis of the information contained in the Monthly Investor Report, the Management Company will determine whether an Enforcement Event has occurred.

14. **ALLOCATION OF AVAILABLE DISTRIBUTION AMOUNT IN RESPECT OF EACH MONTHLY PERIOD**

14.1 **Calculation of Available Distribution Amount**

Payments by the Lessees of Lease Instalments under the Lease Receivables are scheduled to become due and payable on a monthly basis. All other payments of Obligors are not regular in nature. Prior to a Servicer Termination Event, all Collections received in a Monthly Period will be on-paid by the Servicer to the Operating Ledger of the Issuer Account maintained by the Issuer with the Account Bank or any other bank which is an Eligible Counterparty on the Settlement Date relating to the relevant Monthly Period, together with Indemnity Payments and other sums received in a Monthly Period by the Seller.

Once it has received the Monthly Investor Report from the Servicer on each Reporting Date with respect to the Monthly Period ending on the relevant Cut-Off Date, the Management Company will determine the amounts constituting the Available Distribution Amount or the

Available Post-Enforcement Funds provided that any payment will be made by the Issuer using any amounts then credited to the Operating Ledger and the Cash Reserve Ledger of the Issuer Account and, if applicable, the Commingling Reserve Ledger, the Performance Reserve Ledger or the Counterparty Downgrade Collateral Account which the Issuer shall be entitled to set off against the respective guaranteed obligations, and provided further that outside of such Priority of Payments,

(a) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(b) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment paid by the outgoing Swap Counterparty to the Issuer or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and provided further that outside of such Priority of Payments any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

14.2 **Excess Spread**

The Excess Spread with respect to any Payment Date will constitute the amount equal to the difference between the interest collected with respect to the Lease Instalments of the Purchased Receivables during the Monthly Period immediately preceding a Payment Date and the sum of the amounts required to be paid under items (a) to (g) of the Pre-Enforcement Priority of Payments or (a) to (i) of the Post-Enforcement Priority of Payments respectively on such Payment Date and will be provide the first loss protection to the Notes.

14.3 **Allocations to the Operating Ledger**

For each Monthly Period, the Management Company will verify that the Operating Ledger of the Issuer Account is credited with the relevant Collections no later than on the Settlement Date relating to the relevant Monthly Period.

14.4 **Allocations to the Commingling Reserve Ledger**

The amounts standing to the credit of the Commingling Reserve Ledger will be used upon (i) the occurrence and continuance of a Commingling Reserve Trigger Event as of the relevant Cut-Off Date and (ii) 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 Finance as Servicer as further described under clause 53.2 (*Commingling Reserve*).

14.5 **Allocations to the Performance Reserve Ledger**

The amount standing to the credit of the Performance Reserve Ledger will be used upon (i) the occurrence and continuation of a Performance Reserve Trigger Event and (ii) the occurrence and continuation (as set out in clause 14 (*Termination*) of the Servicing Agreement) of a Servicer Termination Event as of such Cut-Off Date, to the extent necessary to guarantee any unpaid Seller Performance Indemnity Payments due and

payable by the Seller in connection with its undertakings under clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and by the Servicer in accordance with clause 5.1 (*Administration and realisation of the Leased Vehicles*) of the Servicing Agreement as further described under clause 53.4 (*Performance Reserve*). In no circumstances shall the Performance Reserve provide a guarantee for the performance of the obligations of any Obligor.

14.6 **Accounts**

The allocations and distributions will be exclusively carried out by the Management Company and the Account Bank, respectively, under the supervision of the Custodian, to the extent of the monies standing from time to time to the credit balance of the Issuer Account and the Counterparty Downgrade Collateral Account in such manner that none of the Accounts will present at any date a debit balance after applying the relevant Priority of Payments.

15. CALCULATIONS AND DETERMINATIONS – DUTIES OF THE MANAGEMENT COMPANY

15.1 Once it has received the Monthly Investor Report from the Servicer on each Reporting Date, the Management Company will make such calculations as are necessary to operate the Issuer in the manner, and prepare the allocations, distributions and payment instructions described in this Section IV.

It is the responsibility of the Management Company to ensure that payments will be made in accordance with the relevant Priority of Payments as set out in the provisions of this Section IV and with the Bank Account Agreement as described in Section VII (*The Accounts*).

16. NO INVESTMENTS

The Management Company is not authorised to invest any amount standing to the credit of the Issuer Account.

17. DISTRIBUTIONS

Prior to each Investor Reporting Date, the Management Company will make the relevant calculations and determinations required in relation to the applicable Priority of Payments.

On each Payment Date prior to an Enforcement Event, the Available Distribution Amount will be applied in making the payments referred to in the Pre-Enforcement Priority of Payments.

On each Payment Date falling after an Enforcement Event, all monies standing to the credit of the Issuer Account will be applied in accordance with the Post-Enforcement Priority of Payments.

18. INSTRUCTIONS OF THE MANAGEMENT COMPANY

In order to ensure that all the allocations, distributions and payments are made in a timely manner in accordance with the Priority of Payments, the Management Company will give the relevant instructions to the Account Bank and the Paying Agent.

These allocations will be made only by the Management Company and the Account Bank provided that no amount will be withdrawn from the Accounts if the Accounts would have a debit balance as a result thereof.

19. PRIORITY OF PAYMENTS

19.1 Pre-Enforcement Priority of Payments

The payment of the relevant Interest Amounts and Principal Amounts on each Payment Date to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders will, prior to the occurrence of an Enforcement Event, be subject to the following priority of payments ("**Pre-Enforcement Priority of Payments**"). After the occurrence of an Enforcement Event, the payment of the relevant Interest Amounts and Principal Amounts will be subject to the Post-Enforcement Priority of Payments as set out in clause 19.2 (*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 (together with, if the Clean-Up Call Option is rightfully exercised as of the Clean-Up Call Settlement Date, the proceeds from such repurchase) will 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);

(b) *second*, on a *pari passu* basis, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable to the Management Company and the Custodian under the Transaction Documents;

(c) *third*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Custody Agent under the Data Custody Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Paying Agent, the Registrar and the Listing Agent under the Agency Agreement, (v) the Account Bank under the Bank Account Agreement, (vi) listing fees, costs and expenses, (vii) auditor fees and (viii) fees of any noteholder representative in accordance with the Conditions and such other fees as may be reasonably incurred for the Issuer's operation or in relation to the Notes (excluding amounts payable to the Management Company and the Custodian under the Transaction Documents);

(d) *fourth*, (i) any Swap Net Cashflow due and payable by the Issuer to the Swap Counterparty on that Payment Date and (ii) on the Payment Date corresponding to or following the termination of the Swap Agreement, any swap termination payments due to the Swap Counterparty under the Swap Agreement upon such termination 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 to the Class A Noteholders;

(f) *sixth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable to the Class B Noteholders;

(g) *seventh*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable to the Class C Noteholders;

(h) *eighth*, to the Cash Reserve Ledger, until the amount credited to the Cash Reserve Ledger is equal to the Required Cash Reserve Amount;

(i) *ninth*, on a *pari passu* basis, to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;

(j) *tenth*, on a *pari passu* basis, to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;

(k) *eleventh*, on a *pari passu* basis, to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;

(l) *twelfth*, on the Payment Date corresponding to or following the termination of the Swap Agreement, payment of any swap termination payment due to the Swap Counterparty under the Swap Agreement upon such termination 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;

(m) *thirteenth*, accrued and unpaid interest payable to the Subordinated Lender under the Subordinated Loan Agreement;

(n) *fourteenth*, as from the date on which all Notes have been redeemed in full, principal payable to the Subordinated Lender under the Subordinated Loan Agreement until the Subordinated Loan has been redeemed in full;

(o) *fifteenth*, all remaining excess to the Seller with the exception of the principal amount of the Units; and

(p) *sixteenth*, on the final Payment Date, to the Unitholders, in respect of principal until the Units are redeemed in full,

provided that any payment to be made by the Issuer under item (a) (with respect to taxes) will be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Issuer Account and, if applicable, the Commingling Reserve Ledger, the Performance Reserve Ledger or the Counterparty Downgrade Collateral Account which the Issuer shall be entitled to set off against the respective guaranteed obligations, and *provided further that* outside of such Pre-Enforcement Priority of Payments:

(1) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(2) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment payable by the outgoing Swap Counterparty to the Issuer or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and *provided further that* outside of such Pre-Enforcement Priority of Payments any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

19.2 **Post-Enforcement Priority of Payments**

After the occurrence of an Enforcement Event, the Management Company will distribute the Available Post-Enforcement Funds in the following manner and priority ("**Post-Enforcement Priority of Payments**"):

(a) *first*, amounts payable by the Issuer in respect of taxes (if any);

(b) *second*, on a *pari passu* basis, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Management Company and the Custodian under the Transaction Documents;

(c) *third*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Custody Agent under the Data Custody Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Paying Agent, the Registrar and the Listing Agent under the Agency Agreement, (v) the Account Bank under the Bank Account Agreement, (vi) listing fees, costs and expenses, (vii) auditor fees and (viii) fees of any noteholder representative in accordance with the Conditions and such other fees as may be reasonably incurred for the Issuer's operation or in relation to the Notes (excluding the Management Company and the Custodian fees under the Transaction Documents);

(d) *fourth*, (i) any Swap Net Cashflow due and payable by the Issuer to the Swap Counterparty on that Payment Date and (ii) on the Payment Date corresponding to or following the termination of the Swap Agreement, any swap termination payments due to the Swap Counterparty under the Swap Agreement upon such termination 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 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, amounts payable by the Issuer to the Class B Noteholders in respect of principal until the Class B 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 C Noteholders;

(j) *tenth*, on a *pari passu* basis, amounts payable by the Issuer to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;

(k) *eleventh*, on the Payment Date corresponding to or following the termination of the Swap Agreement, payment of any swap termination payment due to the Swap Counterparty under the Swap Agreement upon such termination 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;

(l) *twelfth*, accrued and unpaid interest payable to the Subordinated Lender under the Subordinated Loan Agreement;

(m) *thirteenth*, as from the date on which all Notes have been redeemed in full, any amount payable to the Subordinated Lender in respect of principal under the Subordinated Loan Agreement;

(n) *fourteenth*, all remaining excess to the Seller with the exception of the principal amount of the Units; and

(o) *fifteenth*, on the final Payment Date, to the Unitholders, in respect of principal until the Units are redeemed in full,

provided that any payment to be made by the Issuer under item (a) (with respect to taxes) will be made on the Business Day on which such payment is then due and payable using any Available Post-Enforcement Funds, and *provided further that* outside of such Post-Enforcement Priority of Payments:

(1) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(2) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment payable by the outgoing Swap Counterparty to the Issuer or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and *provided further that* outside of such Post-Enforcement Priority of Payments, any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

SECTION V

Description of the Notes and of the Units

20. GENERAL

20.1 Description of the securities issued by the Issuer

(a) On the Issue Date, the Issuer will issue one (1) class of senior notes and two (2) classes of subordinated notes:

(i) the Class A Notes which, in accordance with the terms of the Subscription Agreement in relation to the Class A Notes, (1) will be placed and (2) will be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange;

(ii) the Class B Notes which, in accordance with the terms of the Subscription Agreement in relation to the Class B Notes, (1) will be placed and (2) will be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange; and

(iii) the Class C Notes which, in accordance with the terms of the Subscription Agreement in relation to the Class C Notes, (1) will be placed and (2) will be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

(b) On the Signing Date, the Issuer will issue one (1) class of subordinated units which will be privately placed and subscribed substantially in the form set out in Schedule 4 (*Form of units subscription form*).

(c) The Class A Notes rank *pari passu* among themselves and are senior asset-backed securities. The Class B Notes rank *pari passu* among themselves and are subordinated asset-backed securities. The Class B Notes rank junior to the Class A Notes with respect to payments of interest and principal. The Class C Notes rank *pari passu* among themselves and are subordinated asset-backed securities. The Class C Notes rank junior to both the Class A Notes and the Class B Notes with respect to payments of interest and principal. The Units are fully subordinated asset-backed securities. Any payments on the Units are subordinated to any payments on the Notes and the Subordinated Loan.

20.2 **Transferable securities and financial instruments**

(a) The Notes and the Units are:

(i) transferable securities (*valeurs mobilières*) within the meaning of article L. 228-1 of the French Commercial Code; and

(ii) financial instruments (*instruments financiers*) within the meaning of article L. 211-1 of the French Monetary and Financial Code.

(b) The Notes are:

(i) debt instruments (*titres de créances*) within the meaning of article L. 213-0-1 of the French Monetary and Financial Code; and

(ii) bonds (*obligations*) within the meaning of article L. 213-5 of the French Monetary and Financial Code.

(c) The Units are units (*parts*) within the meaning of article L. 214-169 of the French Monetary and Financial Code.

The CSSF has not reviewed nor approved any information relating to the two (2) Units.

20.3 **Form and denomination**

The Notes will be issued by the Issuer in bearer dematerialised form (*dématérialisées*) in denominations of €100,000 each.

20.4 **Book entry securities and registration**

In accordance with the provisions of articles L. 211-3 and L. 211-4 of the French Monetary and Financial Code, the Notes and the Units are issued in book entry form (*inscription en compte*). No physical documents of title (including *certificats représentatifs*) pursuant to

article R.211-7 of the French Monetary and Financial Code) will be issued in respect of the Notes or the Units.

The Notes will, upon issue, be registered in the books (*inscription en compte*) of Euroclear France which will credit on the Issue Date the accounts of the Euroclear France Account Holders; and "**Euroclear France Account Holder**" will mean any authorised financial intermediary institution customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").

The Units will not be cleared.

20.5 **Transfer**

Title to the Notes passes upon the credit of those Notes to an account of an intermediary affiliated with the Euroclear France Account Holder. The transfer of the Notes will become effective in respect of the Issuer and third parties by way of transfer from the transferor's account to the transferee's account upon presentation of a transfer order (*ordre de mouvement*) duly completed and executed by the transferor or its agent. Any fee in connection with such transfer will be borne by the transferee unless agreed otherwise by the transferor and the transferee.

20.6 **Issue, listing and trading**

In accordance with these Issuer Regulations, on the Issue Date, the Issuer will issue the Class A Notes, the Class B Notes and the Class C Notes which will be listed on the Luxembourg Stock Exchange. The listing will occur on the Official List of the Luxembourg Stock Exchange.

The Issuer will issue the Units on the Signing Date.

The estimate of the total expenses related to admission to listing and trading of the Notes on the Luxembourg Stock Exchange is equal to €12,050 (taxes excluded). Such expenses will be paid by BMW Finance. The trading will occur on the regulated market of the Luxembourg Stock Exchange.

20.7 **Placement and subscription**

The Notes must be sold in accordance with and subject to the transfer restrictions set out in the Subscription Agreement and any other applicable laws and regulations.

The Units will be subscribed by BMW Finance.

In accordance with the provisions of article L. 214-175-1, I of the French Monetary and Financial Code, the Notes and the Units issued by the Issuer may not be sold by way of brokerage (*démarchage*) save with qualified investors within the meaning of article L. 411-2 of the French Monetary and Financial Code.

20.8 **Rating**

(a) **Notes**

It is a condition precedent to the issue of the Class A Notes that the Class A Notes be assigned, on issue, a rating of AAA (sf) by DBRS and a rating of Aaa (sf) by Moody's.

It is a condition precedent to the issue of the Class B Notes that the Class B Notes be assigned, on issue, a rating of AA (low) (sf) by DBRS and a rating of A1 (sf) by Moody's.

For the Class C Notes, no rating will be solicited.

A rating in respect of certain securities is not a recommendation to buy, sell or hold such securities and may be subject to revision or withdrawal at any time by the relevant rating organisation. The ratings assigned to the Class A Notes and the Class B Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings of the Class A Notes and the Class B 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 or the Class B 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 and the Class B Notes.

(b) **Units**

The Units will not be rated.

20.9 **Further issues**

The Issuer will not issue any further notes or units after the Issue Date.

21. **TERMS AND CONDITIONS OF THE NOTES**

The terms and conditions of the Notes are set out in Schedule 1 (*Terms and conditions of the Notes*) and in the Offering Circular.

22. **TERMS AND CONDITIONS OF THE UNITS**

The terms and conditions of the Units are set out in Schedule 2 (*Terms and conditions of the Units*).

23. **RIGHTS AND OBLIGATIONS OF THE NOTEHOLDERS AND OF THE UNITHOLDERS**

Upon subscription or purchase of any Note or Unit, its holder will be automatically and without any further formality (*de plein droit*) bound by the provisions of these Issuer Regulations, as may be amended from time to time by any amendments to these Issuer Regulations agreed by the Management Company in accordance with the terms thereof. As a consequence, each holder of a Note or Unit is deemed to have full knowledge of the operation of the Issuer, and in particular, of the characteristics of the Receivables purchased by the Issuer, of the terms and conditions of the Notes and Units and of the identity of the parties participating in the management of the Issuer.

Only those Units and, as applicable, Notes issued by the Issuer will benefit from the credit enhancement and hedging mechanisms set up in relation to the Issuer.

24. THE SUBORDINATED LOAN

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 €5,150,000.00 on or before the Issue Date which the Issuer will use to fund the Required Cash Reserve Amount of €5,150,000.00. The Required Cash Reserve Amount so advanced by the Seller to the Issuer and credited to the Cash Reserve Ledger in accordance with article L. 214-175-1, I, second paragraph and article R. 214-223 of the French Monetary and Financial Code will be available to cover any liquidity shortfalls and any losses arising as a consequence of any Purchased Receivables becoming Defaulted Lease 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 Ledger, would suffice to reduce the Class B Outstanding Notes Balance to zero as well as on the Legal Final Maturity Date and once the then Aggregate Discounted Lease Balance and the then Aggregate Discounted Contractual Residual Value 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 (or pursuant to FATCA) or regulation. 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. 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 subject to the applicable Priority of Payments. If the net proceeds are not sufficient to pay all Transaction Parties on the Issuer Liquidation Date, 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.

The Subordinated Lender will grant and keep outstanding the Subordinated Loan and will not sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) until the earlier of the redemption of all the Notes in full and the Legal Final Maturity Date, subject always to any requirement of law applicable to it.

25. USE OF PROCEEDS

The aggregate net proceeds from the issue of the Notes will amount to €643,300,000.00. The net proceeds are equal to the gross proceeds to finance the aggregate Purchase Price for the acquisition of Purchased Receivables and Ancillary Rights from the Seller on the Issue Date. The costs of the Issuer in connection with the issue of the Notes and the Units,

including, without limitation, transaction structuring fees, costs and expenses payable on the Issue Date to the Joint Lead 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 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.

SECTION VI

Description of the assets allocated to the Issuer

26. GENERAL CHARACTERISTICS OF THE ASSETS ALLOCATED TO THE ISSUER

26.1 The assets allocated to the Issuer

The assets allocated to the Issuer by the Management Company mainly comprise the Purchased Receivables assigned to the Issuer, on the Issue Date, by the Seller pursuant to the Lease Receivables Purchase Agreement.

The assets allocated to the Issuer by the Management Company also include:

(a) any Ancillary Rights attached to the Purchased Receivables;

(b) the amounts credited to the Issuer Account and the Counterparty Downgrade Collateral Account;

(c) any Swap Incoming Cashflow and any other amount to be received, as the case may be, from the Swap Counterparty under the Swap Agreement; and

(d) any other rights transferred or attributed to the Issuer under the terms of the Transaction Documents.

26.2 Allocation of the cash flows generated by the assets allocated to the Issuer

The cash flows generated by the assets allocated to the Issuer are allocated by the Management Company exclusively to the payment of all amounts due in connection with the Issuer, pursuant to the applicable Priority of Payments.

26.3 Deemed Collections

(a) Upon the occurrence of an event described in the definition of Deemed Collections, the Seller shall be deemed to have received a Collection in respect of the affected Series of Receivables in an amount equal to the then outstanding Discounted Lease Balance of the related Lease Receivables together with the then Discounted Contractual Residual Value in respect of the related Lease Agreement and shall be obliged to pay to the Issuer at the time as set out in paragraph (c) below any Deemed Collection that comes to the attention of either the Seller or the Issuer for an amount equal to the then outstanding Discounted Lease Balance of the related Lease Receivable together with the then Aggregate Discounted Contractual Residual Lease Value in respect of the related Lease Agreement (including, in case only a portion of such Purchased Receivable is affected). No other Deemed Collection is due with respect to any other affected Purchased Receivables of the same Series of Receivables. The Deemed Collections will be paid by the Seller to the Issuer if the Servicer and the Seller are not the same Person. This paragraph (a) shall not apply if the Obligor fails to make due payments solely as a result of its lack of funds or insolvency.

(b) If any Purchased Receivable which is purported to be assigned to the Issuer under the Lease Receivables Purchase Agreement shall have been collected in whole or in part (including a Deemed Collection pursuant to paragraph (a) above) prior to the Issue Date, then amounts so collected shall be treated for the purposes of these Issuer Regulations as a Deemed Collection thereof received on the Issue Date.

(c) The Seller shall hold any Deemed Collection for and to the order of the Issuer and (for so long as the Seller is also acting as the Servicer) shall pay such Deemed Collection to the Operating Ledger of the Issuer Account on the next Payment Date or, if the Seller has ceased to contemporaneously act as the Servicer, the Seller shall pay such Deemed Collection to the Issuer without undue delay and no later than the next Payment Date.

(d) Upon receipt by the Issuer of any Deemed Collection referred to in paragraph (a) above, the relevant Purchased Receivable and the Ancillary Rights shall be re-assigned or re-transferred to the Seller (without recourse or warranty on the part of the Issuer and at the sole cost of the Seller and without any further purchase price payable by the Seller).

27. ASSIGNMENT OF RECEIVABLES TO THE ISSUER

On the Issue Date, the Seller will sell to the Issuer under the Lease Receivables Purchase Agreement, against payment of the Purchase Price (€643,299,830.96):

(a) all of its right, title and interest in lease instalments (the "**Lease Instalments**") (excluding any portion relating to VAT, insurance premiums, service indemnities, early termination indemnities and maintenance and service repair contract amounts) in respect of a portfolio of auto lease receivables (the "**Lease Receivables**") payable by customers in France (the "**Lessees**");

(b) all of its right, title and interest in any amount (excluding VAT) payable by a Lessee to the Seller in the event of delay in returning a Leased Vehicle following termination of the related Lease Agreement (the "**Late Return Indemnity Receivable**");

(c) all of its right, title and interest in any amount (excluding VAT) payable by a Lessee to the Seller in the event that a Leased Vehicle is returned to the Seller at the end of the term of a Lease Agreement for either (i) excess mileage or (ii) restoring the relevant Leased Vehicle to the required condition (the "**Returned Vehicle Expense Receivable**");

(d) all of its right, title and interest in the amount (excluding VAT and related fees and expenses) of the relevant Leased Vehicle payable by any third party to the Seller following the sale or transfer of a Leased Vehicle by the Seller to that third party in accordance with a Vehicle Sale Agreement up to the sum of the then Discounted Lease Balance of the related Lease Receivable and the then Discounted Contractual Residual Value in respect of the related Lease Agreement as of the relevant Cut-Off Date (the "**Vehicle Sale Receivable**");

(e) all of its right, title and interest in the amount (excluding VAT) payable by a BMW Dealer to the Seller following the sale or transfer of a Leased Vehicle by the Seller to that BMW Dealer in accordance with a Dealer Vehicle Buy Back Agreement (the "**Dealer Vehicle Buy Back Receivable**"); and

(f) all of its right, title and interest in the amount (excluding VAT) payable by a Lessee to the Seller following the exercise of the purchase option by the Lessee and the

sale or transfer of a Leased Vehicle by the Seller to that Lessee in accordance with a Lease Agreement (the "**Lessee Vehicle Buy Back Receivable**"),

each a "**Receivable**" and together, with respect to a specific Lease Agreement, a "**Series of Receivables**" and, when purchased by the Issuer, the "**Purchased Receivables**".

The Purchase Price of a Series of Receivables will be calculated by reference to the Discounted Lease Balance of the related Lease Receivables together with the Discounted Contractual Residual Value in respect of the related Lease Agreement as of the first Cut-Off Date. No separate purchase price is due with respect to the other Receivables comprised in such Series of Receivables.

On the Issue Date, the Subordinated Loan Amount payable by the Seller will be set-off against the Purchase Price due to the Seller.

The Receivables will be sold to the Issuer, together with (a) any rights or guarantees, other than any cash deposit, made by any Lessee with the Seller which secure the payment of the Receivables under the terms of the relevant Lease Agreement, (b) any rights of the Seller under any insurance policy which has been assigned or delegated to it by a Lessee in accordance with its Lease Agreement and (c) any rights under the terms of a Dealer Vehicle Buy Back Agreement (the "**Ancillary Rights**").

The Receivables will be selected according to the eligibility criteria to be satisfied as of the first Cut-Off Date (the "**Eligibility Criteria**") as set out in Schedule 3 (*Seller representations and warranties*), Part C (*Receivables representations and warranties of the Seller*), Appendix 1 (*Eligibility Criteria*) of the Incorporated Terms Memorandum.

Pursuant to the Lease Receivables Purchase Agreement, the Seller represents to the Issuer that each Purchased Receivable and the Ancillary Rights comply, as of the first Cut-Off Date, with the Eligibility Criteria.

The offer by the Seller for the purchase of Receivables under the Lease Receivables Purchase Agreement contains certain relevant information for the purpose of identification of the Receivables. Upon acceptance and execution of the Assignment Document, the Issuer acquires in respect of the relevant Receivables unrestricted title as from the first Cut-Off Date, other than any Receivables which have become due prior to or on such Cut-Off Date together with all of the Seller's rights, title and interest in the related Ancillary Rights, in accordance with the Lease Receivables Purchase Agreement. As a result, the Issuer obtains the full economic ownership in the Purchased Receivables (excluding any portion relating to VAT, insurance premiums, service indemnities, early termination indemnities and maintenance and service repair contract amounts) as of such Cut-Off Date and is free to assign or otherwise dispose of the Purchased Receivables, subject only to the contractual restrictions provided in the relevant Underlying Agreement, such as quiet enjoyment by the Lessee of the Leased Vehicle.

If, for any reason, any Purchased Receivable is not assigned to the Issuer, the Seller, upon receipt of the relevant Purchase Price and without undue delay, is obliged to take all action necessary to perfect the assignment. All losses, costs and expenses which the Issuer will incur by taking additional measures due to the Purchased Receivables or the related Ancillary Rights not being sold or assigned will be borne by the Seller.

Each sale and assignment of the Purchased Receivables pursuant to the Lease Receivables Purchase Agreement constitutes a sale without recourse. This means that the Seller will not bear the risk of the financial inability of any Lessee to pay the relevant Purchased Receivables. However, in the event of any breach of the Eligibility Criteria as of

the first Cut-Off Date or as of the Issue Date, as applicable, the Seller owes the payment of Deemed Collections regardless of the respective Lessee's credit strength.

The security to be granted to the Issuer consists of a pledge over the Leased Vehicles (the "**Lease Vehicle Pledge**").

28. **USE OF ANCILLARY RIGHTS**

The Issuer agrees to make use of any Ancillary Rights only in accordance with the provisions underlying such Ancillary Rights and the related Underlying Agreement.

The Seller shall, at its own cost, keep the Ancillary Rights free of, or release the Ancillary Rights from, any interference or security rights of third parties. The Seller shall, at its own cost, undertake all steps necessary to protect the interest of the Issuer in the Leased Vehicles until repayment in full of all its Secured Obligations under the Lease Vehicle Pledge.

29. **TAXES AND INCREASED COSTS**

29.1 The Seller shall pay all stamp duty, registration and other similar taxes (if any) to which any Transaction Document or any judgment given in connection with the Lease Receivables Purchase Agreement or any Transaction Document may at any time become subject subsequent to the date of the Lease Receivables Purchase Agreement and, from time to time on demand of the Issuer immediately indemnify the Issuer against any liabilities, costs, claims and expenses (including VAT) resulting from any failure to pay or any delay in paying any such tax, except those penalties and interest surcharges that are due to the negligence (*faute lourde*) or wilful default (*dol*) of the Management Company or the Custodian.

29.2 In the event of and to the extent of any taxes or charges (including but not limited to any liabilities, costs, claims and expenses resulting from any failure to pay or any delay in paying any such tax) becoming due, being imposed upon or otherwise becoming attributable to or payable, directly or indirectly, by the Issuer (including VAT) by whatever reason in connection with the Lease Receivables Purchase Agreement or any other Transaction Document or any transaction contemplated or effected hereby or thereby or in accordance herewith or therewith or in connection with any judgment given in connection herewith or therewith, the Seller will from time to time on demand of the Issuer immediately indemnify the Issuer against any such liabilities, costs, claims and expenses resulting from any such tax to ensure that the Issuer finally receives, or is able to retain at any time for its free disposal in full an unreduced amount being equal to the aggregate of all amounts received as Collections in relation to Purchased Receivables.

29.3 The Seller shall reimburse the Issuer for any deductions or withholdings on the Collections 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.

30. **INSURANCE AND LEASED VEHICLES**

31. To the extent that any proceeds from comprehensive insurance policies or claims against third parties which have damaged any Leased Vehicles as well as claims against the insurer of such third parties which form part of the Ancillary Rights are received by the Seller or the Servicer, they shall be used to repair such damaged Leased Vehicles or, if the relevant damaged Leased Vehicle cannot be repaired, shall be applied in repayment of due amounts under the relevant Lease Agreements.

32. NOTIFICATION OF ASSIGNMENT

Without prejudice to the Issuer's rights under clause 4 (*The Services*) of the Servicing Agreement, the Management Company shall be entitled, at any time after a Notification Event has occurred or whenever it is necessary to protect its justified interests, to require that the Servicer promptly notifies the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies substantially in the form set out in Schedule 3 (*Form of Notification Event Notice*) to the Lease Receivables Purchase Agreement of the assignment of the Purchased Receivables and the Ancillary Rights. If the Servicer fails to do so within five (5) Business Days from such request, the Management Company will have the right to notify or to instruct a successor Servicer or an agent that is compatible with the Secrecy Rules to notify on its behalf the Lessees, the BMW Dealers, the other relevant Obligors and the relevant insurance companies of the assignment of the Purchased Receivables and the Ancillary Rights. The Management Company shall be entitled to notify the assignment to the Lessees, the BMW Dealers, the other relevant Obligors and the relevant insurance companies by any methods which the Management Company deems to be appropriate.

In order for the Management Company to be able to notify the Lessees, the BMW Dealers, the other relevant Obligors and the relevant insurance companies, the Seller shall grant the Management Company, acting on behalf of the Issuer, and, on or prior to the Issue Date, provide the Management Company with, an irrevocable power of attorney substantially in the form set out in Schedule 4 (*Form of Power of Attorney*) to the Lease Receivables Purchase Agreement.

33. PAYMENTS TO AND BY THE ISSUER

On each date upon which the Lease Receivables Purchase Agreement requires an amount to be paid by the Seller to the Issuer, the Seller shall pay such amount to the Issuer Account with the Account Bank, which shall be credited to the relevant ledger of the Issuer Account.

34. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE SELLER

34.1 Representations and warranties of the Seller

On the Issue Date, the Seller hereby represents and warrants to the Issuer on the terms set out in Schedule 3 (*Seller representations and warranties*) to the Incorporated Terms Memorandum, such Seller representations and warranties including the representation and warranty that each Receivable offered is eligible in accordance with the Eligibility Criteria as of the first Cut-Off Date.

34.2 Covenants of the Seller

The Seller covenants with the Issuer on the terms set out in Schedule 4 (*Seller covenants*) to the Incorporated Terms Memorandum. In addition, the Seller covenants with the Issuer:

(a) **Ancillary Rights**

to supply such information as the Management Company from time to time reasonably request in respect of the Ancillary Rights, including information

reasonably required by the Management Company for any realisation of such Ancillary Rights; and

(b) **Performance and compliance with Purchased Receivables and Underlying Agreements**

to, at its expense, in a timely manner fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Underlying Agreements and Ancillary Rights documents pertaining to the Purchased Receivables as if the rights and interests in such Purchased Receivables including the Ancillary Rights had not been assigned or transferred and sold under the Lease Receivables Purchase Agreement and, to the fullest extent possible, always act in a manner and take the decisions that will lead to the effective arising of the Purchased Receivables which are future receivables at the Issue Date; and

(c) **Update**

to ensure that the encrypted Portfolio Information provided to the Management Company and the Portfolio Decryption Key provided to the Data Custody Agent continues to be applicable or otherwise promptly provide the Management Company with updated encrypted Portfolio Information and the Data Custody Agent with an updated Portfolio Decryption Key; and

(d) **Obligations of the Seller relating to the sale of Leased Vehicles**

since the Issuer is purchasing each Series of Receivables in respect of a Leased Vehicle, including the relevant Vehicle Sale Receivable, under the Lease Receivables Purchase Agreement, in consideration of the undertaking and guarantee from the Seller that, without prejudice to the Seller's obligations, to pay any Residual Value Indemnification Amount but without duplication thereof, as long as there remains any Purchased Receivable outstanding, the Seller shall each time a Lease Agreement is terminated and the relevant Leased Vehicle is returned to the Seller (for whatever reason, except in the event of transfer of the relevant Leased Vehicle from that Lease Agreement to a new Lease Agreement) and except in the event that the Seller exercises its Receivables Call Option or its Clean-Up Call Option in respect of the relevant Series of Receivables, to:

(i) sell the relevant Leased Vehicle:

(1) save in the circumstances described in paragraph (3) below, to the extent applicable, to the Lessee pursuant to the relevant Financial Lease Agreement no later than sixty (60) Business Days after the termination date of the relevant Lease Agreement took place; or

(2) save in the circumstances described in paragraph (3) below, to the BMW Dealer pursuant to the relevant Dealer Vehicle Buy Back Agreement no later than sixty (60) Business Days after the termination date of the relevant Lease Agreement took place; or

(3) if a Receivable becomes a Defaulted Lease Receivable or if, as of the termination date of the relevant Lease Agreement, the relevant BMW Dealer is in default under its undertaking pursuant to the Dealer Vehicle Buy Back Agreement or insolvent or subject to Insolvency Proceedings initiated with a court, including any of the proceedings set out in Book VI of the French Commercial Code or if

such purchase option of a Lessee under a Financial Lease Agreement or a BMW Dealer under a Dealer Vehicle Buy Back Agreement does not apply: (a) by offering the relevant Leased Vehicle to the related BMW Dealer, (b) by offering the relevant Leased Vehicle to any one of the BMW Dealers on the BMW Dealers List or (c) by appointing a duly licensed auctioneer as its agent for the purpose of selling the relevant Leased Vehicle by way of an on-line or physical auction (as the case may be), provided that such appointment will always be made on a Leased Vehicle by Leased Vehicle basis; each in accordance with the Credit and Collection Policy of the Seller, no later than on the last day of the twelfth (12th) month following the month during which the Receivable has become a Defaulted Lease Receivable and/or the last day of the ninth (9th) month following the month during which the relevant Lease Agreement has been terminated,

and, in each case, shall credit the Issuer Account with the net sale proceeds of the Leased Vehicle no later than the first Settlement Date falling thirty (30) Business Days following the date of sale of the Leased Vehicle. In this context, "net sale proceeds" means the actual sale proceeds of the Leased Vehicle, excluding VAT, and less any costs and expenses of the Seller of selling the Leased Vehicles, including the fees of any auctioneer and the fees of any sub-contractor, in particular, Crédit Agricole Consumer Finance.

In the event that the Seller has failed to comply with its undertaking above no later than on the last day of the twelfth (12th) month following the month during which a Receivable has become a Defaulted Lease Receivable and/or the last day of the ninth (9th) month following the month during which the relevant Lease Agreement has been terminated, the Seller will, within the immediately following ten (10) Business Days, provide the Management Company with elements demonstrating that (1) it has used its best efforts to recover and sell the relevant Leased Vehicle in accordance with its Credit and Collection Policy and (2) an external reason is delaying the recovery and/or the sale of such Leased Vehicle. At the end of such ten (10) Business Days, the Management Company will analyse the elements provided to it by the Seller and, on this basis, decide whether:

(A) to grant an additional period of time to the Seller to comply with the undertaking (i)(3)(b); or

(B) to declare the Seller as having breached the undertaking (i)(3)(b) in which case the Seller Performance Indemnity Payment is payable;

If the relevant Leased Vehicle has not been sold on the last day of the twelfth (12th) month following the month during which the relevant Receivable has become a Defaulted Lease Receivable and/or the last day of the ninth (9th) month following the month during which the relevant Lease Agreement has been terminated, the Seller will pay an indemnity equal to the then Discounted Lease Balance of the related Lease Receivables and the then Discounted Contractual Residual Value (excluding VAT and related fees and expenses) of the relevant Leased Vehicle as of the date of termination of the relevant Lease Agreement to the Issuer and undertakes to continue to use its best efforts to sell the relevant Leased Vehicle after such payment; and

(ii) take all steps as may be necessary to ensure that the relevant Leased Vehicle is delivered to the relevant BMW Dealer, auctioneer or buyer (including, if necessary, by repossessing the Leased Vehicle by way of judicial proceedings); and

(iii) instruct the BMW Dealer, auctioneer or buyer to forthwith credit the net sale proceeds of the relevant Leased Vehicle to a bank account of the Servicer which will transfer such net sale proceeds (less any indemnity paid in accordance with the undertaking (i)(3) above) to the Issuer Account on the Business Day following its receipt or, as applicable, instruct the buyer to forthwith credit the sale price of the relevant Leased Vehicle to the Issuer Account.

The Seller undertakes to ensure that any Vehicle Sale Agreement entered into for the purpose of selling the Leased Vehicle will meet the following criteria:

1. the Vehicle Sale Agreement constitutes the valid, binding and enforceable contractual obligations of the Obligor and the Seller;

2. the Vehicle Sale Agreement is not voidable, rescindable or subject to legal termination and does not include any restriction on assignment of the claims arising therefrom;

3. the Vehicle Sale Agreement is governed by French law and any related claims are subject to the exclusive jurisdiction of French courts;

4. all amounts payable under the Vehicle Sale Agreement are and will be denominated in Euro and payable in Euro and in metropolitan France;

5. the Vehicle Sale Agreement is not subject to any litigation or express dispute between the Seller and the Obligor; and

6. to its best knowledge, the Obligor is not insolvent or subject to Insolvency Proceedings initiated with a court, including any of the proceedings set out in Book VI of the French Commercial Code.

The Seller agrees to promptly (in each case after the relevant Leased Vehicle is in its possession or control) sell any Leased Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Lease Agreement, the Dealer Vehicle Buy Back Agreement, and/or the Credit and Collection Policy. The Issuer will be entitled to receive all Recoveries which relate to any Defaulted Lease Receivable, Lessee Vehicle Buy Back Receivable, Dealer Vehicle Buy Back Receivable or Vehicle Sale Receivable, except in the event that the Seller exercises its Receivables Call Option or its Clean-Up Call Option in respect of the relevant Series of Receivables; and

(e) **Seller indemnification obligation in respect of Residual Value Indemnified Receivables**

(i) without prejudice to its obligations under clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and without duplication of any Seller Performance Indemnity Payment, except in the event that the Seller exercises its Receivables Call Option or its Clean-Up Call Option in respect of the relevant Series of Receivables, on and following the occurrence of a Residual Value Indemnification Trigger, the Seller shall, on the Cut-Off Date

immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a Residual Value Indemnified Receivable, indemnify the Issuer in respect of the amount by which the aggregate Recoveries received by the Servicer in respect of all Residual Value Indemnified Receivables in the relevant Residual Value Calculation Period is less than the Aggregate Residual Value Indemnified Receivables Balance of such Residual Value Indemnified Receivables by paying the Issuer an amount equal to the Residual Value Indemnification Amount; and

(ii) the Seller will only be obliged to indemnify the Issuer in respect of such Residual Value Indemnified Receivables where such Residual Value Indemnified Receivables are not Defaulted Lease Receivables; and

(f) **Continuation of the Underlying Agreements**

until the termination of the Lease Receivables Purchase Agreement and until no more payments are due from the Seller to the Issuer, the Seller agrees not to terminate or act in a manner that could reasonably be expected to lead to the termination of any Underlying Agreement prior to its scheduled contractual term, save where such termination results from (i) the default of the relevant Obligor under that Underlying Agreement in accordance with the Credit and Collection Policy, (ii) the theft or destruction of the relevant Leased Vehicle or (iii) the transfer of the relevant Leased Vehicle from a Lease Agreement to a new Lease Agreement; and

(g) **Commingling Reserve Ledger**

(i) as long as the Seller is acting as Servicer, upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, within fourteen (14) calendar days, 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 (2) Business Days upon receipt of such Collections; or (ii) fund the Commingling Reserve Ledger (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, as security for the due and timely payment of all its obligations related to commingling, pursuant to articles L. 211-36 and L. 211-38 to L. 211-40 of the French Monetary and Financial Code (*remise d'espèces en pleine propriété à titre de garantie*); and

(ii) 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; and

(h) **Performance Reserve Ledger**

as long as the Seller is acting as Servicer, upon the occurrence of a Performance Reserve Trigger Event and for so long as such event continues, within sixty (60) calendar days of the Performance Reserve Trigger Event transfer and deposit the Required Performance Reserve Amount into the Performance Reserve Ledger, as security for the due and timely payment of all its obligations as described above, pursuant to articles L. 211-36 and L. 211-38 to L. 211-40 of the French Monetary and Financial Code (*remise d'espèces en pleine propriété à titre de garantie*).

34.3 **Reporting Entity pursuant to article 7 of the Securitisation Regulation**

For the purposes of article 7(2) of the Securitisation Regulation, the Seller is designated as the reporting entity (the "**Reporting Entity**") to make available to the Noteholders and potential investors in the Notes and, competent authorities, (together, the "**Relevant Recipients**"), the documents, reports and information necessary to fulfil the relevant reporting obligations under article 7(1) of the Securitisation Regulation. The Seller has agreed to act as the Reporting Entity for this Transaction in respect of the Relevant Recipients. The Reporting Entity shall make available the information for the Transaction on the website of SecRep B.V. (being as at the Signing Date, https://www.secrep.eu) as the securitisation repository registered in accordance with article 10 of the Securitisation Regulation.

34.4 **STS securitisation**

(a) The Seller will submit an STS notification to ESMA in accordance with article 27 of the Securitisation Regulation no later than 15 days after the Issue Date, pursuant to which compliance with the requirements of articles 19 to 22 of the Securitisation Regulation, including the delivery of a liability cash flow model as referred to in article 22(3) of the Securitisation Regulation, will be notified with the intention that the securitisation transaction described in the Offering Circular will be included in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation.

(b) The Seller will notify the Noteholders in the event that (i) the STS notification submitted to EMSA in paragraph (a) above is amended or (ii) the Transaction is withdrawn from the list published and administered by ESMA within the meaning of article 27 of the Securitisation Regulation.

(c) The Seller will give no explicit or implied representation or warranty as to (i) the final inclusion in the list published and administered by ESMA within the meaning of article 27 of the Securitisation Regulation, (ii) that the securitisation transaction described in the Offering Circular does or continues to comply with the Securitisation Regulation or (iii) that the securitisation transaction described in the Offering Circular does or continues to be recognised or designated as 'STS' or 'simple, transparent and standardised' within the meaning of article 18 of the Securitisation Regulation and in compliance with the requirements of articles 19 to 22 of the Securitisation Regulation after the Issue Date.

35. **RECEIVABLES CALL OPTION**

35.1 Pursuant to the Lease Receivables Purchase Agreement if the Seller notifies the Management Company that a Purchased Receivable is subject to (a) a Seller Performance Indemnity Payment or a Residual Value Indemnification Amount having been received by the Issuer from the Seller and (b) such Purchased Receivable is being written off in accordance with the Credit and Collection Policy, but prior to the occurrence of an Insolvency Event in respect of the Seller, the Seller may demand the repurchase of any Purchased Receivable, which has become subject to a Seller Performance Indemnity Payment or a Residual Value Indemnification Amount. If the Seller exercises the Receivables Call Option in accordance with the Lease Receivables Purchase Agreement, the Issuer shall be obliged to sell the relevant Purchased Receivable to the Seller.

35.2 The purchase price payable by the Seller to the Issuer in consideration for the repurchase of such a Purchased Receivable shall be an amount equal to the Optional Repurchase

Payment. The Seller is obliged to pay the Optional Repurchase Payment on the relevant Repurchase Date.

35.3 Immediately following the repurchase of a Purchased Receivable in accordance with the exercise of the Receivables Call Option by the Seller, the Issuer's interests in the relevant Purchased Receivables will pass to the Seller.

35.4 Notwithstanding clause 35.1 above, completion of any repurchase pursuant to this clause 35.4 shall, take place by the end of the Monthly Period immediately following the Monthly Period in which such Receivables Call Option is exercised. At completion the Seller shall be obliged to pay to the Issuer (by transferring the same to the Issuer Account) an amount equal to the Optional Repurchase Payment and immediately upon such payment the Issuer shall execute and deliver to the Seller (in such place as the Seller shall reasonably direct, subject to the Seller indemnifying the Issuer against any costs associated therewith) any document the Seller may reasonably specify to give effect to such repurchase.

36. SERVICING OF THE PURCHASED RECEIVABLES

Pursuant to the Servicing Agreement between the Seller and Servicer and the Management Company, the Servicer has the right and obligation to administer the Purchased Receivables and the Ancillary Rights, collect and, if necessary, enforce the Purchased Receivables and enforce the Ancillary Rights and pay all proceeds to the Issuer.

36.1 Obligations of the Servicer

The Servicer will act as agent of the Management Company 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 Obligors under or in relation to the Underlying Agreements as and when they fall due;

(b) identify the Collections and identify the amount of such Collections;

(c) give, on each Settlement Date, directions to its relevant bank from time to time as the case may be with respect to the on-payment of Collections to the Issuer. If the Servicer is a different Person to the Seller, the Servicer will collect the Deemed Collections and any Seller Performance Indemnity Payments and/or any Residual Value Indemnification Amount due from the Seller;

(d) endeavour to seek Recoveries due from Obligors 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 Obligors in accordance with the Lease Receivables Purchase Agreement. The Issuer will reimburse BMW Finance as Servicer 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 France or of any other competent jurisdiction in the Servicer's own name and for the benefit of the Issuer, the Management Company being obliged where necessary (i) to assist the Servicer in exercising all rights and remedies under and in connection with the relevant Purchased Receivables, (ii) to furnish the Servicer with all necessary authorisations, consents or confirmations in such form and to such extent as required;

(e) not terminate or act in a manner that could reasonably be expected to lead to the termination of any Underlying Agreement prior to its scheduled contractual term, save where such termination results from (i) the default of the relevant Obligor under that Underlying Agreement in accordance with the Credit and Collection Policy, (ii) the theft or destruction of the relevant Leased Vehicle or (iii) the transfer of the relevant Leased Vehicle from that Lease Agreement to a new Lease Agreement;

(f) in accordance with the provisions of article D. 214-233 of the French Monetary and Financial Code, keep Records in relation to the Purchased Receivables segregated from all other Records of the Servicer relating to other receivables made or serviced by such Servicer otherwise;

(g) keep Records for all taxation purposes;

(h) hold, subject to the Secrecy Rules and the provisions of the Data Custody Agreement, all Records relating to the Purchased Receivables in its possession for, and to the order of, the Issuer and cooperate with the Data Custody Agent, the Management Company or any other party to the Transaction to the extent required under or in connection with the collection or servicing of the Purchased Receivables and the Ancillary Rights;

(i) release any Ancillary Rights in accordance with its Credit and Collection Policy;

(j) enforce the Ancillary Rights 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 Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Ledger of the Issuer Account in accordance with item (c) above;

(k) realise insurance claims against the relevant insurance companies, in accordance with the respective insurance policies relating to the Leased Vehicle pertaining to the Purchased Receivables administrated by the Seller in accordance with the Credit and Collection Policy, from the respective insurance companies. The Servicer is not required to monitor the compliance by a Lessee with the provisions of its insurance policies and is not liable for any failure by a Lessee to comply with such provisions;

(l) make available a Monthly Investor Report no later than on each Reporting Date to the Management Company and the Custodian, with a copy to the Calculation Agent and the Paying Agent and, if required, rectify such Monthly Investor Reports, provided that in any event the Secrecy Rules and the provisions of the Data Custody 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 for publication on https://bloomberg.com.

(m) assist the statutory auditor of the Issuer and provide, subject to the Secrecy Rules and the provisions of the Data Custody Agreement, information to them upon request;

(n) promptly send Notification Event Notices to the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies upon the occurrence of a Notification Event, and, if the Servicer fails to deliver such Notification Event Notices within five (5) Business Days after the notice of such Notification Event, the Management Company will have the right to deliver or to instruct a successor Servicer or an agent that is compatible with the Secrecy Rules

to deliver on its behalf the Notification Event Notices to the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies to the extent known to it;

(o) on or about each Investor Reporting Date, update the encrypted Portfolio Information as described in the Lease Receivables Purchase Agreement and send the updated encrypted Portfolio Information to the Management Company; and

(p) 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 EMIR and under the CRA III Regulation (or any amended or successor provisions) in respect of any Transaction Document (including any replacement swap agreement).

If a Lessee defaults on a Purchased 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 Ancillary Rights are 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 such Ancillary Rights.

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

The Seller authorises and consents that the Servicer will be authorised to service, realise and administer the Leased Vehicles pertaining to the Purchased Receivables in accordance with the Credit and Collection Policy and clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement. The Seller undertakes, upon the request of the Servicer (if different), to provide the Servicer with all necessary information and assistance regarding such services, realisation and administration of the Leased Vehicles.

The Servicer will administer the Purchased Receivables in accordance with its respective standard procedures, 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 Receivables, the Servicer will exercise the due care and diligence of a prudent business Person 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 or extend the terms of a Purchased Receivable from time to time in accordance with the terms of the relevant Lease Agreement and the Credit and Collection Policy.

36.2 **Representations, warranties and undertakings of the Servicer**

(a) **Representations and warranties of the Servicer**

Pursuant to the Servicing Agreement, the Servicer hereby represents and warrants to the Issuer on the terms set out in Schedule 5 (*Servicer representations and warranties*) to the Incorporated Terms Memorandum.

(b) **Undertakings of the Servicer**

Pursuant to the Servicing Agreement, the Servicer covenants with the Issuer on the terms set out in Schedule 6 (*Servicer covenants*) to the Incorporated Terms Memorandum.

36.3 **Use of third parties**

(a) The Servicer may delegate and sub-contract its duties in connection with the servicing or enforcement of the Purchased Receivables and/or foreclosure on the related Ancillary Rights, provided that such third party has all licences and resources required for the performance of the servicing delegated to it. The Servicer will notify the Management Company where such duties which are delegated or sub-contracted in connection with the servicing or enforcement of the Purchased Receivables and/or foreclosure on the related Ancillary Rights would negatively impact the Transaction.

(b) 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 Receivables under the Servicing Agreement, unless it has first obtained written confirmation from the Management Company. The Management Company may decide to give its consent subject to a prior written notification to the Rating Agencies of such action. Prior written consent from the Management Company is not required in cases of urgency where otherwise Collections would be at risk and where such requirement would negatively impact the Transaction.

(c) The Management Company acknowledges that, in accordance with the Credit and Collection Policy and the French regulations governing outsourcing and sub-contracting by credit institutions, the Servicer sub-contracts the collection of some of the Defaulted Lease Receivables to Credit Agricole Consumer Finance ("**CA-CF**"), on the terms of a sub-contracting agreement originally dated 1 July 2016, as amended from time to time, between the Servicer and CA-CF (the "**Sub-contracting Agreement**").

(d) When delegating and sub-contracting its duties, the Servicer will remain liable for the negligence (*faute lourde*) or wilful misconduct (*dol*) of the appointed third party to the same extent as the Servicer is liable itself as Servicer under the Servicing Agreement and the appointment of any third party, including the appointment of CA-CF under clause 3.3 (*Delegation and sub-contracting*) of the Servicing Agreement, shall not in any way limit the Servicer's obligations under the Servicing Agreement, for which it shall continue to be liable as if no such Sub-contracting Agreement existed.

36.4 **Servicing Fee and reimbursement of enforcement expenses**

(a) BMW Finance as the Servicer will not receive any Servicing Fee. Under the terms of the Servicing Agreement, the Servicer as originator acknowledges that it receives consideration through the Transaction itself and is also entitled to all remaining cash amounts in accordance with the Priority of Payments.

(b) In the case of a Servicer Termination Event, any substitute Servicer (other than if such substitute Servicer is any Affiliate of BMW Finance) is entitled to the payment of a 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.

(c) 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 and Ancillary Rights as well as the rights and remedies of the Issuer and the other Services.

36.5 **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 Settlement Date related to such Monthly Period into the Operating Ledger of the Issuer Account or as otherwise directed by the Management Company. Until such transfer and for so long as BMW Finance remains Servicer, the Servicer will be entitled to commingle the Collections and any other amount received with its own funds. However, the Servicer as agent for the Issuer shall procure that, in relation to each relevant Purchased Receivable, all realised Collections shall, at the intervals specified in clause 6.4 (*Realisation of Collections and on-payment to Issuer*) of the Servicing Agreement, be on-paid to, and deposited into, the Operating Ledger of the Issuer Account and provided further that no Servicer Termination Event has occurred and is continuing and that the appointment of the Servicer has not been terminated under the Servicing Agreement. All payments will be made free of all bank charges and costs as well as any tax for the recipient thereof.

36.6 **Information and regular reporting**

Pursuant to article D. 214-233,2° of the French Monetary and Financial Code, the applicable French laws and regulations with respect to data protection and bank secrecy rules and the terms of the Servicing Agreement, the Servicer (i) is responsible for the custody of the Records relating to the Purchased Receivables and (ii) has established and will maintain appropriate documented custody procedures in addition to an independent internal ongoing control of such procedures.

The Servicer will keep safe and use all reasonable endeavours to maintain Records in relation to each Purchased Receivable in computer readable form. The Servicer will notify the Issuer, the Calculation Agent, the Management Company, the Custodian 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 Management Company and the Custodian 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 Receivables.

Pursuant to article D. 214-233,3° of the French Monetary and Financial Code and in accordance with the provisions of the Servicing Agreement, the Custodian will ensure, on the basis of a statement (*déclaration*) of the Servicer, that appropriate documented custody procedures have been set up. This statement (*déclaration*) will enable the Custodian to check if the Servicer has established appropriate documented custody procedures allowing the safekeeping (*garantissant la réalité*) of the Purchased Receivables, their security interest (*sûretés*) and their related ancillary rights (*accessoires*) (including the Ancillary Rights) and that the Purchased Receivables are collected for the sole benefit of the Issuer. The Servicer will keep the Records in such a manner that they are materially identified and distinguishable at the regular address of the Servicer and can be delivered to the Management Company or the Custodian on first demand from the Management Company or the Custodian in compliance with the Secrecy Rules.

The Servicing Agreement requires the Servicer to furnish no later than on each Reporting Date a Monthly Investor Report to the Management Company and the Custodian, with a copy to the Calculation Agent and the Paying Agent, and, if required, rectify such Monthly Investor Reports, provided that in any event the Secrecy Rules and the provisions of the Data Custody Agreement will be observed. The Servicer will procure that the Calculation Agent will make each Monthly Investor Report publicly available in accordance with clause 5 (*Duties of the Calculation Agent*) of the Calculation Agency Agreement.

36.7 **Termination of Lease Agreements and Enforcement**

If a Lessee defaults on a Purchased 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 Ancillary Rights are 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 such Ancillary Rights.

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

36.8 **Termination of appointment of the Servicer**

Under the Servicing Agreement, the Management Company 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 authorised to provide such services pursuant to applicable law and to succeed to the Servicer, unless the Servicer provides the Management Company with collateral or guarantee satisfactory to the Management Company to serve its claims against the Servicer.

Pursuant to the terms of the Servicing Agreement, the Management Company has agreed that, upon the occurrence of a Servicer Termination Event, 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.

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

Pursuant to the provisions of the Servicing Agreement, if a Notification Event occurs and is notified by the Management Company to the Servicer, the Servicer will promptly deliver a Notification Event Notice to the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies. If the Servicer fails to deliver such Notification Event Notice within five (5) Business Days after the notice of such Notification Event, the Management Company will have the right to deliver or to instruct a successor Servicer or an agent that is compatible with the Secrecy Rules to deliver on its behalf the Notification Event Notice to the relevant Lessees, the relevant BMW Dealers, any other relevant Obligors and the relevant insurance companies to the extent known to it, provided that, subject always to the Secrecy Rules and in accordance with the terms of the Data Custody Agreement, the Data Custody Agent will have to, *inter alia*, at the request of the

Management Company or the Servicer despatch the Portfolio Decryption Key to the Management Company, any successor Servicer (succeeding in the event of termination of the appointment of the existing Servicer) or an agent thereof if the Servicer fails to deliver a Notification Event pursuant to the Servicing Agreement.

The outgoing Servicer, the Management Company and the Custodian will execute such documents and take such actions as the Management Company and the Custodian may require for the purpose of transferring to the successor or substitute Servicer the rights and obligations of the Servicer, assumption by any successor or substitute Servicer of the specific obligations of the Servicer 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 substitute Servicer, the outgoing Servicer will transfer to the successor Servicer or any other successor or substitute Servicer all Records and any and all related material, documentation and information which such successor or substitute Servicer may reasonably request. The successor Servicer shall return to BMW Finance (i) any and all Records obtained pursuant to this clause after the date when the amounts payable to the Transaction Parties have been fully and unconditionally discharged or (ii) the relevant Records obtained pursuant to this clause which are related to the Purchased Receivables for which BMW Finance has paid the Deemed Collections to the Issuer.

Any termination of the appointment of the Servicer or of a successor or substitute Servicer shall be notified by the Management Company to the Custodian, the Rating Agencies, the Noteholders, the Calculation Agent, the Interest Determination Agent, the Alternative Base Rate Determination Agent, the Account Bank and the Data Custody Agent.

36.9 **Realisation of Leased Vehicles**

Notwithstanding assignment or transfer of the Ancillary Rights pursuant to the Lease Receivables Purchase Agreement and the pledge over the Leased Vehicles pursuant to the Lease Vehicle Pledge Agreement, the Servicer, subject to revocation by the Management Company, is entitled and obligated to realise the Ancillary Rights in respect of the Lease Receivables for and on behalf of the Issuer in accordance with the terms and conditions of the Lease Receivables Purchase Agreement, the Lease Vehicle Pledge Agreement and the Servicing Agreement.

The net sale proceeds which the Servicer receives from the realisation of the Leased Vehicles, including proceeds relating to the Discounted Contractual Residual Value of the Leased Vehicles, will be credited to the Issuer Account no later than the first Settlement Date falling thirty (30) Business Days following the date of sale of the Leased Vehicle. In this context "net sale proceeds" means the actual sale proceeds of the Leased Vehicle, excluding VAT, and less any costs and expenses of the Seller of selling the Leased Vehicles, including the fees of any auctioneer and the fees of any sub-contractor, in particular, CA-CF.

The Servicer is entitled to receive all payments on the Purchased Receivables it collects after the day on which the Servicer has finally written off the relevant Lease Agreements pertaining to such Purchased Receivables in accordance with the Credit and Collection Policy.

37. LEASE VEHICLE PLEDGE

37.1 Undertaking to grant a first ranking pledge without dispossession (*gage de meubles corporels sans dépossession*)

Pursuant to the Lease Vehicle Pledge Agreement, as security for the full and timely performance of all Secured Obligations, BMW Finance, as Pledgor, has undertaken to grant in favour of the Beneficiary a first ranking pledge without dispossession (*gage sans dépossession*) (the "**Lease Vehicle Pledge**") over the Pledged Vehicles which are the subject of a Lease Agreement entered into between the Seller and a Lessee for the purpose of leasing vehicles from which a Series of Receivables arises and will be assigned to the Issuer on the Issue Date, in accordance with the provisions of articles 2333 *et seq.* of the French Civil Code.

37.2 Registration and perfection of the Lease Vehicle Pledge

In accordance with the provisions of articles 2338 and 2342 of the French Civil Code, articles R. 521-1 *et seq*. of the French Commercial Code and the French decree no. 2021-1887 dated 29 December 2021, as amended by the French decree n°2023-369 dated 11 May 2023 (the "**Decree**"), the Lease Vehicle Pledge shall be registered by the Management Company acting for and on behalf of the Issuer, or any person acting for and on its behalf pursuant to the paragraph below, on the special register held by the registrar of the Commercial Court of Versailles. For this purpose, the Management Company or any person acting for and on its behalf, will establish and file with the register of the Commercial Court of Versailles, within ten (10) Business Days following the Issue Date, an executed original or an electronic copy, as the case may be, of the Lease Vehicle Pledge Agreement and the initial declaration of pledge, to which shall be attached a registration form (established in accordance with the registration form set out in Schedule 2 (*Registration form*) of the Lease Vehicle Pledge Agreement) in two (2) copies or an electronic copy, as the case may be.

BMW Finance and the Management Company will agree that any bearer of an original or an electronic copy, as the case may be, of the Lease Vehicle Pledge Agreement may proceed with such formalities.

In accordance with the Lease Vehicle Pledge Agreement, BMW Finance and the Management Company will agree that the Management Company, acting for and on behalf of the Issuer, or any person acting for and on its behalf pursuant to the paragraph above, will establish and file with the registrar of the Commercial Court of Versailles, within ten (10) Business Days following the issuance of the amendment declaration of Pledge referred to in clause 2.3 (*Creation of the Pledge*) of the Lease Vehicle Pledge Agreement, an executed original or an electronic copy of the amendment declaration of Pledge (including the attached listing of the Pledged Vehicles) to which shall be attached an amendment registration form (established in accordance with the form set out in Schedule 3 (*Amendment registration form*) of the Lease Vehicle Pledge Agreement or any form that would replace it after the date of the Lease Vehicle Pledge Agreement) in two (2) copies or an electronic copy, as the case may be.

Pursuant to article 7 of the Decree, the registration mentioned in clause 3.1(a) (*Perfection*) of the Lease Vehicle Pledge Agreement will be valid during five (5) years from the registration date. Accordingly, the Management Company, acting for and on behalf of the Issuer or any person acting for and on its behalf pursuant to the paragraph above, shall proceed, if need be, to the renewal of the registration of the Lease Vehicle Pledge before the validity period expires if the Secured Obligations have not been satisfied as at the date of expiry of the Lease Vehicle Pledge Agreement, by way of a renewal registration form (established in accordance with the form set out in Schedule 4 (*Renewal registration form*)

of the Lease Vehicle Pledge Agreement or any form that would replace it after the date of the Lease Vehicle Pledge Agreement).

37.3 **Enforcement of the Lease Vehicle Pledge**

At any time on and after the occurrence of any default in respect of a Secured Obligation which is continuing and which has not been remedied within five (5) Business Days from the date of notification of the said event of default by the Management Company to the Pledgor (including any Enforcement Event and/or Servicer Termination Event) (a "**Pledge Enforcement Event**"), the Management Company may exercise all rights, privileges, remedies, powers and recourses which the law recognises to secured creditors over the pledged vehicles, up to the amount due to the Management Company under the Secured Obligations. The Management Company shall be entitled to enforce the Lease Vehicle Pledge in one or several times, as and when it deems fit, having regards to the Secured Obligations becoming due and payable from time to time by way of a registered letter with acknowledgement of receipt in accordance with the form set out in Schedule 5 (*Form of Pledge Enforcement Notification*) to the Lease Vehicle Pledge Agreement. For the purposes of article 6.2(b) (*Enforcement of the Pledge*) of the Lease Vehicle Pledge Agreement, the enforcement notification shall be served by bailiff.

In particular, BMW Finance and the Management Company will expressly agree that if a Pledge Enforcement Event has occurred and is continuing, having given rise to the delivery of a Pledge Enforcement Notification, the Management Company may, at its discretion, for the satisfaction of any outstanding Secured Obligations:

(a) request the judicial attribution (*attribution judiciaire*) of the Pledged Vehicles (or certain of them) in accordance with article 2347 of the French Civil Code. If the value of the Pledged Vehicle transferred in accordance with clause 6.2(c) (*Enforcement of the Pledge*) of the Lease Vehicle Pledge Agreement (the "**Enforcement Value**") exceeds the total amount of the Secured Obligations, the sums corresponding to the difference between the two amounts shall be returned to the Pledgor on the earlier of the following two dates: (i) ninety (90) Business Days after appropriation or (ii) the sale of the Pledged Vehicles;

(b) at the end of a period of eight (8) days following the Pledge Enforcement Notification, request the sale of the Pledged Vehicles by public auction in accordance with article 2346 of the French Civil Code; and

(c) subject to an eight (8) days prior written notice (*mise en demeure*) addressed to the Pledgor and which remained without effect, decide to enforce the Lease Vehicle Pledge by foreclosing title to the Pledged Vehicles (or some of them) in accordance with the provisions of article 2348 of the French Civil Code, and without the need of a prior court order. The Management Company will then be entitled to freely dispose of the Pledged Vehicles.

The Enforcement Value shall be determined by the expert referred to in article 2348 of the French Civil Code (the "**Expert**") designated in good faith by the Pledgor and the Management Company within eight (8) days after the date of the notice referred to in clause 6.2(c) (*Enforcement of the Pledge*) of the Lease Vehicle Pledge Agreement and appointed in the list of judiciaire experts of the Paris Courts published by the Paris Court of Appeal (section E-07 Transport, E-07.04 Automobiles, Cycles, Motocycles, trucks). If BMW Finance and the Management Company fail to agree on the name of the Expert within this period, the Expert will be nominated by the President of the Commercial Court of Paris (*statuant en référé*) at the request of the most diligent party. In all cases, the determination of that Expert shall be final and binding on the parties.

The Pledgor shall procure that the Expert delivers to the Management Company and the Pledgor, within thirty (30) days after the date of acceptance of its mission, a copy of its report setting forth its determination of the Enforcement Value and the assessment methods retained for the purpose of its missions.

BMW Finance and the Management Company will agree that the Management Company shall be entitled to freely dispose of the Pledged Vehicles transferred to it. The Pledgor shall, promptly and at its own cost, execute and/or deliver to the Management Company such documents and complete such formalities as the Management Company may reasonably require for such purpose. If, on the Release Date (as defined in the Lease Vehicle Pledge Agreement), the enforcement proceeds of the Pledged Vehicles transferred exceeds the aggregate amount of all Secured Obligations, the Management Company shall pay to the Pledgor the difference between those two amounts, in accordance with the provisions of article 2348 of the French Civil Code and the Priority of Payments applicable at the Release Date.

BMW Finance and the Management Company will further agree that the Custodian shall not be responsible under any circumstances whatsoever for the custody (*conservation*) of the Leased Vehicles, even where such Leased Vehicles have become the property of the Issuer further to the enforcement of the Lease Vehicle Pledge in accordance with clause 6.2(c) (*Enforcement of the Pledge*) of the Lease Vehicle Pledge Agreement.

37.4 **Release**

The Lease Vehicle Pledge Agreement and the Lease Vehicle Pledge shall remain in full force and effect until the Release Date.

By way of exception, in the limited cases provided for:

(a) In clause 11 (*Issuer Liquidation Events*) and clause 12 (*Clean-Up Call Option*) of the Lease Receivables Purchase Agreement, the Pledgor will be required to repurchase certain Lease Receivables or Series of Receivables previously assigned to the Issuer. Accordingly, BMW Finance and the Management Company will agree and acknowledge that any Pledged Vehicle relating to a Lease Receivable which has been re-assigned to the Pledgor will be excluded from the scope of the Lease Vehicle Pledge thirty (30) calendar days prior to the relevant Repurchase Date; provided that any amendment registration shall be made with the registrar of the Commercial Court where the Pledge is registered by the Pledgor in accordance with article 9.3 (*Duration – Release*) of the Lease Vehicle Pledge Agreement;

(b) for so long as there has been no Servicer Termination Event and in respect of any Pledged Vehicle relating to any Lease Agreement, which has been identified by the Servicer to terminate (whether at its term or prior to its term), BMW Finance and the Management Company will agree and acknowledge that any such Pledged Vehicle may be excluded from the scope of the Lease Vehicle Pledge in the following two (2) months; provided that any amendment registration shall be made with the registrar of the Commercial Court where the Pledge is registered by the Pledgor in accordance with article 9.3 (*Duration – Release*) of the Lease Vehicle Pledge Agreement;

(c) in clause 7 (*Realisation of Leased Vehicles*) of the Servicing Agreement and in clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement, the Servicer is entitled and obligated to realise the Ancillary Rights and to realise and administer the Pledged Vehicles

for and on behalf of the Issuer and the Seller in accordance with the terms and conditions thereof. Accordingly, BMW Finance and the Management Company will agree and acknowledge that any Pledged Vehicle which has to be sold by the Servicer in accordance with clause 7 (*Realisation of Leased Vehicles*) of the Servicing Agreement, clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and the terms and conditions of these Issuer Regulations will be excluded from the scope of the Lease Vehicle Pledge as from the date on which such Pledged Vehicle is returned to the Servicer or any person designated by the Servicer; provided that any amendment registration shall be made with the registrar of the Commercial Court where the Pledge is registered by the Pledgor in accordance with article 9.3 (*Duration – Release*) of the Lease Vehicle Pledge Agreement; and

(d) in clause 16.4 (*Deemed Collections*) of the Lease Receivables Purchase Agreement, upon receipt of any Deemed Collections certain Lease Receivables previously assigned to the Issuer shall be re-assigned or re-transferred to the Pledgor. Accordingly, BMW Finance and the Management Company will agree and acknowledge that any Pledged Vehicle relating to a Lease Receivable which has given rise to the payment of Deemed Collections will be excluded from the scope of the Lease Vehicle Pledge at the earlier of (i) thirty (30) calendar days prior to the relevant re-assignment date or (ii) the relevant re-assignment date; provided that any amendment registration shall be made with the registrar of the Commercial Court where the Pledge is registered by the Pledgor in accordance with article 9.3 (*Duration – Release*) of the Lease Vehicle Pledge Agreement.

SECTION VII

The Accounts

38. GENERAL

Pursuant to the Bank Account Agreement to be entered into between the Management Company and the Account Bank in relation to the Issuer Account and the Counterparty Downgrade Collateral Account, each of the Issuer Account and the Counterparty Downgrade Collateral Account will be opened with the Account Bank on or prior to the Issue Date. The Account Bank will comply with any written direction of the Management Company 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 are permitted under the Bank Account Agreement.

Any amounts standing to the credit of the Issuer Account and the Counterparty Downgrade Collateral Account may bear 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 to the respective account in accordance with the Account Bank's usual procedure for crediting interest to such accounts. Any interest earned on the amounts credited to the Issuer Account is part of the Available Distribution Amount or the Available Post-Enforcement Funds, as applicable.

The Accounts and the ledgers will be credited and debited upon instructions given by the Management Company to the Account Bank in accordance with the relevant Priority of Payments and the relevant provisions of the relevant Transaction Documents which include certain limitations regarding amounts which may stand to the credit of such accounts. None of the Accounts may have a negative balance.

39. ALLOCATION TO THE ACCOUNTS

In accordance with the provisions of the Bank Account Agreement, these Issuer Regulations and the other relevant Transaction Documents, each of the Accounts will be exclusively allocated to the operations of the Issuer.

Neither of the Management Company nor the Account Bank may pledge, assign, delegate or, more generally, give any title or right or create any security interest whatsoever in favour of any third parties over the Accounts. All monies standing to the credit of the Issuer Account will be applied in accordance with the applicable Priority of Payments. All monies standing to the credit of the Counterparty Downgrade Collateral Account will be applied as set out in clause 44 (*Counterparty Downgrade Collateral Account*).

40. THE ACCOUNT BANK

40.1 The Management Company will appoint BNP Paribas (acting through its securities services department) to act as Account Bank in respect of the Issuer Account and the Counterparty Downgrade Collateral Account to perform the services set out in the Bank Account Agreement.

40.2 BNP Paribas (acting through its securities services department) will accept such appointment by the Management Company in accordance with the provisions of the Bank Account Agreement, provided that the Account Bank shall only act upon instruction received by an Authorised Representative of the Issuer.

40.3 The Account Bank will administer, credit and debit each of the Issuer Account and the Counterparty Downgrade Collateral Account separately in accordance with the terms and provisions of the Bank Account Agreement and upon instruction received by an Authorised Representative of the Issuer.

40.4 The Account Bank will agree with the Management Company and the Servicer that:

(a) it will provide them with monthly statements with respect to the Issuer Account on the first Business Day of each calendar month or without undue delay upon request by the Management Company and/or the Servicer (with a copy to the Calculation Agent), provided that an account movement occurred prior to such request; and

(b) on each Business Day immediately following a movement under the Issuer Account, it will provide them with current statements with respect to the Issuer Account both on-line and per SWIFT.

40.5 The Account Bank will agree with the Management Company and the Servicer that it will open in its books, maintain and operate the Counterparty Downgrade Collateral Account in accordance with the terms of the Bank Account Agreement.

40.6 As at the date of the Bank Account Agreement, the Account Bank will confirm that it has opened the Issuer Account and the Counterparty Downgrade Collateral Account, both of which are subject to French law and denominated in Euro, in the name of and for the benefit of the Issuer. The Accounts may not go into overdraft.

40.7 All parties to the Bank Account Agreement will agree that the Issuer Account and the Counterparty Downgrade Collateral Account shall at all times be maintained with the Account Bank or any other bank which is an Eligible Counterparty and shall not be changed or transferred without the prior written consent of the Management Company and the Servicer.

40.8 The Management Company will provide the following services (the "**Cash Administration Services**"):

(a) operate the Accounts by providing the Account Bank with the relevant instructions in accordance with the Bank Account Agreement and the opening forms in respect of the relevant Accounts therefore;

(b) administer, in accordance with the applicable Priority of Payments and the provisions of the Bank Account Agreement, the payment of the Issuer's outstanding regular payment obligations under the Notes and the Transaction Documents, including, without limitation, by giving timely Payment Instructions substantially in the same form as set out in Schedule 2 (*Form of Payment Instruction*) of the Bank Account Agreement (but only if the Payment Instruction is not given electronically);

(c) arrange for the amounts to be credited to the Accounts;

(d) arrange for all payments to be made by the Issuer to be debited from the Accounts and applied in accordance with the Priority of Payments;

(e) arrange for all payments to be made by the Issuer to the Swap Counterparty with respect to Return Amounts (as defined in the Swap Agreement) to be debited from the Counterparty Downgrade Collateral Account and applied in accordance with the Swap Agreement outside the Priority of Payments;

(f) upon termination of the Swap Agreement when a swap termination payment is due and payable by the Issuer to the Swap Counterparty, arrange for payment of such swap termination payment to the Swap Counterparty in accordance with the Swap Agreement and the Priority of Payments;

(g) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, arrange for payment of any Replacement Swap Premium by the Issuer to the replacement Swap Counterparty outside the Priority of Payments to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty (if applicable by debiting the Counterparty Downgrade Collateral Account);

(h) arrange for all other amounts which the Issuer is obliged to pay under the Transaction Documents to be paid on the due dates therefor by debiting from the Issuer Account in accordance with the Priority of Payments and transferring to such bank account as may be notified to the Management Company for such purposes by the Issuer;

(i) give directions to the Account Bank in respect of the credit, transfers and payments to be arranged by it (if any) by the times specified in the Bank Account Agreement in order to ensure that the same may be made on the relevant date provided that such directions are in accordance with the Bank Account Agreement; and

(j) agree to, or authorise or execute any action in connection with the administration of the Accounts which in the sole discretion of the Management Company is to correct a manifest error or an error established as such to the satisfaction of the Management Company.

41. ACKNOWLEDGEMENTS BY THE ACCOUNT BANK AND THE MANAGEMENT COMPANY

41.1 Pursuant to the Bank Account Agreement, the Management Company will confirm and acknowledge the appointment of the Account Bank to operate the Issuer Account and any

ledger to the Issuer Account (including, without limitation, the Operating Ledger, the Cash Reserve Ledger, the Commingling Reserve Ledger and the Performance Reserve Ledger) and to operate the Counterparty Downgrade Collateral Account. The Account Bank will confirm and acknowledge its appointment as Account Bank. The Account Bank will further confirm that its appointment is operative in respect of applicable laws and regulations (including compliance verification) and that there are no other arrangements or side agreements (except for the fee letters pursuant to clause 48.1 and clause 48.2 (*Cost and compensation*) below) and (ii) all the account opening documentation including, but not limited to, the general terms and conditions of the Accounts, provided that in the event that there is any conflict between the terms of such documentation and the Bank Account Agreement, the Bank Account Agreement shall prevail) relating to the Issuer Account and the Counterparty Downgrade Collateral Account and that the Bank Account Agreement (including the aforementioned fee letters) may not be amended without the prior written consent of the Management Company and the Servicer, and the Management Company will agree to give to the Account Bank all directions necessary for the Account Bank to operate the Issuer Account and the Counterparty Downgrade Collateral Account in accordance with the terms of the Bank Account Agreement and the Account Bank will agree to comply with all such directions.

41.2 The Management Company will represent and warrant to the Account Bank on the terms set out in in Part A (*Representations and warranties of the Management Company*) of Schedule 7 (*Management Company and Custodian representations and warranties*) to the Incorporated Terms Memorandum.

41.3 Notwithstanding anything to the contrary in the Bank Account Agreement, the Account Bank will waive any first priority pledge or other lien, including its standard contract terms pledge, it may have with respect to the Issuer Account or the Counterparty Downgrade Collateral Account, and will further waive any right it has or may later acquire to combine, consolidate or merge the Issuer Account or the Counterparty Downgrade Collateral Account with each other or with any other account of the Issuer, or any other Person or set off any Liabilities of the Issuer or any other Person with the Account Bank. The Account Bank will agree that it may not set off, transfer, combine or withhold payment of any sum standing to the credit of the Issuer Account or the Counterparty Downgrade Collateral Account in or towards or conditionally upon satisfaction of any Liabilities to it of the Issuer or any other Person.

41.4 The Account Bank will confirm that the Issuer Account and the Counterparty Downgrade Collateral Account have been opened with it, the details of which will be set out in Schedule 10 (*Account details*) to the Incorporated Terms Memorandum.

42. ISSUER ACCOUNT

42.1 All amounts deposited and held in the Issuer Account, including all accrued interest thereon shall be deemed to form part of the Issuer Account and, if applicable, the amount recorded on any respective ledger of the Issuer Account.

42.2 At the date of these Issuer Regulations, the Issuer Account shall bear no interest. Any interest in respect of the funds standing to the credit of the Issuer Account from one Payment Date to the immediately following Payment Date shall be determined in accordance with an Account Bank fee letter between the Management Company and the Account Bank. The interest earned on the amounts credited to the Issuer Account (other than on the amount allocated to the Commingling Reserve Ledger and the Performance Reserve Ledger) will be part of the Available Distribution Amount or the Available Post-Enforcement Funds, as applicable, and shall be paid in accordance with the relevant Priority of Payments.

42.3 The Issuer Account opened by the Issuer pursuant to the Bank Account Agreement will be a current account which may be used, subject to the Bank Account Agreement, for the deposit and withdrawal of funds in Euro.

43. LEDGERS TO THE ISSUER ACCOUNT

The Issuer will keep four (4) ledgers to the Issuer Account: (i) the Operating Ledger; (ii) the Cash Reserve Ledger; (iii) the Commingling Reserve Ledger; and (iv) the Performance Reserve Ledger.

43.1 Operating Ledger

The Operating Ledger is a ledger held for and into which the Servicer will transfer all Collections received by it on behalf of the Issuer in accordance with the Servicing Agreement and for the purposes of the Transaction.

43.2 Cash Reserve Ledger

The Cash Reserve Ledger is a ledger held for the purpose of recording the Required Cash Reserve Amount and for the purposes of the Transaction.

43.3 Commingling Reserve Ledger

The Commingling Reserve Ledger is a ledger held for the purpose of recording the Commingling Reserve Required Amount for the purposes of the Transaction. In accordance with the terms of the Lease Receivables Purchase Agreement, the cash standing to the credit of the Commingling Reserve Ledger will provide credit protection with respect to the Notes, as further described under clause 53.2 (*Commingling Reserve*).

43.4 Performance Reserve Ledger

The Performance Reserve Ledger is a ledger held for the purpose of recording the Required Performance Reserve Amount and for the purposes of the Transaction. In accordance with the terms of the Lease Receivables Purchase Agreement, the cash standing to the credit of the Performance Reserve Ledger will provide credit protection with respect to the Notes, as further described under clause 53.4 (*Performance Reserve*).

44. COUNTERPARTY DOWNGRADE COLLATERAL ACCOUNT

44.1 The Counterparty Downgrade Collateral Account shall be used solely for the purpose of posting of collateral by the Swap Counterparty under the Swap Agreement. At the date of these Issuer Regulations, the Counterparty Downgrade Collateral Account shall bear no interest. The collateral posted under the Swap Agreement shall be segregated from the Issuer Account and from the general cash flow of the Issuer and solely credited to the Counterparty Downgrade Collateral Account. It shall not constitute Collections and it shall not form part of the Available Distribution Amount, except for, upon the termination of the Swap Agreement and in respect of the relevant Interest Determination Date (to the extent not used by the Issuer for the entry into a replacement swap agreement), any swap termination payment received by the Issuer from the outgoing Swap Counterparty (including by debit of the Counterparty Downgrade Collateral Account) or, upon the entry by the Issuer into a replacement swap agreement, and in respect of the relevant Interest Determination Date, any Replacement Swap Premium received previously by the Issuer from the replacement Swap Counterparty. The collateral posted under the Swap Agreement shall be monitored on the Counterparty Downgrade Collateral Account.

44.2 The collateral posted by the Swap Counterparty or any Replacement Swap Premium posted by the replacement Swap Counterparty shall solely secure the payment obligations of the Swap Counterparty or the replacement Swap Counterparty (as applicable) to the Issuer under the Swap Agreement and shall be applied in or towards the satisfaction of the Swap Counterparty's obligations to the Issuer upon termination of the Swap Agreement and in respect of the Replacement Swap Premium if and to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account.

44.3 As such collateral may consist of certain securities, the Issuer is to open an account with the Account Bank. Any amount in excess of such obligations and owing to the Swap Counterparty pursuant to Section 6 (*Early Termination*) (d) (*Calculations*) of the Swap Agreement shall not be available to other Transaction Parties and shall be returned to the Swap Counterparty outside of the applicable Priority of Payments.

45. OPERATING/RELEASE PROCEDURE

45.1 Subject to clause 45.5 below, the Management Company shall procure that the Account Bank shall release an amount from the Issuer Account and the Counterparty Downgrade Collateral Account, respectively, in accordance with a Payment Instruction executed by an Authorised Representative in substantially the same form as Schedule 2 (*Form of Payment Instruction*) to the Bank Account Agreement which can be in PDF format and provided to the Account Bank at least two (2) Business Days before the date on which the payment is to be made ("**Payment Instruction**"), provided that the relevant Issuer Account or, as applicable, the Counterparty Downgrade Collateral Account, contains sufficient cleared funds to make such payment on such date.

45.2 If there are insufficient cleared funds in the Issuer Account and/or the Counterparty Downgrade Collateral Account, as applicable, to make a payment in accordance with a Payment Instruction then the Account Bank shall inform the Management Company, the Servicer and the Calculation Agent of the shortfall as soon as practicable and by no later than the following Business Day. Until the Account Bank is able to contact the Management Company, the Servicer and/or the Calculation Agent and receive instructions, the Account Bank shall be under no obligation to make any payment in accordance with a Payment Instruction. The Account Bank shall be under no obligation to inform any other Person (including, but not limited to, any Person that is to receive the payment) if there are insufficient cleared funds credited to the Issuer Account and/or the Counterparty Downgrade Collateral Account, as applicable, to make a payment in accordance with a Payment Instruction. If there are insufficient cleared funds credited to the Issuer Account and/or the Counterparty Downgrade Collateral Account, as applicable, to make such a payment, the Account Bank shall be entitled, but shall not be obliged, to make such payment.

45.3 Any payment under clause 45.1 will be made to an account as detailed in a Payment Instruction.

45.4 The Management Company confirms that the Account Bank shall be entitled to treat each Payment Instruction as conclusive evidence of the same without any further investigation or enquiry, but only after verifying the signatures of the Authorised Representatives.

45.5 The Management Company undertakes to give the Account Bank ten (10) Business Days' notice in writing of any amendment to its Authorised Representatives or Callback Contacts giving the details specified in Schedule 1 (*Authorised Representatives and Callback Contacts*) to the Bank Account Agreement. Any amendment of Authorised Representatives

or Callback Contacts of the Management Company shall take effect upon the expiry of such ten (10) Business Days' notice.

45.6 In respect of Payment Instructions received, the Account Bank shall only be responsible for the proper exercise of such Payment Instructions and not for (i) verifying the reason or motivation behind such Payment Instructions or (ii) the use of the money that is the subject of a properly exercised Payment Instruction by the beneficiary or (iii) any events that occur or do not occur after the Account Bank's proper initiation of the transmission of the relevant sum.

45.7 If the Account Bank pays any amounts from the Issuer Account and/or the Counterparty Downgrade Collateral Account, as applicable, pursuant to a Payment Instruction or otherwise pursuant to the Bank Account Agreement at a time when there is not enough credit available on the Issuer Account and/or the Counterparty Downgrade Collateral Account, as applicable (the excess of the amounts so paid over the amounts available on such Issuer Account and/or such Counterparty Downgrade Collateral Account, as applicable, being the "**Shortfall**"), the Issuer shall pay to the Account Bank an amount equal to such Shortfall and, on demand, interest (at a rate which represents the Account Bank' documented costs of funding the Shortfall) on the unreimbursed portion thereof until the receipt of payment in full by the Account Bank.

45.8 Upon receipt of a Payment Instruction, on the relevant Payment Date the Account Bank shall release the relevant amount from the Issuer Account or the Counterparty Downgrade Collateral Account, as applicable.

45.9 If the Account Bank is required by law to make a tax deduction, it will not pay an additional amount in respect of the tax deduction to the relevant receiving Transaction Party.

46. **TERMINATION OF THE BANK ACCOUNT AGREEMENT**

46.1 The Account Bank may only terminate the Bank Account Agreement by giving not less than three (3) months' prior written notice to the Management Company. In the event of any such termination the Account Bank shall use its best efforts to assist the other parties to the Bank Account Agreement to effect an orderly transition of the Issuer's banking arrangements to another bank which is an Eligible Counterparty provided that such termination shall not take effect until the transition of the Issuer's banking arrangements has been completed. If the Management Company should fail to appoint such Successor Account Bank within forty (40) days after receipt of the resignation notice given by the Account Bank, then the Account Bank may appoint a Successor Account Bank (as defined in the Bank Account Agreement) which is an Eligible Counterparty and is approved in writing by the Management Company, with the required capacities in the name and for the account of the Issuer by giving not less than forty (40) days' prior notice to the Management Company. The Account Bank shall continue to provide services under the Bank Account Agreement in any case until and unless a Successor Account Bank is validly appointed and such appointment has become effective.

46.2 The Servicer may at any time, with the prior written approval of the Management Company, terminate the appointment of the Account Bank upon giving not less than thirty (30) days' prior written notice to the Account Bank and the Rating Agencies (with a copy to the Calculation Agent and the Management Company), provided that at all times there shall be an Account Bank which is an Eligible Counterparty appointed.

47. DUTIES OF THE SERVICER, THE SELLER AND THE MANAGEMENT COMPANY WITH RESPECT TO THE ACCOUNTS

47.1 Issue Date and Initial Purchase Price

(a) On the Issue Date, the Issuer Account shall be credited with the proceeds from the issue of the Notes and the Units in accordance with the Subscription Agreement.

(b) Payment Instructions shall be given by the Management Company to the Account Bank no later than two (2) Business Days before the Issue Date for the payment of the Purchase Price of the Purchased Receivables to the Seller, in accordance with the Lease Receivables Purchase Agreement, by debiting the Issuer Account.

47.2 Credit of the Issuer Account

The Management Company will give Payment Instructions to the Account Bank to credit the Issuer Account in order to, no later than the Issue Date, deposit the sum of €5,150,000.00 as the Required Cash Reserve Amount into the Cash Reserve Ledger of the Issuer Account from the Subordinated Loan.

In accordance with clause 6.3 (*Realisation of Collections and on-payment to Issuer*) of the Servicing Agreement, the Servicer shall transfer all Collections and any Seller Performance Indemnity Payment and/or Residual Value Indemnification Amount of a Monthly Period to the Issuer Account or as otherwise directed by the Management Company on the Settlement Date relating to the relevant Monthly Period. To the extent the Servicer is aware of an anticipated Servicer Shortfall, it will communicate such anticipated Servicer Shortfall to the Management Company as soon as reasonably possible.

Upon the occurrence of a Clean-Up Call Option or a Receivables Call Option, the Seller will pay to the Issuer Account the proceeds (if any) pursuant to clause 12 (*Clean-Up Call Option*) of the Lease Receivables Purchase Agreement or pursuant to clause 13 (*Receivables Call Option*) of the Lease Receivables Purchase Agreement.

47.3 Debit of the Accounts

The Management Company will give Payment Instructions to the Account Bank to debit the Issuer Account in order to make all payments in accordance with the applicable Priority of Payments provided that any payment will be made by the Issuer using any amounts then credited to the Operating Ledger and the Cash Reserve Ledger of the Issuer Account and, if applicable, the Commingling Reserve Ledger, the Performance Reserve Ledger or the Counterparty Downgrade Collateral Account which the Issuer shall be entitled to set off against the respective guaranteed obligations, and provided further that outside of such Priority of Payments:

(a) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(b) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment paid by the outgoing Swap Counterparty to the Issuer

or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and provided further that outside of such Pre-Enforcement Priority of Payments any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

48. **COST AND COMPENSATION**

48.1 The Issuer shall pay to the Account Bank the fees in accordance with clause 62.3(a) (*Account Bank*).

48.2 The Issuer shall bear all stamp duties, VAT, transfer taxes and other similar taxes, duties or charges or charge which are lawfully imposed in connection with any action taken by the Account Bank pursuant to the Conditions or the other Transaction Documents.

48.3 The Issuer shall reimburse the Account Bank in Euro for any expenses, including any reasonable out-of-pocket expenses, reasonably and properly incurred and duly documented by the Account Bank in connection with the Bank Account Agreement and their services called for therein, together with any applicable VAT and stamp, issue, documentary or other taxes and duties payable (the "**Expenses**"). The Expenses shall be payable by the Issuer to the Account Bank within sixty (60) days after the invoice was received by the Servicer.

SECTION VIII

Data protection

49. **PORTFOLIO INFORMATION**

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

The Data Custody Agent will, upon written request from (as appropriate) the Management Company or the Servicer, release the Portfolio Decryption Key, as required and necessary to (a) the Management Company or a successor Servicer; or (b) any agent of the Management Company 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 Secrecy Rules and only to the extent necessary for the collection, enforcement or realisation of any Purchased Receivable, Ancillary Rights or other claims and rights under the Underlying Agreements or documents relating to the Ancillary Rights, if (i) the Seller directs the Data Custody Agent in writing to do so; (ii) any of the Management Company or the Seller has notified the Data Custody Agent in writing that the appointment of the Servicer under the Servicing Agreement has been terminated; (iii) any of the Management Company or the Seller has notified the Data Custody Agent in writing that (A) knowledge of the relevant data at the time of the disclosure is necessary for the Management Company (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 Receivables or Ancillary Rights or other claims and rights under the Underlying Agreement and (B) the prosecution of legal remedies through the Servicer to enforce, realise or

preserve the Purchased Receivables or the Ancillary Rights or other claims and rights under the Underlying Agreements (including the security interests to the Leased Vehicles) is inadequate to preserve the rights of the Issuer; or (iv) the Management Company or the Seller has notified the Data Custody Agent in writing that a Notification Event has occurred.

If the Data Custody Agent is informed that a Notification Event has occurred and the delivery of the Portfolio Decryption Key is necessary for the collection, enforcement or realisation of the Purchased Receivables and/or the Ancillary Rights in accordance with and subject to the provisions of the Data Custody Agreement, the Data Custody Agent will, at the request of the Management Company or the Servicer, despatch the Portfolio Decryption Key to the Management Company, any successor Servicer (succeeding in the event of termination of the appointment of the existing Servicer) or an agent thereof. Pursuant to the Data Custody Agreement, the Data Custody Agent will fully cooperate with the Management Company and any of the Management Company'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 Management Company or the successor Servicer or an agent thereof if the Servicer fails to deliver a Notification Event Notice pursuant to the Servicing Agreement, so that all information necessary in respect of the Lessees to permit timely Collections is available.

SECTION IX

Credit Structure

50. REPRESENTATIONS AND WARRANTIES RELATED TO THE PURCHASED RECEIVABLES

In accordance with the provisions of the Lease Receivables Purchase Agreement, the Seller will give certain representations and warranties relating to the transfer of Purchased Receivables to the Issuer, including as to the compliance of the Purchased Receivables with the Eligibility Criteria. Without prejudice to such representations and warranties, the Seller does not guarantee the solvency of the Obligors or the effectiveness of the related Ancillary Rights.

51. DISCOUNT

The Purchase Price of a Series of Receivables will be calculated by reference to the Discounted Lease Balance of the related Lease Receivables together with the Discounted Contractual Residual Value in respect of the related Lease Agreement as of the first Cut-Off Date. No separate purchase price is due with respect to the other Receivables comprised in such Series of Receivables. The Discount Rate used to calculate the Discounted Lease Balance and the Discounted Contractual Residual Value at any time is the higher of (i) the nominal interest rate of the relevant Lease Agreement and (ii) 5%.

52. SUBORDINATION

52.1 General

(a) The rights of the holders of Class B Notes to receive amounts of principal and interest will be subordinated to the rights of the holders of the Class A Notes to receive such amounts of principal and interest according to the Conditions of the Notes.

(b) The rights of the holders of Class C Notes to receive amounts of principal and interest will be subordinated to the rights of the holders of the Class A Notes and the holders of the Class B Notes to receive such amounts of principal and interest according to the Conditions of the Notes.

52.2 **Subordination of the Class B Notes**

Credit protection with respect to the Class A Notes will be provided by the subordination of payments for the Class B Notes. Such subordination consists in the right granted to the holders of the Class A Notes:

(a) to receive on each Payment Date any amounts of interest in priority to any amounts of interest payable to the holders of the Class B Notes;

(b) to receive on each Payment Date any amounts of principal in priority to any amounts of principal payable to the holders of the Class B Notes;

(c) that the Class B Notes will not be redeemed for so long as the Class A Notes have not been fully redeemed; and

(d) that after the occurrence of an Enforcement Event payments of interest on the Class B Notes will be subordinated to payments of interest and payments of principal on the Class A Notes.

52.3 **Subordination of the Class C Notes**

Credit protection with respect to the Class A Notes and the Class B Notes will be provided by the subordination of payments for the Class C Notes. Such subordination consists in the right granted to the holders of the Class A Notes and the holders of the Class B Notes:

(a) to receive on each Payment Date any amounts of interest in priority to any amounts of interest payable to the holders of the Class C Notes;

(b) to receive on each Payment Date any amounts of principal in priority to any amounts of principal payable to the holders of the Class C Notes;

(c) that the Class C Notes will not be redeemed for so long as the Class A Notes and the Class B Notes have not been fully redeemed; and

(d) that after the occurrence of an Enforcement Event payments of interest on the Class C Notes will be subordinated to payments of interest and payments of principal on the Class A Notes and the Class B Notes.

52.4 **Subordination of the Subordinated Loan**

Subject to the terms of the Subordinated Loan Agreement, the Subordinated Lender agrees with the Issuer that any amount owed by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement or otherwise in connection with the Subordinated Loan Agreement or in connection with any Transaction Document or any of the transactions contemplated by the Subordinated Loan Agreement or thereby will not become due and payable unless and until all amounts required to be paid to any Person identified or otherwise described in clause 19 (*Priority of Payments*) prior to the payment of such amount to the Subordinated Lender have been paid, provided for or discharged in full.

52.5 **Subordination of the Units**

The Units are fully subordinated. Any payment on the Units will only occur on the final Payment Date and is subordinated to any payments on the Notes and the Subordinated Loan.

53. RESERVES

53.1 Cash Reserve

On the Issue Date, the Issuer will credit the Required Cash Reserve Amount into the Cash Reserve Ledger of the Issuer Account which will be held and maintained by the Account Bank. Prior to the occurrence of an Enforcement Event, on each Payment Date, the Cash Reserve Ledger will be replenished up to the Required Cash Reserve Amount in accordance with item (h) of the Pre-Enforcement Priority of Payments.

During the life of the Transaction, the amount standing to the credit of the Cash Reserve Ledger will, as part of the Available Distribution Amount, be used to cover any shortfalls in the amounts payable (i) under items (a) through (g), or (ii) under items (a) through (o) upon the earlier of (a) the Legal Final Maturity Date and (b) the amounts credited to the Cash Reserve Ledger are equal or exceed the Aggregate Outstanding Notes Balance in accordance with the Pre-Enforcement Priority of Payments. After the occurrence of an Enforcement Event, the amounts standing to the credit of the Cash Reserve Ledger will, together with all other available funds, be available to make payments in accordance with the Post-Enforcement Priority of Payments.

53.2 Commingling Reserve

For so long as BMW Finance remains Servicer, prior to the occurrence of a Servicer Termination Event and until termination of the Servicer pursuant to clause 14 (*Termination*) of the Servicing Agreement, the Servicer is entitled to commingle the Collections and any other amount received 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 will, within fourteen (14) calendar days, 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 (2) Business Days upon receipt of such Collections; or (ii) fund the Commingling Reserve Ledger (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, as security for the due and timely payment of all its obligations related to commingling, pursuant to articles L. 211-36 and L. 211-38 to L. 211-40 of the French Monetary and Financial Code (*remise d'espèces en pleine propriété à titre de garantie*) in accordance with the procedure set out in clause 17 (*Commingling Reserve*) of the Servicing Agreement.

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 such Commingling Reserve Required Amount in full or transfer the received Collections to the Operating Ledger of the Issuer Account as required above within five (5) Business Days from the due date, a Notification Event will occur.

During the life of the Transaction and upon (i) the occurrence and continuance of a Commingling Reserve Trigger Event and (ii) the occurrence and continuance of a Servicer Termination Event, the amount credited to the Commingling Reserve Ledger will form part of the Available Distribution Amount or, as the case may be, the Available Post-Enforcement Funds and shall be used to cover potential Servicer Shortfalls.

As of each Cut-Off Date immediately preceding any Payment Date after the occurrence and continuation of a Commingling Reserve Trigger Event, the Seller will calculate any

Commingling Reserve Excess Amount and inform on the immediately following Reporting Date, the Servicer, the Management Company and the Calculation Agent of such Commingling Reserve Excess Amount as described in clause 17 (*Commingling Reserve*) of the Servicing Agreement. The Issuer will pay to the Seller on the relevant Payment Date such Commingling Reserve Excess Amount and such accrued interest outside of the applicable Priority of Payments, using the balance credited to the Commingling Reserve Ledger.

The Seller and the Servicer shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Commingling Reserve Ledger any amounts other than the amounts allocated to such ledger as part of the Commingling Reserve Required Amount in its capacity as Seller upon the occurrence of a Commingling Reserve Trigger Event owed to the Issuer under the Lease Receivables Purchase Agreement or otherwise.

Any remaining amount standing to the credit of the Commingling Reserve Ledger, after all Obligors have redirected their payments directly to the Issuer Account or a substitute Servicer has been appointed, will be released to the Seller on the Payment Date immediately following such redirection of payments or appointment outside of the Pre-Enforcement Priority of Payments, using the balance credited to the Commingling Reserve Ledger and taking into account any amounts drawn from the balance credited to the Commingling Reserve Ledger as part of the Available Distribution Amount on such Payment Date.

Following the occurrence of an Enforcement Event, the amount standing to the credit of the Commingling Reserve Ledger, will be, after all Issuer's obligations under the Post-Enforcement Priority of Payments have been satisfied, released directly to the Seller as part of item (n) of the Post-Enforcement Priority of Payments.

Any amount of interest earned on any balance credited to the Commingling Reserve Ledger upon the occurrence of a Commingling Reserve Trigger Event will be part of the Available Distribution Amount or, as the case may be, the Available Post-Enforcement Funds.

53.3 **Seller Performance Indemnity Payment**

Without prejudice to its obligation to pay any Residual Value Indemnification Amount but without duplication thereof in respect of any Purchased Receivable, in the event of:

(a) a breach by the Seller of its obligations in respect of a Lease Agreement, the Seller will be obliged to pay by way of indemnity to the Issuer the then Discounted Lease Balance of the corresponding Lease Receivables, together with the then Discounted Contractual Residual Value in respect of the related Lease Agreement as of the date of termination of the relevant Lease Agreement; or

(b) a breach by the Seller of its obligations under the Lease Receivables Purchase Agreement following the termination of a Lease Agreement:

(i) if the relevant Leased Vehicle was due to be sold to the relevant BMW Dealer, the Seller will be obliged to pay by way of indemnity to the Issuer the corresponding Dealer Vehicle Buy Back Receivable;

(ii) if the relevant Leased Vehicle was due to be sold to the relevant Lessee, the Seller will be obliged to pay by way of indemnity to the Issuer the corresponding Lessee Vehicle Buy Back Receivable; or

(iii) subject to clause 10.1(d)(i)(B) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement, if the relevant Leased Vehicle was due to be sold to any third party and has not been sold after nine (9) months or, in the case of a Defaulted Lease Receivable twelve (12) months (calculated as following the month during which the relevant Lease Agreement has been terminated and/or the Receivable has become a Defaulted Lease Receivable), the Seller will be obliged to pay by way of indemnity to the Issuer following the month during which the relevant Lease Agreement has been terminated and/or the Receivable has become a Defaulted Lease Receivable the sum of the then Discounted Lease Balance of the related Lease Receivables and the then Discounted Contractual Residual Value (excluding VAT and related fees and expenses) in respect of the related Lease Agreement,

each a "**Seller Performance Indemnity Payment**".

53.4 **Performance Reserve**

Only upon (i) the occurrence and continuance of a Performance Reserve Trigger Event and (ii) the occurrence and continuance (as set out in clause 14 (*Termination*) of the Servicing Agreement) of a Servicer Termination Event as of such Cut-Off Date, the Notes will have the benefit of a performance reserve which will provide limited protection against any unpaid Seller Performance Indemnity Payments due and payable by the Seller in connection with its undertakings under clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and by the Servicer in accordance with clause 5.1 (*Administration and realisation of the Leased Vehicles*) of the Servicing Agreement. In no circumstances shall the Performance Reserve provide a guarantee for the performance of the obligations of any Obligor.

Upon the occurrence and continuation of a Performance Reserve Trigger Event, the Seller will, within fourteen (14) calendar days of the Performance Reserve Trigger Event, credit the Performance Reserve Ledger with the Required Performance Reserve Amount, pursuant to articles L. 211-36 and L. 211-38 to L. 211-40 of the French Monetary and Financial Code (*remise d'espèces en pleine propriété à titre de garantie*), as security to be used upon (i) the occurrence and continuation of a Performance Reserve Trigger Event and (ii) the occurrence and continuation (as set out in clause 14 (*Termination*) of the Servicing Agreement) of a Servicer Termination Event as of such Cut-Off Date, to the extent necessary to guarantee any unpaid Seller Performance Indemnity Payments due and payable by the Seller in connection with its undertakings under clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and by the Servicer in accordance with clause 5.1 (*Administration and realisation of the Leased Vehicles*) of the Servicing Agreement. If the Seller fails to credit such Required Performance Reserve Amount within five (5) Business Days from the due date, a Notification Event will occur.

The Seller shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Performance Reserve Ledger any amounts other than the amounts allocated to such ledger as part of the Required Performance Reserve Amount owed to the Issuer upon the occurrence of a Performance Reserve Trigger Event under the Lease Receivables Purchase Agreement.

On each Payment Date following a Performance Reserve Trigger Event and provided that the Seller has not failed to make any applicable due and payable Seller Performance Indemnity Payment, the Performance Reserve will be re-calculated by the Seller and communicated to the Management Company and the Calculation Agent and released to

the Seller from the Performance Reserve Ledger outside the applicable Priority of Payments as follows:

(a) if any Leased Vehicle has been sold to the relevant BMW Dealer in accordance with the relevant Dealer Vehicle Buy Back Agreement and the relevant sale price has been paid to the Issuer during the Monthly Period ending on the relevant Cut-Off Date, the sum of €500 per Leased Vehicle;

(b) if any Leased Vehicle has been sold to the relevant Lessee in accordance with the relevant Lease Agreement and the relevant sale price has been paid to the Issuer during the Monthly Period ending on the relevant Cut-Off Date, the sum of €500 per Leased Vehicle;

(c) if any Leased Vehicle is sold to a third party other than the relevant BMW Dealer or the relevant Lessee and the relevant vehicle sale proceeds have been paid to the Issuer during the Monthly Period ending on the relevant Cut-Off Date, the sum of €500 per Leased Vehicle;

(d) if any Purchased Receivables have been repurchased by the Seller and the repurchase proceeds have been paid to the Issuer in accordance with clause 14 (*Repurchase of the Purchased Receivables*) of the Lease Receivables Purchase Agreement, the sum of €500 per Leased Vehicle underlying such Purchased Receivables;

(e) any amount of interest earned on any balance credited to the Performance Reserve Ledger; and

(f) after deduction of all amounts to be released under items (a) to (e) above, any amount in excess of the Required Performance Reserve Amount in respect of all Purchased Receivables still outstanding as of the Cut-Off Date preceding such Payment Date,

(the "**Performance Reserve Excess Amount**").

In the event of a failure by the Seller to comply with its Seller Performance Indemnity Payment obligations under the Lease Receivables Purchase Agreement, no Performance Reserve will be released to the Seller unless the Management Company decides otherwise, taking into account the interest of the Noteholders and the Unitholders. In the event of a failure by the Seller to make a Seller Performance Indemnity Payment on its due date, the Management Company will be entitled to use the Performance Reserve in accordance with articles L. 211-38 *et seq.* of the French Monetary and Financial Code and to apply the corresponding funds as part of the Collections in accordance with the applicable Priority of Payments on the immediately following Payment Date.

For so long as the Seller complies with its obligations above under the Lease Receivables Purchase Agreement, the Performance Reserve will not be included in the Available Distribution Amount or the Available Post-Enforcement Funds, as applicable, in respect of any Monthly Period and will not be applied to cover any Lessee's defaults.

Following the occurrence of an Enforcement Event, any amounts standing to the credit of the Performance Reserve will be, after all Issuer's obligations under the Post-Enforcement Priority of Payments have been satisfied, released directly to the Seller as part of item (l) of the Post-Enforcement Priority of Payments.

Any amount of interest earned on any balance credited to the Performance Reserve Ledger upon the occurrence of a Performance Reserve Trigger Event will be part of the Available Distribution Amount or the Available Post-Enforcement Funds, as applicable.

53.5 **Regulation no. 2016-02 dated 11 March 2016**

The cash deposits credited to the Commingling Reserve Ledger and the Performance Reserve Ledger are regulated by the Regulation (*règlement*) no. 2016-02 of the French accounting standards authority *(Autorité des normes comptables*) dated 11 March 2016 relating to the annual accounts of securitisation vehicles (*relatif aux comptes annuels des organismes de titrisation*) as amended from time to time.

54. **CREDIT ENHANCEMENT**

54.1 **Class A Notes**

Prior to an Enforcement Event, credit enhancement for the Class A Notes will be provided by (i) the Excess Spread, (ii) the subordination of the Class C Notes and the Class B Notes to the Class A Notes and (iii) the subordination of the Subordinated Loan to the Notes.

In relation to the Class A Notes, the credit enhancement, excluding Excess Spread, equals 23.08% of the sum of the initial Aggregate Discounted Lease Balance and the initial Aggregate Discounted Contractual Residual Value.

In the event that the credit enhancement described above is reduced to zero and the protection provided by the Class B Notes and the Subordinated Loan is reduced to zero, the Class A Noteholders will directly bear the risk of first loss in principal and interest related to the Purchased Receivables.

54.2 **Class B Notes**

Subject to clause 54.1 (*Class A Notes*) above, credit enhancement for the Class B Notes will be provided by (i) the Excess Spread, (ii) the subordination of the Class C Notes to the Class B Notes and (iii) the subordination of the Subordinated Loan to the Notes.

In relation to the Class B Notes, the credit enhancement, excluding Excess Spread, equals 12.37% of the sum of the initial Aggregate Discounted Lease Balance and the initial Aggregate Discounted Contractual Residual Value.

The Excess Spread with respect to any Payment Date will constitute the amount equal to the difference between the interest collected with respect to the Lease Instalments of the Purchased Receivables during the Monthly Period immediately preceding a payment date and the sum of the amounts required to be paid under items (a) to (g) of the Pre-Enforcement Priority of Payments or (a) to (i) of the Post-Enforcement Priority of Payments respectively on such Payment Date and will provide the first loss protection to the Notes.

In the event that the credit enhancement described above is reduced to zero, the Class B Notes may suffer principal and/or interest loss due to insufficient payments with respect to the Purchased Receivables.

54.3 **Class C Notes**

Subject to clause 54.1 (*Class A Notes*) and clause 54.2 (*Class B Notes*) above, credit enhancement for the Class C Notes will be provided by (i) the Excess Spread and (ii) the subordination of the Subordinated Loan to the Notes.

In relation to the Class C Notes, the credit enhancement, excluding Excess Spread, equals 0.80% of the sum of the initial Aggregate Discounted Lease Balance and the initial Aggregate Discounted Contractual Residual Value.

The Excess Spread with respect to any Payment Date will constitute the amount equal to the difference between the interest collected with respect to the Lease Instalments of the Purchased Receivables during the Monthly Period immediately preceding a payment date and the sum of the amounts required to be paid under items (a) to (g) of the Pre-Enforcement Priority of Payments or (a) to (i) of the Post-Enforcement Priority of Payments respectively on such Payment Date and will provide the first loss protection to the Notes.

In the event that the credit enhancement described above is reduced to zero, the Class C Notes may suffer principal and/or interest loss due to insufficient payments with respect to the Purchased Receivables.

SECTION X

Swap Agreement

55. SWAP AGREEMENT

Pursuant to articles R. 214-217 2° and R. 214-224 of the French Monetary and Financial Code, the Issuer will enter into the Swap Agreement with the Swap Counterparty. The Swap Agreement will hedge the floating interest rate risk on the Class A Notes. The Swap Counterparty will be any entity which is an Eligible Swap Counterparty.

. Under the Swap Agreement, on each Payment Date, the Issuer will owe the Swap Fixed Interest Rate applied to the Swap Notional Amount and multiplied by the number of calendar days to be calculated on the basis of a year of three hundred and sixty (360) days with thirty (30)-day months and the Swap Counterparty will pay the Swap Floating Interest Rate equal to EURIBOR as determined by the Interest Determination Agent on each Interest Determination Date in respect of the Interest Period immediately preceding such Payment Date, applied to the Swap Notional Amount and multiplied by the actual number of calendar days of the Interest Period ending on such Payment Date divided by (three hundred and sixty) 360. The Swap Floating Interest Rate does not provide for a floor.

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 (the "**Swap Net Cashflow**"). 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.

Payments made by the Issuer under the Swap Agreement, provided that there has been no event of default under the Swap Agreement where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or, if applicable, there has been no termination of the transaction under the Swap Agreement due to a termination event due to a downgrade of the Swap Counterparty, will rank higher in priority than all payments on the Notes.

If the amounts available to the Issuer to pay the Swap Counterparty would be insufficient to meet the Issuer's payment obligations under the Swap Agreement, such amounts will be first used by the Issuer to pay the amounts due under the Swap Agreement and, to the extent such payment obligations have been fully satisfied, any remaining amounts will be used to pay the amounts due, as far as is possible, under the Swap Agreement. Payments

by the Swap Counterparty to the Issuer under the Swap Agreement (except for payments by the Swap Counterparty into the Counterparty Downgrade Collateral Account) will be made into the Issuer Account and will, to the extent necessary, be increased to insure that such payments are free and clear of all taxes.

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 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.

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 downgrading, 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.

If such failure of the Swap Counterparty occurs and the Issuer terminates its appointment as Swap Counterparty, the Issuer will, if reasonably possible, appoint a replacement Swap Counterparty which is an Eligible Swap Counterparty informing the Custodian prior to such appointment.

Events of Default under the Swap Agreement applicable to the Issuer are limited to failure to make a payment under the Swap Agreement when due, if such failure is not remedied within three (3) Business Days of notice of such failure being given.

Events of Default under the Swap Agreement applicable to the Swap Counterparty include the following:

(a) failure to make payment under the Swap Agreement when due, if such failure is not remedied within three (3) Business Days of notice of such failure being given;

(b) the occurrence of a credit support default;

(b) any representation (other than a payee tax representation or payer tax representation) proves to be incorrect or misleading with respect to the Swap Counterparty or its guarantor;

(c) the occurrence of a bankruptcy or insolvency events in respect of the Swap Counterparty; and

(d) the occurrence of a cross default in respect of the Swap Counterparty or its guarantor (individually or collectively) in an aggregate amount of not less than the Threshold Amount (as defined in the Swap Agreement).

Termination events under the Swap Agreement applicable to the Swap Counterparty include the following:

(a) illegality of the transactions contemplated by the Swap Agreement;

(b) either party is required to pay additional amounts under the Swap Agreement due to actions taken by tax authorities or change in tax law, or has the amount payable to it under the Swap Agreement reduced due to actions taken by tax authorities or change in tax law, and a transfer to another office or Affiliate of the Swap Counterparty that would eliminate the effect of such taxes has not taken place after the time set forth in the Swap Agreement;

(c) an Enforcement Event occurs or any clean-up call or prepayment in full, but not in part, of the Notes occurs; or

(d) failure of the Swap Counterparty to maintain its credit rating at certain levels required by the Swap Agreement, which failure may not constitute a termination event if (in the time set forth in the Swap Agreement) the Swap Counterparty:

(1) posts an amount of collateral (in the form of cash and/or securities) as calculated in accordance with the credit support annex to the Swap Agreement; and/or

(2) assigns its rights and obligations under the Swap Agreement to a replacement third party that is an Eligible Swap Counterparty; or

(3) obtains a guarantee from a guarantor having the required rating; or

(4) takes such other action in order to maintain the rating of the Notes, or to restore the rating of the Notes to the level it would have been at immediately prior to such downgrade.

Upon the occurrence of any event of default or termination event specified in the Swap Agreement, the non-defaulting party (in case of an event of default) or the Affected Party (pursuant to the provisions of the Swap Agreement) may, after a period of time set forth in the Swap Agreement, elect to terminate the Swap Agreement. If the Swap Agreement is terminated due to an event of default or a termination event, a swap termination payment may be due to the Swap Counterparty by the Issuer and will be paid out of available funds in the Issuer Account in accordance with the Priority of Payments. The amount of any such swap termination payment may be based on the actual cost or market quotations of the cost of entering into a similar swap transaction or such other methods as may be required under the Swap Agreement, in each case in accordance with the procedures set forth in the Swap Agreement. Any such swap termination payment could, if market rates or other conditions have changed materially, be substantial. Under 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 event, the Available Distribution Amount and any swap termination payment received by the Issuer 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.

The Swap Counterparty and the Issuer will agree that, so long as either party has or may have any obligation under the Swap Agreement or under any Credit Support Annex to which it is a party, it will deliver to the other party such information and documentation as will reasonably be requested by the other party to assist it in complying with FATCA or any

other Tax Information Arrangement, where applicable, within ten (10) working days of request.

The Swap Counterparty and the Issuer will agree to comply with their obligations under EMIR, including but not limited to timely confirmation, portfolio reconciliation, dispute resolution and reporting requirements to the relevant competent authorities or trade repositories, and under SFTR.

The Swap Counterparty may transfer its obligations under the Swap Agreement to a third party which is an Eligible Replacement (as defined in the Swap Agreement) subject to the conditions set forth in the Swap Agreement.

SECTION XI

Liquidation of the Issuer

56. GENERAL PROVISIONS

The Management Company will, or in the case of an optional liquidation, may declare the early liquidation of the Issuer in accordance with articles L. 214-175 IV, L. 214-186 and R. 214-226 I of the French Monetary and Financial Code. Except in such circumstances, the Issuer shall be automatically liquidated on the Legal Final Maturity Date.

57. ISSUER LIQUIDATION EVENTS

57.1 The Management Company may declare the early liquidation of the Issuer in accordance with articles L. 214-175 IV, L. 214-186 and R. 214-226 I of the French Monetary and Financial Code, in the circumstances described below. Except in such circumstances, the Issuer shall be automatically liquidated on the Legal Final Maturity Date.

57.2 The Management Company, acting in the name and on behalf of the Issuer, may declare the dissolution of the Issuer and liquidate the Issuer in one single transaction in the event of the occurrence of any of the following events (each an "**Issuer Liquidation Event**"):

(a) the liquidation of the Issuer is in the interests of the Noteholders and the Unitholders; or

(b) the Seller exercises the Clean-Up Call Option; or

(c) the Notes and the Units issued by the Issuer are held by a single holder and such holder requests the liquidation of the Issuer; or

(d) the Notes and the Units issued by the Issuer are held solely by the Seller and the Seller requests the liquidation of the Issuer; or

(e) pursuant to Article L. 214-175-2 III of the French Monetary and Financial Code, in the event of termination of the Custodian Agreement, the inability of the Management Company to appoint a replacement custodian at the end of the notice period provided for in the Custodian Agreement, being a "**Custodian Non-replacement Event**".

58. CLEAN-UP CALL

58.1 With respect to any Payment Date on which (a) the sum of the then Aggregate Discounted Lease Balance and the sum of the then Aggregate Discounted Contractual Residual Value is less than 10% of the Aggregate Discounted Lease Balance and the Aggregate Discounted Contractual Residual Value as at the first Cut-Off Date or (b) if earlier, the Class

A Notes have been redeemed in full, the Seller will (provided that on the relevant Payment Date no Enforcement Event has occurred) have the option to demand from the Issuer the resale of all outstanding Purchased Receivables, together with any Ancillary Rights, on the immediately following Clean-Up Call Settlement Date (the "**Clean-Up Call Option**"), subject to the following requirements (the "**Clean-Up Call Conditions**"):

(a) the proceeds distributable as a result of such repurchase of all outstanding Purchased Receivables together with any Ancillary Rights (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Ledger, be at least equal to the sum of (x) the Aggregate Outstanding Notes Balance plus (y) accrued but unpaid interest thereon plus (z) all claims of any creditors of the Issuer ranking prior to the claims of the Noteholders according to the Post-Enforcement Priority of Payments;

(b) the Seller shall have notified the Management Company of its intention to exercise the Clean-Up Call Option at least ten (10) days prior to the contemplated settlement date of the Clean-Up Call Option which shall be the next following Payment Date (the "**Clean-Up Call Settlement Date**"); and

(c) the repurchase price to be paid by the Seller shall be equal to the then current Aggregate Discounted Lease Balance, together with the then Aggregate Discounted Contractual Residual Value plus any interest accrued until, and outstanding on the Cut-Off Date immediately preceding such Clean-Up Call Settlement Date.

58.2 An early redemption of the Notes pursuant to clause 58.1 (*Clean-up call*) and Condition 6.3 (*Clean-up call*) of the Conditions shall be excluded if the clean-up call associated with that early redemption does not fully satisfy French regulatory requirements (applicable from time to time) in respect of clean-up calls.

58.3 Notwithstanding any provisions hereof, any purchase or repurchase of securitisation positions by BMW Finance beyond its contractual obligations shall be exceptional and may only be made at arms' lengths conditions.

59. REPURCHASE OF THE PURCHASED RECEIVABLES

59.1 Upon the occurrence of an Issuer Liquidation Event, the Management Company shall propose to the Seller, on the same terms as clause 58.1 (*Clean-up call*), to repurchase in a single transaction all the Purchased Receivables remaining among the assets allocated to the Issuer, having regard to the then Aggregate Discounted Lease Balance of those Purchased Receivables, together with the then Aggregate Discounted Contractual Residual Value in respect of the related Lease Agreements outstanding on the Issuer Liquidation Date and the other amounts accrued and payable in connection with the said Purchased Receivables, and subject to the provisions of clause 58.1(a) (*Clean-up call*).

59.2 If the repurchase of the Purchased Receivables does not fall under the Clean-Up Call Option, the repurchase will take place on a Payment Date, and at the earliest on the first Payment Date following the date on which the relevant Issuer Liquidation Event has been determined by the Management Company. The repurchase price will be credited to the Issuer Account by the Seller by no later than on the relevant Payment Date.

59.3 The Seller shall always be entitled to turn down any repurchase offer made by the Management Company pursuant to clause 57.2(a) or clause 57.2(c) (*Issuer Liquidation Events*). Consequently, if the repurchase of the Purchased Receivables by the Seller in accordance with the conditions set out in clause 59.1 and clause 59.2 does not occur for

whatever reason, the Management Company may offer to dispose of such Purchased Receivables, to any credit institution qualified to acquire the Purchased Receivables on the same terms and conditions.

59.4 The repurchase of the Purchased Receivables will occur on the date on which the repurchase becomes effective, through the signature by the Management Company and the delivery to the Seller (or any credit institution duly authorised) of an Assignment Document governed by articles L. 214-169 V and D. 214-227 of the French Monetary and Financial Code.

59.5 On the Issuer Liquidation Date:

(a) the Noteholders will be repaid all amounts owing to them on the immediately succeeding Payment Date subject to and in accordance with the applicable Priority of Payments;

(b) any amount standing to the credit of the Cash Reserve Ledger will be released and retransferred directly to the Seller;

(c) any amount standing to the credit of the Commingling Reserve Ledger will be released and retransferred directly to the Seller as part of item (o) of the Pre-Enforcement Priority of Payments or item (n) of the Post-Enforcement Priority of Payments; and

(d) any amount standing to the credit of the Performance Reserve Ledger will be released and retransferred directly to the Seller as part of item (o) of the Pre-Enforcement Priority of Payments or item (n) of the Post-Enforcement Priority of Payments.

59.6 The Management Company, pursuant to the provisions of these Issuer Regulations, shall be responsible for the liquidation procedure in the event of any liquidation of the Issuer. In this respect, it has full authority to dispose of the assets allocated to the Issuer, to pay the Noteholders and potential creditors in accordance with the applicable Priority of Payments and to distribute any Liquidation Surplus.

59.7 Following the occurrence of a Custodian Non-replacement Event, the Custodian will continue to perform its duties until completion (*clôture*) of the liquidation of the Issuer.

59.8 The Management Company will liquidate the Issuer no later than six (6) months following the last Receivable held by the Issuer and being extinguished.

59.9 The statutory auditor and the Custodian shall continue to exercise their duties until the completion of the liquidation procedure of the Issuer.

59.10 The Liquidation Surplus, if any, will be attributed to the Seller with the exception of the principal amount owing to holders of the Units as a final payment in principal and interest in respect of the Units on a *pro rata* and *pari passu* basis.

SECTION XII

Information relating to the Issuer and accounting principles

60. INFORMATION

The Management Company will publish information relating to the Issuer in accordance with the then current and applicable accounting rules and practices.

60.1 **Annual Activity Report**

Within four (4) months after the end of each financial year, the Management Company will prepare and publish, in accordance with the then current and applicable accounting rules and practices and under the supervision of the Custodian, an Annual Activity Report which will include:

(a) the annual accounting documents, with their certification notice by the statutory auditor.

The accounting documents are the following:

(i) the inventory of the assets allocated to the Issuer including:

(1) the inventory of the portfolios of the Purchased Receivables allocated to the Issuer;

(2) the inventory of any other assets purchased by, and financial contracts entered into by the Issuer; and

(3) the amounts credited to the Issuer Account and their distribution;

(ii) the annual accounts including:

(1) the Issuer's balance sheet;

(2) the Issuer's income statement; and

(3) the appendix describing the accounting methods applied and, if appropriate, a detailed report on the debts of the Issuer and the guarantees received.

(b) a report including:

(i) the amount and proportion of all fees and expenses borne by the Issuer during the financial year;

(ii) the amounts credited to the Issuer Account by reference to the assets allocated to the Issuer;

(iii) a description of the transactions carried out by the Issuer during the course of the financial year; and

(iv) information relating to the Purchased Receivables, to any other assets owned by, and any financial contracts entered into by, the Issuer and the Notes issued by the Issuer.

(c) any changes made to the rating reports on the Notes and to the main features of the Offering Circular and any event which may have an impact on the Notes.

The statutory auditor will certify that the information contained in the Annual Activity Report is true and accurate.

60.2 **Semi-Annual Activity Report**

Within three (3) months after the end of the first half of the financial year, the Management Company will prepare and publish, in accordance with the then current and applicable

accounting rules and practices and under the supervision of the Custodian, a Semi-Annual Activity Report which will include:

(a) the financial statements prepared by the Management Company mentioning their review by the statutory auditor; these financial statements will be prepared on a half-yearly basis including the inventory of the assets as specified in clause 60.1(a)(i) above and the statement as to the Liabilities;

(b) a description of the transactions carried out by the Issuer during the course of the first half of the financial year;

(c) the information specified in clauses 60.1(b)(ii) and 60.1(b)(iv) (*Annual Activity Report*); and

(d) any changes made to the rating reports on the Notes and to the main features of the Offering Circular and any event which may have an impact on the Notes issued by the Issuer.

The statutory auditor will certify that the information contained in the Semi-Annual Activity Report is true and accurate.

The Annual Activity Report and the Semi-Annual Activity Report and any other information documentation published by the Management Company with respect to the Issuer will be provided to the Noteholders upon request. Such reports will also be available on the internet website of the Management Company (www.iqeq.com).

60.3 Additional information

The Management Company will publish on its internet website, or through any other means that it deems appropriate, any information regarding the Seller, the Servicer, the Purchased Receivables, the Notes and the management of the Issuer which it considers significant in order to ensure adequate and accurate information for the Noteholders.

The Management Company will prepare and provide to the Custodian the Annual Activity Report and the Semi-Annual Activity Report. The Management Company will prepare and provide to the Seller the Monthly Activity Report.

Any additional information will be published by the Management Company as often as it deems appropriate according to the circumstances affecting the Issuer and under its responsibility.

61. ACCOUNTING PRINCIPLES

61.1 General accounting principles

The general accounting principles governing the Issuer are set out in Schedule 3 (*General accounting principles governing the Issuer*).

61.2 Duration of the accounting periods

Each accounting period (each such period being a "**Financial Period**") of the Issuer will be twelve (12) months and begin on 1 January and end on 31 December, save for the first accounting period of the Issuer which will begin on the Issue Date and end on 31 December 2025.

61.3 **Accounting information in relation to the Issuer**

The accounting information with respect to the Issuer will be provided by the Management Company, under the supervision of the issuer, in its Annual Activity Report and half-yearly report of activity, pursuant to the applicable accounting standards.

As at the Issue Date, the provisions of the said accounting standards lead to the presentation of consolidated accounts of the Issuer, provided that the said accounts will be subject to certification by the statutory auditor of the Issuer.

SECTION XIII

Third party expenses

62. **REMUNERATION AND FEES**

The Issuer Expenses under this clause 62 will be paid to its respective beneficiaries pursuant to the relevant Priority of Payments. Any tax or cost to be borne by the Issuer in France, if any, would also constitute Issuer Expenses.

62.1 **Management Company**

In consideration for its services with respect to the Issuer, the Management Company will receive:

(a) a set-up fee of €25,000;

(b) a fixed fee of €50,000 *per annum* (payable on each Payment Date);

(c) a process agent fee of €875 *per annum* payable upon receipt of the relevant invoice;

(d) €500 per transfer for any movement on the liabilities side;

(e) €1,500 for any consultation of the Noteholders;

(f) €5,000 for any specific accounting financial statement;

(g) a €20,000 liquidation fee if the liquidation happens in the first year;

(h) a €15,000 liquidation fee if the liquidation happens in the second year;

(i) a €10,000 liquidation fee if the liquidation happens after the second year;

(j) in the event of a change of documentation, at an hourly rate fee in accordance with the hourly fee table below and of at least €2,500 for the event;

(k) in the event of a change of stakeholder (Custodian), at an hourly rate fee in accordance with the hourly fee table below and of at least €2,500 for the event;

(l) in the event of refinancing of the operation, at an hourly rate fee in accordance with the hourly fee table below and of at least €2,500 for the event;

(m) in the event of assignment of receivables, at an hourly rate fee in accordance with the hourly fee table below and of at least €2,500 for the event; and

(n) in the event of assignment of receivables without documentation, at an hourly rate fee in accordance with the hourly fee table below and of at least €2,500 for the event,

in each case with taxes excluded.

All events not listed in the above paragraphs (a) to (n) will be quoted separately.

The hourly rate of the Management Company's personnel will be the following:

Hourly Rate		**Price WT per day**
Junior	€150	€1,000
Senior	€250	€1,700

The fees payable to the Management Company are not subject to value added tax, provided that in the event of change of law such fees may become subject to value added tax.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.2 **Custodian**

In consideration for its obligations with respect to the Issuer, the Custodian will receive, a set-up fee of €25,000 (taxes excluded) and in accordance with and subject to the applicable Priority of Payments, a fee (taxes excluded) equal to:

(i) €27,000 *per annum* plus 0.4 basis points at the beginning of the period when the total amount of liabilities is less than or equal to €250,000,000; or

(ii) €27,000 *per annum* plus 0.2 basis points at the beginning of the period when the total amount of liabilities is more than €250,000,000,

calculated on the nominal value of the asset on each Payment Date, payable *pro rata temporis*.

The Custodian will also receive a liquidation fee (taxes excluded) equal to €15,000 during the first year of its appointment, €10,000 during the second year and €5,000 during the third year, and a fee for waiver of the documentation or replacement of a stakeholder equal to €5,000 (taxes excluded) and any additional waterfall equal to €1,000 (taxes excluded) per waterfall.

Regarding the record-keeping and custody of securities, the Custodian shall receive the following fees:

French securities in Euroclear	Shares, Units	€10.00	1.00
		€10.00	0.50
			With a minimum of €10.00 per month per line
Europe (Germany, Austria, Belgium, Denmark, Finland, Ireland, Italy, Luxembourg, Norway, Netherlands,	Shares, Units, Obligations, TCN	€15.00	2.00
			With a minimum of €10.00 per month per line

Portugal, United Kingdom, Sweden, Switzerland) and USA.	
Other markets and specific assets	Upon request

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.3 **Account Bank**

(a) In consideration for its obligations with respect to the Issuer, the Account Bank will receive a set-up fee of 2,000 (plus applicable VAT) and a fee equal to €2,000 *per annum* (plus applicable VAT) payable in equal portions on each Payment Date and in accordance with and subject to the applicable Priority of Payments for one (1) account, since the immediately preceding Payment Date, payable on each Payment Date.

(b) The Account Bank will apply a rate equal to €STR. The Issuer Account shall bear interest agreed to be credited or charged (as applicable) and accruing daily on the actual account balance of such account at a rate based on €STR deducted by a pre-defined percentage rate as agreed in accordance with a separate fee agreement.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.4 **Paying Agent and Registrar**

In consideration for its obligations with respect to the Issuer, the Paying Agent and Registrar will receive:

(a) for its duties as Paying Agent and Registrar, a set-up fee of €2,000 (plus applicable VAT);

(b) for its duties as Paying Agent, on each Payment Date, a fee of €1,500 per ISIN (plus applicable VAT) with respect to each class of Notes; and

(c) for its duties as Registrar, an annual fee of €3,000 (plus applicable VAT) and for Euroclear France €350.00 per issue (plus applicable VAT).

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.5 **Listing Agent**

In consideration for its obligations with respect to the Issuer, the Listing Agent will receive €5,500 for all ISINs.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.6 **Data Custody Agent**

The Data Custody Agent will receive a set-up fee of €2,000 (plus applicable VAT) and an annual fee of €1,000 (plus applicable VAT) and €1,000 (plus applicable VAT) per test (if any) in respect of the safekeeping of the Portfolio Decryption Key payable annually in advance.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.7 **Rating Agencies**

Part of the annual surveillance fees due to the Rating Agencies will be paid upfront by the Seller on the Issue Date.

Moreover, there will be annual fees of an amount of €35,500 (plus applicable VAT) payable by the Issuer to the Rating Agencies for surveillance and monitoring purposes.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.8 **Swap Counterparty**

The payments made to the Swap Counterparty are included in the Fixed Amounts (as defined in the Swap Agreement) due to be paid on the relevant Payment Dates.

62.9 **Statutory Auditor**

The statutory auditor shall receive from the Issuer a fee of €10,950 (taxes excluded) *per annum* payable upon receipt of the relevant invoice.

An additional fee of 8,500 (taxes excluded) payable upon receipt of the relevant invoice may be applied in the event that the FCT is identified as an "in-scope component" in the context of a consolidation audit.

All such fees and taxes will be paid in accordance with and subject to the applicable Priority of Payments.

62.10 **General expenses**

The Issuer will also pay such other fees and expenses as may be reasonably incurred for its operation or in relation to the Notes, and in particular:

(a) the annual fee payable to the Noteholder Representatives as referred to in Condition 11 (*Representation of the Noteholders*) of the Conditions. Such annual fee will be paid annually on receipt of an invoice from the Noteholder Representative by the Management Company on each Payment Date; and

(b) all reasonable expenses relating to any notice and publication made in accordance with Condition 8 (*Notices*) of the Conditions or incurred in the operation of each *Masse*, including reasonable expenses relating to the calling and holding of Noteholders' Meetings in respect of each class of Notes, and all reasonable administrative expenses resolved upon by a Noteholders' Meeting.

SECTION XIV

Miscellaneous

63. CONFLICTS OF INTERESTS BETWEEN THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE UNITS

In accordance with and subject to the Priority of Payments, (i) the Class A Notes are senior to the Class B Notes, the Class C Notes and the Units, (ii) the Class B Notes are senior to the Class C Notes and the Units and (iii) the Class C Notes are senior to the Units.

Notwithstanding the above, any proposed modification affecting more than one Class of Notes and requiring a decision of the relevant Noteholders' Meetings (as defined in the Conditions) will only take effect if each of such Noteholders' Meeting has agreed to such proposed modification. Furthermore, as the Management Company must act in the interests of all Noteholders and the Unitholders, the agreement of the Unitholders would also be required if such modification affects the interest of the Unitholders.

In the exercise of its rights, powers, authorities, duties and discretions under the Transaction Documents, the Management Company is to have regard to the interests of the Noteholders and Unitholders in accordance with article 321-100 of the AMF General Regulations (which applies to the Management Company pursuant to article 321-154 III of the AMF General Regulations). There may be circumstances, however, where the interests of one (1) class of the Noteholders and the interests of the Unitholders may conflict with the interests of another class or classes of the Noteholders and the interests of the Unitholders.

In general, the Management Company will give priority to the interests of the holders of the most senior class of Notes such that:

(a) the Management Company is to have regard only to the interests of the Class A Noteholders in the event of a conflict between the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and/or the Unitholders; and

(b) if there are no Class A Notes outstanding, the Management Company is to have regard only to the interests of the Class B Noteholders in the event of a conflict between the interests of the Class B Noteholders, the Class C Noteholders and/or the Unitholders, and

(c) if there are no Class B Notes outstanding, the Management Company is to have regard only to the interests of the Class C Noteholders in the event of a conflict between the interests of the Class C Noteholders and the Unitholders,

provided always that, pursuant to the Conditions of each Class of the Notes, no representative of Noteholders of any Class or the Unitholders may interfere in the management of the affairs of the Issuer.

64. VARIATION OF TRANSACTION DOCUMENTS AND BASE RATE MODIFICATIONS

64.1 Variation of Transaction Documents

Any amendment to the Transaction Documents that is materially prejudicial to the interests of the holders of the Notes and/or the Units will require their consent, as described in the Conditions of the Notes and the Conditions of the Units, respectively.

The Management Company, acting in the name and on behalf of the Issuer, may agree, without the consent of the Noteholders, to:

(a) any modification of any of the provisions of the Transaction Documents which is made in order for the Issuer to comply with:

(i) the 2021 Ordinance; or

(ii) the Securitisation Regulation

in each case if it is advised by a third party authorised under article 28 of the Securitisation Regulation or a reputable international law firm that such modifications are required for the Transaction to comply with the 2021 Ordinance or the Securitisation Regulation including the STS Requirements and in any regulatory technical standards authorised under the Securitisation Regulation, or is required pursuant to mandatory law to the extent such modification does not impact the financial characteristics of any Class of Notes or otherwise adversely affect the Noteholders, is of a formal, minor or technical nature or is made to correct a manifest error; and

(b) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents, which is in the opinion of the Management Company, acting in the name and on behalf of the Issuer, not materially prejudicial to the interests of the Noteholders, provided that in respect of (b) only, the Rating Agencies have received prior notice of any amendment and that such amendment shall not result, in the reasonable opinion of the Management Company, in the placement on "negative outlook" or as the case may be on "rating watch negative" or on "review for possible downgrade", or the downgrading or the withdrawal of any of the ratings of the Notes or that such amendment limits such downgrading or avoids such withdrawal.

Any amendment that would result in the alteration of any provision of the Transaction Documents must be notified to the Noteholders and the Unitholders in accordance with the conditions described in the Transaction Documents, and to the Rating Agencies. Any such amendment will be binding with respect to the Noteholders and the Unitholders within three (3) Business Days after they have been informed thereof.

In addition, any amendment to the Transaction Documents shall require the prior written consent of the Swap Counterparty (such consent not to be unreasonably withheld) if the effect of such amendment is to affect the amount, timing or priority of any payments due to the Swap Counterparty.

64.2 **Base Rate Modifications**

64.3 Notwithstanding clause 8.1 (*Variation of Transaction Documents*) of the Common Terms, the Management Company shall be obliged (and with no liability whatsoever attached to the Management Company), without any consent or sanction of the Class A Noteholders and any of the other Transaction Parties, to make any modification to the Transaction Document to which it is a party provided that the Servicer, on behalf of the Issuer, certifies in writing to the Management Company that such modification is required:

(a) in relation to a Base Rate Modification, such certificate being a Base Rate Modification Certificate; and

(b) in relation to a Swap Rate Modification, such certificate being a Swap Rate Modification Certificate,

provided that:

(i) at least five (5) days' prior written notice (including, for such purposes, via email) of any such proposed Base Rate Modification and/or Swap Rate Modification has been given to the Management Company by the Servicer as the Alternative Base Rate Determination Agent;

(ii) the Base Rate Modification Certificate or the Swap Rate Modification Certificate, as applicable, in relation to such modification is provided to the Management Company both at the time the Management Company is notified of the proposed modification in accordance with clause 8.2 (*Base Rate Modifications*) of the Common Terms and on the date that such modification takes effect;

(iii) with respect to each Rating Agency, either:

(1) the Management Company obtains from such Rating Agency written confirmation that such Base Rate Modification and/or Swap Rate Modification would not result in (a) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (b) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Management Company; or

(2) the Servicer, on behalf of the Issuer, certifies in writing to the Management Company that it has notified such Rating Agency of the proposed Base Rate Modification and/or Swap Rate 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 Base Rate Modification and/or Swap Rate Modification would not result in (a) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or by such Rating Agency or (b) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent); and

(iv) the Management Company (or the Paying Agent on its behalf, itself acting upon instruction of the Servicer) will provide at least thirty (30) days' prior written notice to the Class A Noteholders of the proposed Base Rate Modification in accordance with Condition 12 (*Form of notices*).

If holders of the Class A Notes representing at least 10% of the Class A Outstanding Notes Balance have notified the Management Company 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 11 (*Representation of the Noteholders*) by a qualified majority of the holders of the Class A Notes, provided that objections made in writing to the Management Company other than through the applicable Clearing System must be

accompanied by evidence to the Management Company's satisfaction (having regard to prevailing market practices) of the holders of the Class A Notes.

64.4 **Variation of the Swap Agreement**

The terms of the Swap Agreement may be amended by the Swap Counterparty and the Issuer if the Management Company is satisfied that the amendments are to be made to the related Swap Rate Modification in relation to a Base Rate Modification or solely for the purpose of enabling the Issuer to comply with the Securitisation Regulation including the STS Requirements or to satisfy its requirements under EMIR and the CRA III Regulation, consenting to such amendment and if each Rating Agency has been notified of the amendment. The Management Company shall be entitled to grant its consent to an amendment of the Swap Agreement required for the Issuer to comply with obligations imposed by the related Swap Rate Modification in relation to a Base Rate Modification, the Securitisation Regulation including the STS Requirements, EMIR and the CRA III Regulation even if, upon being notified, the Rating Agencies indicate that this may affect the ratings of the Notes.

64.5 **Interests of the Noteholders and the Unitholders**

Notwithstanding the provisions set out in clause 8 (*Variation of Transaction Documents and Base Rate Modifications*) of the Common Terms, the Management Company will, under all circumstances, act in the interests of the Noteholders and of the Unitholders.

65. **REGISTRATION**

Each Party agrees that it will not request another party or parties to register these Issuer Regulations. However, each Party hereto is free to complete registration provided that it incurs the costs for such registration.

SCHEDULE 1

Terms and conditions of the Notes

The €500,000,000.00 class A notes due August 2032 (the "**Class A Notes**"), the €68,900,000.00 class B notes due August 2032 (the "**Class B Notes**") and the €74,400,000.00 class C notes due August 2032 (the "**Class C Notes**", and together with the Class A Notes and the Class B Notes, the "**Notes**") of the FCT are issued pursuant to the Issuer Regulations dated on or before the Issue Date (the "**Issuer Regulations**") and are subject to these terms and conditions (the "**Conditions**"). The provisions of article 1195 of the French Civil Code shall not apply to these Conditions.

Under an agency agreement dated on or before the Issue Date (the "**Agency Agreement**") between, *inter alios*, the Management Company and BNP Paribas (acting through its Securities Services business) as paying agent, listing agent and registrar (the "**Paying Agent**", "**Listing Agent**" and the "**Registrar**"), among other things, the Management Company will appoint the Paying Agent to make payments of principal, interest and other amounts (if any) in respect of the Notes on its behalf and the Registrar to keep and maintain the register of the Units.

These Conditions are subject to, the detailed provisions of, the Issuer Regulations, the Agency Agreement and the other Transaction Documents. Capitalised terms defined in the master definitions schedule (the "**Master Definitions Schedule**") will have the same meaning, when used herein.

The Noteholders and all Persons claiming through them or under the Notes are entitled to the benefit of, and are bound by, the Issuer Regulations, copies of which are available for inspection at the specified office of the Paying Agent.

1. Form, denomination and title

(a) On the Issue Date, a French *fonds commun de titrisation*, Bavarian Sky French Auto Leases 5 (the "**FCT**" or the "**Issuer**") will issue the following classes of amortising asset-backed notes (each, a "**Class**" and collectively, the "**Notes**") pursuant to these Conditions:

(i) The floating rate Class A Notes due August 2032 which will be issued in the aggregate principal amount of €500,000,000.00, each having a denomination of €100,000;

(ii) The fixed rate Class B Notes due August 2032 which will be issued in the aggregate principal amount of €68,900,000.00, each having a denomination of €100,000; and

(iii) The fixed rate Class C Notes due August 2032 which will be issued in the aggregate principal amount of €74,400,000.00, each having a denomination of €100,000.

The holders of the Notes are referred to as the "**Noteholders**" and each a "**Noteholder**".

(b) €500,000,000.00 Class A Notes due August 2032, €68,900,000.00 Class B Notes due August 2032 and €74,400,000.00 Class C Notes due August 2032 will be issued in bearer dematerialised form (*dématérialisées*) by the FCT in denominations of €100,000 each. The Notes will at all times be represented in book

entry form (*inscription en compte*), in compliance with articles L. 211-3 and L. 211-4 of the French Monetary and Financial Code. No physical documents of title will be issued in respect of the Notes.

(c) The Notes will, upon issue, be registered in the books (*inscription en compte*) of Euroclear France which will credit on the Issue Date the accounts of the Euroclear France Account Holders; and "**Euroclear France Account Holder**" will mean any authorised financial intermediary institution customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**").

(d) Title to the Notes passes upon the credit of those Notes to an account of an intermediary affiliated with the Clearing Systems.

2. **Status and priority**

(a) The Notes constitute direct, unsubordinated and limited recourse obligations of the Issuer.

(b) (i) 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. 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 Conditions 5.6 (*Pre-Enforcement Priority of Payments*), Condition 6.1 (*Amortisation*) and Condition 7 (*Post-Enforcement Priority of Payments*); (ii) 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. 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 Conditions 5.6 (*Pre-Enforcement Priority of Payments*), and Condition 7 (*Post-Enforcement Priority of Payments*); and (iii) the obligations of the Issuer under the Class C Notes rank *pari passu* amongst themselves without any preference amongst themselves in respect of priority of payments. With respect to the other obligations of the Issuer, the obligations of the Issuer under the Class C Notes rank in accordance with the applicable Priority of Payments as set out in Conditions 5.6 (*Pre-Enforcement Priority of Payments*), and Condition 7 (*Post-Enforcement Priority of Payments*).

3. **Non-petition, limited recourse and assets of the Issuer**

3.1 Non-petition

Pursuant to article L. 214-175, III of the French Monetary and Financial Code, the provisions of Book VI of the French Commercial Code which govern Insolvency Proceedings in France are not applicable to the Issuer.

3.2 Limited recourse and assets of the Issuer

Any recourse against the Issuer is limited as follows:

(a) if on any Payment Date with respect to any amount of principal or interest in respect of the Notes, the amounts available to make payments of principal and interest in respect of any Class of Notes from the assets of the Issuer after payment, in particular, of the Issuer Expenses, and any amounts due in respect of any Note ranking in priority to the Notes of such Class and any payment due under the Swap

Agreement which ranks ahead of payments in respect of the Notes of such Class in accordance with the relevant Priority of Payments, are insufficient to pay in full any amount of principal and/or interest which is then due and payable in respect of the Notes of such Class, any arrears resulting therefrom will be payable on the following Payment Date subject to the applicable Priority of Payments and to the extent of the Available Distribution Amount received from the assets of the Issuer;

(b) in accordance with article L. 214-175, III of the French Monetary and Financial Code, the Issuer is liable for its debts (*n'est tenu de ses dettes*) to the extent of its assets (*qu'à concurrence de son actif*) and in accordance with the rank of its creditors as provided by law (*selon le rang de ses créanciers défini par la loi*) or, pursuant to article L. 214-169 of the French Monetary and Financial Code, in accordance with the provisions of the Issuer Regulations;

(c) in accordance with article L. 214-169 of the French Monetary and Financial Code, the Issuer's assets may only be subject to civil proceedings (*mesures civiles d'exécution*) to the extent of the applicable Priority of Payments;

(d) in accordance with article L. 214-169 of the French Monetary and Financial Code, the Noteholders and the Unitholders shall be bound by each of the applicable Priority of Payments as set out in the Issuer Regulations even if the Issuer is liquidated in accordance with the relevant provisions of the Issuer Regulations. None of the Noteholders or Unitholders shall be entitled to take any steps or proceedings that would result in any of the Priority of Payments not being observed;

(e) pursuant to article L. 214-183 of the French Monetary and Financial Code, only the Management Company may enforce the rights of the Issuer against third parties. Accordingly, the Noteholders and the Unitholders shall have no recourse whatsoever against the Obligors as debtors of the Purchased Receivables; and

(f) to the extent that it may have any claim (including any contractual claim or action (*action en responsabilité contractuelle*)) against the Issuer the payment of which is not expressly contemplated under any applicable Priority of Payments and the cash allocation provisions set out in the Issuer Regulations, each Noteholder and each Unitholder undertakes to waive to demand payment of any such claim as long as all Notes and Units issued by the Issuer have not been repaid in full.

4. Payments on the Notes

4.1 Payment Dates

Payments of interest and, in accordance with the provisions herein, principal in respect of the Notes to the Noteholders will become due and payable monthly on each 20th day of each calendar month or, if such day is not a Business Day, on the next following Business Day 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, commencing on 20 August 2025 (each such day, a "**Payment Date**").

4.2 Outstanding Note Balance

Payments of principal and interest on each Note as of any Payment Date will be calculated on the basis of the Outstanding Note Balance of such Note. The "**Outstanding Note Balance**" of any Note as of any date will equal the initial note principal amount of €100,000 ("**Note Principal Amount**") 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. On

the Issue Date, the aggregate outstanding Note Principal Amount of all Class A Notes is €500,000,000.00, the aggregate outstanding Note Principal Amount of all Class B Notes is €68,900,000.00 and the aggregate outstanding Note Principal Amount of all Class C Notes is €74,400,000.00. The "**Class A Outstanding Notes Balance**" 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 in account the principal redemption on such Payment Date, the "**Class B Outstanding Notes Balance**" 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 in account the principal redemption on such Payment Date and the "**Class C Outstanding Notes Balance**" means, as of any date, the sum of the Outstanding Note Balances of all Class C Notes as of such date and if such date is a Payment Date, taking in account the principal redemption on such Payment Date. The "**Class Outstanding Notes Balance**" means either the Class A Outstanding Notes Balance, the Class B Outstanding Notes Balance or the Class C Outstanding Notes Balance, as applicable. The aggregate amount of the Class A Outstanding Notes Balance, the Class B Outstanding Notes Balance and the Class C Outstanding Notes Balance on a Payment Date (taking into account the principal redemption on such Payment Date) is referred to herein as the "**Aggregate Outstanding Notes Balance**".

4.3 Payments and discharge

Payments of principal and interest in respect of the Notes will be made from the Available Distribution Amount or as applicable Available Post-Enforcement Funds by the Issuer, through the Paying Agent, on each Payment Date to, or to the order of, the Clearing Systems, as relevant, for credit to the relevant participants in the Clearing Systems and subsequent transfer to the Noteholders.

"**Available Distribution Amount**" means as at each Cut-Off Date with respect to the Monthly Period ending on such Cut-Off Date, the lower of (x) the funds available on the Issuer Account on the Payment Date immediately following such Cut-Off Date including, without limitation, to the extent due and payable, the relevant moneys credited to the Commingling Reserve Ledger and the Performance Reserve Ledger which the Issuer shall be entitled to set off against the respective guaranteed obligations, *provided that*, except to the extent set out under item (j) 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 Management Company, the Account Bank and the Calculation Agent no later than on the Reporting Date preceding the Payment Date immediately following such Cut-Off Date as the sum of:

(a) the amount standing to the credit of the Cash Reserve Ledger as of each Cut-Off Date, to be used to cover any shortfalls in the amounts payable (i) under items (a) through (g), or (ii) under items (a) through (o) upon the earlier of (1) the Legal Final Maturity Date, (2) the date on which the Available Distribution Amount suffices to reduce the Class B Outstanding Notes Balance to zero or (3) the date on which the then Aggregate Discounted Lease Balance and the then Aggregate Discounted Contractual Residual Value is reduced to zero, in each case, in accordance with the Pre-Enforcement Priority of Payments;

(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 on the amount credited to the Issuer Account (other than on the amount allocated to the Commingling Reserve Ledger and the Performance Reserve Ledger) during such Monthly Period;

(f) the amount standing to the credit of the Performance Reserve Ledger upon (i) the occurrence and continuation of a Performance Reserve Trigger Event and (ii) the occurrence and continuation (as set out in clause 13 (*Termination*) of the Servicing Agreement) of a Servicer Termination Event as of such Cut-Off Date, to the extent necessary to guarantee any unpaid Seller Performance Indemnity Payment due and payable by the Seller in connection with its undertakings under clause 10.1(d) (*Obligations of the Seller relating to the sale of Leased Vehicles*) of the Lease Receivables Purchase Agreement and by the Servicer in accordance with clause 5.1 (*Administration and realisation of the Leased Vehicles*) of the Servicing Agreement. In no circumstances shall the Performance Reserve provide a guarantee for the performance of the obligations of any Obligor;

(g) without duplication, (i) any applicable Seller Performance Indemnity Payment and/or (ii) any applicable Residual Value Indemnification Amount received by the Issuer from the Seller during the Monthly Period of such Cut-Off Date;

(h) the amount standing to the credit of the Commingling Reserve Ledger 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 Finance S.N.C. as Servicer;

(i) upon the termination of the Swap Agreement and in respect of the relevant Interest Determination Date (to the extent not used by the Issuer for the entry into a replacement swap agreement), any swap termination payment received by the Issuer from the outgoing Swap Counterparty (including by debit of the Counterparty Downgrade Collateral Account) or upon the entry by the Issuer into a replacement swap agreement, and, in respect of the relevant Interest Determination Date, any Replacement Swap Premium received previously by the Issuer from the replacement Swap Counterparty; and

(j) any other amounts (other than covered by item (a) through (i) above (if any)) paid to the Issuer by any other party to any Transaction Document up to (and including) the Reporting 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.

It should be noted that VAT, insurance premiums, service indemnities, early termination indemnities and maintenance and service repair contract amounts owed by the relevant Lessee are not being assigned to the Issuer and accordingly the Issuer will have no right whatsoever on amounts collected in respect of any such amounts.

Any cash or securities balance credited to the Counterparty Downgrade Collateral Account will not form part of the Available Distribution Amount.

5. Payment of interest and principal

5.1 Interest calculation

(a) Subject to the limitations set forth in Condition 3.2 (*Limited recourse and assets of the Issuer*) and subject to Condition 5.6 (*Pre-Enforcement Priority of Payments*) and, upon the occurrence of an Enforcement Event, the Post-Enforcement Priority of Payments, each Note will 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 amount of interest payable by the Issuer in respect of each Note on any Payment Date (including any Interest Shortfall) (the "**Interest Amount**") will be calculated by the Calculation Agent on the relevant Interest Determination Date.

(c) In respect of the Class A Notes, the interest amount for each Note shall be calculated by multiplying the relevant Interest Rate (Condition 5.3 (*Interest Rate*)) for the relevant Interest Period (Condition 5.2 (*Interest Period*)) to the Outstanding Note Balance for each Class A Note during the relevant Interest Period prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Period divided by 360 and then rounding the figure downwards to the nearest cent. The total Interest Amount for the Class A Notes is the sum of the interest amounts of each Class A Note.

(d) In respect of the Class B Notes and the Class C Notes, the interest amount for each Note shall be calculated by multiplying the relevant Interest Rate (Condition 5.3 (*Interest Rate*)) for the relevant Interest Period (Condition 5.2 (*Interest Period*)) to the Outstanding Note Balance for each Note during the relevant Interest Period prior to the relevant Payment Date to the Outstanding Note Balance for each Class B Note and each Class C Note on the basis of a 360 day year consisting of 12 months of 30 days each and then rounding the figure downwards to the nearest cent. The total Interest Amount for each of the Class B Notes and the Class C Notes is the sum of the interest amounts of each Class B Note and each Class C Note respectively.

5.2 Interest Period

"**Interest Period**" 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 will end on (but excluding) the Legal Final Maturity Date or, if earlier, the date on which all Notes are redeemed in full.

5.3 Interest Rate

(a) The applicable rate of interest payable on the Notes for each Interest Period (each, an "**Interest Rate**") will be:

(i) in the case of the Class A Notes, EURIBOR plus 0.60% *per annum* and if such rate is below zero, the Interest Rate will be zero;

(ii) in the case of the Class B Notes, 1.00% *per annum*; and

(iii) in the case of the Class C Notes, 1.50% *per annum*.

(b) "**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 (for the first Interest Period, interpolated between one (1) week and 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 Administrator (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 Management Company for one (1)-month deposits (with respect to the first Interest Period, interpolated between one (1) week and one (1) month) 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 Management Company 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 described under (ii) below, EURIBOR for such Interest Period will be EURIBOR as determined on the previous Interest Determination Date; or

(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 Management Company (acting on the advice of the Servicer as the Alternative Base Rate Determination Agent) shall, without undue delay, instruct the Interest Determination Agent to apply an Alternative Base Rate in accordance with clause 8.2 (*Base Rate Modifications*) of the Common Terms.

(c) This Condition 5.3 will be without prejudice to the application of any higher interest under applicable mandatory law.

5.4 Interest Shortfall

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 resulted from correction of any miscalculation of interest payable on a Note related to the last Interest Period immediate prior to the Payment Date, will be an "**Interest Shortfall**" with respect to the relevant Note. An Interest Shortfall will become due and payable on the next Payment Date and on any following Payment Date (subject to Condition 3.2 (*Limited recourse and assets of the Issuer*)) until it is reduced to zero. Interest will 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 (and such default is not remedied within five (5) Business Days of its occurrence) will constitute an Enforcement Event.

5.5 Notifications

The Calculation Agent will, 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 11:00 a.m. (Paris time) on such Business Day, provide the Management Company with such information necessary in order for the Management Company to 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, applicable Interest Rate, Interest Amount and Principal Amount. The Management Company will then notify such information to (i) the Servicer, the Calculation Agent and the Swap Counterparty and, by means of notification in accordance with Condition 12 (*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 of the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange and the Listing Agent 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 and the Listing Agent, this notification, together with any completed forms required by the Luxembourg Stock Exchange, will be given no later than the close of the first Business Day following the relevant Interest Determination Date.

5.6 Pre-Enforcement Priority of Payments

The payment of the relevant Interest Amounts and Principal Amounts on each Payment Date to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders will, prior to the occurrence of an Enforcement Event, be subject to the following priority of payments ("**Pre-Enforcement Priority of Payments**"). After the occurrence of an Enforcement Event, the payment of the relevant Interest Amounts and Principal Amounts will be subject to the Post-Enforcement Priority of Payments as set out in Condition 7 (*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 (together with, if the Clean-Up Call Option is rightfully exercised as of the Clean-Up Call Settlement Date, the proceeds from such repurchase) will 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);

(b) *second*, on a *pari passu* basis, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable to the Management Company and the Custodian under the Transaction Documents;

(c) *third*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Custody Agent under the Data Custody Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Paying Agent, the Registrar and the Listing Agent under the Agency Agreement, (v) the Account Bank under the Bank Account Agreement, (vi) listing fees, costs and expenses, (vii) auditor fees and (viii) fees of any noteholder representative in accordance with the Conditions and such other fees as may be reasonably incurred for the Issuer's operation or in relation to the Notes (excluding amounts payable to the Management Company and the Custodian under the Transaction Documents);

(d) *fourth*, (i) any Swap Net Cashflow due and payable by the Issuer to the Swap Counterparty on that Payment Date and (ii) on the Payment Date corresponding to or following the termination of the Swap Agreement, any swap termination payments due to the Swap Counterparty under the Swap Agreement upon such termination 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 to the Class A Noteholders;

(f) *sixth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable to the Class B Noteholders;

(g) *seventh*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable to the Class C Noteholders;

(h) *eighth*, to the Cash Reserve Ledger, until the amount credited to the Cash Reserve Ledger is equal to the Required Cash Reserve Amount;

(i) *ninth*, on a *pari passu* basis, to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;

(j) *tenth*, on a *pari passu* basis, to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;

(k) *eleventh*, on a *pari passu* basis, to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;

(l) *twelfth*, on the Payment Date corresponding to or following the termination of the Swap Agreement, payment of any swap termination payment due to the Swap Counterparty under the Swap Agreement upon such termination 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;

(m) *thirteenth*, accrued and unpaid interest payable to the Subordinated Lender under the Subordinated Loan Agreement;

(n) *fourteenth*, as from the date on which all Notes have been redeemed in full, principal payable to the Subordinated Lender under the Subordinated Loan Agreement until the Subordinated Loan has been redeemed in full;

(o) *fifteenth*, all remaining excess to the Seller with the exception of the principal amount of the Units; and

(p) *sixteenth*, on the final Payment Date, to the Unitholders, in respect of principal until the Units are redeemed in full,

provided that any payment to be made by the Issuer under item (a) (with respect to taxes) will be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Issuer Account and, if applicable, the Commingling Reserve Ledger, the Performance Reserve Ledger or the Counterparty Downgrade Collateral Account which the Issuer shall be entitled to set off against the respective guaranteed obligations, and *provided further that* outside of such Pre-Enforcement Priority of Payments:

(1) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(2) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment payable by the outgoing Swap Counterparty to the Issuer or, to the extent that such amount is unpaid by the outgoing Swap Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and *provided further that* outside of such Pre-Enforcement Priority of Payments any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

6. Redemption

6.1 Amortisation

Subject to the limitations set forth in Condition 3.2 (*Limited recourse and assets of the Issuer*), on each Payment Date, the Available Distribution Amount for the relevant Payment Date will be applied towards the redemption of the Notes in accordance with the applicable Priority of Payments.

6.2 Final redemption

On the Payment Date falling on August 2032 (the "**Legal Final Maturity Date**"), each Class A Note will, 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 will, unless previously redeemed or purchased and cancelled, be redeemed in full at the then Outstanding Note Balance and, after all Class B Notes have been redeemed in full, each Class C Notes will, 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 3.2 (*Limited recourse and assets of the Issuer*). The Issuer will be under no obligation to make any payment under the Notes after the Legal Final Maturity Date.

6.3 Clean-up call

(a) With respect to any Payment Date on which (a) the sum of the then Aggregate Discounted Lease Balance and the sum of the then Aggregate Discounted Contractual Residual Value is less than 10% of the sum of the Aggregate Discounted Lease Balance and the Aggregate Discounted Contractual Residual Value as at the first Cut-Off Date or (b) if earlier, the Class A Notes have been redeemed 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 repurchase of all outstanding Purchased Receivables, together with any Ancillary Rights, on the immediately following Clean-Up Call Settlement Date (see below) (the "**Clean-Up Call Option**"), subject to the following requirements (the "**Clean-Up Call Conditions**"):

(i) the proceeds distributable as a result of such repurchase of all outstanding Purchased Receivables, together with any Ancillary Rights, (after the Seller has rightfully exercised the Clean-Up Call Option) will, together with funds credited to the Cash Reserve Ledger, be at least equal to the sum of (x) the Aggregate Outstanding Notes Balance plus (y) accrued but unpaid interest thereon plus (z) all claims of any creditors of the Issuer in respect of the FCT ranking prior to the claims of the Noteholders according to the Post-Enforcement Priority of Payments;

(ii) the Seller will have notified the Management Company of its intention to exercise the Clean-Up Call Option at least ten (10) days prior to the contemplated settlement date of the Clean-Up Call Option which will be the next following Payment Date (the "**Clean-Up Call Settlement Date**"); and

(iii) the repurchase price to be paid by the Seller will be equal to the then Aggregate Discounted Lease Balance, together with the then Aggregate Discounted Contractual Residual Value plus any interest accrued until and outstanding on the Cut-Off Date immediately preceding such Clean-Up Call Settlement Date.

(b) Upon payment in full of the amounts specified in Condition 6.3(a)(i) to, or for the order of, the Noteholders, no Noteholders will be entitled to receive any further payments of interest or principal.

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

After the occurrence of an Enforcement Event, the Management Company will distribute the Available Post-Enforcement Funds in the following manner and priority ("**Post-Enforcement Priority of Payments**"):

(a) *first*, amounts payable by the Issuer in respect of taxes (if any);

(b) *second*, on a *pari passu* basis, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Management Company and the Custodian under the Transaction Documents;

(c) *third*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Custody Agent under the Data Custody Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Paying Agent, the Registrar and the Listing Agent under the Agency Agreement, (v) the Account Bank under the Bank Account Agreement, (vi) listing fees, costs and expenses, (vii) auditor fees and (viii) fees of any noteholder representative in accordance with the Conditions and such other fees as may be reasonably incurred for the Issuer's operation or in relation to the Notes (excluding the Management Company and the Custodian fees under the Transaction Documents);

(d) *fourth*, (i) any Swap Net Cashflow due and payable by the Issuer to the Swap Counterparty on that Payment Date and (ii) on the Payment Date corresponding to or following the termination of the Swap Agreement, any swap termination payments due to the Swap Counterparty under the Swap Agreement upon such termination 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 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, amounts payable by the Issuer to the Class B Noteholders in respect of principal until the Class B 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 C Noteholders;

(j) *tenth*, on a *pari passu* basis, amounts payable by the Issuer to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;

(k) *eleventh*, on the Payment Date corresponding to or following the termination of the Swap Agreement, payment of any swap termination payment due to the Swap Counterparty under the Swap Agreement upon such termination 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;

(l) *twelfth*, accrued and unpaid interest payable to the Subordinated Lender under the Subordinated Loan Agreement;

(m) *thirteenth*, as from the date on which all Notes have been redeemed in full, any amount payable to the Subordinated Lender in respect of principal under the Subordinated Loan Agreement;

(n) *fourteenth*, all remaining excess to the Seller with the exception of the principal amount of the Units; and

(o) *fifteenth*, on the final Payment Date, to the Unitholders, in respect of principal until the Units are redeemed in full,

provided that any payment to be made by the Issuer under item (a) (with respect to taxes) will be made on the Business Day on which such payment is then due and payable using any Available Post-Enforcement Funds, and *provided further that* outside of such Post-Enforcement Priority of Payments:

(1) on any Payment Date, any Return Amount (as defined in the Swap Agreement) due to be transferred by the Issuer to the Swap Counterparty pursuant to the terms and conditions of the Swap Agreement will be paid directly to the Swap Counterparty; and

(2) upon termination of the Swap Agreement and the entry of the Issuer into a replacement swap agreement, any Replacement Swap Premium to be paid by the Issuer to any replacement Swap Counterparty will be paid by the Issuer directly to the replacement Swap Counterparty to the extent that such amount has been previously received by the Issuer from the outgoing Swap Counterparty by using the swap termination payment payable by the outgoing Swap Counterparty to the Issuer or, to the extent that such amount is unpaid by the outgoing Swap

Counterparty, by using the amount then credited to the Counterparty Downgrade Collateral Account,

and *provided further that* outside of such Post-Enforcement Priority of Payments, any Commingling Reserve Excess Amount and any Performance Reserve Excess Amount will be paid directly to the Seller.

8. **Notifications**

With respect to each Payment Date, on the Interest Determination Date preceding such Payment Date, the Calculation Agent (as specified below) will provide the Management Company with such information necessary in order for the Management Company to notify the Servicer, the Calculation Agent, the Swap Counterparty, the Custodian and, by means of notification in accordance with Condition 12 (*Form of notices*), the Noteholders, and for so long as any of the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and the Listing Agent 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:

(a) in respect of the Interest Rate for the Interest Period commencing on that Payment Date pursuant to Condition 5.3 (*Interest Rate*);

(b) in respect of the amount of principal payable in respect of each Class A Note, each Class B Note and each Class C Note pursuant to Condition 6 (*Redemption*) and the Interest Amount pursuant to Condition 5.1 (*Interest calculation*) to be paid on such Payment Date;

(c) in respect of the Outstanding Note Balance of each Class A Note, each Class B Note and each Class C Note and the Class A Outstanding Notes Balance, the Class B Outstanding Notes Balance and the Class C Outstanding Notes Balance as from such Payment Date and the amount of the Servicer Shortfalls for such Payment Date, if any;

(d) in the event of the final payment in respect of the Notes of any Class pursuant to Condition 6.2 (*Final Redemption*), about the fact that such is the final payment; and

(e) 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 7 (*Post-Enforcement Priority of Payments*).

9. **Agents; determinations binding**

(a) The Management Company has appointed (i) BNP Paribas (acting through its Securities Services business) as paying agent, as listing agent and as registrar (in such capacity the "**Paying Agent**", the "**Listing Agent**" and the "**Registrar**"), (ii) IQ EQ Management as calculation agent (in such capacity the "**Calculation Agent**") and as interest determination agent (in such capacity the "**Interest Determination Agent**"), (iii) BMW Finance S.N.C. as alternative base rate determination agent (in such capacity "**Alternative Base Rate Determination Agent**", together with the Paying Agent, the Listing Agent, the Registrar, the Calculation Agent and the Interest Determination Agent, the "**Agents**").

(b) The Management Company will procure that for as long as any Notes are outstanding there will always be (i) a paying agent, a registrar and an interest determination agent to perform the functions assigned to the Paying Agent, the

Registrar 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 thirty (30) calendar days' notice by publication in accordance with Condition 12 (*Form of notices*), replace any Agent by one or more other banks or other financial institutions which assume such functions, provided that (i) the Issuer will maintain at all times a paying agent having a specified office in the European Union for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and (ii) no agent located in the United States will be appointed. Each Agent will act solely as agents for the Issuer and will not have any agency, fiduciary or trustee relationship with the Noteholders. The Issuer will procure that for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange, there will be a Listing Agent.

(c) All calculations and determinations made by the Interest Determination Agent or the Calculation Agent for the purposes of these Conditions will, in the absence of manifest error, be final and binding.

10. Taxation

Payments will only be made by the Issuer after the deduction and withholding (including FATCA) of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected, (collectively, "**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 (including FATCA) is required by law. The Management Company will account for the deducted or withheld taxes (including FATCA) with the competent government agencies and will, 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 10 (*Taxation*).

The ratings to be assigned by the Rating Agencies to the Class A Notes and the Class B Notes will not address the likelihood of the imposition of withholding taxes.

11. Representation of the Noteholders

(a) The *Masse*

The Noteholders of each Class will be automatically grouped for the defence of their respective common interests in a *masse* (each a "***Masse***").

If, and to the extent that, all Notes of a particular Class are held by a single Noteholder, the rights, powers and authority of the relevant *Masse* will be vested in such Noteholder. In the event that there will be more than one Noteholder of a particular Class, then a Noteholder Representative will be appointed in accordance with these Conditions.

If, following the Issue Date, as a result of the secondary market, at any time during the term of the Transaction there is only one Noteholder for such particular Class, such Noteholder Representative shall continue to act in this capacity notwithstanding the above.

In relation to the Notes, in the event that all of a Class of Notes is held by a single entity, the rights, powers and authority of the relevant *Masse* will be vested in such entity solely in respect of such Class of Notes.

Each *Masse* will be governed by the provisions of articles L. 228-46 *et seq.* of the French Commercial Code (with the exception of the provisions of articles L. 228-48, L. 228-59, L. 228-71, L. 228-72, R. 228-63, R. 228-67, R. 228-69 and R. 228-72 thereof), and/or, as the case may be, by any other mandatory provisions from time to time governing notes (*titres de créances*) issued by a *fonds commun de titrisation*, and by the conditions set out below.

Notices for calling for a general meeting (*assemblée générale*) of the Noteholders of a Class of Notes (each a "**Noteholders' Meeting**") and resolutions passed at any Noteholders' Meeting and any other decision to be published pursuant to French laws and regulations will be published as provided under Condition 12 (*Form of notices*).

(b) **Status of each *Masse***

Each *Masse* will be a separate legal entity (*personnalité civile*) pursuant to the provisions of article L. 228-46 of the French Commercial Code represented by one representative for each relevant Class of Notes (the "**Class A Noteholder Representative**", the "**Class B Noteholder Representative**" or the "**Class C Noteholder Representative**" as the case may be and each a "**Noteholder Representative**"). The relevant *Masse* alone, to the exclusion of any individual Noteholder of the relevant Class of Notes, will exercise the common rights, actions and benefits which may accrue now or in the future with respect to the relevant Class of Notes.

(c) **Noteholder Representatives**

(i) *Appointment*

Any Person may be appointed as a Noteholder Representative, provided that the following Persons may not be chosen as a Noteholder Representative in respect of a Class of Notes:

(A) the Management Company, the Custodian, the Account Bank, the Paying Agent, the Registrar, the Listing Agent or the Data Custody Agent;

(B) any Person holding at least 10% of the share capital of the Management Company and/or the Custodian or in respect of which the Management Company and/or the Custodian holds at least 10% of the share capital;

(C) any Person guaranteeing all or part of the obligations of the FCT;

(D) the Noteholder Representative in respect of the other Class of Notes;

(E) the respective managers (*gérants*), general managers (*directeurs généraux*), members of the board of directors (*conseil d'administration*) or executive board (*directoire*) or supervisory board (*conseil de surveillance*), statutory auditors (*commissaires aux comptes*) or employees of the above mentioned entities, and their ascendants, descendants and spouses; and

(F) the Persons to whom the practice of banker is forbidden or who have been deprived of the rights of directing, administering or managing a business in whatever capacity.

In the event of death, resignation, retirement or revocation of a Noteholder Representative, a substitute Noteholder Representative will be appointed by a Noteholders' Meeting in respect of the relevant Class of Notes.

Any interested party will have the right to obtain the name and address of the then appointed Noteholder Representative at the office of the Management Company.

(ii) *Powers of a Noteholder Representative*

Each Noteholder Representative will, in the absence of any decision to the contrary of the relevant Noteholders' Meeting, have the power to make all decisions of management in order to defend the common interests of the Noteholders of the relevant Class of Notes. All legal proceedings against the Noteholders of a Class of Notes or initiated by them must be brought against the relevant Noteholder Representative or by it. Any legal proceedings that are not brought in accordance with this provision will not be legally valid. Neither the Noteholders of a Class of Notes nor a Noteholder Representative will be entitled to interfere in the management of the affairs of the Issuer.

(d) **Noteholders' Meetings**

(i) *Convocation of a Noteholders' Meetings*

Noteholders' Meetings will be physically held in France or by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders and at any time, upon convocation by the Management Company and, as the case may be, by the relevant Noteholder Representative (as requested from time to time by Noteholders of the relevant Class of Notes holding at least one-third of the outstanding Notes of that Class). One or more Noteholders of the relevant Class of Notes holding at least one-third of the outstanding Notes of that Class may address to the relevant Noteholder Representative with a copy to the Management Company, a demand for convocation of a Noteholders' Meeting in respect of that Class of Notes. If such Noteholders' Meeting has not been convened within two (2) months from such demand, the Noteholders of the relevant Class of Notes may commission one of them to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the Noteholders' Meeting on their behalf.

Notice of the date, hour, place, agenda and quorum requirements of any Noteholders' Meeting will be notified as provided in Condition 12 (*Form of notices*) not less than fifteen (15) calendar days prior to the date of the relevant Noteholders' Meeting for the first convocation and not less than ten (10) calendar days in the case of a second convocation prior to the date of the reconvened Noteholders' Meeting.

Each Noteholder of a particular Class of Notes will have the right to participate in any Noteholders' Meeting in respect of that Class of Notes in person, represented by proxy correspondence or, if the Issuer Regulations so specify, videoconference or any other means of telecommunication allowing the identification of the participating Noteholders. Each Note of a Class carries the right to one vote in respect of that Class of Notes.

Any Noteholder Meeting not convened in accordance with the foregoing provisions will nonetheless be validly convened if all the Noteholders of the relevant Class of Notes are present or represented at the Noteholders' Meeting.

(ii) *Powers of Noteholders' Meetings*

Noteholders' Meetings are entitled to deliberate on the dismissal and replacement of the relevant Noteholder Representative, all measures intended to ensure the defence of the Noteholders of a Class of Notes, any other common matter relating to a Class of Notes and the Conditions relating thereto and on any proposal aimed at amending the Conditions in respect of that Class of Note, it being specified that Noteholders' Meetings may not increase the obligations of the Noteholders of the relevant Class of Note, establish unequal treatment

between those Noteholders nor alter the obligations of the Noteholders of the other Class of Notes.

(iii) *Quorum and majority rules*

Noteholders' Meetings may deliberate validly on first convocation only if the Noteholders of the relevant Class of Notes present or represented hold at least one fifth of the Aggregate Outstanding Note Balance of that Class. On second convocation, no quorum will be required.

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.

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.

Noteholders of any Class may in particular agree by majority resolution in relation to such Class to the following:

(A) the change of the due date for payment of interest, the reduction, or the cancellation, of interest;

(B) the change of the due date for payment of principal;

(C) the reduction of principal;

(D) the subordination of claims arising from the Notes of such Class in Insolvency Proceedings of the Issuer;

(E) the conversion of the Notes of such Class into, or the exchange of the Notes of such Class for, shares, other securities or obligations;

(F) the exchange or release of security;

(G) the change of the currency of the Notes of such Class;

(H) the waiver or restriction of Noteholders' rights to terminate the Notes of such Class;

(I) the appointment or removal of a common representative for the Noteholders of such Class; and

(J) the amendment or rescission of ancillary provisions of the Notes.

Resolutions relating to material amendments to these Conditions, in particular to provisions relating to the matters in Condition 11(d)(iii) (*Quorum and majority rules*), items (A) to (J) above, require a majority of not less than 75% of the votes cast.

(iv) *Notices of decisions and information of Noteholders of a Class of Notes*

Decisions of any Noteholders' Meeting must be published in accordance with Condition 12 (*Form of notices*) not later than ninety (90) calendar days from the date of such Noteholders' Meeting.

Each Noteholder of a Class of Notes or the Noteholder Representative in respect of that Class of Notes will have the right, during the fifteen (15) calendar day period preceding the holding of a Noteholders' Meeting in respect of the relevant Class of Notes, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at such Noteholders' Meeting which will be available for inspection at the head office of the Management Company and at the specified office of the Paying Agent and at any other place as specified in the notice for that Noteholders' Meeting.

(v) *Expenses*

The Issuer will pay all reasonable expenses relating to any notice and publication made in accordance with Condition 12 (*Form of notices*) of the Notes or incurred in the operation of each *Masse*, including reasonable expenses relating to the calling and holding of Noteholders' Meetings in respect of each Class of Notes, and all reasonable administrative expenses resolved upon by a Noteholders' Meeting.

12. **Form of notices**

(a) All notices to the Noteholders hereunder, and in particular the notifications mentioned in Condition 8 (*Notifications*) will be either (i) made available for a period of not less than thirty (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 of the Luxembourg Stock Exchange on the website of the Luxembourg Stock Exchange (www.bourse.lu) or (ii) delivered to the Clearing Systems for communication by them to the Noteholders.

(b) Any notice referred to under Condition 12(a)(i) above will 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.bourse.lu), provided that if so made available after 4:00 p.m. (Frankfurt am Main time) it will be deemed to have been given on the immediately following calendar day. Any notice referred to under Condition 12(a)(ii) above will 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 Clearing Systems.

(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 will be published in a manner conforming to the rules of such stock exchange. Any notice will be deemed to have been given to all Noteholders on the date of such publication conforming to the rules of such stock exchange.

13. **Miscellaneous**

13.1 Prescription

After the Legal Final Maturity Date, any part of the nominal value of the Notes of any Class or of the interest due thereon which remains unpaid will be automatically cancelled, so that no Noteholder, after such date, will have any right to assert a claim in this respect against the FCT, regardless of the amounts which may remain unpaid after the Legal Final Maturity Date.

13.2 Governing law

The Notes and the Issuer Regulations are governed by and will be construed in accordance with French law.

13.3 Jurisdiction

All claims and disputes in connection with the Notes and the Issuer Regulations will be subject to the exclusive jurisdiction of the French courts having competence in commercial matters.

SCHEDULE 2

Terms and Conditions of the Units

The €300 asset-backed units due August 2032 consisting of two (2) individual units, each of €150 (the "**Units**") will be issued by Bavarian Sky French Auto Leases 5 (the "**Issuer**"), a French *fonds commun de titrisation* regulated and governed by articles L. 214-167 to L. 214-175-8, articles L. 214-180 to L. 214-186 and articles R. 214-217 to R. 214-235 of the French Monetary and Financial Code, the relevant provisions of the AMF General Regulations and these Issuer Regulations dated on or about the Signing Date and made by IQ EQ Management (the "**Management Company**"). On the Issue Date, the Issuer will issue €500,000,000.00 class A floating rate amortising asset-backed notes due August 2032 (the "**Class A Notes**"), €68,900,000.00 class B fixed rate amortising asset-backed notes due August 2032 (the "**Class B Notes**") and €74,400,000.00 class C fixed rate amortising asset-backed notes due August 2032 (the "**Class C Notes**", together with the Class A Notes and the Class B Notes, the "**Notes**").

By subscribing for or purchasing or holding a Unit, any holder acknowledges and agrees to be bound by the provisions of the Issuer Regulations and, in particular, to comply with the provisions governing the sale and transfer of Units and all applicable selling and transfer restrictions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Units will be issued by the Issuer in registered dematerialised form in the denomination of €150 each.

1.2 Title and records

Title to the Units will be evidenced in accordance with articles L. 211-3 and L. 211-4 of the French Monetary and Financial Code by book entries (*inscriptions en compte*) into the register of the Unitholders. No physical document of title (including *certificats représentatifs* pursuant to article R. 211-7 of French Monetary and Financial Code) will be issued in respect of the Units. Each Unit issued on the Issue Date will, upon issue, be numbered chronologically as from one (1). The transfer of the Units will only be effected through the registration thereof in the register of the Unitholders by the relevant entries on the transferor's account and the transferee's account upon presentation to the Registrar of a transfer order (*ordre de mouvement*) duly completed and executed by the transferor (or its attorney or agent). Unless otherwise agreed between the transferor and the transferee, the transferor will bear the cost incurred in respect thereof.

2. STATUS AND RELATIONSHIP BETWEEN THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE UNITS

2.1 Status

The Units when issued will constitute direct, unconditional and subordinated obligations of the Issuer and all payments of principal (and arrears, if any) on the Units will be made to the extent of the Available Distribution Amount and according to the applicable Priority of Payments (as defined below).

2.2 Relationship between the Class A Notes, the Class B Notes, the Class C Notes and the Units

Any payments on the Units are subordinated to any payments on the Notes.

3. **INTEREST**

The Units will not bear interest.

4. **REDEMPTION**

4.1 **Final Maturity Date**

Unless previously redeemed as provided for below, the Units will be redeemed at their principal amount outstanding on the Issuer Liquidation Date in accordance with the applicable Priority of Payments.

4.2 **Prior to an Enforcement Event**

Prior to an Enforcement Event, the Units will be redeemed on the Issuer Liquidation Date, in accordance with the applicable Pre-Enforcement Priority of Payments.

4.3 **Following an Enforcement Event**

Following the occurrence of an Enforcement Event, the Units will be redeemed on the Issuer Liquidation Date, in accordance with the applicable Post-Enforcement Priority of Payments.

4.4 **No purchase**

The Issuer will not purchase any of the Units.

4.5 **Cancellation**

All Units which are redeemed by the Issuer pursuant to paragraphs 4.1 (*Final Maturity Date*), 4.2 (*Prior to an Enforcement Event*), 4.3 (*Following an Enforcement Event*) of this Condition 4 will be cancelled and accordingly may not be reissued or resold.

4.6 **Other methods of redemption**

The Notes will only be redeemed as specified in these Terms and Conditions of the Units.

5. **PAYMENTS**

5.1 **Method of payment**

Payments of principal in respect of the Units will be made in Euro. Such payments will be made for the benefit of the Unitholders by the Management Company, through the Paying Agent, which will give the relevant instructions to the Account Bank.

5.2 **Payments subject to fiscal laws**

Payments in respect of principal on the Units will, in all cases, be made subject to any fiscal or other laws and regulations applicable thereto. No commission or expenses will be charged to the Unitholders in respect of such payments.

5.3 **Payment on Issuer Liquidation Date**

Payments in respect of principal on the Units will be made on the Issuer Liquidation Date in accordance with the applicable Priority of Payments.

6. TAXATION

6.1 No additional amounts

Payments will only be made by the Issuer after the deduction and withholding (including FATCA) of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected, (collectively, "**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 (including FATCA) is required by law. The Management Company will account for the deducted or withheld taxes (including FATCA) with the competent government agencies and will, upon request of a Unitholder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes deducted or withheld.

6.2 Supply of information

Each Unitholder will be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by French tax law.

7. ENFORCEMENT EVENTS

7.1 The following events are the Enforcement Events:

(a) there is an Interest Shortfall on any Payment Date (and such Interest Shortfall is not paid within two (2) Business Days of its occurrence) or the payment of principal on the Legal Final Maturity Date (and such Interest Shortfall is not paid within two (2) Business Days of its occurrence), in each case, in respect of the most senior Class of Notes (but not in respect of the Subordinated Loan Agreement); or

(b) 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, the Class B Notes and the Class C Notes, or any Transaction Document (other than the Subordinated Loan Agreement).

7.2 Upon the occurrence of an Enforcement Event, payments of principal on the Units will be made thereon as set out in Condition 4.3 (*Following an Enforcement Event*).

8. NOTICE TO THE UNITHOLDERS

8.1 Notices may be given to Unitholders by the Management Company in any manner deemed acceptable by the Management Company.

8.2 In the event that the Management Company decides to liquidate the Issuer after the occurrence of an Issuer Liquidation Event, the Management Company will notify (by registered letter, with acknowledgment of receipt) such decision to the Unitholders within ten (10) Business Days.

9. NO RECOURSE AND LIMITED RECOURSE

9.1 No recourse

Pursuant to article L. 214-175, III of the French Monetary and Financial Code, the provisions of Book VI of the French Commercial Code which govern Insolvency Proceedings in France are not applicable to the Issuer.

9.2 **Limited recourse**

Any recourse against the Issuer is limited as follows:

(a) if on any Payment Date with respect to any amount of principal or interest in respect of the Notes, the amounts available to make payments of principal and interest in respect of any Class of Notes from the assets of the Issuer after payment, in particular, of the Issuer Expenses, and any amounts due in respect of any Note ranking in priority to the Notes of such Class and any payment due under the Swap Agreement which ranks ahead of payments in respect of the Notes of such Class in accordance with the relevant Priority of Payments, are insufficient to pay in full any amount of principal and/or interest which is then due and payable in respect of the Notes of such Class, any arrears resulting therefrom will be payable on the following Payment Date subject to the applicable Priority of Payments and to the extent of the Available Distribution Amount received from the assets of the Issuer;

(b) in accordance with article L. 214-175, III of the French Monetary and Financial Code, the Issuer is liable for its debts (*n'est tenu de ses dettes*) to the extent of its assets (*qu'à concurrence de son actif*) and in accordance with the rank of its creditors as provided by law (*selon le rang de ses créanciers défini par la loi*) or, pursuant to article L. 214-169, II of the French Monetary and Financial Code, in accordance with the provisions of the Issuer Regulations;

(c) in accordance with article L. 214-169 II of the French Monetary and Financial Code, the Issuer's assets may only be subject to civil proceedings (*mesures civiles d'exécution*) to the extent of the applicable Priority of Payments;

(d) in accordance with article L. 214-169 II of the French Monetary and Financial Code, the Noteholders and the Unitholders will be bound by each of the applicable Priority of Payments as set out in the Issuer Regulations even if the Issuer is liquidated in accordance with the relevant provisions of the Issuer Regulations. None of the Noteholders or Unitholders will be entitled to take any steps or proceedings that would result in any of the Priority of Payments not being observed;

(e) pursuant to article L. 214-183 of the French Monetary and Financial Code, only the Management Company may enforce the rights of the Issuer against third parties. Accordingly, the Noteholders and the Unitholders will have no recourse whatsoever against the Obligors as debtors of the Purchased Receivables; and

(f) to the extent that it may have any claim (including any contractual claim or action (*action en responsabilité contractuelle*)) against the Issuer the payment of which is not expressly contemplated under any applicable Priority of Payments and the cash allocation provisions set out in the Issuer Regulations, each Noteholder and each Unitholder undertakes to waive to demand payment of any such claim as long as all Notes and Units issued by the Issuer have not been repaid in full.

9.3 The provisions of this Condition 9 shall survive the termination of the Transaction Documents subject to applicable laws.

9.4 **Management Company's decisions binding**

In accordance with article L. 214-169 II of the French Monetary and Financial Code, the Noteholders, the Unitholders, the Transaction Parties and any creditors of the Issuer that have agreed to them will be bound by the rules governing the decisions made by the

Management Company in accordance with the provisions of the Issuer Regulations and the decisions made by the Management Company on the basis of such rules.

10. PRESCRIPTION

After the Legal Final Maturity Date, any part of the nominal value of the Units which may remain unpaid will be automatically cancelled, so that the Unitholders, after such date, will have no right to assert a claim in this respect against the Issuer, regardless of the amounts which may remain unpaid after the Legal Final Maturity Date.

11. FURTHER ISSUES

In accordance with the Issuer Regulations, the Issuer will not issue any further units after the Signing Date.

12. GOVERNING LAW AND SUBMISSION TO JURISDICTION

12.1 Governing law

The Units and the Issuer Regulations and all non-contractual duties and claims arising from or in connection with them are governed by and will be construed in accordance with French law.

12.2 Submission to jurisdiction

Any disputes which may arise out of or in connection with the Units or the Issuer Regulations will be submitted to the exclusive jurisdiction of the competent courts of the *Cour d'Appel* of Paris.

SCHEDULE 3

General accounting principles governing the Issuer

The accounts of the Issuer will be prepared in accordance with the recommendations of the French *Conseil National de la Comptabilité* (the National Accounting Board) as set out in its *avis* no. 2016-02 dated 11 March 2016 relating to the annual statements of securitisation (*règlement n° 2016-02 du 11 mars 2016 relatif aux comptes annuels des organismes de titrisation de l'Autorité des normes comptables*).

Purchased Receivables and income

The Purchased Receivables will be recorded on the Issuer's balance sheet at their nominal value. The potential difference between the purchase price and the nominal value of the receivables, whether positive or negative, will be carried in an adjustment account on the asset side of the balance sheet. This difference will be carried forward on a *pro rata* and *pari passu* basis of the amortisation of the Purchased Receivables.

The interest on the Purchased Receivables will be recorded in the income statement, *pro rata temporis*. The accrued and overdue interest will appear on the asset side of the balance sheet in an apportioned receivables account.

Delinquencies or defaults on the Purchased Receivables existing as at the Issue Date are recorded in an adjustment account on the asset side of the balance sheet. This amount will be carried forward on a temporary *pro rata* basis over a period of twelve (12) months.

The Purchased Receivables that are accelerated by the Servicer pursuant to the terms and conditions of the Servicing Agreement and in accordance with the Credit and Collection Policy will be accounted for as a loss in the account for defaulted assets.

Issued Notes and income

The Notes and the Units will be recorded at their nominal value and disclosed separately in the liability side of the balance sheet. Any potential differences, whether positive or negative, between the issuance price and the nominal value of the Notes be recorded in an adjustment account on the liability side of the balance sheet. These differences will be carried forward on a *pro rata* and *pari passu* basis of the amortisation of the Purchased Receivables.

The interest due with respect to the Notes will be recorded in the income statement *pro rata temporis*. The accrued and overdue interest will appear on the liability side of the balance sheet in an apportioned Liabilities account.

Expenses, fees and income related to the operation of the Issuer

The various fees and income paid to the Transaction Parties will be recorded, as expenses, in the accounts *pro rata temporis* over the accounting period.

All costs related to the establishment of the Issuer will be borne by the Seller.

Swap Agreement

The interest received and paid pursuant to the Swap Agreement will be recorded at its net value in the income statement. The accrued interest to be paid or to be received will be recorded in the income statement *pro rata temporis*. The accrued interest to be paid or to be received will be

recorded, with respect to the Swap Agreement, on the liability side of the balance sheet, where applicable, on an apportioned liabilities account (*compte de créances ou de dettes rattachées*).

Amounts standing to the credit of the Cash Reserve Ledger

The amount standing to the credit of the Cash Reserve Ledger will be recorded to the credit of the Cash Reserve Ledger on the liability side of the balance sheet.

Amounts standing to the credit of the Commingling Reserve Ledger

The amount standing to the credit of the Commingling Reserve Ledger will be recorded to the credit of the Issuer Account on the liability side of the balance sheet.

Amounts standing to the credit of the Performance Reserve Ledger

The amount standing to the credit of the Performance Reserve Ledger will be recorded to the credit of the Issuer Account on the liability side of the balance sheet.

Income amounts credited to the Issuer Account

The income generated from the investment of amounts credited to the Issuer Account will be recorded in the income statement *pro rata temporis* (excluding interests earned on the Issuer Account).

Income

The net income will be posted to a retained earnings account.

Liquidation Surplus

The Liquidation Surplus will consist of the income arising from the liquidation of the Issuer and the retained earnings.

Duration of the accounting periods

Each accounting period of the Issuer will be twelve (12) months and begin on 1 January and end on 31 December, save for the first accounting period of the Issuer which will begin on the Issue Date and end on 31 December 2025.

Accounting information in relation to the Issuer

The accounting information with respect to the Issuer will be provided by the Management Company, under the supervision of the Custodian, in its Annual Activity Report and half-yearly report of activity, pursuant to the applicable accounting standards.

As at the Issue Date, the provisions of the said accounting standards lead to the presentation of consolidated accounts of the Issuer, provided that the said accounts will be subject to certification by the statutory auditor of the Issuer.

SCHEDULE 4

Form of units subscription form

(*bulletin de souscription*) for securities

Issuer:	**Bavarian Sky French Auto Leases 5** a French *fonds commun de titrisation*, Bavarian Sky French Auto Leases 5 governed by the provisions of articles L. 214-167 to L. 214-175-8, articles L. 214-180 to L. 214-186 and articles R. 214-217 to R. 214-235, the relevant provisions of the AMF General Regulations and the Issuer Regulations, represented by the Management Company.
Management Company:	**IQ EQ Management** a French *société par actions simplifiée*, whose registered office is at 92, avenue de Wagram, 75017 Paris, France, registered with the Trade and Companies Registry of Paris, France, under number 431 252 121, licensed as a portfolio management company (*société de gestion de portefeuille*) authorised to manage securitisation vehicles (*organismes de titrisation*) by the AMF, acting as the management company of the French *fonds commun de titrisation* Bavarian Sky French Auto Leases 5.
Subscriber:	**BMW Finance S.N.C.** a French *société en nom collectif* with a share capital of €87,000,000, whose registered office is located at Immeuble Le Renaissance, 5, rue des Hérons Montigny-le-Bretonneux, 78182 Saint Quentin en Yvelines, France, registered with the Trade and Companies Registry of Versailles, France, under number 343 606 448, licensed as a financing company (*société de financement*) by the ACPR.
Number of Units:	Two (2)
Issue date of the Units:	[●] 2025
Subscription price per Unit:	€150
Total subscription price:	€300

Terms of payment:	Wire transfer made by BMW Finance S.N.C. on the Issue Date to the credit of the Issuer Account: Intermediary Bank: BNP Paribas S.A. BIC: [●] Account Name: [●] IBAN: [●]
General Terms:	Upon subscription of any Units, the subscriber will automatically and without any formalities (*de plein droit*) be bound by the provisions of the Issuer Regulations governing such Units, the provisions of which they declare having full knowledge thereof.
	The subscriber of one or more Units of the Issuer here above mentioned must keep himself fully informed of the accounting, tax or legal consequences relating to the subscription, acquisition or any operation, related to the Units which may occur after such subscription.
	Except as expressly provided for in the Issuer Regulations, neither the Management Company nor the Custodian of the Issuer's assets will be held liable for the consequences relating to the subscription of the Units, nor will they be obliged to disclose information to the Unitholders, relating to the change of the accounting, tax or legal rules applicable to the Units and the Unitholders, either in France or abroad.
Date:	[●] 2025
Subscriber's electronic signature:	_____
Management Company's electronic signature:	_____
Registration in the register of the Unitholders dated:	[●] 2025

Signed electronically on 17 July 2025.

IQ EQ MANAGEMENT
as Management Company

By: DocuSigned by: Jonathan Drouet D80AED964B73440...

Name: Jonathan Drouet