

## IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR (2) NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) (AND, IF INVESTORS ARE RESIDENT IN (I) A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, QUALIFIED INVESTORS, AS SUCH TERM IS DEFINED IN REGULATION (EU) 2017/1129 OR (II) THE UNITED KINGDOM, QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AND NOT A RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM (EACH AS DEFINED BELOW)).

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum (the “Offering Memorandum”) following this page, and you are therefore advised to read this carefully before accessing, reading or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. This Offering Memorandum has been prepared in connection with the proposed offering and sale of the securities described therein. This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS ELECTRONIC TRANSMISSION, PLEASE DO NOT DISTRIBUTE OR COPY THE INFORMATION CONTAINED HEREIN, BUT INSTEAD DELETE AND DESTROY ALL COPIES OF THIS ELECTRONIC TRANSMISSION.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF SUCH SECURITIES IN THE UNITED STATES.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs (within the meaning of Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S) outside the United States. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons that are outside the United States, and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** Any notes to which this Offering Memorandum relates (the “Notes”) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive

2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) No. 2017/1129, as amended (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No. 1286/2014, as amended (the “PRIIPs Regulation”), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”), and any rules or regulations made under the FSMA to implement Directive 2016/97/EU, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA (“UK MiFIR”); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

### **Product Governance**

**MiFID product governance / Professional investors and ECPs only target market:** Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market:** Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering or selling the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

This Offering Memorandum is being distributed to, and is directed only at, persons in the United Kingdom in circumstances where Section 21(1) of the FSMA does not apply.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of BMW US Capital, LLC, in such jurisdiction.

This Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of

the sender or any person who controls it or any director, officer, employee or agent of it, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any such alteration or change.

If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## BMW US Capital, LLC

**U.S.\$600,000,000 5.050% Notes due 2026**  
Issue price: 99.957%

**U.S.\$650,000,000 4.900% Notes due 2027**  
Issue price: 99.881%

**U.S.\$800,000,000 4.900% Notes due 2029**  
Issue price: 99.860%

**U.S.\$500,000,000 5.150% Notes due 2034**  
Issue price: 99.992%

**U.S.\$700,000,000 Floating Rate Notes due 2026**  
Issue price: 100.000%

unconditionally and irrevocably guaranteed by

## Bayerische Motoren Werke Aktiengesellschaft

BMW US Capital, LLC, a Delaware limited liability company (the “Issuer”), is offering U.S.\$600,000,000 aggregate principal amount of 5.050% Notes due 2026 (the “2026 Notes”), U.S.\$650,000,000 aggregate principal amount of 4.900% Notes due 2027 (the “2027 Notes”), U.S.\$800,000,000 aggregate principal amount of 4.900% Notes due 2029 (the “2029 Notes”) and U.S.\$500,000,000 aggregate principal amount of 5.150% Notes due 2034 (the “2034 Notes” and together with the 2026 Notes, the 2027 Notes and the 2029 Notes, the “Fixed Rate Notes”) and U.S.\$700,000,000 aggregate principal amount of Floating Rate Notes due 2026 (the “Floating Rate Notes,” and together with the Fixed Rate Notes, collectively, the “Notes” and each tranche thereof, a “Tranche”). Bayerische Motoren Werke Aktiengesellschaft (“BMW AG” or the “Company”) is unconditionally and irrevocably guaranteeing all payments by the Issuer in respect of the Notes.

The 2026 Notes will bear interest at a rate of 5.050% per annum, the 2027 Notes will bear interest at a rate of 4.900% per annum, the 2029 Notes will bear interest at a rate of 4.900% per annum and the 2034 Notes will bear interest at a rate of 5.150% per annum. Interest on the 2026 Notes is payable semi-annually on April 2 and October 2 of each year, commencing on October 2, 2024. Interest on the 2027 Notes is payable semi-annually on April 2 and October 2 of each year, commencing on October 2, 2024. Interest on the 2029 Notes is payable semi-annually on April 2 and October 2 of each year, commencing on October 2, 2024. Interest on the 2034 Notes is payable semi-annually on April 2 and October 2 of each year, commencing on October 2, 2024.

The Floating Rate Notes will bear interest at a rate equal to the Compounded SOFR (as defined herein) for the relevant Floating Rate Notes Interest Period (as defined herein) plus a margin of 0.550% per annum. Interest on the Floating Rate Notes will be reset quarterly, and is payable quarterly on January 2, April 2, July 2 and October 2 of each year, commencing on July 2, 2024.

The 2026 Notes will mature on April 2, 2026, the 2027 Notes will mature on April 2, 2027, the 2029 Notes will mature on April 2, 2029, the 2034 Notes will mature on April 2, 2034, and the Floating Rate Notes will mature on April 2, 2026. The Issuer may redeem the Fixed Rate Notes in whole or in part, at the Issuer’s option, at any time prior to the maturity date of the Notes, at the redemption prices as set forth under “*Terms and Conditions of the Notes and Guarantee—Redemption, Purchase and Cancellation—Optional Redemption of the Fixed Rate Notes Only.*” The Issuer may also redeem the Notes prior to maturity upon the occurrence of certain tax events.

The Notes will be unsecured and unsubordinated obligations of the Issuer. The Notes will rank equally in right of payment with all of the Issuer’s unsecured and unsubordinated indebtedness. The guarantee of the Notes (the “Guarantee” and, together with the Notes, the “Securities”) will be an unsecured and unsubordinated obligation of BMW AG (in that capacity, the “Guarantor” and, together with the Issuer, the “Obligors”) and will rank *pari passu* with its other unsecured and unsubordinated indebtedness. The Notes will be issued in minimum denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in excess thereof.

**See “Risk Factors” beginning on page 15 for a discussion of certain risks that you should consider in connection with an investment in the Notes.**

The Securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, the Securities are being offered only (1) to qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act (“Rule 144A”) and (2) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). The Notes will not be listed on any securities exchange. For certain restrictions on transfer, see “*Transfer Restrictions.*”

Delivery of the Notes in book-entry form will be made on or about April 2, 2024 through The Depository Trust Company (“DTC”) for the accounts of its participants, including Clearstream Banking S.A. (“Clearstream, Luxembourg”), and Euroclear Bank SA/NV (“Euroclear”).

*Joint Book-Runners*

**HSBC**

**J.P. Morgan**

**Morgan Stanley**

**RBC Capital Markets**

**SMBC Nikko**

The date of this Offering Memorandum is March 25, 2024.

## TABLE OF CONTENTS

	<u>Page</u>
Notice to Investors.....	iii
Service of Process and Enforcement of Civil Liabilities .....	vii
Additional Information.....	viii
Forward-Looking Statements .....	xiii
Summary.....	1
Summary of the Offering.....	6
Summary Consolidated Financial Data .....	11
Risk Factors.....	15
Secured Overnight Financing Rate and SOFR Index .....	42
Capitalization and Indebtedness .....	44
Use of Proceeds .....	45
Business.....	46
Management.....	69
Principal Shareholders and Share Capital.....	73
Description of the Issuer.....	74
Terms and Conditions of the Notes and Guarantee .....	75
Form of Notes, Clearance and Settlement .....	94
Transfer Restrictions.....	99
Taxation.....	102
Plan of Distribution .....	106
Legal Matters.....	111
Independent Auditors .....	112

---

The Obligors have furnished the information contained in or incorporated by reference into this offering memorandum (the “Offering Memorandum”). Except as otherwise indicated by the context, any reference to the Offering Memorandum shall include the documents incorporated by reference herein. The Obligors have not authorized anyone to give you any other information, and BMW Group (as defined below) accepts no responsibility for any other information that others may give you. You should carefully evaluate the information provided by the Obligors concerning BMW AG and its consolidated subsidiaries (“BMW Group” or the “Group”) in light of the total mix of information available to you, recognizing that the Obligors can provide no assurance as to the reliability of any information not contained in or incorporated by reference into this Offering Memorandum. The information contained in or incorporated by reference into this Offering Memorandum is accurate only as of the date on the front cover hereof or the date of the document incorporated by reference, respectively, regardless of the time of delivery or of any sale of the Notes. It is important for you to read and consider all information contained in or incorporated by reference into this Offering Memorandum in making your investment decision. In particular, you should also read and consider the information to which the Obligors refer under the caption “*Additional Information—Incorporation of Certain Information by Reference.*”

This Offering Memorandum has been prepared by the Obligors solely for use in connection with the offering of the Notes. The Obligors and the initial purchasers reserve the right to reject any offer to purchase Notes for any reason.

**Neither the U.S. Securities and Exchange Commission (the “SEC”), nor any state securities commission nor any other regulatory authority, has approved or disapproved of the Securities; nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.**

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Obligors and the initial purchasers require persons in whose possession this Offering Memorandum comes to inform themselves about, and to observe, any such restrictions.

The Obligors are offering to sell, and are seeking offers to purchase, the Notes only in jurisdictions where such offers and sales are permitted. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an

offer to purchase, any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this Offering Memorandum nor any sale made under it implies that there has been no change in the affairs of the Obligors or that the information contained in or incorporated by reference into this Offering Memorandum is accurate and complete as of any date after the date of this Offering Memorandum.

You must:

- comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Offering Memorandum and the purchase, offer or sale of the Notes; and
- obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you and in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; and neither BMW Group nor the initial purchasers shall have any responsibility therefor.

The Notes are subject to restrictions on transfer. See “*Transfer Restrictions*.” By purchasing the Notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading “*Transfer Restrictions*” in this Offering Memorandum. You should understand that you may be required to bear the financial risks of your investment for an extended period of time.

You acknowledge that:

- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of information contained in or incorporated by reference into this Offering Memorandum or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning the Obligors or the Notes, other than as contained in or incorporated by reference into this Offering Memorandum and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Obligors or the initial purchasers.

In making an investment decision, you must rely on your own examination of the Obligors, the Group and the terms of this offering, including the merits and risks involved.

The initial purchasers are not making any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in or incorporated by reference into this Offering Memorandum. You should not rely upon the information contained in or incorporated by reference into this Offering Memorandum as a promise or representation, whether as to the past or the future. The initial purchasers assume no responsibility for the accuracy or completeness of such information.

Neither the initial purchasers, the Obligors nor any Group company, nor any of their respective representatives, are making any representation to you regarding the legality of an investment in the Notes. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes.

This Offering Memorandum is strictly confidential and has been prepared solely for use in connection with the proposed private offering of the Notes described in this Offering Memorandum. The Obligors and the initial purchasers reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of Notes offered by this Offering Memorandum.

This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise purchase Notes. Distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the Obligors’ prior written consent, is prohibited. Each prospective purchaser, by accepting this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum. Each offeree will notify its advisors of the restrictions imposed by the U.S. federal securities laws on the purchase and sale of securities and on the communication of confidential information to any other person.

## NOTICE TO INVESTORS

### Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of National Instrument 33-105 regarding underwriter conflicts of interest in connection with this offering.

### Notice to Prospective Investors in the United Kingdom

This Offering Memorandum is only for distribution to and directed at: (i) in the United Kingdom, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; (iii) persons who are outside the United Kingdom; and (iv) any other person to whom it can otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this Offering Memorandum relates is available only to and will be engaged in only with Relevant Persons, and any person who is not a Relevant Person should not rely on it.

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under Regulation (EU) No. 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA"), from the requirement to publish a prospectus for offers of securities in the United Kingdom. Accordingly, any person making or intending to make any offer of Notes within the United Kingdom should only do so in circumstances in which no obligation arises for the Obligors or any of the initial purchasers to publish a prospectus for such offer. Neither the Obligors nor any of the initial purchasers have authorized, nor do the Obligors or the initial purchasers authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final placement of Notes contemplated in this Offering Memorandum.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA"), and any rules or regulations made under the FSMA to implement Directive 2016/97/EU, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

## Notice to Prospective Investors in the European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Regulation, as effective in member states of the European Economic Area (the “EEA”), from the requirement to publish a prospectus for offers of securities in the EEA. The expression “Prospectus Regulation” means Regulation (EU) No. 2017/1129, as amended. Accordingly, any person making or intending to make any offer of Notes within the EEA should only do so in circumstances in which no obligation arises for the Obligors or any of the initial purchasers to publish a prospectus for such offer. Neither the Obligors nor any of the initial purchasers have authorized, nor do the Obligors or the initial purchasers authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final placement of Notes contemplated in this Offering Memorandum.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014, as amended (the “PRIIPs Regulation”), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

## Notice to Prospective Investors in Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”), except under the following exemptions under the FinSA:

- (i) to any investor that qualifies as a professional client within the meaning of the FinSA; and
- (ii) in any other circumstances falling within art. 36 of the FinSA;

*provided*, in each case, that no such offer of Notes referred to in (i) and (ii) above shall require the publication of a prospectus for offers of Notes pursuant to the FinSA.

The Notes have not and will not be listed or admitted to trading on the SIX Swiss Exchange or on any other trading venue (exchange or multilateral trading facility) in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to the FinSA. Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer have been or will be filed with or approved by any review body (*Prüfstelle*) or other Swiss regulatory authority.



## **Notice to Prospective Purchasers in Hong Kong**

Each initial purchaser has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than: (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “Prospectus” as defined in the Companies Ordinance (Winding Up and Miscellaneous Provisions Ordinance) (Cap. 32) of Hong Kong (the “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO (Cap. 571) and any rules made under the SFO.

## **Notice to Prospective Purchasers in Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “Financial Instruments and Exchange Act”) and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the “Act on Special Taxation Measures”). The Notes may not be offered or sold in Japan or to, or for the benefit of, any person resident in Japan, or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and governmental guidelines of Japan. In addition, the Notes are not, as part of the initial distribution by the initial purchasers at any time, to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient (as defined below) or to others for reoffering or resale, directly or indirectly, to, or for the benefit of, any person other than a Gross Recipient, except as specifically permitted under the Act on Special Taxation Measures. A Gross Recipient for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Issuer as described in Article 6, paragraph (4) of the Act on Special Taxation Measures, (ii) a Japanese financial institution, designated in Article 3-2-2, paragraph (28) of the Cabinet Order (Cabinet Order No. 43 of 1957, as amended) (the “Cabinet Order”) relating to the Act on Special Taxation Measures that will hold the Notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2, paragraph (2) of the Cabinet Order. By subscribing for the Notes, an investor will be deemed to have represented that it is a Gross Recipient.

## **Notice to Prospective Purchasers in Singapore**

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore, other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **Notice to Prospective Investors in the United Arab Emirates**

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (including the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Offering Memorandum does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Offering Memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority of the United Arab Emirates or, in the Dubai International Financial Centre, or the Dubai Financial Services Authority.

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

BMW AG is a stock corporation (*Aktiengesellschaft*) established under German law with its registered office in Munich, Germany. The majority of the Company's executive officers and directors reside in Germany or other jurisdictions outside the United States, and all or a substantial portion of the assets of such persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Company, or upon the Company's executive officers and directors, or to enforce against the Company, or the Company's executive officers and directors, judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. federal securities laws or other laws of the United States. In general, the enforcement of a final judgment of a U.S. court requires a declaration of enforceability by a German court in a special proceeding.

## ADDITIONAL INFORMATION

### Industry and Market Data

Market data and certain industry data and forecasts used throughout this Offering Memorandum were obtained from internal Group surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information cannot be guaranteed. Neither the Obligor nor any Group company has independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein. Similarly, internal Group surveys, industry forecasts and market research, which the Obligor believe to be reliable, based upon the Group's management's knowledge of the industry, have not been independently verified. Over longer periods of time, forecasts are particularly subject to inaccuracies. In addition, the Group does not necessarily know what assumptions regarding general economic growth were used in preparing any external forecasts. The Group does not make any representation as to the accuracy of information described in this paragraph. Statements as to the Group's market position are based on the most currently available data. While the Obligor are not aware of any misstatements regarding the Group's industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings "*Risk Factors*" and "*Forward-Looking Statements*" in this Offering Memorandum. Neither the Obligor nor any Group company can guarantee the accuracy or completeness of any such information contained in or incorporated by reference into this Offering Memorandum. Where the information in this Offering Memorandum has been sourced from a third party, such information has been accurately reproduced and so far as the Obligor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Further, where the information in this Offering Memorandum has been sourced from a third party, reference is made to that third-party source where such information appears.

### Presentation of Financial and Other Information

In this Offering Memorandum, references to "€" are to the euro, the currency of the countries participating in the third stage of the European Economic and Monetary Union, and references to "\$" or "U.S.\$" are to U.S. dollars, the currency of the United States of America. The Group prepares its consolidated financial statements in euro.

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union ("EU") ("IFRS") and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (*Handelsgesetzbuch*). IFRS differ in various respects from generally accepted accounting principles in the United States ("U.S. GAAP").

The Group has not prepared a reconciliation of its financial information to U.S. GAAP or a summary of significant differences in the accounting and valuation methods of IFRS and U.S. GAAP and does not intend to do so in the future. Potential investors should therefore consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

Unless otherwise specified, the financial information included or incorporated by reference into this Offering Memorandum is based on the audited consolidated financial statements of the Group as of and for the financial years ended December 31, 2023 and 2022.

In this Offering Memorandum, various figures and percentages have been rounded and, accordingly, may not total.

### Retail Vehicle Delivery Data

Retail vehicle delivery data included throughout this Offering Memorandum, as applicable, includes deliveries from the joint venture BMW Brilliance Automotive Ltd., Shenyang ("BMW Brilliance"), unless otherwise noted.

BMW Group's definition of "deliveries" is as follows:

"A new or used vehicle will be recorded as a delivery once handed over to the end user. End users also include leaseholders under lease contracts with BMW Financial Services and – in the US and Canada – dealers when they

designate a vehicle as a service loaner or demonstrator vehicle. In the case of used vehicles, end users may include dealers and other third parties when they purchase a vehicle at auction or directly from BMW Group. Vehicles designated for the end user and suffering total loss in transit will also be recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealers. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – is made by independent dealers.”

The preparation of BMW Group’s retail vehicle delivery data involves a variety of estimates and judgments, some of which are complex and all of which are inherently subjective, and is subject to other uncertainties. In addition, as BMW Group continues to enhance its policies and procedures regarding retail vehicle delivery data, it may not always be practicable for BMW Group to adjust prior period data (and any such adjustments not made are of a *de minimis* nature and do not materially impact the comparability of periods). Examples of the foregoing include, without limitation:

- The vast majority of deliveries of vehicles are carried out by independent dealerships or other third parties, and BMW Group is reliant on such third parties to correctly report relevant data to BMW Group.
- The definition of deliveries includes vehicles delivered in the United States and Canada if the relevant dealers designate such vehicles as service loaner vehicles or demonstrator vehicles.
- BMW Group generally reports used vehicles as retail deliveries when they are made available to an end user. However, if a used vehicle has reached a certain threshold of kilometers/miles driven and time passed since initial registration, it may already be recorded as delivered at the time when a dealer or any other third party purchases such vehicle at auction or directly from BMW Group.
- Retail vehicle delivery data for all periods presented in this Offering Memorandum include an immaterial number of vehicles that suffered a total loss while being in transit, provided they were intended to be made available to end users, regardless of whether or not such loss was covered by insurance.
- In the United States and Canada, the period start and end dates for the reporting of retail vehicle deliveries may immaterially deviate from the beginning and end of calendar years or calendar quarters, respectively, and instead follow global industry-standard reporting calendars.

Retail vehicle deliveries during a given reporting period do not correlate directly to the revenue that BMW Group recognizes in respect of such reporting period.

### **Non-IFRS Financial Measures**

This Offering Memorandum contains and incorporates by reference certain non-IFRS financial measures, *i.e.*, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, BMW Group uses the non-IFRS measures “Total Capital Expenditure,” “Capital Expenditure,” “EBIT” and “EBIT Margin,” among other measures.

“Total Capital Expenditure” corresponds to additions to capitalized development costs, other intangible assets and property, plant and equipment in the Group’s Audited Financial Statements (as defined below).

“Capital Expenditure” corresponds to Total Capital Expenditure less additions to capitalized development costs in the Group’s Audited Financial Statements.

“EBIT” is defined as revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

“EBIT Margin” is defined as the ratio of EBIT to revenue for the period indicated, expressed as a percentage.

BMW Group uses these non-IFRS financial measures to assess its consolidated financial and operating performance, and BMW Group believes they are helpful in identifying trends in its performance. These non-IFRS financial measures enhance management’s ability to make decisions with respect to resource allocation and to determine whether BMW Group is meeting established financial goals. Non-IFRS financial measures have certain limitations

as analytical tools and you should not consider them in isolation or as substitutes for analysis of BMW Group’s results as reported in accordance with IFRS. Because of such limitations, they should not be considered substitutes for the relevant IFRS financial measures. The Non-IFRS financial measures may not be comparable to similar titled measures as presented by other companies due to the differences in the way the non-IFRS financial measures are calculated.

## Incorporation of Certain Information by Reference

This Offering Memorandum incorporates by reference, and should be read and construed in conjunction with, the following information:

Document	Pages Incorporated
A. The following sections of the BMW Group Annual Report 2023:	
Combined Management Report—Financial Performance—Financial Position: —Earnings Performance of the BMW Group ( <i>except for the second paragraph on page 59</i> );—Financial Position of the BMW Group;—Financing Activities; and—Net Assets Position of the BMW Group.....	57-64
Combined Management Report—Financial Performance—Course of Business and Segments:	
—Automotive segment—Automotive segment earnings performance in line with expectations ( <i>except for the ninth and thirteenth paragraph on page 70</i> ).....	70
—Motorcycles segment—Motorcycles segment earnings within target forecast ( <i>except for the first and third paragraph on page 72</i> ) .....	72
—Financial Services segment—Financial Services segment earnings down on previous year .....	72
—Other Entities segment / Eliminations .....	73
Group Financial Statements .....	152-242
Responsibility Statement by the Company’s Legal Representatives .....	244
Independent Auditor’s Report.....	245-251 <sup>1</sup>
(together, the “2023 Annual Report Excerpts”); and	

<sup>1</sup> The independent auditor’s report of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (“PwC”), prepared in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*), refers to the consolidated financial statements, comprising the consolidated statement of financial position as of December 31, 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the combined management report for the financial year from January 1, 2023 to December 31, 2023. Except as specified above, the group management report as a whole is not included or incorporated by reference in this Offering Memorandum. They were prepared by and are the sole responsibility of, the Company’s management in accordance with German generally accepted accounting principles. The examinations of and the auditor’s reports upon such group management reports and management report are required and were performed in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of management reports promulgated by the German Institut der Wirtschaftsprüfer (IDW). The auditor’s report also comprises, in accordance with Section 322 para. 1 sentence 4 of the German Commercial Code (*Handelsgesetzbuch*), an assurance reporting in accordance with Section 317 para. 3a of the German Commercial Code (*Handelsgesetzbuch*) on the electronic reproduction of the consolidated financial statements and the combined management report prepared for publication purposes (the “ESEF-Report”). The documents prepared in the ESEF format, that are the subject matter of the ESEF-Report, are neither included nor incorporated by reference in this Offering Memorandum. The examination of and the auditor’s report on the electronic reproduction of the consolidated financial statements and the group management reports and management report was performed in accordance with Section 317 para. 3a of the German Commercial Code (*Handelsgesetzbuch*). Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PwC does not express any opinion on this information or on the consolidated financial statements or the financial statements included or incorporated by reference in the Offering Memorandum, in each case in accordance with U.S. generally accepted auditing standards or U.S. attestation standards. Except for those parts incorporated by reference as described in this Offering Memorandum, the information contained in the combined management report and the auditor’s report upon such combined management report should not be relied upon by U.S. investors. The referenced auditor’s report and consolidated financial statements are both translations of the respective German-language documents.

Document	Pages Incorporated
B. The following sections of the BMW Group Annual Report 2022:	
Combined Management Report—Financial Performance—Financial Position: —Earnings Performance of the BMW Group ( <i>except for the fourth paragraph on page 59</i> );—Financial Position of the BMW Group;—Refinancing; and—Net Assets Position of the BMW Group.....	57-64
Combined Management Report—Financial Performance—Course of Business and Segments:	
—Automotive segment—Results of operations of the Automotive segment ( <i>except for the sixth and ninth paragraph on page 71</i> ) .....	71
—Motorcycles segment—Results of operations of the Motorcycles segment ( <i>except for the first and third paragraph on page 73</i> ).....	73
—Financial Services segment—Financial Services segment earnings significantly down on previous year .....	73
—Other Entities segment / Eliminations .....	74
Group Financial Statements .....	152-245
Responsibility Statement by the Company’s Legal Representatives .....	247
Independent Auditor’s Report.....	248-255 <sup>2</sup>
(together, the “2022 Annual Report Excerpts”)	

---

<sup>2</sup> The independent auditor’s report of PwC, prepared in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*), refers to the consolidated financial statements, comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the combined management report for the financial year from January 1, 2022 to December 31, 2022. Except as specified above, the group management report as a whole is not included or incorporated by reference in this Offering Memorandum. They were prepared by and are the sole responsibility of, the Company’s management in accordance with German generally accepted accounting principles. The examinations of and the auditor’s reports upon such group management reports and management report are required and were performed in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of management reports promulgated by the German Institut der Wirtschaftsprüfer (IDW). The auditor’s report also comprises, in accordance with Section 322 para. 1 sentence 4 of the German Commercial Code (*Handelsgesetzbuch*), an assurance reporting in accordance with Section 317 para. 3a of the German Commercial Code (*Handelsgesetzbuch*) on the electronic reproduction of the consolidated financial statements and the combined management report prepared for publication purposes (the “ESEF-Report”). The documents prepared in the ESEF format, that are the subject matter of the ESEF-Report, are neither included nor incorporated by reference in this Offering Memorandum. The examination of and the auditor’s report on the electronic reproduction of the consolidated financial statements and the group management reports and management report was performed in accordance with Section 317 para. 3a of the German Commercial Code (*Handelsgesetzbuch*). Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PwC does not express any opinion on this information or on the consolidated financial statements or the financial statements included or incorporated by reference in the Offering Memorandum, in each case in accordance with U.S. generally accepted auditing standards or U.S. attestation standards. Except for those parts incorporated by reference as described in this Offering Memorandum, the information contained in the combined management report and the auditor’s report upon such combined management report should not be relied upon by U.S. investors. The referenced auditor’s report and consolidated financial statements are both translations of the respective German-language documents.

The information contained in each document incorporated by reference herein is given as of the date of such document. Such information shall be deemed to be incorporated in, and form part of, this Offering Memorandum, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this Offering Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Offering Memorandum.

You may obtain a copy of the 2023 Annual Report Excerpts and the 2022 Annual Report Excerpts by visiting the Group's website at:

- [https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup\\_com/ir/downloads/en/2024/bericht/BMW-Group-Report-2023-en.pdf](https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2024/bericht/BMW-Group-Report-2023-en.pdf); and
- [https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup\\_com/ir/downloads/en/2023/bericht/BMW-Group-Report-2022-en.pdf](https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2023/bericht/BMW-Group-Report-2022-en.pdf).

or by contacting BMW Group at the address, e-mail address or telephone or fax numbers below:

BMW Group—Investor Relations  
80788 Munich, Germany  
Fax.: +49 (0)89-382-14661  
Tel.: +49 (0)89-382-25387  
E-mail: [ir@bmwgroup.com](mailto:ir@bmwgroup.com)

Other than the sections specified above and specifically incorporated by reference into this Offering Memorandum, such documents do not form part of this Offering Memorandum and the contents of the Company's internet website do not form part of this Offering Memorandum and, in each case, should not be relied upon for the purposes of forming an investment decision with respect to the Notes.



## FORWARD-LOOKING STATEMENTS

This Offering Memorandum, including the documents incorporated herein by reference, contains certain forward-looking statements. Such forward-looking statements are generally identified by the use of forward-looking words, such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “predict,” “target,” “will,” “should,” “may” or other variations of such terms, or by discussion of strategy or targets, including the targets under its corporate strategy. These statements relate to BMW Group’s future prospects, developments and business strategies and are based on analyses or forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the Group’s actual future results, performance and achievements to differ materially from those forecasted or suggested herein. These include changes in general economic and business conditions, as well as the factors described under “*Risk Factors*” in this Offering Memorandum. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof.

A wide range of factors could materially affect future developments and performance, including the following:

- macroeconomic, geopolitical or other events;
- changes in consumer preferences, lifestyle and individual mobility;
- trends in the highly competitive automotive market subject to technological innovations and developments;
- increased safety, emissions, fuel efficiency or other regulations;
- export controls, sanctions, tariffs and other trade barriers;
- increases in or volatility of fuel prices;
- production stoppages and downtimes;
- defects in vehicles leading to recalls, legal and regulatory inquiries, costs or penalties;
- dependence on suppliers;
- pension obligations to current and past employees;
- dependence on information technology and the integrity of the Group’s information and data;
- malfunctioning or disruption of, or cybercrimes against, the Group’s information technology systems;
- security risks relating to the electronic control systems contained in the Group’s vehicles;
- risks and uncertainties related to autonomous driving;
- volatility and changes in foreign exchange rates;
- dependence on vehicles’ residual values developments;
- changes in prices of raw materials and commodities;
- dependence on securing financing on attractive terms to provide liquidity;
- exposure to interest rate risks through the Group’s various financing programs;
- dependence on counterparties maintaining their operations and creditworthiness;
- the requirement to comply with numerous laws and regulations in multiple jurisdictions;
- increased scrutiny related to environmental, social and governance matters;

- international trade restrictions, such as economic sanctions and export controls;
- dependence on compliance and risk management systems;
- litigation, governmental investigations or adverse publicity;
- the risk of a decrease in or cessation or claw-back of government incentives;
- the Group's ability to effectively market and distribute its products;
- competition in the automotive industry leading to pricing and sales pressures;
- dependence on market acceptance;
- the Group's ability to maintain and develop its brand image;
- "take-or-pay" contracts;
- dependence on good relationships with employees and unions;
- dependence on good relationships with joint venture partners;
- the risk of changes in deliveries having a substantial effect on the Group's cash flow and profitability;
- complex tax and customs matters; and
- the risk of insurance coverage not being sufficient or its insurance premiums increasing.

Other than in connection with applicable securities laws, the Obligors undertake no obligation to publish revised forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum or to reflect the occurrence of unanticipated events. The Obligors urge you to carefully review and consider the various disclosures the Obligors make concerning the factors that may affect BMW Group's business, including the disclosures made in the "*Risk Factors*" section of this Offering Memorandum and the documents incorporated by reference herein.

## SUMMARY

The following summary highlights selected information contained elsewhere in, or incorporated by reference into, this Offering Memorandum. Accordingly, this summary may not contain all of the information that may be relevant to you in making a decision whether to invest in the Notes. You should carefully read and review this Offering Memorandum and the documents incorporated by reference in order to fully understand BMW Group's business. You should also read the "Risk Factors" section to determine whether an investment in the Notes is appropriate for you.

### Overview

BMW Group is one of the most successful makers of premium and luxury automobiles and motorcycles worldwide and among the largest industrial companies in Germany. With BMW, MINI and Rolls-Royce, BMW Group owns three of the strongest premium and luxury brands in the automotive industry. The vehicles it manufactures set high standards in terms of aesthetics, dynamics, technology and quality, as borne out by BMW Group's strong position in engineering and innovation. In addition, BMW Group provides financial services supporting its automotive and motorcycle business. As of December 31, 2023, BMW Group had a worldwide workforce of 154,950 employees by headcount.

The Group is organized into four segments:

- *Automotive*: develops, manufactures, assembles and sells automobiles powered with all-electric drive systems, plug-in hybrid systems and efficient combustion engines, including spare parts, accessories and mobility services under the BMW, MINI and Rolls-Royce brands;
- *Motorcycles*: develops, manufactures, assembles and sells motorcycles, including spare parts and accessories;
- *Financial Services*: provides automobile and motorcycle leasing, retail and dealership financing, multi-brand fleet business, customer deposit business, and insurance activities; and
- *Other Entities*: includes holding and Group financing companies and certain other companies not allocated to one of the other segments.

The following tables present an overview of BMW Group's key non-financial and financial performance indicators for the periods indicated.

	As of and for the year ended December 31,		
	2023	2022	2021
<b>Key non-financial performance indicators</b>			
<b>BMW Group</b>			
Workforce at end of period (# of employees) <sup>(1)</sup> .....	154,950	149,475	118,909
Share of women in management positions in the BMW Group (in %) .....	20.8	20.2	18.8
<b>Automotive segment</b>			
Deliveries (units) <sup>(2)</sup> .....	2,554,183	2,399,632	2,521,514
Share of all-electric cars in deliveries (in %) <sup>(3)</sup> .....	14.7	9.0	4.1
CO <sub>2</sub> emissions EU New Vehicle Fleet (in g CO <sub>2</sub> /km) <sup>(4)</sup> .....	102.1	105.0	115.9
CO <sub>2</sub> emissions per vehicle produced (in tons) <sup>(5)</sup> .....	0.28	0.32	0.33

**Motorcycles segment**

Deliveries (units) .....	209,066	202,895	194,261
--------------------------	---------	---------	---------

- (1) The number of employees includes BMW AG and all companies in which it holds a majority interest, irrespective of whether they are consolidated in the Group's Audited Financial Statements. The definition does not include apprentices, interns, temporary staff (students on work experience), temporary employees, dormant or inactive employment contracts due to maternity leave, sabbaticals, parental leave, long-term illness (according to local law requirements), those in inactive early retirement phase, and employees accompanying their partner abroad. Workforce is shown as "Employees" in the 2022 and 2023 Audited Financial Statements.
- (2) Including deliveries of the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 96,133 units; 2021: 651,236 units).
- (3) From 2023, BMW Group reports the share of all-electric vehicles in total deliveries during a 12-month period as a key performance indicator.
- (4) Group calculation of fleet consumption of newly registered cars in the European Union plus Norway and Iceland, calculated on a converted basis in line with the Worldwide Harmonised Light Vehicles Test Procedure ("WLTP"). This is a preliminary internal calculation with a potential variation of +/- 0.5 g CO2/km, as official registration figures from the authorities are not available for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year. Includes an allowance for eco-innovations (amounts of clearly minor significance).
- (5) The efficiency indicator is determined by calculating both direct (Scope 1) and indirect (Scope 2) emissions, following a market-based approach outlined in the Greenhouse Gas ("GHG") Protocol Scope 2 Guidance. This calculation primarily relies on emissions factors for electricity, district heating, and fuels provided by the German Association of the Automotive Industry (VDA), with occasional use of local emissions factors. Excluded from this calculation are climate-impacting gases other than carbon dioxide from vehicle production at BMW Group manufacturing sites, including motorcycles (excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites such as research centers, sales centers, and office buildings. The resulting value is then divided by the total number of vehicles produced at BMW Group manufacturing sites and partner plants (excluding contract manufacturers).

<b>For the year ended December 31,</b>		
<b>2023</b>	<b>2022</b>	<b>2021</b>

**Further non-financial performance figures****Automotive segment**

Deliveries by brand (units)

BMW <sup>(1)</sup> .....	2,252,793	2,100,689	2,213,790
MINI .....	295,358	292,922	302,138
Rolls-Royce .....	6,032	6,021	5,586
<b>Total<sup>(1)</sup> .....</b>	<b><u>2,554,183</u></b>	<b><u>2,399,632</u></b>	<b><u>2,521,514</u></b>

Production volume by brand (units)

BMW <sup>(2)</sup> .....	2,340,547	2,089,801	2,166,644
MINI .....	315,196	286,265	288,713
Rolls-Royce .....	6,179	6,239	5,912
<b>Total<sup>(2)</sup> .....</b>	<b><u>2,661,922</u></b>	<b><u>2,382,305</u></b>	<b><u>2,461,269</u></b>

Energy consumption per vehicle produced (in MWh) <sup>(3)</sup> .....	1.97	2.13	2.10
---	------	------	------

**Motorcycles segment**

Production volume (units)

BMW .....	221,988	215,932	187,500
-----------	---------	---------	---------

## Financial Services segment

New contracts with retail customers..... 1,542,514 1,545,490 1,956,514

- (1) Including deliveries of the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 96,133 units; 2021: 651,236 units).
- (2) Including the production figures from the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 58,507 units; 2021: 700,777 units).
- (3) The efficiency indicator calculated from the absolute energy consumption (adjusted for combined heat and power (“CHP”) losses) of automobile production (BMW Group plants excluding partner plants and contract manufacturing) divided by the number of units produced (BMW Group plants and partners plants, excluding contract manufacturing).

	For the year ended December 31,		
	2023	2022	2021
(audited, unless otherwise indicated)			
(in € million unless otherwise indicated)			
<b>Key financial performance indicators</b>			
Profit/(loss) before tax.....	17,096	23,509	16,060
<b>Automotive segment</b>			
Revenues .....	132,277	123,602	95,476
EBIT margin <sup>(1)(4)</sup> (in %) .....	9.8	8.6	10.3
<b>Further financial key performance figures</b>			
<b>Total Capital Expenditure<sup>(1)(2)(4)</sup> .....</b>	<b>11,440</b>	<b>10,610</b>	<b>7,518</b>
<b>Depreciation and amortization<sup>(3)(4)</sup> .....</b>	<b>8,974</b>	<b>8,566</b>	<b>6,495</b>
<b>Operating cash flow Automotive segment<sup>(4)</sup> .....</b>	<b>17,675</b>	<b>14,782</b>	<b>12,583</b>
<b>Revenues .....</b>	<b>155,498</b>	<b>142,610</b>	<b>111,239</b>
Automotive.....	132,277	123,602	95,476
Motorcycles.....	3,214	3,176	2,748
Financial Services.....	36,227	35,122	32,867
Other Entities.....	11	8	5
Eliminations.....	(16,231)	(19,298)	(19,857)
<b>Profit/(loss) before financial result (EBIT)<sup>(1)</sup> .....</b>	<b>18,482</b>	<b>13,999</b>	<b>13,400</b>
Automotive <sup>(4)</sup> .....	12,981	10,635	9,870
Motorcycles <sup>(4)</sup> .....	259	257	227
Financial Services <sup>(4)</sup> .....	3,055	3,163	3,701
Other Entities <sup>(4)</sup> .....	(13)	(203)	(8)
Eliminations <sup>(4)</sup> .....	2,200	147	(390)
<b>Profit/(loss) before tax .....</b>	<b>17,096</b>	<b>23,509</b>	<b>16,060</b>
Automotive <sup>(4)</sup> .....	12,642	18,918	11,805
Motorcycles <sup>(4)</sup> .....	258	269	228
Financial Services <sup>(4)</sup> .....	2,962	3,205	3,753
Other Entities <sup>(4)</sup> .....	(100)	995	531
Eliminations <sup>(4)</sup> .....	1,334	122	(257)
<b>Income taxes .....</b>	<b>(4,931)</b>	<b>(4,927)</b>	<b>(3,597)</b>
<b>Net profit/(loss) .....</b>	<b>12,165</b>	<b>18,582</b>	<b>12,463</b>

- (1) Non-IFRS financial measure. For further information, see “Additional Information—Non-IFRS Financial Measures.”

- (2) Total Capital Expenditure corresponds to additions to development costs, other intangible assets and property, plant and equipment in the Group's Audited Financial Statements.
- (3) Depreciation and amortization is defined as the sum of amortization of intangible assets and depreciation of property, plant and equipment. See *Note 20—Analysis of changes in Group tangible, intangible and investment assets 2023* in the 2023 Audited Financial Statements and *Note 21—Analysis of changes in Group tangible, intangible and investment assets 2022* in the 2022 Audited Financial Statements.
- (4) Unaudited.

## **Risk Factors Summary**

The Group's business is subject to a number of risks, including risks that may prevent the Group from achieving its business objectives or may adversely affect the Group's business, financial condition, results of operations, cash flows, strategies or prospects. These risks are discussed more fully below and include but are not limited to:

- Risks Relating to BMW Group:
  - Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group;
  - The automotive market is highly competitive and subject to technological innovations and developments which could affect BMW Group's competitive position;
  - Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains;
  - Defects in vehicles could lead to recalls, legal and regulatory inquiries, costs or penalties and could affect BMW Group's reputation and brand image;
  - BMW Group is dependent on its suppliers;
  - BMW Group is required to comply with numerous laws and regulations in multiple jurisdictions;
  - BMW Group may face increasing scrutiny related to environmental, social and governance matters that may impact its business; and
  - BMW Group's international operations give rise to complex tax and customs matters.
- Risks Relating to the Issuer:
  - The Issuer is a financing subsidiary within BMW Group.
- Risks Relating to the Offering and the Notes:
  - The ability of holders to transfer the Notes in the United States and certain other jurisdictions will be limited;
  - The Notes are the Obligors' unsecured obligations and are subordinated to secured obligations on insolvency;
  - Payments made by a German guarantor may be subject to a tax deduction;
  - An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited;
  - The Secured Overnight Financing Rate published daily by the New York Federal Reserve has a limited history; the future performance of the Secured Overnight Financing Rate cannot be predicted based on the historical performance of the Secured Overnight Financing Rate;
  - BMW Group or BMW Group's designee will have authority to make determinations, elections, calculations and adjustments that could affect the value of and your return on the Floating Rate Notes; and
  - Investors in the Notes may be unable to enforce judgments obtained in U.S. courts.

## SUMMARY OF THE OFFERING

The following is a summary of the terms of this offering. For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes and Guarantee” in this Offering Memorandum.

Issuer .....	BMW US Capital, LLC
Guarantor.....	Bayerische Motoren Werke Aktiengesellschaft
Notes Offered .....	U.S.\$600,000,000 aggregate principal amount of 5.050% Notes due 2026; U.S.\$650,000,000 aggregate principal amount of 4.900% Notes due 2027; U.S.\$800,000,000 aggregate principal amount of 4.900% Notes due 2029; U.S.\$500,000,000 aggregate principal amount of 5.150% Notes due 2034; and U.S.\$700,000,000 aggregate principal amount of Floating Rate Notes due 2026.
The Guarantee .....	The Guarantee will be an unsecured and unsubordinated obligation of the Guarantor (as defined herein) and will rank <i>pari passu</i> in right of payment with its other unsecured and unsubordinated indebtedness (save for certain obligations required to be preferred by law). See “Terms and Conditions of the Notes and Guarantee—Guarantee and Status.”
Issue Price .....	99.957% of the principal amount for the 2026 Notes; 99.881% of the principal amount for the 2027 Notes; 99.860% of the principal amount for the 2029 Notes; 99.992% of the principal amount for the 2034 Notes; and 100.000% of the principal amount for the Floating Rate Notes.
Maturity Dates.....	The 2026 Notes will mature on April 2, 2026, the 2027 Notes will mature on April 2, 2027, the 2029 Notes will mature on April 2, 2029, the 2034 Notes will mature on April 2, 2034 and the Floating Rate Notes will mature on April 2, 2026.
Denomination .....	The Notes will be issued in minimum denominations of U.S.\$2,000 and any integral multiple of U.S.\$1,000 in excess thereof.
Interest Rate.....	The 2026 Notes will bear interest at the rate of 5.050% per annum, the 2027 Notes will bear interest at the rate of 4.900% per annum, the 2029 Notes will bear interest at the rate of 4.900% per annum and the 2034 Notes will bear interest at the rate of 5.150% per annum, in each case from, and including, April 2, 2024 based upon a 360-day year consisting of twelve 30-day months.



	<p>The Floating Rate Notes will bear interest at a rate, reset quarterly, equal to the Compounded SOFR (as defined in “<i>Terms and Conditions of the Notes and Guarantee</i>”) for the relevant Floating Rate Notes Interest Period plus Floating Rate Spread, <i>provided that</i>, if the sum of the Compounded SOFR and the applicable Floating Rate Spread is less than 0.000% for any Floating Rate Notes Interest Period, then the Floating Interest Rate for such Floating Rate Notes Interest Period will be deemed to be 0.000%.</p>
Floating Rate Spread .....	0.550% per annum from April 2, 2024.
Interest Payment Dates .....	<p>Interest on the Fixed Rate Notes will be payable semi-annually on April 2 and October 2 of each year, commencing on October 2, 2024.</p> <p>Interest on the Floating Rate Notes will be payable quarterly on January 2, April 2, July 2 and October 2 of each year, commencing on July 2, 2024.</p>
Ranking of the Notes and the Guarantee .....	<p><i>The Notes</i></p> <p>The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> in right of payment among themselves and with all other direct, unsecured and unsubordinated obligations of the Issuer (save for certain obligations required to be preferred by law).</p> <p><i>The Guarantee</i></p> <p>The Guarantee will be an unsecured and unsubordinated obligation of the Guarantor and will rank <i>pari passu</i> in right of payment with the other unsecured and unsubordinated indebtedness of the Guarantor (save for certain obligations required to be preferred by law).</p>
Issue Date .....	April 2, 2024.
Additional Amounts .....	<p>Subject to certain exceptions and limitations described in “<i>Terms and Conditions of the Notes and Guarantee</i>,” the Issuer and the Guarantor will pay such Additional Amounts (as defined therein) on the Notes or under the Guarantee as will result in the receipt by the holders of Notes of such amounts as would have been received by them had no withholding or deduction (that is required by law) been required. However, no Additional Amounts will be paid with respect to withholding or deduction of U.S. taxes.</p>
Optional Redemption.....	<p>Prior to the date which is (i) in the case of the 2026 Notes, the 2026 Notes Maturity Date (as defined in “<i>Terms and Conditions of the Notes and Guarantee</i>”),</p>

(ii) in the case of the 2027 Notes, the 2027 Notes Maturity Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”), (iii) in the case of the 2029 Notes, one month prior to the 2029 Notes Maturity Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”) or (iv) in the case of the 2034 Notes, three months prior to the 2034 Notes Maturity Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”), the Issuer may redeem any Tranche of Fixed Rate Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) for such Notes equal to the greater of:

(i) (a) the sum of the present values of the remaining scheduled payments of principal and interest on the relevant series of Notes to be redeemed discounted to the relevant Redemption Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in “*Terms and Conditions of the Notes and Guarantee*”) plus 10 basis points in the case of the 2026 Notes, 10 basis points in the case of the 2027 Notes, 15 basis points in the case of the 2029 Notes and 15 basis points in the case of the 2034 Notes less (b) interest accrued to the relevant Redemption Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”), and

(ii) 100% of the principal amount of the Notes of the relevant series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the relevant Redemption Date.

In the case of the 2029 Notes and 2034 Notes, on or after the relevant Par Call Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”), the Issuer may redeem the relevant Tranche of Fixed Rate Notes, in whole or in part, at any time and from time to time, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the relevant Redemption Date.

Optional Tax Redemption .....

If the Issuer or the Guarantor is required to pay Additional Amounts with respect to Notes of any Tranche or the Guarantee due to certain changes in tax law, the Issuer may redeem the Notes of that Tranche, in whole but not in part, at 100% of the principal amount thereof, plus accrued and unpaid interest to the

	Redemption Date. See “ <i>Terms and Conditions of the Notes and Guarantee.</i> ”
Use of Proceeds .....	The net proceeds of the issue of the Notes will be used by the Group for general corporate purposes.
Transfer Restrictions .....	The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or any other applicable securities laws, and are subject to restrictions on transfer as described under “ <i>Transfer Restrictions.</i> ”
No Prior Market.....	The Notes will be new securities for which there is currently no market. Although the initial purchasers have informed BMW Group that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market-making at any time without prior notice. Accordingly, a liquid market for the Notes may not develop or be maintained.
Fiscal Agent.....	The Bank of New York Mellon, London Branch.
Rating .....	The Notes are expected to be assigned a rating of “A2” by Moody’s and “A” by Standard & Poor’s. Ratings are not a recommendation to purchase, hold or sell Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based upon current information furnished to the rating agencies by BMW Group and information obtained by the rating agencies from other sources. The ratings are only accurate as of the date thereof and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should check the current ratings before purchasing the Notes. Each rating should be evaluated independently of any other rating.
Listing.....	The Notes will not be listed on any securities exchange.
Governing Law and Jurisdiction.....	English law and exclusive jurisdiction of the courts of England.
Global Note Codes .....	<p>2026 Notes:</p> <p>Rule 144A Global Note:</p> <p>CUSIP: 05565E CG8</p> <p>ISIN: US05565ECG89</p> <p>Regulation S Global Note:</p> <p>CUSIP: U09513 JU4</p> <p>ISIN USU09513JU41</p>

*2027 Notes:*

Rule 144A Global Note:

CUSIP: 05565E CH6

ISIN: US05565ECH62

Regulation S Global Note:

CUSIP: U09513 JV2

ISIN: USU09513JV24

*2029 Notes:*

Rule 144A Global Note:

CUSIP: 05565E CJ2

ISIN: US05565ECJ29

Regulation S Global Note:

CUSIP: U09513 JW0

ISIN: USU09513JW07

*2034 Notes:*

Rule 144A Global Note:

CUSIP: 05565E CK9

ISIN: US05565ECK91

Regulation S Global Note:

CUSIP: U09513 JX8

ISIN: USU09513JX89

*Floating Rate Notes:*

Rule 144A Global Note:

CUSIP: 05565E CL7

ISIN: US05565ECL74

Regulation S Global Note:

CUSIP: U09513 JY6

ISIN: USU09513JY62

## SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth, for the periods indicated, summary consolidated financial data of the Group.

The summary consolidated financial data as of December 31, 2023, 2022 and 2021, and for each of the years ended December 31, 2023, 2022 and 2021, have been derived from the audited consolidated financial statements of the Group as of and for the year ended December 31, 2023 (the “2023 Audited Financial Statements”) and from the audited consolidated financial statements of the Group as of and for the year ended December 31, 2022 (the “2022 Audited Financial Statements”) and together with the 2023 Audited Financial Statements, the “Audited Financial Statements”).

Where financial data is labeled “audited,” this means that it was taken from the Audited Financial Statements. The label “unaudited” is used to indicate financial data that was taken from a source other than the Audited Financial Statements or recomputed from the Audited Financial Statements.

These summary consolidated financial data should be read in conjunction with and are qualified in their entirety by reference to:

- the Audited Financial Statements incorporated by reference into this Offering Memorandum;
- the sections “*Combined Management Report—Financial Performance—Financial Position—Earnings Performance of the BMW Group (except for the second paragraph on page 59);—Financial Position of the BMW Group;—Financing Activities; and—Net Assets Position of the BMW Group; Combined Management Report—Financial Performance—Course of Business and Segments—Automotive segment—Automotive segment earnings performance in line with expectations (except for the ninth and thirteenth paragraph on page 70);—Motorcycles segment—Motorcycles segment earnings within target forecast (except for the first and third paragraph on page 72);—Financial Services segment—Financial Services segment earnings down on previous year; and—Other Entities segment / Eliminations*” on pages 57 through 64, 70, 72 and 73 of the 2023 Annual Report Excerpts; and
- the sections “*Combined Management Report—Financial Performance—Financial Position—Earnings Performance of the BMW Group (except for the fourth paragraph on page 59);—Financial Position of the BMW Group;—Refinancing;—Net Assets Position of the BMW Group; Combined Management Report—Financial Performance—Course of Business and Segments—Automotive segment—Results of operations of the Automotive segment (except for the sixth and ninth paragraph on page 71);—Motorcycles segment—Results of operations of the Motorcycles segment (except for the first and third paragraph on page 73);—Financial Services segment—Financial Services segment earnings significantly down on previous year; and—Other Entities segment / Eliminations*” on pages 57 through 64, 71, 73 and 74 of the 2022 Annual Report Excerpts.

	For the year ended December 31,		
	2023	2022	2021
	(audited)		
	(in € million)		
<b>Selected Consolidated Income Statement Data</b>			
Revenues .....	155,498	142,610	111,239
Cost of sales .....	(125,809)	(118,042)	(89,253)
<b>Gross profit</b> .....	<b>29,689</b>	<b>24,568</b>	<b>21,986</b>
Selling and administrative expenses.....	(11,025)	(10,616)	(9,233)
Other operating income .....	1,045	1,377	1,702
Other operating expenses .....	(1,227)	(1,330)	(1,055)
<b>Profit/(loss) before financial result</b> .....	<b>18,482</b>	<b>13,999</b>	<b>13,400</b>
Financial result .....	(1,386)	9,510	2,660
<b>Profit/(loss) before tax</b> .....	<b>17,096</b>	<b>23,509</b>	<b>16,060</b>
Income taxes.....	(4,931)	(4,927)	(3,597)
<b>Net profit/(loss)</b> .....	<b>12,165</b>	<b>18,582</b>	<b>12,463</b>

	As of December 31,		
	2023	2022	2021
	(audited)		
	(in € million)		
<b>Selected Consolidated Balance Sheet Data</b>			
Non-current assets .....	155,918	154,722	143,354
Current assets .....	94,972	92,204	86,173
<b>Total assets</b> .....	<b>250,890</b>	<b>246,926</b>	<b>229,527</b>
Equity .....	92,923	91,288	75,132
Non-current provisions and liabilities .....	70,966	71,217	77,929
Current provisions and liabilities .....	87,001	84,421	76,466
<b>Total equity and liabilities</b> .....	<b>250,890</b>	<b>246,926</b>	<b>229,527</b>

	For the year ended December 31,		
	2023	2022	2021
	(audited)		
	(in € million)		
<b>Selected Consolidated Cash Flow Statement Data</b>			
Cash inflow/outflow from operating activities.....	17,542	23,523	15,914
Cash inflow/outflow from investing activities .....	(9,548)	(4,772)	(6,400)
Cash inflow/outflow from financing activities..	(6,859)	(17,984)	(6,735)
<b>Cash and cash equivalents as of December 31.</b>	<b>17,327</b>	<b>16,870</b>	<b>16,009</b>

#### *Additional Financial Metrics*

The following table presents certain historical financial metrics.

		As of and for the year ended December 31,		
		2023	2022	2021
		(unaudited)		
Group gross profit margin <sup>(1)</sup> .....	%	19.1	17.2	19.8
Group pre-tax return on sales <sup>(2)</sup> .....	%	11.0	16.5	14.4
Group post-tax return on sales <sup>(2)</sup> .....	%	7.8	13.0	11.2
Group equity ratio <sup>(3)</sup> .....	%	37.0	37.0	32.7
Free cash flow Automotive segment <sup>(4)</sup> .....	€m	6,942	11,071	6,354
EBIT margin Automotive segment <sup>(5)</sup> .....	%	9.8	8.6	10.3
Net financial assets Automotive segment <sup>(6)</sup> .....	€m	17,003	24,603	22,362
Capital Expenditure <sup>(7)</sup> .....	€m	8,836	7,791	5,012
Capital Expenditure ratio <sup>(8)</sup> .....	%	5.7	5.5	4.5
Research and Development expenditure ratio <sup>(9)</sup> .....	%	5.0	5.0	6.2
Total dividend <sup>(10)</sup> .....	€m	5,430	3,827	1,253
Dividend per ordinary share <sup>(11)</sup> .....	€	6.00	8.50	5.80
Penetration rate <sup>(12)</sup> .....	%	38.2	41.0	50.5
Credit loss ratio <sup>(13)</sup> .....	%	0.18	0.13	0.18

- (1) Group gross profit margin represents the Group gross profit for the period divided by Group revenue for the period, expressed as a percentage.
- (2) Group pre-tax and post-tax return on sales represent Group profit before tax (pre-tax) or net profit (post-tax) for the period divided by Group revenue for the period, expressed as a percentage.
- (3) Equity comprises subscribed capital, reserves, accumulated other equity, treasury shares and non-controlling interests. The Group equity ratio is equal to Group equity divided by the Group balance sheet total.
- (4) Free cash flow Automotive segment corresponds to the cash inflow from operating activities of the Automotive segment less the cash outflow for investing activities of the Automotive segment adjusted for net investments in marketable securities and investment funds.
- (5) EBIT margin Automotive segment is defined as the ratio of current period Automotive segment EBIT to current period Automotive segment revenue, expressed as a percentage. EBIT margin Automotive segment is a non-IFRS measure. For further information see “Additional Information—Non-IFRS Financial Measures.”
- (6) Net financial assets Automotive segment is the sum of cash and cash equivalents, marketable securities and investment funds, intragroup net financial receivables (together, financial assets) less external financial liabilities (excluding derivative financial instruments) for the Automotive segment.
- (7) Capital Expenditure is defined as Total Capital Expenditure less additions to development costs (*Note 20—Analysis of changes in Group tangible, intangible and investment assets 2023* in the 2023 Audited Financial Statements and *Note 21—Analysis of changes in Group tangible, intangible and investment assets 2022* in the 2022 Audited Financial Statements).
- (8) Capital Expenditure ratio is defined as the ratio of Capital Expenditure to current period Group revenue, expressed as a percentage.
- (9) Research and Development expenditure ratio is defined as the ratio of total research and development expenditure – comprising research costs, non-capitalized development costs, capitalized development costs (excluding systematic amortization thereon) – to current period Group revenue, expressed as a percentage.
- (10) These figures represent the total dividend distributed to shareholders of BMW AG in each of the three years presented from the unappropriated profit available for distribution from each of the prior years. For the year ended December 31, 2023, the total dividend distributed to shareholders of BMW AG was €5,430 million, which differs from the unappropriated profit available for distribution before a decrease in the number of shares entitled to dividends as a result of share buy-backs conducted by the Company since December 31, 2022 (€5,481) million.
- (11) These figures represent the dividend per ordinary share that shareholders are entitled to receive for each of the years presented. For the year ended December 31, 2023, the figure expected to be paid to shareholders in 2024 (€6.00) is consistent with the unappropriated profit and the amount initially proposed by the Board of Management of the Company. For further information, see *Note 31—Equity* in the 2023 Audited Financial Statements. For the year ended December 31, 2022, the figure (€8.50) is consistent with the unappropriated profit and the amount initially proposed by the Board of Management of the Company. For further information, see *Note 32—Equity* in the 2022 Audited Financial Statements.

- (12) Penetration rate is calculated by dividing the number of retail vehicle deliveries that are financed or leased by the Financial Services segment by the total number of retail vehicle deliveries of the Group, expressed as a percentage. The calculation includes only those automobile markets in which the Financial Services segment is represented by a consolidated entity.
- (13) Credit loss ratio is calculated by dividing credit losses of the Financial Services segment by the average total credit portfolio for a given period, expressed as a percentage.



## RISK FACTORS

*In addition to other information contained in or incorporated by reference into this Offering Memorandum, you should consider carefully the risks described below. These risks are not the only ones BMW Group faces. Additional risks not currently known to the Group or that it currently believes to be immaterial may also impair its business operations. The Group's business, financial condition or results of operation could be materially adversely affected by the occurrence of any of these risks.*

*This Offering Memorandum contains forward-looking statements based on assessments of risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks the Group faces as described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements."*

### **Risks Relating to BMW Group**

#### ***Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group***

BMW Group manufactures and sells its premium and luxury automobiles and motorcycles worldwide. As one of the largest industrial companies in Germany, BMW Group is deeply rooted in Germany and across Europe. In addition, BMW Group manufactures and sells a significant number of automobiles and motorcycles in the Americas and Asia, particularly in China. As a result, BMW Group's business and operating results are materially affected by global macroeconomic and financial market conditions and could be adversely impacted by economic or financial crises, a global or regional economic slowdown or recession, or a decrease in consumer demand for BMW Group's products.

BMW Group is also vulnerable to the negative impact of other events outside BMW Group's control. Political instability, increased nationalist and protectionist behavior of governments, terrorist activities, military conflict, natural disasters, extreme weather events, power outages, telecommunications failures and pandemics, among other things, could have a material adverse impact on the global economy, international capital markets and the Group's business, net assets, financial condition and results of operations.

For example, the international macroeconomic situation is currently characterized by considerable uncertainty, mainly due to elevated inflation and interest rates. In 2023, market turmoil generated by the failures of a number of financial institutions, including in the United States and Switzerland, caused instability and uncertainty in the financial markets. The BMW Group has not experienced any significant direct impact due to these bank failures or crises; however, BMW Group may suffer from indirect effects if these or similar events in the future lead to more conservative lending decisions from banks, which may increase the cost of credit for both the Group and the Group's retail and commercial customers. Any reduction in the availability of credit to the wider economy could also lead to an economic slowdown, or continuation or further worsening of financial and macroeconomic conditions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In addition, in recent years, the uncertainty in connection with the United Kingdom's withdrawal from the EU ("Brexit") and the trade tensions between the United States and China had, and continue to have, a direct and material impact on the global economy and thereby on BMW Group and its business and results of operations. More recently, the Russian invasion of Ukraine and the Israel-Gaza conflict, as well as developments in the Red Sea, have significantly increased risks and uncertainties in the global economy, and especially in Eastern Europe and the Middle East, with far-reaching and potentially long-term adverse consequences for BMW Group's ability to procure supplies from, manufacture or market vehicles in, or otherwise do business in and with Russia and Ukraine, countries in the Middle East impacted by conflicts and global economic and political conditions more generally. In addition, sanctions imposed by the EU, the United States and other countries on Russia (and certain territories occupied by Russia) as well as Russian banks, companies and individuals have adversely affected and will continue to adversely affect BMW Group's business. For example, on March 1, 2022, BMW Group announced the discontinuation of its local production in Russia and halted all exports of vehicles to Russia. The war in Ukraine also has a significant impact on Ukraine's automotive supply industry as a result of which BMW Group, for example, had to stop production temporarily at its Dingolfing plant in March 2022. Russia has likewise imposed sanctions, currency restrictions and regulations and may further take retaliatory trade or other actions, including the imposition

of new counter-sanctions against countries and companies it considers unfriendly, and the nationalization of foreign-owned businesses. It is not possible to predict the impact of the war in Ukraine, the conflicts in the Middle East and any resulting state reactions, as they continue to develop. The war and certain sanctions imposed against Russia and the conflicts in the Middle East have caused and may continue to cause, for a considerable period of time, uncertainties in the global economy, a distortion of global supply chains, and combined with the bottleneck for semiconductors in the recent past, could lead to further production adjustments and downtimes at BMW Group's European plants. For further information, please see "*Business—Outlook*."

Due to increasing interconnectedness of global economic and financial systems, any significant event in one area of the world can have an immediate and devastating impact on markets around the world, thereby adversely affecting BMW Group globally.

BMW Group maintains operations in various markets which could be affected by volatile economic or political environments and is pursuing growth opportunities in a number of newly developed and emerging markets. These investments may expose the Group to heightened risks of economic, geopolitical, or other events, including governmental expropriation (nationalization) of its manufacturing facilities, local sales subsidiaries or intellectual property, restrictive currency exchange or import controls.

BMW Group is also subject to the macroeconomic risk caused by supply bottlenecks, particularly for semiconductors. Semiconductor chips are an important component of the electrical architecture of BMW Group vehicles. In the recent past, BMW Group and other major automotive companies experienced constraints in the availability of semiconductors, which impacted production volumes. A limited number of companies produce the majority of semiconductors manufactured globally. This concentration of production exposes the supply chains of automobile manufacturers to risks from disruptions of the production of semiconductors. For example, a shortage in the supply of semiconductors impacted BMW Group's production schedules in 2022 and its ability to meet the demand for its vehicles. Such supply bottlenecks could be exacerbated by (i) rising geopolitical tensions, for example between China and Taiwan, which could disrupt the operations of companies in Taiwan that are critical to the global supply of semiconductors, (ii) tariffs, trade barriers and sanctions and (iii) conflicts and decreasing transport security around the Red Sea. In addition, with the recent anti-dumping and anti-subsidy probe launched by the EU against China, and the potential imposition of punitive tariffs, there is an increased risk of a trade war between Europe and China, which could further negatively impact BMW Group's supply chain. See also, "*—Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains.*" In addition, other factors, such as labor shortages, limited availability of components, high prices for raw materials, higher transportation and energy costs as well as other unfavorable factors, could also increase car prices, which could negatively affect customer demand in the future. Furthermore, the extended delivery times of new cars could cause an increase in cancellations by customers. In the event that such shortages continue for a prolonged period of time, BMW Group's production levels may be adversely affected, which would materially affect the Group's business and financial condition. See also "*—BMW Group is dependent on its suppliers*" and "*—Significant changes in prices of raw materials, commodities and energy could lead to increased costs in producing and distributing BMW Group vehicles.*"

In recent years, China has also been an increasingly important market for the Group and a significant amount of BMW Group's manufacturing is located in China. The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, the level of development, the growth rate, the control of foreign exchange and the allocation of resources. The Chinese government exercises significant control over China's economic growth through the allocation of resources, controlling payments of foreign currency, setting of monetary policy and provision of preferential treatment to particular industries or companies. There can be no assurance that the Chinese government will continue to pursue policies favoring a market-oriented economy or that existing policies will not be significantly altered, especially in the event of societal or political disruption or other circumstances affecting political, economic and social life in China. The Chinese government may intervene or influence the Group's operations in China at any time, which could result in a material change in the Group's operations.

In addition, the transition of the Chinese economy from an investment-driven market to a consumer-driven market is expected to result in slower growth rates and greater instability in financial markets. The trade conflict with the United States is likely to continue to have an adverse impact on the Chinese economy in 2024 and potentially beyond. Other factors that have contributed to a decrease in Chinese demand include slower economic

growth, unsuccessful economic reforms, a weak labor market, and challenges in China's real estate sector, including the default of real estate companies, all of which have negatively impacted consumer spending. If the Chinese economy continues to grow at a slower pace than expected, or even to contract, whether caused by these factors or otherwise, this could lead to a decline in automobile sales growth rates or unit sales. In addition, domestic unrest within China in response to the imposition of restrictive policies instituted by the Chinese government presents additional risks and uncertainties. If the Group's ability to do business in China is adversely impacted, its business, prospects, results of operations and financial condition could be materially adversely affected.

The automotive industry, in general, is cyclical, and a general economic slowdown typically also affects the automotive and related industries. Deterioration of key economic metrics, such as the growth rate, interest rates and inflation, employment rate, reduced availability of competitive financing rates for vehicles, and increase in fuel prices could materially and adversely affect automotive sales, and as a result thereof, the results of operations of the Group. For example, BMW Group has been adversely affected by inflationary pressures in several countries, including the EU and the United States. Should inflation rates continue to rise and/or remain at elevated levels, this would have a material adverse impact on demand in the relevant economies due to rising prices. Demand could also be negatively impacted by elevated interest rates. As market rates for new vehicle financing remain high, BMW Group vehicles could be less affordable or retail consumers may favor less expensive vehicles that tend to be less profitable for the Group, adversely affecting the Group's business, prospects, financial condition and results of operations. Additionally, as consumer interest rates remain high or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, consumers may not desire to or be able to obtain financing to purchase or lease BMW Group vehicles. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for the Group. As a result, an increase in consumer interest rates, tightening of lending standards or a prolonged period of elevated interest rates and inflation could have a material adverse effect on BMW Group's business, prospects, financial condition and results of operations. See also "*—Significant changes in prices of raw materials, commodities and energy could lead to increased costs in producing and distributing BMW Group vehicles.*"

***Changes in consumer preferences, lifestyle and individual mobility could adversely affect the automotive industry and BMW Group***

Individual mobility remains a key issue in a number of countries, both as a matter of consumer preference and in terms of political regulation and national industrial policy-making. Changing lifestyle and social norms are constantly calling for new solutions in the field of mobility.

Consumers are increasingly emphasizing environmental concerns, such as lower fuel consumption and emissions levels, in their decision to purchase new vehicles. Moreover, some consumers are adjusting their approach to individual mobility altogether and in some cases, often driven by environmental concerns, consumer preference is shifting from individual car ownership to more flexible mobility solutions (such as ride- and car-sharing offerings), and from fuel-based technologies to electric vehicles (which may be influenced by the availability of public charging infrastructure) or even alternative modes of transport not offered by BMW Group (such as public transport, bicycles and electric scooters). Consumer preferences may also change as a result of changes in vehicle taxation, such as increases or decreases in vehicle taxes, and tax credits and grants for the purchase of electric or low emission vehicles. Any decrease in demand for BMW Group's current portfolio of products as a result of changes in consumer preference could have a material adverse effect on the Group's business, net assets, financial condition and results of operations.

In addition, as the Group expands its production of electric vehicles, it may over time allocate additional investments in this area. However, the demand for electric vehicles remains uncertain, as consumer preferences may not fully transition towards electric vehicles. Factors such as insufficient charging infrastructure, lengthy charging times, high purchase costs, or other considerations may contribute to consumer reluctance in adopting electric vehicles. The materialization of any of these risks could have an adverse effect on BMW Group's business, net assets, financial condition or results of operations.

As alternative drive technologies (for example, electric powertrains or plug-in hybrid engines) are increasingly important to customers, a significant factor in BMW Group's future success is its ability to recognize trends in customer requirements and technological developments in sufficient time to react to these changes and thus adapt or maintain its existing product range and its competitive position in existing or new market segments. Even when

BMW Group recognizes new trends and enters into new market segments, such endeavors may be less profitable or more costly than anticipated.

The Group encounters research and development challenges as its products become more complex and as it introduces new, more environmentally friendly technologies. It may have difficulties in attaining stated efficiency targets without loss of product quality. Further, it has entered into cooperation arrangements to research and develop new technologies, including autonomous, connected and electrification technologies, or mobility solutions to overcome and address future travel and transport challenges. These research and development activities may not achieve their planned objectives, because, among other things, the technologies developed or the products derived therefrom are unsuccessful in the market or exhibit failures that are impracticable or too costly to remedy, or because competitors have developed better or less expensive products. Additionally, the Group's competitors or their joint ventures may develop better solutions and may be able to manufacture and bring to market the resulting products more rapidly, in larger quantities, with higher quality or at lower cost. This could lead to increased demand for the Group's competitors' products and result in a loss of the Group's market share.

***The automotive market is highly competitive and subject to technological innovations and developments which could affect BMW Group's competitive position***

The worldwide automotive market is highly competitive, and competition is likely to further intensify in the future, including as a result of new industry entrants. BMW Group faces intense competition from automotive manufacturers in the markets in which it operates and across vehicle segments. Competition in the automotive industry with established manufacturers has intensified in recent years and, in addition, new competitors are emerging, including those who have either entered, or are reported to have plans to enter, the market for electric and other alternative fuel vehicles, including hybrid vehicles, plug-in hybrid electric vehicles ("PHEV") and fully electric vehicles, as well as the market for self-driving technology and other vehicle applications and software. For example, in the United States a relatively new car manufacturer gained significant market share in certain segments. In addition, many companies located in China are increasing their operations, have gained significant global market share, especially in the battery electric vehicles ("BEV") market and have become a significant competitive force. Amplified by the rise in PHEV and BEV vehicles, BMW Group also faces competition from Chinese manufacturers who export cars, and from competitors that primarily manufacture or import from China or other low-cost production countries. As the Chinese market evolves, BMW Group anticipates that market participants will act aggressively to increase or maintain their market share in China and elsewhere. For instance, should the cooling of the Chinese economy result in a stagnation or slower growth in demand for vehicles in China, Chinese manufacturers may bolster their efforts to market their products outside China. Increased competition may result in price reductions, reduced margins and BMW Group's inability to gain or hold market share. If BMW Group is unable to maintain its competitiveness in China or other low-cost production countries, BMW Group's business and financial results could be adversely affected.

Competition is likely to intensify further in light of, among other factors, continuing globalization in the worldwide automotive industry and technological developments in drive technologies, drive systems and vehicle control, particularly autonomous driving, possibly resulting in industry consolidation or reorganization. Factors affecting competition include product quality and features, safety, reliability, fuel efficiency, disruptive technologies and the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition could also lead to lower Group deliveries, which could result in further downward price pressure and adversely affect the Group's sales strategies or could require the Group to increase research and development or capital expenditures to offer competitive products. The Group's ability to respond adequately to the recent changes in the automotive market and to maintain its competitiveness in light of ongoing competitive dynamics and technological developments is integral to its performance in existing and new markets and to maintaining or expanding its market share. There can be no assurances that the Group will be able to compete successfully in the future.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***Increased safety, emissions, fuel efficiency or other regulations could lead to substantial costs and disruptions in automotive markets***

Over the past few years, the global market for automobiles, particularly in established markets, has been characterized by increasing demand for more environmentally friendly vehicles and technologies. As a result, government regulation has developed, and proposals for additional regulation have advanced, primarily out of concern for the environment (including concerns about global climate change and its impact as well as potential implications, whether legal or factual, stemming from legal proceedings or court decisions), vehicle safety and energy independence. These regulations, particularly in the areas of emissions, fuel efficiency and safety, are continually evolving, including as a result of varying or changing interpretations by courts and authorities, requiring the Group to spend significant resources to plan for, and adapt its products to, these developments. In addition, many governments regulate local product content or impose import requirements as a means of creating jobs, protecting domestic producers and influencing the balance of payments. A number of governments, as well as non-governmental organizations (“NGOs”), also publicly assess vehicles based on their own protocols. Such protocols could change significantly, and any negative perception regarding the performance of BMW Group’s vehicles subjected to such tests could reduce future sales.

For example, under Regulation (EU) 2019/631, which defines the EU fleet-wide CO<sub>2</sub> emission targets, manufacturers will have to meet a fleet CO<sub>2</sub> average in Europe that is 15% lower in 2025 as compared to 2021, as measured under Worldwide Harmonized Light Vehicles Test Procedures (“WLTP”), and, by 2030, the EU average will have to decrease by 55% compared to the 2021 target under the WLTP, each subject to certain automotive portfolio considerations and transition periods. Moreover, a new paragraph has been added that sets a fleet wide reduction target of 100% compared to 2021 under the WLTP. In addition, in December 2023, a political agreement was reached in the EU regarding the Euro 7 regulation. All new light-duty vehicles (cars and vans) sold from 2028 (the exact date depends on the formal date of effectiveness of the new legislation) may not emit more than 60 mg/km of NO<sub>x</sub> for gasoline and 80 mg/km of NO<sub>x</sub> for diesel. For the first time, the Euro 7 regulation will address brake wear emissions, tyre abrasion and durability requirements for high voltage battery of electrified vehicles. The political agreement has yet to be confirmed by the European Parliament and Council and is expected to come into force in July 2024.

The EU has lowered the legally mandated fleet-wide carbon emissions target to 0 g/km for 2035, necessitating the complete electrification of the passenger car new vehicle fleet by that year. In addition, the European Commission is working on a proposal to assess the recognition of vehicles powered solely by e-fuels as zero-emission vehicles. A review scheduled for 2026 will evaluate the necessary framework conditions to meet the 2035 zero emissions target, with risks stemming from factors such as renewable energy availability, insufficient private and public charging infrastructure, and limited resources for electric drive construction.

The BMW Group is also subject to regulatory requirements in other key markets, including China. For example, pursuant to the “Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products” promulgated by China’s Ministry of Industry and Information Technology in January 2017 and amended in July 2020, a so-called “new energy vehicle” (“NEV”) quota applies to all new vehicles sold in China, requiring every car manufacturer to increase the share of electric vehicles in its production and import volume.

The NEV mandate for 2021 to 2023 was officially released and set the NEV quota to 14% in 2021, 16% in 2022 and 18% in 2023, but the credit earned for each NEV is reduced by up to 50%. The 2024-2025 NEV quota was officially released and set to 28% for 2024 and to 38% for 2025. According to Chinese guidelines, the proportion of NEV among all new automobiles should reach 45% by the year 2027.

In general, there is a clear move towards increasingly stringent vehicle emissions regulations, particularly for conventional drive systems, not only in the developed markets of Europe and North America, but also in emerging markets such as China. Moreover, further tightening and scrutiny could be forthcoming given the ongoing focus on emissions testing and on-road performance, particularly with respect to diesel engines, which could lead to significant additional investments to comply with new regulations as well as risks of limited market availability of products. In addition, several state and local governments, and in particular those of major cities, have increased their focus on diesel emissions and have introduced or proposed regulations seeking to shift consumers from use of diesel vehicles. Such diesel vehicle restrictions could require the Group to take additional measures to meet applicable CO<sub>2</sub> emissions targets, in particular if the proportion of number of diesel vehicles sold across the Group’s

fleet decreases considerably relative to the number of other vehicles sold which have relatively higher levels of CO<sub>2</sub> emissions. There are limits to the Group's ability to achieve fuel efficiency improvements over a given timeframe, primarily relating to the cost and effectiveness of available technologies, consumer acceptance of new technologies and changes in vehicle characteristics, willingness of consumers to absorb the additional costs of new technologies, the suitability of certain technologies for use in particular vehicles, the widespread availability of supporting infrastructure for new technologies, as well as the human, engineering, and financial resources necessary to deploy new technologies across a wide range of products and powertrains in a short period of time.

Moreover, the potential threat of short-term tightening of laws and regulations, including local registration, usage restrictions, congestion charges and driving bans, as illustrated by the restrictions on issuing license plates in Chinese metropolitan areas and the banning of certain diesel-powered vehicles in certain restricted areas within some European cities, could further affect the automotive industry. In some cases, changes in customer behavior are not only brought on by new regulations but also through changes of opinion, values and environmental issues, which could be affected by perceptions of the industry as a whole. Among other factors, concerns about global climate change are affecting legislation, regulations and consumer behavior, which could affect demand for vehicles and the residual value of these vehicles, or requirements to develop new solutions for personal mobility. For example, the ongoing political and public discussion on diesel engines, particularly in Europe, could further adversely affect demand for diesel vehicles. Additionally, a potential tightening of consumer protection laws could result in a greater number of recalls.

In addition, the Group has been and may in the future be the target of complaints, claims or litigation, including complaints, claims or litigation brought by regulatory or governmental bodies, NGOs, including environmental groups or agencies, or individuals regarding alleged violations of regulations on emissions, fuel efficiency or other requirements, seeking changes in the Group's products or business practices, fines, damages or injunctive relief against the Group. See also "*BMW Group is required to comply with numerous laws and regulations in multiple jurisdictions*" and "*Business—Legal Proceedings—Emission Control Systems*" for further information. There can be no assurance that such allegations will not lead to inquiries, investigations, or other legal actions against the Group by regulatory or governmental authorities or others. Any regulatory inquiries or investigations and lawsuits against the Group, and perceptions of inappropriate business conduct or wrongdoing by the Group, among other things, could substantially damage the Group's reputation regardless of their merits, and cause the Group to incur significant costs to defend itself.

The cost to comply with existing government regulations is substantial, and such costs are likely to increase further in the future, given the expected increased scrutiny, regulatory changes that result in increased stringency or novel interpretations of rules or regulations. For example, in several recent judgements, the European Court of Justice ("ECJ") has ruled on emission control systems in diesel vehicles and has significantly tightened requirements pertaining to the justification of these systems. As a result of these new judgements by the ECJ, the interpretation of regulatory requirements for emission control systems is evolving. See also "*Business—Legal Proceedings—Emission Control Systems*" for further information. Alleged violations of emission standards or other requirements based on changed interpretations of existing rules could result in government investigations or other legal proceedings. In addition, failure to comply with applicable regulations, including due to changed interpretations thereof, could lead to the imposition of fines, damages, recalls, reputational harm or a combination of any of those items. Any of these actions could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations. For further information, see "*BMW Group is required to comply with numerous laws and regulations in multiple jurisdictions*."

***Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains***

As a global manufacturer of premium and luxury automobiles and motorcycles, BMW sources its production materials from across the world, relies on complex global supply chains, and maintains production and sales operations in a large number of markets globally. This requires an established and efficiently connected infrastructure allowing for the cross-border transport of supplies, parts and automobiles.

In recent years, political distress, warfare, terrorist attacks, changing attitudes regarding globalization and other economic and geopolitical developments have led to the introduction of new export controls and sanctions or stricter application of existing export controls and sanctions in a number of jurisdictions around the world. For example, on

February 24, 2022, the Russian military invaded Ukraine, as a result of which sanctions were imposed by the EU, the United States and other countries on Russia as well as Russian banks, companies and individuals, which have adversely affected and will continue to adversely affect BMW Group's business. As a result, on March 1, 2022, BMW Group announced the discontinuation of its local production in Russia and halted all exports of vehicles to Russia. The war in Ukraine continues to represent a source of high uncertainty and has adversely affected and will continue to adversely affect BMW Group's business. See also "*—Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group.*"

The trade conflict between the United States and China continues to adversely impact BMW Group. BMW Group expects the political and regulatory focus to shift from tariff increases, such as those imposed by the former U.S. administration for imported steel and aluminum, to further import and export restrictions on specific technologies. The potential introduction of further trade restrictions for various goods imported into the United States from China, including automobiles and auto-parts, as well as trade restrictions imposed by China, could have a significant adverse impact on BMW Group's business operations due to less favorable conditions for the import and export of vehicles. Moreover, any countermeasures or policy changes by regional or global trading partners, including the EU and China, could slow down global economic growth and also have an adverse impact on the export of vehicles manufactured in the United States and elsewhere. If China retaliates to such measures or there is a conflict between China and Taiwan, which is the leading producer of semiconductors, there could be further disruption to the semiconductor industry and global supply chains. See also "*—BMW Group is dependent on its suppliers.*"

Laws and regulations regarding export controls and sanctions may originate nationally, bilaterally or even multilaterally between or among participating jurisdictions with a differing reach as to national or even extraterritorial application and relevance. Typically, export controls and sanctions will apply to the transfer of pre-identified, listed products, technologies or categories of sensitive goods through the requirements of permits, limitations or prohibitions of sale.

One of the main consequences of these developments for the Group and the automotive industry generally is the impact on supply chains as they relate to cross-border transfers. Specifically, increased export controls, sanctions and other restrictive or legislative measures (e.g., the U.S. Uyghur Forced Labor Prevention Act, the German Act on Corporate Due Diligence Obligations in Supply Chains ("*Lieferkettensorgfaltspflichtengesetz*") or the enactment of the Corporate Sustainability Due Diligence Directive, which is in the final stage of the legislation process as only the vote by the EU Parliament is outstanding) could negatively affect the Group's cross-border supply chain or delay the delivery of parts or automobiles from one market to another. This could lead to various disruptions to pre-established workflows and could result in an inability to meet production deadlines or adequately supply market demand for the Group's products.

In addition, the Group faces an increasing need for compliance measures, including the identification of critical goods, critical technologies, geographical sensitivities and contractual protections, as well as the adaptation of existing agreements and local sales practices and the ability to take short-term measures should events, trends or restrictions arise or increase in a way that affected the Group's business practices.

Consequently, BMW Group faces potential further increases in costs to be prepared for adverse developments of this type and for ongoing compliance with export controls and sanctions relating to its commercial activities. Moreover, as export controls and sanctions may change, be newly introduced on short notice, be difficult to interpret or be applied in an unexpected manner, there can be no assurances that the Group's internal controls and compliance systems are adequate to address all applicable risks.

#### ***Increases in or volatility of fuel prices could affect demand for BMW Group's products***

As a premium vehicle manufacturer, BMW Group holds leading positions in markets for powerful premium and luxury vehicles. An increase in fuel prices from the current level, increased price volatility or reduced availability of fuel, particularly in the United States, could result in a weakening of demand for large and sporty vehicles, while increasing demand for small vehicles, which could lead to negative effects on vehicle mix and revenues as well as margins and further lead to consumer or market shifts away from segments or automotive models where the Group holds a leading position or has a competitive product offering. As a result, fuel price increases or volatility in price trends could lead to changes in demand across product segments or consumer preferences, which could have a

material adverse effect on BMW Group's business, net assets, financial condition or results of operations. See also "*—Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group.*"

***Production delays, stoppages and downtimes could adversely impact BMW Group's ability to deliver products, meet customer expectations and maintain its market position***

BMW Group is dependent on its global production and sales and marketing networks to economically, efficiently and in a timely manner produce its vehicles, supply dealers and customers and maintain its market position. Production delays, including the delayed ramp-up of new vehicle production lines, as well as a work stoppage or other limitations of production could occur at the Group's or its suppliers' facilities for any number of reasons, including as a result of labor or other legal disputes, pandemics, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors such as manufacturing equipment breakdowns, damage to infrastructure, logistical disruptions, IT disruptions, or for other reasons (such as fires or power failures). For example, in 2020, COVID-19 led to the temporary shutdown of the Group's manufacturing plants in China, Europe, South Africa, Mexico, Brazil and Spartanburg County (South Carolina, United States). In 2022, the Group suffered further production cutbacks due to supply bottlenecks for semiconductor components, limited availability of wiring harnesses and pandemic-related lockdowns in China, which also resulted in the closure of certain dealerships. Moreover, in March 2022, the war in Ukraine had a significant impact on Ukraine's automotive supply industry as a result of which BMW Group, for example, had to stop production temporarily at its Dingolfing plant. The war in Ukraine, certain sanctions imposed against Russia (and certain territories occupied by Russia) and Russian legal entities, and the conflicts in the Middle East, have caused and may continue to cause, for a considerable period of time, a distortion of the supply chains, and combined with the bottleneck for semiconductors in the recent past, could lead to further production adjustments and downtimes at BMW Group's European plants. Russia has likewise imposed its own sanctions, currency restrictions and regulations and may further take retaliatory trade or other actions, including the imposition of new counter-sanctions against countries and companies it considers unfriendly, and the nationalization of foreign-owned businesses. More generally, the war in Ukraine has had and will likely continue to have, a material adverse effect on global and regional economies, the financial markets and business prospects. In the event the war in Ukraine, and the conflicts in the Middle East, develop into conflicts or tensions on a regional or global scale, this may exacerbate such risks significantly. Such shutdowns, work stoppages, downtimes or other limitations on production at BMW Group or supplier facilities could disrupt the Group's ability to supply products in the short or long term and thereby materially adversely affect the Group's reputation, its brand perception, customer preferences and the Group's market positions.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***Defects in vehicles could lead to recalls, legal and regulatory inquiries, costs or penalties and could affect BMW Group's reputation and brand image***

BMW Group's performance depends on its ability to offer competitive prices while maintaining a high level of quality. The Group's vehicles are complex machines that depend on precise engineering and the integration of mechanical and electrical systems sourced from a number of production and assembly plants and suppliers. In addition, the trend towards introduction of new and innovative features and technology to the Group's vehicles further increases vehicle complexity and the risk of defects. To achieve efficient production and economies of scale, the Group, like other automotive manufacturers, often uses a core set of components or systems, and a select group of suppliers across vehicle and product segments. As a result, the increased complexity of modern vehicles coupled with modular-based production requires the Group to maintain exacting compliance and monitoring systems, as defects in vehicular systems or supplied products can affect a large number of vehicle models.

In addition, meeting or exceeding many government-mandated safety standards is costly and often technologically challenging, especially where standards may conflict with the need to reduce vehicle weight in order to meet government-mandated emissions and fuel efficiency standards. Regulations and standards have affected and, as new standards are continually introduced or interpretations of regulations and standards change over time, will likely continue to affect vehicle complexity and the adoption of common systems to achieve compliance. At the same time, applicable laws and governmental standards also require manufacturers to take actions to remedy defects related to vehicle safety through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that the vehicles do not comply with a particular safety standard. Recalls often involve significant costs



for BMW Group and can take many months or years to complete. In addition, defects in products can also lead to customer dissatisfaction and safety issues if such defects lead to product failures or unsafe driving conditions, as well as to reputational damage.

For example, during the year ended December 31, 2023, BMW Group recalled approximately 4.1 million vehicles worldwide due to a potential defect in the exhaust gas circulation cooler leading to a potential fire risk. Approximately 1.1 million vehicles were recalled due to a potential defect of the blow-by-heater. Furthermore, approximately 0.3 million vehicles were subject to a recall in October 2023 due to the potential loosening and breakage of aluminum bolts securing the housing of the variable camshaft timing (“VANOS”) mechanism over time. The Group could be subject to further recalls in the future, including to cure defects in vehicle parts that were supplied by third parties. For example, in May 2023, as part of its ongoing investigation into airbag inflators manufactured by ARC Automotive, Inc. (“ARC”), the U.S. National Highway Traffic Safety Administration (“NHTSA”), an agency of the U.S. federal government, issued a recall request letter to ARC, in which the agency tentatively concluded that a defect related to motor vehicle safety exists in 67 million frontal driver and passenger air bag inflators manufactured by ARC and supplied to a number of automakers, including BMW Group, and demanded that ARC issue a voluntary recall notice for these inflators. In May 2023, ARC disputed the recall request, asserting that no identified defect trend exists in the inflators and that any problems are related to isolated manufacturing issues. Following the NHTSA’s initial decision on September 5, 2023 that certain air bag inflators manufactured by ARC have a safety defect, in December 2023, ten automakers, including BMW of North America, LLC, voiced their opposition against NHTSA’s proposed recall of 52 million air bag driver and passenger inflators manufactured by ARC. In addition to the ongoing investigation by NHTSA, there are several putative class actions that have been filed against the Group in the United States in 2022 arising out of allegations that airbag inflators manufactured by ARC are defective. If the NHTSA decides to compel ARC to a recall, it is possible that car manufacturers, including BMW Group, will have to conduct further recalls, the total cost of which the Group is currently unable to estimate. See also “*Business—Legal Proceedings—Other Matters*” for further information.

Should the Group or government safety regulators determine that a safety or other defect or non-compliance with applicable standards exists in the Group’s vehicles prior to the start of production, the launch of such vehicles could be delayed until such defect is remedied. If defects are discovered following vehicle production and delivery, the Group may be required to undertake recalls or offer fixes or replacements for vehicle components, including those provided by the Group’s suppliers.

For example, several BMW models are equipped with airbags which contain ammonium nitrate as a propellant. BMW Group is currently involved in litigation with regard to some of these airbags, including class actions and product liability lawsuits. Moreover, a part of the respective vehicle population was recalled because of general safety concerns related to this propellant. Such recalls require the development and production of suitable replacement parts in sufficient quantities and the Group must rely on its specialized airbag suppliers in this regard. The remaining vehicle population is closely monitored by BMW Group and governmental authorities.

The costs associated with any protracted delay in new model launches necessary to remedy defects, follow-up costs arising from other changes in planning assumptions or the cost of recall campaigns or warranty costs to remedy defects in vehicles that have been sold, could be substantial and may be considerably higher than those budgeted by the Group. In such situations, the Group could also face regulatory investigations and fines for non-compliance with various governmental standards or rules or it could face customer claims and litigation arising from any defects and resulting consequences on product use or safety. Particularly in the United States, class action lawsuits and product liability risks could have substantial financial consequences and cause damage to the Group’s public image. Furthermore, any such incidents could also adversely affect the Group’s reputation or market acceptance of its products.

Product defects could lead to liability risks and the need for costly replacement measures. Therefore, the Group seeks to hold appropriate insurance policies and takes other precautionary measures. Due in particular to difficulties in predicting the outcome of litigation proceedings in the United States, there can be no assurances that individual product liability claims would not exceed the applicable provisions or any available insurance coverage. See “—*BMW Group’s insurance coverage may not be sufficient or its insurance premiums may increase.*”

If any of these risks were to materialize, this could have a material adverse effect on BMW Group’s business, net assets, financial condition or results of operations.

### ***BMW Group is dependent on its suppliers***

BMW Group is dependent on its suppliers in the manufacture of the Group's vehicles. The increasing trend towards modular-based production with a set of common architectures covering various models and product lines has also increased the Group's dependence on suppliers and their ability to deliver products on time and in the required quality.

Many components used in the Group's vehicles are available only from a single supplier and cannot be sourced quickly or inexpensively from another supplier, if at all (due to, for example, long lead times or new contractual commitments that may be required by another supplier before ramping up production to provide the components or materials). As a result, market and other developments that affect suppliers and automotive production generally, such as supplier interruptions due to financial distress and natural disasters, pandemics, increased IT-related risk, as well as capacity constraints as suppliers restructure and retool to meet shifting consumer preferences across vehicle segments and features, can in turn affect the Group's vehicle production.

Particularly, automotive suppliers could face increased economic distress due to a sudden and substantial drop in industry deliveries and production stoppages. Lower industry deliveries could, in turn, make existing debt obligations and fixed cost levels difficult for suppliers to manage, increasing pressure on the Group's supplier base. The Group might be required to provide financial assistance to key suppliers to ensure an uninterrupted supply of materials and components. In addition, where suppliers have exited certain lines of business or closed facilities due to an economic downturn or other reasons, the Group has generally experienced additional costs associated with transitioning to new suppliers.

In addition to the general risks regarding interruption of supplies, which are particularly acute in the case of single-source suppliers, the exclusive supplier of a key component could potentially exert significant bargaining power over price, quality, warranty claims or other terms relating to a particular component or materials. In particular, suppliers could be unwilling to reduce prices, and some might even request direct or indirect price increases as well as new and shorter payment terms.

The increasing complexity of the supplier network, particularly in the case of sub-suppliers whose operations can only be indirectly monitored by BMW Group, could lead to further downtimes at supplier locations and thereby have an adverse impact on BMW Group's production. For example, strong demand on international semiconductor markets or manufacturing or other problems at suppliers caused and may continue to cause bottlenecks in the supply of electronic components BMW Group uses in production, and a shortage of such electronic components has resulted in an interruption and/or volume decrease of BMW Group's production. In addition, the war in Ukraine, which led to a temporary halt in production at BMW Group's Dingolfing plant in March 2022, along with escalating conflicts and deteriorating transport security in the Red Sea region, which has led to an increase in prices, may exacerbate supply bottlenecks, disrupting BMW Group's production in other countries.

The increased threat of cyberattacks along the entire value chain also affects supply security as well as the ability to protect know-how relevant to BMW Group. For example, in the recent past, cybersecurity attacks on the supply chain have resulted in temporary production stoppages, exacerbating BMW Group's supply chain risks. Such bottlenecks may be exacerbated further by geopolitical tensions, for example between China and Taiwan, which could disrupt the operations of companies in Taiwan that are critical to the global supply of semiconductors. Specifically, increased export controls, sanctions and other restrictive or legislative measures (e.g., the U.S. Uyghur Forced Labor Prevention Act or the German Act on Corporate Due Diligence Obligations in Supply Chains) could negatively affect the Group's cross-border supply chain or delay the delivery of parts or automobiles from one market to another. See also, "*—Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains.*"

While the Group has established a detailed supplier pre-selection process as part of its efforts to maintain relationships with high-quality, reliable suppliers, there can be no assurances that supplier issues would not have adverse consequences for the Group, ranging from increased expenditures to production interruptions and a corresponding reduction in sales volume. Particularly, supplier problems may require the Group to invest in new technological concepts and production methods, even unexpectedly, or discontinue planned innovations, increasing production costs above anticipated levels.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group has significant pension obligations to current and past employees which could increase due to factors beyond the Group's control***

BMW Group's pension obligations to employees resulting from defined benefit plans are measured on the basis of actuarial reports. Future pension payments are discounted by reference to market yields on high-quality corporate bonds. These yields are subject to market fluctuation and therefore influence the level of pension obligations. Changes in other parameters, such as extended periods of low interest rates, increases in inflation and longer life expectancy, also impact pension obligations and payments. Changes in factors beyond the Group's control could lead to funding shortfalls relating to pension obligations, which could have a material adverse effect on the Group's business, net assets, financial condition or results of operations.

***BMW Group is dependent on information technology and the integrity of its information and data***

The importance of electronically processed data continues to increase, with information technology (IT) playing an increasingly crucial role in every aspect of BMW Group's business. The Group could suffer adverse consequences if the confidentiality, integrity or availability of its sensitive information and data is not maintained.

The Group is dependent on the efficient and uninterrupted functionality of its servers and data processing systems. If an interruption or breakdown of the Group's servers or data processing systems affecting the operation of one or more of its businesses occurs, this may have a detrimental impact on the Group's operations. Moreover, in a centralized and standardized IT environment, excessive dependence on a single system or a single data center could lead to serious consequences for the Group in the event of a system failure. Due to its worldwide operations, the Group strongly depends on complex IT. Also, the demands placed on IT facilities, both externally and internally, are changing at a rapid pace in the face of technological developments. As a result of the increasing complexity of electronic information and communication technology, the Group is exposed to various risks in this context, ranging from the loss or theft of data to stoppages and interruptions of the Group's IT systems. Indirectly, BMW Group could also be exposed to reputational risks, which are difficult to quantify.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group's information technology could malfunction, be subject to cybercrimes or be otherwise disrupted***

BMW Group depends on its information technology and data processing systems for the operation of its business. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and hardware, software and network problems. They are also susceptible to cybercrime or threats of intentional disruption, which have increased in sophistication and frequency in recent years. In addition, such cyber incidents may remain undetected for extended periods of time. BMW Group may experience system malfunctions or interruptions, which could adversely affect its ability to maintain the uninterrupted operation of its business. A malfunction or cyberattack that results in broad or sustained disruption to BMW Group's information technology systems could have a material adverse effect on its business, results of operations and financial condition, damage its reputation and subject BMW Group to regulatory actions or litigation. BMW Group depends to a significant extent on confidential business information, including car design, proprietary technology and trade secrets; to the extent the confidentiality of such information is compromised, BMW Group may lose its competitive advantage and its vehicle sales may decrease.

In addition to supporting its operations, BMW Group uses its systems to collect and store confidential and sensitive data, including information about its business, its clients and its employees. As BMW Group's technology continues to evolve, it anticipates that it will collect and store even more data in the future, and that its systems will increasingly use remote communication features. Any unauthorized access to such systems may compromise the privacy of BMW Group's customers' and employees' information and expose BMW Group to litigation, regulatory scrutiny and reputational damage. Any significant compromise in the integrity of BMW Group's data security and information technology systems could have a material adverse effect on its business, results of operations and financial condition.

Due to the war and political uncertainty involving Russia and Ukraine, there is also an increased likelihood of cyber-attacks, cybersecurity incidents or other forms of hostility that could either directly or indirectly impact the Group's operations. Any attempts by cyber attackers or otherwise hostile parties seeking to disrupt the Group's services or systems or the services or systems of its suppliers, if successful, could result in production stoppages, be expensive to remedy and damage its reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to such cyber-attacks, cybersecurity incidents and other forms of hostility.

***The electronic control systems contained in BMW Group's vehicles could be compromised***

BMW Group's vehicles contain complex systems that control various vehicle processes including engine, transmission, safety, steering, brakes, window and door lock functions. These electronic control systems, which are increasingly connected to external cloud-based systems, are susceptible to cybercrime, including threats of intentional disruptions, loss of control over the vehicle, loss of functionality or services and theft of personal information and sensitive data. These disruptions are likely to increase in terms of sophistication and frequency as the level of connectivity and autonomy in BMW Group's vehicles increases. BMW Group may also be required by law in certain jurisdictions to provide access to its electronic control systems to third parties, which could increase the risk of such control systems being compromised. In addition, BMW Group may rely on third parties for connectivity and automation technology and services, including for the collection of BMW Group's customers' data. These third parties could unlawfully resell or otherwise misuse such information or suffer data breaches. A significant malfunction, disruption or security breach compromising the electronic control systems contained in BMW Group's vehicles could damage BMW Group's reputation, reduce BMW Group's vehicle sales, subject BMW Group to regulatory actions or litigation and have a material adverse effect on its business, financial condition and results of operations.

***Autonomous driving is an emerging technology and involves significant risks and uncertainties***

Autonomous driving technologies involve a number of risks, including accidents and fatalities. The safety of such technologies depends in part, on user interaction and users as well as other drivers on the roadways, who may not be accustomed to using or adapting to such technologies. To the extent accidents associated with BMW Group's autonomous driving systems occur, BMW Group could be subject to regulatory actions or litigation, negative publicity and government scrutiny. Any of the foregoing could have a material adverse effect on BMW Group's business, financial condition and results of operations.

BMW Group and other companies continue to develop autonomous vehicle technologies, and many governments across the globe, including the United States and Germany, are continuing to develop the regulatory frameworks that will govern autonomous vehicles. The evolution of the regulatory frameworks for autonomous vehicles, and the pace of the development of such regulatory frameworks, may subject BMW Group to increased costs and uncertainty, and may ultimately impact BMW Group's ability to deliver autonomous vehicles and related services that customers demand.

***BMW Group is exposed to volatility and changes in foreign currency exchange rates, arising from its international production, distribution and sales networks***

As an internationally operating enterprise, BMW Group conducts business in a variety of currencies, thus giving rise to currency risks. Since a substantial portion of the Group's revenue is generated outside the eurozone (particularly in China (renminbi), the United States (U.S. dollar) and the United Kingdom (British pound)) and the procurement of production materials and funding is also organized on a worldwide basis, fluctuations in currency exchange rates may have a significant impact on the Group's earnings.

The Group measures currency exposure using cash-flow-at-risk models and scenario analyses. In addition, the Group is also exposed to currency translation risk, as the financial statements of foreign consolidated subsidiaries prepared in a foreign currency are translated into euro, with income and expenses translated at the average currency exchange rate and assets and liabilities translated at the closing rate for the relevant period.

The Group seeks to manage currency exchange risks on both a strategic (medium- and long-term) and operating level (short- and medium-term). Medium- and long-term measures include increasing production volumes in non-euro-region countries (natural hedging) and increasing purchase volumes denominated in foreign currencies. Currency exchange risks are managed in the short to medium term and, for operational purposes, by means of

hedging. Nevertheless, changes in currency exchange rates cannot always be predicted or hedged, and there can be no assurance that the Group's strategies will be successful in mitigating currency exchange risks.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***The success of BMW Group's financial services business depends on vehicles' residual values developments***

BMW Group leases and finances a substantial amount of vehicles. For the vehicles it leases, BMW Group projects expected residual values and return volumes. Actual proceeds the Group realizes upon the sale of returned leased vehicles at lease termination may be lower than the amount projected, which would reduce the profitability of the lease transaction.

The residual value risk could be influenced by many different external factors. A decline in the residual value of used vehicles could be caused by initiatives to promote sales of new vehicles, which was evident during the global financial and economic crisis when incentive programs were offered by certain governments (for example, scrapping premium) and automobile manufacturers. Among other things, BMW Group was required to increase existing loss provisioning for residual value risks in the past. A similar situation could occur in the future, including due to renewed deterioration of the macroeconomic environment.

Changes in economic conditions, government policies, exchange rates, marketing programs, changes in customer preferences, the actual or perceived quality, safety or reliability of vehicles or fuel prices could also influence the residual value risk. For instance, driving bans for diesel vehicles could influence the residual value risk of the relevant portfolio. Due to the fact that customers might change their consumption behavior and refrain from buying diesel vehicles, these bans could have a negative impact on the corresponding market prices of such vehicles. The residual value risk could therefore increase and could materially adversely affect BMW Group's business, net assets, financial condition or results of operations.

The development of residual value risks could also be influenced by e-mobility. On the one hand, rapid technical progress in the field of battery technology that increases vehicle ranges could lead to increasing residual value risks in existing electric vehicle portfolios, as customer demand for outdated technologies declines, especially in the first few years. On the other hand, due to substitution effects, sales of electric cars as a result of changing customer behavior could have a negative impact on the residual values of conventional combustion engine vehicles. Such e-mobility developments and the impact on residual value risks are difficult to predict.

In addition, BMW Group could face an increasing residual value risk as a result of any pandemic or epidemic. A further drop in consumer demand could require that new vehicles be sold at a significant discount, which could have a material impact on the residual value of used vehicles. In addition, consumer demand for used vehicles may also decline, which could further impact the residual values of used vehicles. Decreasing residual values and resulting residual value risks could influence both BMW Group (direct residual value risk) and the dealers which are financed by BMW Group (indirect residual value risk). Consequently, BMW Group may have to post direct write-offs on its portfolio or build higher loss allowances, which would have a material adverse effect on earnings.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***Significant changes in prices of raw materials, commodities and energy could lead to increased costs in producing and distributing BMW Group vehicles***

The Group requires significant amounts of raw materials, commodities and energy (in particular natural gas and electricity) in the manufacture of its products. The prices of these materials and commodities are governed by demand supply fundamentals and as a result thereof the Group is exposed to price risks arising out of these materials. Changes in prices of raw materials, commodities and energy are monitored on the basis of a set of specific management procedures. The principal objective of these management processes is to increase planning reliability for the Group and its production decisions and forecasts.

In the recent past, due to inflation and global supply chain issues, among other things, certain raw material and commodity (e.g., palladium and rhodium) prices as well as energy prices increased sharply. Price risks relating to precious metals (platinum, palladium and rhodium) and non-ferrous metals (aluminum, copper, lead and nickel), and, to some extent, to steel and steel ingredients (iron ore and coking coal) and energy (gas and electricity) are hedged using financial derivatives or supply contracts with fixed pricing arrangements. Nevertheless, changes in raw material, commodity and energy prices cannot always be predicted or hedged and are highly volatile due to various factors, including decreasing availability of certain raw materials, an unexpected increase in the demand for raw materials, disruptions in the suppliers' business and supply chains, competitive pressure among suppliers of raw materials to increase the price, and inflation.

In addition, for the production of electric vehicles, the Group is dependent on the supply of batteries and the raw materials (e.g., lithium, cobalt, nickel, graphite, and manganese) used by the Group's suppliers to produce such batteries. As BMW Group increases its production of electric vehicles, it expects that its need for such materials will increase over time. At the same time, other companies are increasing their production of electric vehicles, which will further increase the demand for such raw materials. As a result, the Group or its suppliers may be unable to acquire raw materials needed for electric vehicle production in sufficient amounts, that are responsibly sourced or at reasonable prices. In the event the Group's suppliers are unable to deliver sufficient quantities of raw materials needed for the Group's production operations, and the Group or its suppliers are unable to find an alternative resource with sufficient quantities, at reasonable prices, responsibly sourced, and in a timely manner, it could impact the Group's ability to produce electric vehicles.

Any interruption in availability of raw materials and commodities may impair the Group's ability to manufacture its products on a timely and cost-effective basis. Should the Group fail to adequately address commodity price changes or volatility and be unable to pass price increases on to customers, the Group may be subject to increased costs for producing and distributing its vehicles, which could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations. See also, "*Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group*" and "*Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains.*"

***BMW Group is dependent on securing financing on attractive terms to provide liquidity to develop its business***

The Group relies on access to the capital markets to fund its operations and to grow its business. In the normal course of business, BMW Group makes use of bonds, commercial paper and securitized transactions as well as bank credit facilities in various currencies, primarily to finance the Group's leasing and sales-financing business. Any negative development in the capital markets, including any deterioration as a result of the bank failures or crises, could increase the Group's financing costs or ability to access capital and sources of financing.

More expensive refinancing would also have a negative effect on the competitiveness and profitability of the Group's financial services business if it were unable to pass on the higher refinancing costs to its customers. A limitation of the financial services business would have a negative impact on the automotive business, if it affected consumers' ability to purchase the Group's vehicles.

The current credit ratings with Moody's and Standard & Poor's are A2 and A respectively. In 2021, both Moody's and Standard & Poor's changed the outlook on their long-term credit ratings for BMW AG from "negative" to "stable" and confirmed the ratings at A2 and A, respectively. A decrease of BMW AG's credit rating could impact BMW Group's ability to obtain financing, or to obtain financing on terms favorable to BMW Group. If any of these financial risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group is exposed to interest rate risks through its various financing programs***

Interest rate risks relate to potential losses caused by changes in market interest rates, such as recently seen, and can arise when fixed interest rate periods for assets and liabilities recognized in the statement of financial position do not match. Interest rate risks are managed by raising refinancing funds with matching maturities and by employing interest rate derivatives. BMW Group monitors and manages these exposures as an integral part of its overall risk management program which recognizes the unpredictability of markets and seeks to reduce potentially

adverse effects on its business. Nevertheless, changes in interest rates cannot always be predicted or adequately hedged.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group is dependent on its counterparties maintaining their operations and creditworthiness***

Credit and counterparty default risk arises if a contractual partner (e.g., a customer or dealer) either becomes unable, or is only partially able, to fulfil its contractual obligations, such that lower income is generated or losses are incurred. BMW Group uses a variety of rating systems in order to assess the creditworthiness of its contractual partners, but there can be no assurances that such systems will be effective in all circumstances or that contractual parties will maintain sufficient creditworthiness over the course of a contractual relationship.

Credit risk typically arises from the possibility of loss from a customer's or dealer's failure to make payments according to contract terms, particularly in the Group's leasing and financing business. Credit risk (which is dependent upon economic factors including unemployment, consumer debt service burdens, personal income growth, dealer profitability and used car prices) has a significant impact on the Group's business. If the Group experiences a high or unexpected level of credit losses, it could materially adversely affect its business, net assets, financial condition or results of operations.

***BMW Group is required to comply with numerous laws and regulations in multiple jurisdictions***

Compliance with laws is a basic prerequisite for the success of BMW Group. Current laws provide the binding framework for the Group's various business activities around the world. The growing international scale of operations of the Group, the complexity of the business world and a broad set of complex legal (including, for example, tax, antitrust, customs, export controls and sanctions) regulations potentially applicable to the Group's business increase the risk of non-compliance with applicable laws, simply because they are not known, fully understood or are subject to varying interpretations.

The Group has established a compliance organization aimed at ensuring that its representative bodies, managers and staff act in a lawful manner at all times. Nevertheless, there remains a risk that the Group's employees may not act in compliance with applicable statutory provisions or the Group's compliance systems (including with respect to antitrust, anti-corruption, export control or consumer protection laws) or that the Group's internal controls and compliance systems are not adequate to maintain compliance with applicable laws and that, as a result, penalties, liabilities or additional compliance costs could be imposed on the Group. For example, as a result of several recent judgements by the ECJ, the interpretation of regulatory requirements for emission control systems is evolving. This is reflected, among other things, by the fact that established administrative practices of type approval authorities are being questioned from numerous sides. This development leads to a reassessment of civil proceedings pending in Germany due to the emissions performance of BMW and MINI diesel vehicles. An increase in the effort and complexity of the defense in individual cases, an increasing number of new court proceedings, increased legal risks and increased financial expenditure are to be expected. In addition, the German federal market surveillance authority in Germany (the "KBA") (*Kraftfahrt-Bundesamt*) determined in February 2024 that two functionalities of the emission control system of the BMW vehicle model X3 with 2.0-liter diesel engine (EU5) built between September 2010 and March 2014 do not comply with legal requirements. Also, against the background of the development in case law referred to above, it is possible that further authorities and/or courts find fault with functionalities of the emission control systems or deem them as non-compliant with legal requirements.

See also "*Increased safety, emissions, fuel efficiency or other regulations could lead to substantial costs and disruptions in automotive markets*", "*Business—Legal Proceedings—Cartel Allegations Regarding Emissions-reducing Technologies*" and "*—Emission Control Systems*" for further information.

The Group is confronted with legal disputes relating, in particular, to warranty claims, sales practices, product liability and infringements of protected rights. Further, the Group may also be subject to information requests, inquiries, investigations and other proceedings initiated by governmental agencies, as well as legal actions relating to safety, environmental, antitrust, securities, criminal and other laws and regulations. If these or other inquiries, investigations, legal actions and/or proceedings result in unfavorable findings, an unfavorable outcome or otherwise

develop unfavorably, including as a result of varying or changing interpretations of applicable laws and regulations by courts, BMW Group could be subject to significant monetary penalties, remediation requirements, vehicle recalls, process improvements, mitigation measures or other sanctions, measures and actions, including further investigations by these or other authorities and additional litigation. Further, a negative determination or finding with respect to technical or legal issues by one governmental agency could result in other agencies also adopting such determination or finding, even if such determination or finding is not within the scope of such authority's responsibility or jurisdiction. Thus, a negative determination or finding in one proceeding carries the risk of having an adverse effect on the outcome of other proceedings, also potentially leading to new or expanded investigations or proceedings.

When known and quantifiable, the Group seeks to recognize appropriate levels of provisions for lawsuits in accordance with applicable accounting standards. It cannot be ruled out that losses from damages could arise which are either not covered or not fully covered by provisions. Some risks cannot be assessed in full or cannot be provided for in the Group's accounts, and new legal risks, as yet unidentified, could also materialize.

The Group is also subject to data protection laws such as the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) and the EU General Data Protection Regulation (the "GDPR"). The GDPR provides for significant potential fines for non-compliance. Unauthorized access to information stored by the Group or by a third party, including failure to detect such access or to notify data subjects in a timely manner, may cause damage to the Group's reputation, constitute infringement of administrative and criminal law and grant the affected persons a right to damage claims against the Group.

If any of these risks were to materialize, this could have a material adverse effect on the Group's reputation, business, net assets, financial condition or results of operations.

***BMW Group may face increasing scrutiny related to environmental, social and governance matters that may impact its business***

Recent years have seen an increase in stakeholder and regulatory attention to environmental, social and governance ("ESG") matters, including diversity and inclusion, environmental stewardship and transparency and ESG considerations in the supply chains of companies. For example, in February 2022, the European Commission published its proposal for the Corporate Sustainability Due Diligence Directive ("CSDDD"), which imposes the obligation on certain companies to perform ESG due diligence on parties operating within their supply chain to determine whether or not their products may lead to adverse human rights and environmental consequences. On March 15, 2024, the European Council voted for the CSDDD and it is expected that the European Parliament will pass the CSDDD in April 2024. However, the legislative process is still pending. The United States has also adopted legislation restricting the use of certain suppliers, as well as products mined, produced, or manufactured, wholly or in part, from certain regions, due to ESG considerations. A lack of harmonization globally in relation to ESG reform and the different pace at which legislators and regulators across the globe operate creates uncertainty and the risk of fragmentation. Failure by BMW Group to comply with or meet applicable legal and regulatory requirements (and related interpretations) or stakeholder or market expectations in relation to ESG matters, or if BMW Group is perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, BMW Group may be exposed to reputational damage, fines and other sanctions and its business and financial condition could be materially and adversely affected. Increasing attention to climate change (e.g., greenhouse gas emissions), including the increasing societal expectations on businesses to address climate change, may result in increased costs, reduced profits, increased investigations and litigation, and negative impacts on the Group's ability to access capital markets.

While BMW Group may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, practices or goals, among others) to improve its ESG profile or to respond to stakeholder expectations, such initiatives may be costly and may not achieve the desired effect. Expectations around the Group's management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of the Group's control. If the Group fails, or is perceived to fail, to comply with or advance certain ESG initiatives (including the timeline and manner in which initiatives are completed), it may be subject to various adverse impacts, including reputational damage, allegations of "greenwashing" and potential stakeholder engagement and/or litigation, even if such initiatives are currently voluntary.



***BMW Group is exposed to environmental and related liability risks***

BMW Group operates complex industrial plants that manufacture, use, store, emit and dispose of various substances that may constitute a hazard to human life and health as well as to the environment and natural resources. In the past, environmentally hazardous substances from those operations may have entered and in the future may enter the air, watercourses (especially groundwater), or surface or subsurface soils at the Group's facilities or third-party locations, and the environment, natural resources, human health, life and safety of persons and property may have been or may be affected or endangered otherwise because of such substances. BMW Group may be jointly or severally liable, possibly regardless of fault and without any caps on liability, to remove or clean up such harm and to pay damages, including any resulting natural resource damages, arising from those environmentally hazardous substances. These risks could have a material adverse effect on BMW Group's business, net assets, financial position and results of operations.

***BMW Group is subject to international trade restrictions, such as economic sanctions and export controls of the United States and other applicable jurisdictions, and BMW Group's failure to comply with such restrictions could materially adversely affect its reputation and results of operations***

BMW Group is subject to trade restrictions imposed by governments around the world with jurisdiction over BMW Group's operations, including economic sanctions administered and enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") and the U.S. Department of State and export controls administered and enforced by the U.S. Department of Commerce. Such laws and regulations prohibit or restrict certain operations, trade practices, investment decisions, and partnering activities, including dealings with certain countries or territories, and with certain designated persons.

If BMW Group fails to comply with applicable trade restrictions, it could be subject to significant civil or criminal penalties or other remedial measures, which could adversely affect BMW Group's business and financial condition. In addition, BMW Group employees, dealers or independent import companies may engage in conduct for which BMW Group might be held responsible. BMW Group's failure to comply with these laws and regulations also may expose it to reputational harm. Further, internal or governmental investigations related to alleged violations – even in the absence of an actual or confirmed legal violation – could be expensive and disruptive. BMW Group maintains policies and procedures reasonably designed to ensure compliance with applicable trade restrictions, including prohibiting the sale of BMW Group vehicles in certain countries or territories. However, BMW Group cannot assure that its policies and procedures will effectively prevent possible violations, including violations related to the unauthorized diversion of vehicles to countries, territories or persons that are the target of economic sanctions or other international trade restrictions.

***BMW Group is dependent on its compliance and risk management systems***

BMW Group's compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, measure and take appropriate countermeasures against all relevant risks.

In connection with the Group's worldwide business operations, it must comply with a broad range of legal and regulatory requirements in a number of jurisdictions and local operational business processes, particularly relating to sales practices. Moreover, the Group has expanded its worldwide operations in recent years, particularly in China and emerging markets, increasing the scope of applicable regulations and operational practices. The Group has a compliance management system that supports its operational business processes, helps to ensure compliance with legislative provisions and, where necessary, initiates appropriate countermeasures. There can be no assurances that the Group's internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction.

Members of the Group's governing bodies, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures. The Group may not be able to identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, the Group's compliance and risk management systems may not be appropriate given its size, complexity and geographical diversification and may fail for various reasons.

The occurrence of these risks may result in reputational loss and adverse legal consequences, such as the imposition of fines, sanctions and penalties on the Group or the members of the Group's governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. The Group is particularly exposed to these risks with respect to its non-controlling interests and joint ventures, where it is difficult and, in some cases, possible only to a limited extent, to integrate these entities fully into the Group's compliance and risk management system.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***Unusual or significant litigation, governmental investigations or adverse publicity could adversely affect BMW Group***

Compliance with governmental standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. In certain circumstances, courts may permit tort claims even where BMW Group's vehicles comply with applicable laws and regulations. Furthermore, simply responding to actual or threatened litigation or governmental investigations of the Group's compliance with regulatory standards, competition laws or other legal requirements, whether related to the Group's products or business or commercial relationships, may require significant expenditures of time and resources. Litigation also is inherently uncertain, and the Group could experience significant adverse results. In addition, adverse publicity surrounding an allegation may cause significant reputational harm that could affect public perception of the Group's brands or market demand for its products. For example, the SEC's investigation regarding BMW Group's vehicle sales and sales reporting practices and the allegations included therein may have had and could continue to have a material adverse impact on BMW Group's reputation. If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations. For further information on litigation, please see "*Business—Legal Proceedings.*"

***A decrease in or cessation or claw-back of government incentives could affect BMW Group's results of operations***

BMW Group receives economic benefits from national, state, and local governments in various regions of the world in the form of incentives designed to encourage manufacturers to establish, maintain, or increase investments, workforces or production.

These incentives may take various forms, including grants, loan subsidies, and tax abatements or credits. The impact of these incentives can be significant in a particular market. A decrease in, expiration without renewal of, or other cessation or claw-back of government incentives for any of the Group's business units, as a result of administrative decision or otherwise, could have a material adverse effect on the Group's business, net assets, financial condition or results of operations.

***BMW Group's ability to effectively market and distribute its products is an integral part of its sales model***

BMW Group's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers. Further, in many jurisdictions, the Group's products are sold by independent automotive dealers, with whom the Group must maintain relationships and which it must integrate into its marketing, sales and product strategies. There can be no assurances that the Group will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the regulatory environment or local business practice in the major markets in which it operates.

In addition, laws and regulations in many jurisdictions govern sales practices and provide for governmental and private rights of action to address non-compliant practices. Failure to maintain well-developed sales techniques and distribution networks may result in decreased sales and market share or regulatory and legal inquiries and claims and could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

### ***Competition in the automotive industry could lead to pricing and sales pressures***

BMW Group faces competition from a number of international companies, as well as local and regional companies in the countries in which it operates. Increased competition and unanticipated actions by competitors or customers in the automotive industry could lead to downward pressure on prices or a decline in the Group's market share, which would adversely affect its results and impair its growth potential.

Intense competition exists in particular with regard to prices and product quality, as well as the development and launch periods of newly developed products carrying a higher profit risk due to marketing risks and considerable expenses for market development, product launch and market penetration. Further, new expertise on the part of competitors or new market entrants increases the risk that competitors might outperform the Group with respect to technological advances or vehicle development, which could lead to the Group potentially losing market share and suffering significant losses in deliveries. Increased pressure on selling prices and margins caused by intense competition in global markets, particularly in Western Europe, the United States and China, also requires constant analysis and adapting to changes in circumstances and conditions.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations. See also "*—The automotive market is highly competitive and subject to technological innovations and developments which could affect BMW Group's competitive position.*"

### ***BMW Group is dependent on market acceptance of the Group's products***

Many factors both within and outside of BMW Group's control affect the success of new or existing Group products in the marketplace. The Group seeks to offer highly desirable vehicles to overcome intensive price competition and meet market demand; however, the Group's new and existing vehicles and products might be perceived to be less desirable than those of the Group's competitors, whether in terms of price, quality, design, safety, overall value, fuel efficiency or other attributes. For example, if a new model were to experience quality issues at the time of launch, the vehicle's perceived quality could be affected even after the issues had been corrected, resulting in lower numbers of deliveries, market share, and profitability.

The trend towards an increasing range of body styles, including "cross-over" body styles, based on customer expectations and competitive actions across the automotive industry implies that the Group must continually evaluate the position and market share of its individual brands and models to maintain its competitive position. In addition, with increased consumer interconnectedness through the internet and other media, mere rumors or allegations relating to quality, safety, fuel efficiency, corporate social responsibility or other key product attributes can negatively impact the Group's reputation or market acceptance of its products, even where such allegations prove to be inaccurate or unfounded.

As a result of the intensity of competition in the automotive industry and the pace of technological development, the Group faces constant pressure to develop new products and improve existing products at ever-shorter intervals. If the Group misjudges, delays recognition of, or fails to adapt its products and services to trends and changes in customer requirements in individual markets or other changes in demand, its sales volumes could be adversely affected. If the Group makes fundamental or repeated misjudgments, it could lose customers, and the reputation of its affected brands could suffer. Such misjudgments may also lead to significantly unprofitable investments and associated costs.

If the Group encounters potential delays in bringing new vehicle models and technologies to market or if customers do not accept the new models the Group introduces, or if the other risks mentioned herein were to materialize, it could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

If any of these risks were to materialize, they could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group's success is dependent on its ability to maintain and develop its brand image***

In the highly competitive automotive industry, BMW Group is dependent on maintaining and developing the brand image for its various brands. In order to maintain and develop a brand image, the Group must earn customers' confidence by providing safe, high-quality products that meet customer demand and appeal to customers' preferences. Moreover, as the Group is dependent on suppliers for several significant production components, perceptions of the Group's quality can also be affected by the performance and quality of third-party supply components or broader perceptions of the automotive industry generally. If the Group is unable to effectively maintain and develop the brand image of its BMW, MINI and Rolls-Royce brands, for example as a result of an inability to provide safe, high-quality products or as a result of the failure to promptly implement safety measures, such as recalls when necessary, vehicle unit sales or sale prices might decrease.

If any of these risks were to materialize, they could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group may fail to adequately protect its intellectual property and know-how or may be liable for infringement of third-party intellectual property***

BMW Group owns a large number of patents and other intellectual property rights, a number of which are of significant importance to its business success. BMW Group may fail to enforce claims against third parties for infringement of its intellectual property rights. In addition, BMW Group's intellectual property rights may be challenged, and BMW Group may not be able to secure such rights in the future. In particular, there is a risk that BMW Group may not be in a position to secure all necessary intellectual property rights with respect to the development of new technologies, as part of collaborative partnerships or otherwise.

Furthermore, third parties (including joint venture partners or partners in collaborative projects) may violate BMW Group's patents and other intellectual property rights and BMW Group may not be able to prevent such violations for legal or practical reasons. For example, the effective protection for BMW Group's brands, technologies, and proprietary information may be limited or unavailable in certain countries, making it difficult to protect our intellectual property from misappropriation or infringement. This applies also to product piracy where BMW Group's vehicles and components are copied, possibly with poor quality, resulting in additional reputational and warranty risks. Trade secrets and know-how that cannot be safeguarded through intellectual property rights are also important for BMW Group's business success. BMW Group may be unable to prevent disclosure of trade secrets.

BMW Group may also inadvertently infringe patents, trademarks or other intellectual property rights of third parties or may not have validly acquired service inventions. Furthermore, BMW Group may not obtain the licenses necessary for its business on reasonable terms in the future. If BMW Group is alleged or determined to have violated third-party intellectual property rights, it may be required to pay damages, modify manufacturing processes, redesign products or may be barred from manufacturing, distributing and/or marketing certain products. BMW Group could also face costly litigation. These risks could lead to delivery and production restrictions or interruptions and, in turn, have a material adverse effect on BMW Group's business, net assets, financial position and results of operations.

***BMW Group is party to a number of "take-or-pay" contracts***

BMW Group has entered into a number of long-term supply contracts that require it to purchase a fixed quantity of parts to be used in the production of its vehicles. If the Group's need for any of these parts were to decrease, it could still be required to purchase a specified quantity of the parts or pay a minimum amount to the seller pursuant to the take-or-pay contract, which could have a material adverse effect on the Group's business, net assets, financial condition or results of operations.

***BMW Group is dependent on good relationships with its employees and unions***

BMW Group's success is highly dependent on its employees and their expertise. Competition for highly qualified staff and management is very intense in the industry and the regions in which the Group operates. The Group's future success also depends on the extent to which it succeeds over the long term in recruiting, integrating and retaining executives, engineers and other specialists. Because of demographic developments, the Group must

cope with changes relating to an aging workforce and must attract a sufficient number of qualified young talent with the potential to become the next generation of highly-skilled specialists and executives.

Further, personnel expenses are a major cost for the Group. Employees at the Group's German locations and at a number of foreign subsidiaries have traditionally been heavily unionized. When current collective bargaining agreements and collective wage agreements expire, the Group may not be able to conclude new agreements on terms and conditions that it considers to be reasonable. Moreover, the Group may be able to conclude such agreements only after industrial actions, such as strikes or similar measures. In addition, the Group's competitors may obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than the Group. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible legal environments.

If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***BMW Group is dependent on good relationships with its joint venture partners and independent dealers***

BMW Group has entered, and may from time to time enter, into joint ventures with strategic partners for research and development and market launches, particularly in emerging and developing markets and with respect to large projects. One of the most important such relationship relates to BMW Brilliance, which produces, markets and sells various BMW brand models for the Chinese market. With effect from February 11, 2022, BMW Group increased its stake in BMW Brilliance from 50% to 75%, and the entity has since been fully consolidated in the financial statements of BMW Group.

In its joint venture agreements, the Group has undertaken various obligations. If it were to fail to fulfill such obligations, in whole or in part, the Group could become subject to claims for damages and contractual penalties or the relevant joint venture agreement could be terminated. In addition, a breach of contract by joint venture partners or unforeseen events may impair the successful implementation of a project.

Moreover, the success of the Group's joint ventures requires that the partners constructively pursue the same goals. If the Group were to decide to divest its shareholdings or to withdraw from a joint venture, it might not be able to find a buyer for its shares or be able to sell such shares for other reasons, or its joint venture partner may claim damages.

Additionally, it is possible that the Group's partners may use, outside of the scope of the joint venture project, technologies acquired in the course of the joint venture or otherwise misappropriate trade secrets or competitive advantages from the relationship.

If any of these risks were to materialize, the Group might lose orders and customers and jeopardize its strategic market position in the relevant markets which, in turn, may result in a time-consuming and costly search for alternative partners and the loss of investments already made. The occurrence of these risks could have a material adverse effect on BMW Group's business, net assets, financial condition and results of operations.

In addition, BMW Group is dependent on a network of independent dealers marketing and selling BMW Group's vehicles and providing warranty and other after-sale services, in each case, to end customers. Any deterioration in BMW Group's relationship with such dealers, for example because of supply issues or changed procedures and requirements imposed by BMW Group that adversely impact, or that are perceived by such dealers to adversely impact, dealers, could impact BMW Group's sales and have a material adverse effect on BMW Group's business, net assets, financial condition and results of operations.

***Changes in deliveries can have a substantial effect on BMW Group's cash flow and profitability as BMW Group has a high proportion of relatively fixed structural costs***

Because the Group, like other manufacturers, has a high proportion of relatively fixed structural costs, even comparatively small changes in deliveries can have a substantial effect on its cash flow and profitability. If sales were to decline to levels significantly below the Group's planning assumptions or the Group's business were to be otherwise significantly disrupted, particularly in the United States, China or Europe, due to financial crises,

recessions, significant currency exchange rate movements, geopolitical events, pandemics, trade barriers or other factors, it could have a material adverse effect on the Group's business, net assets, financial condition or results of operations.

***BMW Group's international operations give rise to complex tax and customs matters***

BMW Group is subject to tax and customs audits in all countries where it operates. Ongoing or future tax and customs audits may lead to demands for additional taxes, customs, interest thereon, penalties and similar payments. Such payments may arise, for example, from the full or partial non-recognition of intra-group transfer prices. In countries where there are factually, or as a practical matter, no statutes of limitation (such as China), BMW Group may also face demands for additional taxes relating to periods prior to a tax and customs audit period. As a result, BMW Group's provisions for tax and customs risks may be insufficient to cover any actual settlement amount. Risks may also arise due to changes in tax or customs laws or accounting principles or their interpretation by the tax and customs payer, by tax and customs authorities or by courts. Such changes may also have a retroactive effect. If any of these risks were to materialize, this could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations. See also “—Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group” and “—Export controls, sanctions, tariffs and other trade barriers could affect BMW Group's ability to produce, market and sell its products across global markets and affect BMW Group's supply chains.”

***BMW Group's insurance coverage may not be sufficient or its insurance premiums may increase***

BMW Group maintains insurance coverage in relation to a number of risks associated with its business activities that are subject to standard exclusions, such as willful misconduct. However, the Group may suffer losses or claimants may bring claims against the Group that exceed the type and scope of its existing insurance coverage. Significant losses could lead to higher insurance premium payments. In addition, there are certain risks for which the Group does not maintain coverage based on the Group's cost-benefit analysis, and it therefore has no insurance coverage against the occurrence of these events. If the Group sustains damage for which there is no insurance coverage or insufficient insurance coverage, or if it has to pay higher insurance premiums or encounters restrictions on insurance coverage, this could materially adversely affect its business, net assets, financial condition or results of operations.

**Risks Relating to the Issuer**

***The Issuer is a financing subsidiary within BMW Group***

The Issuer is a financing subsidiary within BMW Group, and as such, the purpose of the Issuer is to assist the financing of business activities conducted by companies of BMW Group and its affiliates and to provide financial services in connection therewith. The ability of the Issuer to satisfy its obligations under the Notes will depend, among other things, upon payments to the Issuer by members of the Group. The assets of the Issuer, which include intra-group receivables, are not disclosed and should not be primarily relied upon by prospective investors in making an investment decision to purchase the Notes.

**Risks Relating to the Offering and the Notes**

***The ability of holders to transfer the Notes in the United States and certain other jurisdictions will be limited***

The Notes have not been and will not be registered under the Securities Act and the Issuer has not been and will not be registered under the Investment Company Act. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in a transaction that does not cause the Issuer to be required to register under the Investment Company Act. The Notes may be offered and sold only to (1) a person who is a QIB in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or (2) to a non-U.S. person (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act, and in each case, in accordance with any other applicable law. The section of this Offering Memorandum entitled “*Transfer Restrictions*” contains further details on the terms and conditions under which holders may hold, transfer and exchange the Securities. Each purchaser and transferee of the Notes must be able to

make (and will be deemed to have made) the representations described therein. Offers and sales of the Notes may also be subject to transfer restrictions in other jurisdictions. You should consult your financial or legal advisors for advice concerning applicable transfer restrictions in respect of the Notes.

***BMW Group may incur substantially more debt in the future***

BMW Group may incur substantial additional indebtedness in the future, some of which may be secured by some or all of its assets and which may be structurally senior to the Notes. The terms of the Notes will not limit the amount of indebtedness the Group may incur. Any such incurrence of additional indebtedness could exacerbate the related risks described in this Offering Memorandum or pose new risks not described in this Offering Memorandum.

***The Notes are the Obligors' unsecured obligations and are subordinated to secured obligations on insolvency***

Holders of the Obligors' secured obligations have claims that are senior in priority to the claims of holders of the Notes to the extent of the value of the assets securing those secured obligations. The Notes are effectively subordinated to secured indebtedness to the extent of the value of the assets securing those other obligations. In the event of any distribution of assets or payment in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, the assets securing the claims of secured creditors will be available to satisfy the claims of those creditors, if any, before they are available to any unsecured creditors, including the holders of the Notes. In any of the foregoing events, there is no assurance to holders of the Notes that there will be sufficient assets to pay amounts due under the Notes.

***Payments made by German Guarantor***

Payments made by a German guarantor with respect to a holder resident in a so-called "non-cooperative jurisdiction" (*nicht kooperatives Steuerhoheitsgebiet*) may be subject to a tax deduction by the German Guarantor at a rate of 15% (plus solidarity surcharge) of the gross payment pursuant to the Act to Avert Tax Evasion and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb*). The law provides for an exemption if the notes are structured as bearer notes which are represented by a global note (*Sammelurkunde*) held in collective safe custody with a central depository or similar instrument which are tradable on a recognized stock exchange. The application of this exemption to registered notes as well as the application of the law in case of payments by a Guarantor are, however, unclear.

***An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited***

The Notes are new securities for which there currently is no market. The Notes will not be listed on any stock exchange and there can be no assurances as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on a number of factors, including general economic conditions and BMW Group's own financial condition, performance and prospects, as well as recommendations by securities analysts. The initial purchasers have informed the Obligors that they currently intend to make a market in the Notes after completion of the offering. However, they are not obliged to do so and may discontinue such market-making activity at any time without prior notice. As a result, there can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If no active trading market develops, investors may be unable to resell the Notes at any price or at their fair market value. The liquidity of, and trading market for, the Notes may also be negatively affected by general declines in the market for similar securities. Such a decline may adversely affect any liquidity and trading of the Notes independent of the Group's financial performance and prospects.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be suspended, changed or withdrawn at any time.

***The Secured Overnight Financing Rate published daily by the New York Federal Reserve has a limited history; the future performance of the Secured Overnight Financing Rate cannot be predicted based on the historical performance of the Secured Overnight Financing Rate***

The future performance of the Secured Overnight Financing Rate cannot be predicted based on the limited historical performance. The level of the Secured Overnight Financing Rate during the term of the Floating Rate Notes may bear little or no relation to the historical level of the Secured Overnight Financing Rate. Prior observed patterns, if any, in the behavior of market variables and their relation to the Secured Overnight Financing Rate, such as correlations, may change in the future. While some prepublication historical data have been released by the New York Federal Reserve (as defined in “*Terms and Conditions of the Notes and Guarantee*”), such analysis inherently involves assumptions, estimates and approximations. The future performance of the Secured Overnight Financing Rate is impossible to predict and therefore no future performance of the Secured Overnight Financing Rate or the Floating Rate Notes may be inferred from any of the historical simulations or historical performance. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of the Secured Overnight Financing Rate or the Floating Rate Notes. Changes in the levels of the Secured Overnight Financing Rate will affect the Compounded SOFR (as defined in “*Terms and Conditions of the Notes and Guarantee*”) and, therefore, the return on the Floating Rate Notes and the trading price of the Floating Rate Notes, but it is impossible to predict whether such levels will rise or fall. There can be no assurance that the Compounded SOFR or the Secured Overnight Financing Rate will be positive.

***Any failure of the Secured Overnight Financing Rate to gain market acceptance could adversely affect the Floating Rate Notes***

The Secured Overnight Financing Rate may fail to gain market acceptance. According to the New York Federal Reserve’s Alternative Reference Rates Committee (the “ARRC”), the Secured Overnight Financing Rate was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered to be a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement (“repo”) market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider the Secured Overnight Financing Rate to be a suitable substitute or successor for all of the purposes for which U.S. dollar LIBOR historically was used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of the Secured Overnight Financing Rate. Any failure of the Secured Overnight Financing Rate to gain market acceptance could adversely affect the return on the Floating Rate Notes and the price at which you can sell the Floating Rate Notes in the secondary market.

Further, other index providers are developing products that are perceived as competing with SOFR. It is possible that market participants will prefer one of these competing products and that such competing products may become more widely accepted in the marketplace than SOFR. To the extent market acceptance for SOFR as a benchmark for floating-rate debt securities declines, the return on and value of the Floating Rate Notes and the price at which investors can sell the Floating Rate Notes in the secondary market could be adversely affected. In addition, investors in the Floating Rate Notes may not be able to sell the Floating Rate Notes at all or may not be able to sell the Floating Rate Notes at prices that will provide them with a yield comparable to similar investments that continue to have a developed secondary market and may consequently suffer from increased pricing volatility and market risk.

***The interest rate on the Floating Rate Notes is based on Compounded SOFR and the SOFR Index, both of which are relatively new in the marketplace***

For each Floating Rate Notes Interest Period (as defined in “*Terms and Conditions of the Notes and Guarantee*”), the interest rate on the Floating Rate Notes is based on Compounded SOFR, which is calculated according to the specific formula described in Condition 5(b) (Floating Rate Notes) under “*Terms and Conditions of the Notes and Guarantee*” using the SOFR Index (as defined in “*Terms and Conditions of the Notes and Guarantee*”) published by the New York Federal Reserve, and not by using the Secured Overnight Financing Rate published on or in respect of a particular date during such Floating Rate Notes Interest Period or an arithmetic average of the Secured Overnight Financing Rates during such period. For this and other reasons, the interest rate on the Floating Rate Notes during any Floating Rate Notes Interest Period will not necessarily be the same as the interest rate on other Secured Overnight Financing Rate-linked investments that use an alternative basis to determine



the applicable interest rate. Further, if the Secured Overnight Financing Rate in respect of a particular date during a Floating Rate Notes Interest Period is negative, its contribution to the SOFR Index will be less than one, resulting in a reduction to Compounded SOFR used to calculate the interest payable on the Floating Rate Notes on the Floating Rate Notes Interest Payment Date for such Floating Rate Notes Interest Period.

In addition, a more limited market precedent exists for securities that use the Secured Overnight Financing Rate as the interest rate and the method for calculating an interest rate based upon the Secured Overnight Financing Rate in those precedents varies. In addition, the New York Federal Reserve only began publishing the SOFR Index on March 2, 2020. Accordingly, the use of the SOFR Index or the specific formula for Compounded SOFR used in the Floating Rate Notes may not be widely adopted by other market participants, if at all. You should carefully review the specific formula for Compounded SOFR used in the Floating Rate Notes before making an investment in the Floating Rate Notes. If the market adopts a different calculation method than used in the Floating Rate Notes, that would likely adversely affect the market value of the Floating Rate Notes. For additional information regarding the SOFR Index, see “*Secured Overnight Financing Rate and SOFR Index—SOFR Index*” below.

***The total amount of interest payable on Floating Rate Notes with respect to a particular Floating Rate Notes Interest Period will only be capable of being determined near the end of the relevant Floating Rate Notes Interest Period***

Compounded SOFR applicable to a particular Floating Rate Notes Interest Period and therefore, the total amount of interest payable with respect to such Floating Rate Notes Interest Period will be determined on the Floating Rate Notes Interest Determination Date (as defined in “*Terms and Conditions of the Notes and Guarantee*”) for such Floating Rate Notes Interest Period. Because each such date is near the end of such Floating Rate Notes Interest Period, you will not know the total amount of interest payable with respect to a particular Floating Rate Notes Interest Period until shortly prior to the related Floating Rate Notes Interest Payment Date and it may be difficult for you to reliably estimate the total amount of interest that will be payable on each such Floating Rate Notes Interest Payment Date. In addition, some investors may be unwilling or unable to trade the Floating Rate Notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of the Floating Rate Notes.

***The administrator of the Secured Overnight Financing Rate may make changes that could change the value of the Secured Overnight Financing Rate or discontinue the Secured Overnight Financing Rate and has no obligation to consider your interests in doing so***

The New York Federal Reserve, as administrator of the Secured Overnight Financing Rate, may make methodological or other changes that could change the value of the Secured Overnight Financing Rate, including changes related to the method by which the Secured Overnight Financing Rate is calculated, eligibility criteria applicable to the transactions used to calculate the Secured Overnight Financing Rate, or timing related to the publication of the Secured Overnight Financing Rate. If the manner in which the Secured Overnight Financing Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on the Floating Rate Notes, which may adversely affect the trading prices of the Floating Rate Notes. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of the Secured Overnight Financing Rate (in which case a fallback method of determining the interest rate on the Floating Rate Notes as further described in Condition 5(b) (Floating Rate Notes—Effect of a Benchmark Transition Event) under “*Terms and Conditions of the Notes and Guarantee*” will apply). The administrator has no obligation to consider your interests in calculating, adjusting, converting, revising or discontinuing the Secured Overnight Financing Rate.

***The SOFR Index may be modified or discontinued, and the Floating Rate Notes may bear interest by reference to a rate other than Compounded SOFR, which could adversely affect the value of the Floating Rate Notes***

The SOFR Index is published by the New York Federal Reserve based on data received by it from sources other than BMW Group, and BMW Group has no control over its methods of calculation, publication schedule, rate revision practices or availability of the SOFR Index at any time. There can be no guarantee, particularly given its relatively recent introduction, that the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Floating Rate Notes. If the manner in which the SOFR Index is calculated, including the manner in which the Secured Overnight Financing Rate is calculated, is changed, that change may result in a reduction in the amount of interest payable on the Floating Rate Notes and the trading prices of the Floating Rate Notes. In addition, the New York Federal Reserve may withdraw, modify or amend the

published SOFR Index or Secured Overnight Financing Rate data in its sole discretion and without notice. With respect to the Floating Rate Notes, the interest rate for any Floating Rate Notes Interest Period will not be adjusted for any modifications or amendments to the SOFR Index or Secured Overnight Financing Rate data that the New York Federal Reserve may publish after the interest rate for that Floating Rate Notes Interest Period has been determined.

***If the Secured Overnight Financing Rate is discontinued, the Floating Rate Notes will bear interest by reference to a different base rate, which could adversely affect the value of the Floating Rate Notes, the return on the Floating Rate Notes and the price at which you can sell the Floating Rate Notes; there is no guarantee that any replacement base rate will be a comparable substitute for the Secured Overnight Financing Rate***

Under certain circumstances, the interest rate on the Floating Rate Notes will no longer be determined by reference to the Secured Overnight Financing Rate, but instead will be determined by reference to a different rate, which will be a different Benchmark than the Secured Overnight Financing Rate plus a spread adjustment, which is referred to as a Benchmark Replacement and a Benchmark Replacement Adjustment, respectively (each as defined in “*Terms and Conditions of the Notes and Guarantee*”).

If a particular Benchmark Replacement or Benchmark Replacement Adjustment cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected, recommended or formulated by (i) the Relevant Governmental Body (as defined in “*Terms and Conditions of the Notes and Guarantee*”) (such as the ARRC), (ii) ISDA (as defined in “*Terms and Conditions of the Notes and Guarantee*”) or (iii) in certain circumstances, BMW Group or BMW Group’s designee. In addition, the terms of the Floating Rate Notes expressly authorize BMW Group or BMW Group’s designee to make Benchmark Replacement Conforming Changes (as defined in “*Terms and Conditions of the Notes and Guarantee*”) with respect to, among other things, the definition of “Floating Rate Notes Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters. The determination of a Benchmark Replacement, the calculation of the interest rate on the Floating Rate Notes by reference to a Benchmark Replacement (including the application of a Benchmark Replacement Adjustment), any implementation of Benchmark Replacement Conforming Changes and any other determinations, decisions or elections that may be made under the terms of the Floating Rate Notes in connection with a Benchmark Transition Event (as defined in “*Terms and Conditions of the Notes and Guarantee*”) could adversely affect the value of the Floating Rate Notes, the return on the Floating Rate Notes and the price at which you can sell the Floating Rate Notes.

In addition, (i) the composition and characteristics of the Benchmark Replacement will not be the same as those of the Secured Overnight Financing Rate, the Benchmark Replacement will not be the economic equivalent of the Secured Overnight Financing Rate, there can be no assurance that the Benchmark Replacement will perform in the same way as the Secured Overnight Financing Rate would have at any time and there is no guarantee that the Benchmark Replacement will be a comparable substitute for the Secured Overnight Financing Rate (each of which means that a Benchmark Transition Event could adversely affect the value of the Floating Rate Notes, the return on the Floating Rate Notes and the price at which you can sell the Floating Rate Notes), (ii) any failure of the Benchmark Replacement to gain market acceptance could adversely affect the Floating Rate Notes, (iii) the Benchmark Replacement may have a more limited history and the future performance of the Benchmark Replacement cannot be predicted based on historical performance, (iv) the secondary trading market for the Floating Rate Notes linked to the Benchmark Replacement may be limited and (v) the administrator of the Benchmark Replacement may make changes that could change the value of the Benchmark Replacement or discontinue the Benchmark Replacement and has no obligation to consider your interests in doing so.

***BMW Group or BMW Group’s designee will have authority to make determinations, elections, calculations and adjustments that could affect the value of and your return on the Floating Rate Notes***

BMW Group or BMW Group’s designee will make determinations, decisions, elections, calculations and adjustments with respect to the Floating Rate Notes as set forth in “*Terms and Conditions of the Notes and Guarantee*” below that may adversely affect the value of and your return on the Floating Rate Notes. In addition, BMW Group or BMW Group’s designee may determine the Benchmark Replacement and the Benchmark Replacement Adjustment and can apply any Benchmark Replacement Conforming Changes deemed reasonably necessary to adopt the Benchmark Replacement. Although BMW Group or BMW Group’s designee will exercise judgment in good faith when performing such functions, potential conflicts of interest may exist between BMW Group or BMW Group’s designee and you. All determinations, decisions and elections by BMW Group or BMW

Group's designee are in BMW Group's or BMW Group's designee's sole discretion and will be conclusive for all purposes and binding on BMW Group, the Calculation Agent and holders of the Floating Rate Notes absent manifest error. Further, notwithstanding anything to the contrary in the documentation relating to the Floating Rate Notes, all determinations, decisions and elections by BMW Group or BMW Group's designee will become effective without consent from the holders of the Floating Rate Notes or any other party. In making the determinations, decisions and elections noted in Condition 5(b) (Floating Rate Notes—Effect of a Benchmark Transition Event) under “*Terms and Conditions of the Notes and Guarantee*” below, BMW Group or BMW Group's designee may have economic interests that are adverse to your interests, and such determinations, decisions, elections, calculations and adjustments may adversely affect the value of and your return on the Floating Rate Notes. Because the Benchmark Replacement is uncertain, BMW Group or BMW Group's designee are likely to exercise more discretion in respect of calculating interest payable on the Floating Rate Notes than would be the case in the absence of a Benchmark Transition Event and its related Benchmark Replacement Date. These potentially subjective determinations may adversely affect the value of the Floating Rate Notes, the return on the Floating Rate Notes and the price at which you can sell the Floating Rate Notes.

***Investors in the Notes may be unable to enforce judgments obtained in U.S. courts***

The majority of BMW AG's directors reside in Germany, or other jurisdictions outside the United States, and all or a substantial portion of the assets of such persons and of BMW Group are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Company, or upon the Group's directors, or to enforce against the Company, or the Company's executive officers and directors, judgments obtained in U.S. courts predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

***Transactions in the Notes could be subject to a future European financial transaction tax***

The European Commission published a proposal for a Directive (the “Commission Proposal”) for a common financial transaction tax (the “FTT”) in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the “participating Member States”). Estonia stated that it would not participate.

The proposed FTT has a particularly broad scope and could, if introduced in the form of the Commission Proposal, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation among the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate or participating Member States may decide to withdraw.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## SECURED OVERNIGHT FINANCING RATE AND SOFR INDEX

### Secured Overnight Financing Rate

The Secured Overnight Financing Rate is published by the New York Federal Reserve and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities. The New York Federal Reserve reports that the Secured Overnight Financing Rate includes all trades in the Broad General Collateral Rate (as defined by the New York Federal Reserve), plus bilateral Treasury repo transactions cleared through the delivery-versus-payment service offered by the Fixed Income Clearing Corporation (the “FICC”), a subsidiary of The Depository Trust Company. The Secured Overnight Financing Rate is filtered by the New York Federal Reserve to remove a portion of the foregoing transactions considered to be “specials.” According to the New York Federal Reserve, “specials” are repos for specific-issue collateral, which take place at cash-lending rates below those for general collateral repos because cash providers are willing to accept a lesser return on their cash in order to obtain a particular security.

The New York Federal Reserve reports that the Secured Overnight Financing Rate is calculated as a volume-weighted median of transaction-level tri-party repo data collected from The Bank of New York Mellon as well as general collateral finance repurchase agreement transaction data and data on bilateral Treasury repurchase transactions cleared through the FICC’s delivery-versus-payment service. The New York Federal Reserve notes that it obtains information from DTCC Solutions LLC, an affiliate of DTC. If data for a given market segment were unavailable for any day, then the most recently available data for that segment would be utilized, with the rates on each transaction from that day adjusted to account for any change in the level of market rates in that segment over the intervening period. The Secured Overnight Financing Rate would be calculated from this adjusted prior day’s data for segments where current data were unavailable, and unadjusted data for any segments where data were available. To determine the change in the level of market rates over the intervening period for the missing market segment, the New York Federal Reserve would use information collected through a daily survey conducted by its trading desk of primary dealers’ repo borrowing activity. Such daily survey may include information reported by the initial purchasers or their affiliates. The New York Federal Reserve notes on its publication page for the Secured Overnight Financing Rate that use of the Secured Overnight Financing Rate is subject to important limitations and disclaimers, including that the New York Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of the Secured Overnight Financing Rate at any time without notice.

Each U.S. Government Securities Business Day, the New York Federal Reserve publishes the Secured Overnight Financing Rate on its website at approximately 8:00 A.M., New York City time. If errors are discovered in the transaction data provided by The Bank of New York Mellon or DTCC Solutions LLC, or in the calculation process, subsequent to the initial publication of the Secured Overnight Financing Rate but on that same day, the Secured Overnight Financing Rate and the accompanying summary statistics may be republished at approximately 2:30 P.M., New York City time. Additionally, if transaction data from The Bank of New York Mellon or DTCC Solutions LLC had previously not been available in time for publication, but became available later in the day, the affected rate or rates may be republished at around this time. Rate revisions will only be effected on the same day as initial publication and will only be republished if the change in the rate exceeds one basis point. Any time a rate is revised, a footnote to the New York Federal Reserve’s publication would indicate the revision. This revision threshold will be reviewed periodically by the New York Federal Reserve and may be changed based on market conditions.

As the Secured Overnight Financing Rate is published by the New York Federal Reserve based on data received from other sources, BMW Group has no control over its determination, calculation or publication. There can be no guarantee that the Secured Overnight Financing Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Floating Rate Notes. With respect to the Floating Rate Notes, the interest rate for any Floating Rate Notes Interest Period will not be adjusted for any modifications or amendments to the SOFR Index or the Secured Overnight Financing Rate data that the New York Federal Reserve may publish after the interest rate for such Floating Rate Notes Interest Period has been determined. If the manner in which the Secured Overnight Financing Rate is calculated is changed, that change may result in a reduction of the amount of interest payable on the Floating Rate Notes and the trading prices of the Floating Rate Notes.

## **SOFR Index**

The SOFR Index is published by the New York Federal Reserve and measures the cumulative impact of compounding the Secured Overnight Financing Rate on a unit of investment over time, with the initial value set to 1.00000000 on April 2, 2018, the first value date of the Secured Overnight Financing Rate. The SOFR Index value reflects the effect of compounding the Secured Overnight Financing Rate each business day and allows the calculation of compounded Secured Overnight Financing Rate averages over custom time periods.

The New York Federal Reserve notes on its publication page for the SOFR Index that use of the SOFR Index is subject to important limitations, indemnification obligations and disclaimers, including that the New York Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR Index at any time without notice.

### **Disclaimer Regarding the Secured Overnight Financing Rate and SOFR Index**

The New York Federal Reserve began to publish the Secured Overnight Financing Rate in April 2018. The New York Federal Reserve has also begun publishing historical indicative Secured Overnight Financing Rates going back to 2014. Investors should not rely on any historical changes or trends in the Secured Overnight Financing Rate as an indicator of future changes in the Secured Overnight Financing Rate. Also, since the Secured Overnight Financing Rate is a relatively new market index, the Floating Rate Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to the Secured Overnight Financing Rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and, as a result, trading prices of the Floating Rate Notes may be lower than those of later-issued indexed debt securities as a result. Similarly, if the Secured Overnight Financing Rate does not prove to be widely used in securities like the Floating Rate Notes, the trading price of the Floating Rate Notes may be lower than those of notes linked to indices that are more widely used. Investors in the Floating Rate Notes may not be able to sell the Floating Rate Notes at all or may not be able to sell the Floating Rate Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk.

The information contained in this section is based upon the New York Federal Reserve's Website and other U.S. Government sources.

See also "*Risk Factors*" for various risks relating to the Secured Overnight Financing Rate, the SOFR Index and their use for determining the interest rate of the Floating Rate Notes.

## CAPITALIZATION AND INDEBTEDNESS

The table below sets out, on a consolidated basis, the capitalization of the Group as of December 31, 2023:

- on a historical basis; and
- on an as adjusted basis to give effect to the offering of Notes made hereby and the application of the net proceeds as set forth under “*Use of Proceeds*” as if the sale of Notes had occurred on December 31, 2023 (converted into euros at an exchange rate of \$1.1050 to €1.00).

You should read this table in conjunction with “*Risk Factors*” and “*Use of Proceeds*” included elsewhere in this Offering Memorandum as well as the Group’s Audited Financial Statements and related notes incorporated by reference into this Offering Memorandum.

Other than as reflected below, there have been no material changes to the Group’s consolidated capitalization since December 31, 2023.

	As of December 31, 2023	
	Historical (audited)	As adjusted (unaudited)
	(in € million)	
<b>Cash and cash equivalents<sup>(1)</sup></b> .....	<b>17,327</b>	<b>20,260</b>
Equity .....	92,923	92,923
Pension provisions .....	427	427
Other provisions .....	7,797	7,797
Deferred tax .....	2,797	2,797
Financial liabilities <sup>(2)</sup> .....	52,880	55,821
Other liabilities .....	7,065	7,065
Non-current provisions and liabilities .....	70,966	73,907
Current provisions and liabilities .....	87,001	87,001
<b>Total equity and liabilities</b> .....	<b>250,890</b>	<b>253,831</b>

(1) Cash and cash equivalents, as adjusted, reflect an increase in the amount of the net proceeds of the issue of the Notes.

(2) Financial liabilities, as adjusted, reflect an increase in the amount of the aggregate principal amount of the Notes.

## **USE OF PROCEEDS**

The Issuer estimates that the net proceeds of the issue of the Notes will be approximately U.S.\$3,240 million, after deducting the fees and commissions payable to the initial purchasers. The Group intends to use the net proceeds for general corporate purposes.

## BUSINESS

### Overview

BMW Group is one of the most successful makers of premium and luxury automobiles and motorcycles worldwide and among the largest industrial companies in Germany. With BMW, MINI and Rolls-Royce, BMW Group owns three of the strongest premium and luxury brands in the automotive industry. The vehicles it manufactures set high standards in terms of aesthetics, dynamics, technology and quality, as borne out by BMW Group's strong position in engineering and innovation. In addition, BMW Group provides financial services supporting its automotive and motorcycle business. As of December 31, 2023, BMW Group had a worldwide workforce of 154,950 employees by headcount.

In the year ended December 31, 2023, BMW Group continued to implement its corporate strategy, prioritizing sustainability, digitalization, and electromobility. BMW Group remains committed to reducing carbon emissions throughout its product life cycle and promoting principles of the circular economy. To this end, BMW Group has laid out measurable, science-based targets to be reached by 2030. In addition, BMW Group is actively working on numerous projects and initiatives to improve the framework conditions for electromobility, including expanding charging facilities. Digitalization also remained a key focus for the Group in 2023. Moreover, BMW Group made significant strides in all-electric and connected mobility. By the end of 2023, at least one all-electric model had been introduced across the entire brand portfolio. Key launches included the extended-wheelbase version of the iX1 for the Chinese market, the BMW i5 sedan, and the Rolls-Royce Spectre. Looking ahead to 2024, BMW Group plans to unveil several new models, including the BMW iX2, the BMW i5 Touring, and the all-electric Mini Aceman, aiming for a significant increase in all-electric vehicle deliveries. In 2025, BMW Group is expected to embark on its next transformative phase with the introduction of the "Neue Klasse," aiming to redefine standards in electrification, digitalization, and circularity. Production of the Neue Klasse vehicles will begin at the new Debrecen, Hungary plant, with plans for expansion to other locations.

Bayerische Motoren Werke Aktiengesellschaft, or BMW AG, which is based in Munich, Germany, is the parent company of BMW Group. The primary business objective of the Group is the development, manufacture and sale of vehicles as well as services related to these activities. BMW Group is subdivided into the four segments Automotive, Motorcycles, Financial Services and Other Entities (with the Other Entities segment comprising primarily holding and financing companies and thus not being part of the Group's primary business).

BMW Group traces its origins to 1916, when it was founded as Bayerische Flugzeugwerke AG. Bayerische Motoren Werke G. m. b. H. was established in 1917 and became Bayerische Motoren Werke Aktiengesellschaft (BMW AG) in 1918. The Group comprises BMW AG and all subsidiaries, which BMW AG, either directly or indirectly, has the power to control. BMW AG is also responsible for managing BMW Group.

BMW Group's research and development network is spread over 17 countries. As of December 31, 2023, the Group's production network comprised a total of 32 locations in 15 countries.

The following tables present an overview of BMW Group's key non-financial and financial performance indicators for the periods indicated.

	As of and for the year ended December 31,		
	2023	2022	2021
<b>Key non-financial performance indicators</b>			
<b>BMW Group</b>			
Workforce at end of period (# of employees) <sup>(1)</sup> .....	154,950	149,475	118,909
Share of women in management positions in the BMW Group (in %).....	20.8	20.2	18.8
<b>Automotive segment</b>			
Deliveries (units) <sup>(2)</sup> .....	2,554,183	2,399,632	2,521,514
Share of all-electric cars in deliveries (in %) <sup>(3)</sup> .....	14.7	9.0	4.1
CO <sub>2</sub> emissions EU New Vehicle Fleet (in g CO <sub>2</sub> /km) <sup>(4)</sup> .....	102.1	105.0	115.9
CO <sub>2</sub> emissions per vehicle produced (in tons) <sup>(5)</sup> .....	0.28	0.32	0.33



	As of and for the year ended December 31,		
	2023	2022	2021
<b>Motorcycles segment</b>			
Deliveries (units) .....	209,066	202,895	194,261

- (1) The number of employees includes BMW AG and all companies in which it holds a majority interest, irrespective of whether they are consolidated in the Group's Audited Financial Statements. The definition does not include apprentices, interns, temporary staff (students on work experience), temporary employees, dormant or inactive employment contracts due to maternity leave, sabbaticals, parental leave, long-term illness (according to local law requirements), those in inactive early retirement phase, and employees accompanying their partner abroad. Workforce is shown as "Employees" in the 2022 and 2023 Audited Financial Statements.
- (2) Including deliveries of the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 96,133 units; 2021: 651,236 units).
- (3) From 2023, BMW Group reports the share of all-electric vehicles in total deliveries during a 12-month period as a key performance indicator.
- (4) Group calculation of fleet consumption of newly registered cars in the European Union plus Norway and Iceland, calculated on a converted basis in line with the Worldwide Harmonised Light Vehicles Test Procedure ("WLTP"). This is a preliminary internal calculation with a potential variation of +/- 0.5 g CO<sub>2</sub>/km, as official registration figures from the authorities are not available for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year. Includes an allowance for eco-innovations (amounts of clearly minor significance).
- (5) The efficiency indicator is determined by calculating both direct (Scope 1) and indirect (Scope 2) emissions, following a market-based approach outlined in the Greenhouse Gas ("GHG") Protocol Scope 2 Guidance. This calculation primarily relies on emissions factors for electricity, district heating, and fuels provided by the German Association of the Automotive Industry (VDA), with occasional use of local emissions factors. Excluded from this calculation are climate-impacting gases other than carbon dioxide from vehicle production at BMW Group manufacturing sites, including motorcycles (excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites such as research centers, sales centers, and office buildings. The resulting value is then divided by the total number of vehicles produced at BMW Group manufacturing sites and partner plants (excluding contract manufacturers).

	For the year ended December 31,		
	2023	2022	2021
<b>Further non-financial performance figures</b>			
<b>Automotive segment</b>			
Deliveries by brand (units)			
BMW <sup>(1)</sup> .....	2,252,793	2,100,689	2,213,790
MINI .....	295,358	292,922	302,138
Rolls-Royce .....	6,032	6,021	5,586
<b>Total<sup>(1)</sup> .....</b>	<b>2,554,183</b>	<b>2,399,632</b>	<b>2,521,514</b>
Production volume by brand (units)			
BMW <sup>(2)</sup> .....	2,340,547	2,089,801	2,166,644
MINI .....	315,196	286,265	288,713
Rolls-Royce .....	6,179	6,239	5,912
<b>Total<sup>(2)</sup> .....</b>	<b>2,661,922</b>	<b>2,382,305</b>	<b>2,461,269</b>
Energy consumption per vehicle produced (in MWh) <sup>(3)</sup> .....	1.97	2.13	2.10
<b>Motorcycles segment</b>			
Production volume (units)			
BMW .....	221,988	215,932	187,500

	For the year ended December 31,		
	2023	2022	2021
<b>Financial Services segment</b>			
New contracts with retail customers.....	1,542,514	1,545,490	1,956,514

- (1) Including deliveries of the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 96,133 units; 2021: 651,236 units).
- (2) Including the production figures from the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 58,507 units; 2021: 700,777 units).
- (3) The efficiency indicator calculated from the absolute energy consumption (adjusted for combined heat and power (“CHP”) losses) of automobile production (BMW Group plants excluding partner plants and contract manufacturing) divided by the number of units produced (BMW Group plants and partners plants, excluding contract manufacturing).

	For the year ended December 31,		
	2023	2022	2021
	(audited, unless otherwise indicated)		
	(in € million unless otherwise indicated)		
<b>Key financial performance indicators</b>			
Profit/(loss) before tax.....	17,096	23,509	16,060
<b>Automotive segment</b>			
Revenues .....	132,277	123,602	95,476
EBIT margin <sup>(1)(4)</sup> (in %) .....	9.8	8.6	10.3
<b>Further financial key performance figures</b>			
<b>Total Capital Expenditure<sup>(1)(2)(4)</sup> .....</b>	<b>11,440</b>	<b>10,610</b>	<b>7,518</b>
<b>Depreciation and amortization<sup>(3)(4)</sup> .....</b>	<b>8,974</b>	<b>8,566</b>	<b>6,495</b>
<b>Operating cash flow Automotive segment<sup>(4)</sup> .....</b>	<b>17,675</b>	<b>14,782</b>	<b>12,583</b>
<b>Revenues .....</b>	<b>155,498</b>	<b>142,610</b>	<b>111,239</b>
Automotive .....	132,277	123,602	95,476
Motorcycles .....	3,214	3,176	2,748
Financial Services.....	36,227	35,122	32,867
Other Entities.....	11	8	5
Eliminations.....	(16,231)	(19,298)	(19,857)
<b>Profit/(loss) before financial result (EBIT)<sup>(1)</sup> .....</b>	<b>18,482</b>	<b>13,999</b>	<b>13,400</b>
Automotive <sup>(4)</sup> .....	12,981	10,635	9,870
Motorcycles <sup>(4)</sup> .....	259	257	227
Financial Services <sup>(4)</sup> .....	3,055	3,163	3,701
Other Entities <sup>(4)</sup> .....	(13)	(203)	(8)
Eliminations <sup>(4)</sup> .....	2,200	147	(390)
<b>Profit/(loss) before tax .....</b>	<b>17,096</b>	<b>23,509</b>	<b>16,060</b>
Automotive <sup>(4)</sup> .....	12,642	18,918	11,805
Motorcycles <sup>(4)</sup> .....	258	269	228
Financial Services <sup>(4)</sup> .....	2,962	3,205	3,753
Other Entities <sup>(4)</sup> .....	(100)	995	531
Eliminations <sup>(4)</sup> .....	1,334	122	(257)
<b>Income taxes .....</b>	<b>(4,931)</b>	<b>(4,927)</b>	<b>(3,597)</b>
<b>Net profit/(loss) .....</b>	<b>12,165</b>	<b>18,582</b>	<b>12,463</b>

- (1) Non-IFRS financial measure. For further information, see “Additional Information—Non-IFRS Financial Measures.”
- (2) Total Capital Expenditure corresponds to additions to development costs, other intangible assets and property, plant and equipment in the Group’s Audited Financial Statements.

- (3) Depreciation and amortization is defined as the sum of amortization of intangible assets and depreciation of property, plant and equipment. See *Note 20—Analysis of changes in Group tangible, intangible and investment assets 2023* in the 2023 Audited Financial Statements and *Note 21—Analysis of changes in Group tangible, intangible and investment assets 2022* in the 2022 Audited Financial Statements.
- (4) Unaudited.

## Outlook

The International Monetary Fund anticipates global growth of 3.1% in 2024. Geopolitical conflicts and the effects of tighter monetary policy in many countries are expected to be the greatest burdens on the global economy in 2024. Higher interest rates are affecting consumer spending and investment, with a corresponding effect on the economy.

Forecasts for the eurozone as a whole indicate slight growth (0.6%). France (0.7%), Italy (0.5%) and Spain (1.6%) are expected to meet or exceed the average for the eurozone. Germany is expected to record at least a slight increase in economic output in 2024 (0.3%), although the continued modest growth in the global economy is dampening the country's export economy. A slight uptick in economic output (0.4%) is expected for the U.K., where higher interest rates and continued higher inflation are slowing growth. The growth rate in the United States is expected to slow to 1.8% in 2024. Higher interest rates are burdening companies and private households in the United States, while low unemployment levels are supporting the economy. Growth is expected to reach 4.6% in China, where continued upheaval in the real estate sector and the resulting drop in consumer confidence are dampening expectations. The Japanese economy is expected to see slower growth in 2024 than in the previous year (0.8%).

It is expected that inflation in the United States and in Europe will continue to fall, and BMW Group therefore does not expect any further interest rate hikes from central banks. Accordingly, the U.S. dollar is expected to move sideways against the euro in 2024, with the pound/euro exchange rate also expected to remain stable.

Generally stable macroeconomic conditions should allow for slight growth on international automobile markets in 2024 (3.9%). Growth is expected to be spread across many markets, particularly the United States and China. A higher global supply of new vehicles is, however, expected to give rise to increasing price competition, which will also have an effect on prices for pre-owned vehicles.

BMW Group expects the world's motorcycle markets in the 500 cc plus class to remain in line with the previous year in 2024. In Europe, market growth is also expected to be in line with last year's level, with a slight decrease forecast in the United States. Economic conditions are expected to influence the motorcycle market in China, while the motorcycle market in Brazil is expected to remain in a stable condition in 2024, as in the previous year.

In view of the unpredictability of political developments, actual macroeconomic developments in some regions may deviate from expected trends and outcomes. Potential sources of political uncertainty include policies affecting trade and custom tariffs, security developments and a possible worsening of international trade conflicts.

Furthermore, BMW Group's actual business performance may also differ from current expectations as a result of the risks and opportunities discussed elsewhere in this Offering Memorandum.

## The Group's Businesses

The BMW Group's underlying principle in all aspects of corporate strategy is its customer-oriented approach. In its ongoing efforts to develop its products, brands and services, the BMW Group continues to focus on new technologies such as alternative drivetrains, digitalization, connectivity and autonomous driving.

## Organization of the Group's Businesses

The Group is organized into four segments:

- *Automotive*: develops, manufactures, assembles and sells automobiles powered with all-electric drive systems, plug-in hybrid systems and efficient combustion engines, including spare parts, accessories and mobility services under the BMW, MINI and Rolls-Royce brands;
- *Motorcycles*: develops, manufactures, assembles and sells motorcycles, including spare parts and accessories;
- *Financial Services*: provides automobile and motorcycle leasing, retail and dealership financing, multi-brand fleet business, customer deposit business, and insurance activities; and
- *Other Entities*: includes holding and Group financing companies and certain other companies not allocated to one of the other segments.

## **Automotive**

### *Segment Overview*

The Group's automotive segment is comprised of its three premium brands, BMW, MINI and Rolls-Royce. BMW Group seeks to manufacture vehicles across all brands to meet the highest standards in terms of aesthetics, dynamics, technology and quality, maintaining a leading position in engineering and innovation.

BMW Group delivered a total of 2,554,183 BMW, MINI and Rolls-Royce brand vehicles in 2023 (2022: 2,399,632 units; 2021: 2,521,514 units). Deliveries of BMW models increased by 7.2% to 2,252,793 units (2022: 2,100,689 units; 2021: 2,213,790 units). MINI deliveries increased by 0.8% to 295,358 units in 2023 (2022: 292,922 units; 2021: 302,138 units). Rolls-Royce Motor Cars delivered 6,032 luxury automobiles to customers during 2023 (2022: 6,021 units; 2021: 5,586 units). In 2023, the Automotive segment recorded total revenues of €132,277 million.

The following table presents BMW Group's deliveries by region and market.

Deliveries by region and market	For the year ended December 31,		
	2023	2022	2021
	(in 1,000 units)		
Europe .....	943.0	878.5	949.1
thereof Germany .....	272.6	254.3	266.8
thereof United Kingdom .....	159.2	157.3	164.3
Americas.....	482.0	441.5	451.7
thereof United States.....	397.3	363.5	368.0
Asia <sup>(1)</sup> .....	1,073.1	1,031.0	1,067.9
thereof China <sup>(1)</sup> .....	826.3	793.5	847.9
Other markets .....	56.1	48.6	52.8
<b>Total.....</b>	<b>2,554.2</b>	<b>2,399.6</b>	<b>2,521.5</b>

(1) Including deliveries of the joint venture BMW Brilliance (January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements): 96,133 units; 2021: 651,236 units).

Within Europe, BMW Group delivered a total of 942,958 units of its three brands in 2023, an increase by 7.3% compared to 2022 (2022: 878,515 units; 2021: 949,124 units;). In Germany, deliveries to customers increased by 7.2% year-on-year to 272,589 units in 2023 (2022: 254,292 units; 2021: 266,818 units). In the United Kingdom, deliveries increased by 1.2% to a total of 159,202 units in 2023 (2022: 157,329 units; 2021: 164,344 units). Overall deliveries of the Group's three brands in Asia increased by 4.1% totaling 1,073,115 units in 2023 (2022: 1,030,987 units; 2021: 1,067,914 units), including 826,257 units delivered in China, 4.1% more than in 2022 (2022: 793,520 units; 2021: 847,935 units). Deliveries on the American continent also increased by 9.2% to 482,048 units in 2023 (2022: 441,471 units; 2021: 451,747 units). Deliveries in the United States increased by 9.3% to 397,325 units in 2023 (2022: 363,541 units; 2021: 368,032 units).

BMW Group's key automobile markets, by percentage of sales in the year ended December 31, 2023, are: China (32.3%), the United States (15.6%), Germany (10.7%), the United Kingdom (6.2%), South Korea (3.3%), France (3.4%), Italy (3.1%) and Other (25.4%).

### BMW

The BMW brand caters to a wide variety of customer requirements. Its portfolio encompasses a broad range of models, starting with the premium compact class and extending – via the premium mid-class – through to the luxury class. Alongside all-electric models, it also offers its customers state-of-the-art PHEVs and a whole array of vehicles driven by efficient combustion engines, which allows BMW Group to address the varying needs and wishes of its customers worldwide.

The following table presents deliveries of BMW vehicles by series.

Deliveries of BMW vehicles by series	For the year ended December 31,		
	2023	2022 <sup>(1)</sup>	2021
	(in units)		
BMW 1 Series / 2 Series .....	225,827	205,971	265,964
BMW 3 Series / 4 Series .....	558,462	478,932	490,969
BMW 5 Series / 6 Series .....	273,877	315,590	326,212
BMW 7 Series / 8 Series .....	59,763	48,708	62,628
BMW Z4 .....	10,957	12,029	14,778
BMW X1 / X2 .....	318,051	242,189	311,928
BMW X3 / X4 .....	405,562	400,898	414,671
BMW X5 / X6 .....	280,684	277,057	240,504
BMW X7 .....	61,117	57,905	54,957
BMW i (iX, i3 and i8) .....	51,744	61,410	31,179
BMW XM .....	6,749	-	-
<b>BMW Total .....</b>	<b>2,252,793</b>	<b>2,100,689</b>	<b>2,213,790</b>

(1) Includes deliveries of 96,133 units by the joint venture BMW Brilliance from January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements).

### MINI

The MINI brand's primary goal is to deliver optimal driving pleasure in the premium compact segment. In 2023, the all-electric MINI Cooper SE maintained its position as the top choice among buyers. In addition, in autumn 2023, the brand launched the "New MINI Family," indicating a transition towards an all-electric future that prioritizes digital experiences, innovative technologies, and the distinctive driving pleasure associated with MINI vehicles. Looking forward, the debut of the MINI Aceman in spring 2024 marks the introduction of the brand's first all-electric crossover model.

MINI deliveries increased by 0.8% worldwide to 295,358 units in 2023 (2022: 292,922 units; 2021: 302,138 units). The MINI Countryman deliveries increased by 8.7% to 83,403 units in 2023 (2022: 76,700 units; 2021: 82,363 units). Deliveries of the MINI Convertible increased by 31.6% to 32,141 units delivered in 2023 (2022: 24,423 units; 2021: 25,120 units). Deliveries of the MINI Hatch 3- and 5-door models decreased by 5.1% to 155,607 units delivered in 2023 (163,929 units; 2021: 164,270 units).

The following table presents deliveries of MINI-branded vehicles by series.

Deliveries of MINI vehicles by series	For the year ended December 31,			Proportion of total MINI deliveries 2023
	2023	2022	2021	
	(in units)			(%)
MINI Hatch (3- and 5-door) .....	155,607	163,929	164,270	52.7
MINI Convertible .....	32,141	24,423	25,120	10.9
MINI Clubman .....	24,207	27,870	30,385	8.2

Deliveries of MINI vehicles by series	For the year ended December 31,			Proportion of total MINI deliveries 2023
	2023	2022	2021	(%)
	(in units)			
MINI Countryman .....	83,403	76,700	82,363	28.2

#### *Rolls-Royce*

Rolls-Royce has a long and distinguished tradition in the ultra-luxury segment going back more than 100 years. Rolls-Royce Motor Cars is a market leader in the ultra-luxury segment.

In 2023, Rolls-Royce deliveries increased by 0.2% to 6,032 units compared to the prior year (2022: 6,021 units; 2021: 5,586 units). The following table presents deliveries of Rolls-Royce vehicles by series.

Deliveries of Rolls-Royce vehicles by series	For the year ended December 31,			Proportion of total Rolls-Royce deliveries 2023
	2023	2022	2021	(%)
	(in units)			
Phantom .....	505	418	427	8.4
Ghost .....	1,510	2,015	1,909	25.0
Wraith / Dawn .....	168	328	828	2.8
Cullinan .....	3,523	3,260	2,422	58.4
Spectre .....	326	-	-	5.4

#### *Electrified Models*

In 2023, the Group delivered a total of 565,875 all-electric vehicles and PHEVs, an increase by 30.4% as compared to the previous year (2022: 433,792 units; 2021: 328,314 units). Electric mobility has become a significant growth driver for BMW Group's business. The table below presents deliveries of PHEV and BEV models.

BMW Group deliveries of electrified models	For the year ended December 31,		
	2023	2022	2021
	(in units)		
PHEV .....	190,159	218,040	224,460
BEV .....	375,716	215,752	103,854
<b>Total<sup>(1)</sup></b> .....	<b>565,875</b>	<b>433,792</b>	<b>328,314</b>

- (1) Including deliveries of the joint venture BMW Brilliance, including for the period from January 1, 2022 to February 10, 2022 (prior to the full consolidation of BMW Brilliance in BMW Group financial statements).

#### *Manufacturing and Assembly Plants*

Unless otherwise noted, the following information is presented for the Group as of December 31, 2023.

BMW Group's production network comprised a total of 32 locations in 15 countries. With its production network, BMW Group is capable of manufacturing vehicles with both all-electric and plug-in hybrid drive systems as well as conventional combustion engines on one single line, allowing for customized product offerings to meet diverse customer demands.

The plants in Shenyang (China) are operated together with the joint venture partner Brilliance China Automotive Holdings Ltd. The Shenyang site comprises the Dadong and Tiexi automobile plants as well as an engine plant complete with foundry and battery factory. In 2022, the annual production capacity at the plants in

Shenyang (China) was increased to 830,000 vehicles with the addition of the new site Lydia as an extension of plant Tiexi. Production began in Lydia in 2022, which has all the major production processes (press and body shop, paint shop and assembly) and is fully flexible to produce up to 100% electric vehicles.

BMW Group plans to further significantly increase its involvement and production capacities in China. In the field of electro mobility, BMW Group and Great Wall Motor have built a joint plant in China, where BMW Group manufactures fully-electric models of its MINI brand. The plant is expected to have a standard capacity of up to 160,000 vehicles per year and employ approximately 3,000 employees after the ramp-up phase. Both partners will together invest approximately €650 million.

The primary function of the four partner plants of BMW Group is to serve regional markets. In 2023, BMW and MINI vehicles were manufactured in Cairo (Egypt), Chu Lai (Vietnam), Jakarta (Indonesia) and Kulim (Malaysia).

BMW Group also awards contracts to external partners for the manufacturing of specific types of vehicle and motorcycles. In 2023, BMW and MINI models were produced by Magna Steyr AG & Co KG, Graz (Austria), where BMW Group intends to further expand its e-drive production capacity by 2030, and VDL Nedcar, Born (the Netherlands). In addition, BMW motorcycles were manufactured by TVS Motor Company Limited, Hosur (India) and Loncin Motor Co., Ltd in Chongqing (China).

In July 2018, BMW Group announced its intention to build a plant in Debrecen, Hungary, with an expected capacity of up to 150,000 units when completed. The construction of the plant commenced in 2022. The Group expects to start the pre-series production of its Neue Klasse vehicles, at its new plant in Debrecen, Hungary in 2025 and ramp up production at its main plant in Munich, Germany in 2026 and at its plant in San Luis Potosi, Mexico in 2027.

BMW Group continues to accelerate towards the broader use of electric mobility and is bolstering its international production network for the increased manufacturing of electrified vehicles. The main focus is on the transformation towards e-mobility and gearing the plants for future products. Among other things, the successor to the MINI Countryman is built in its own production network and no longer in the Nedcar plant. In addition, BMW Group plans to invest £600 million in its MINI factories in Oxford and Swindon (United Kingdom), transforming the Oxford factory to all-electric.

In October 2022, BMW Group also announced an expansion of its U.S. footprint with a \$1.7 billion investment, of which \$1.0 billion will be used for the expansion of the Group's plant in Spartanburg to prepare for the production of electric vehicles, and \$700 million to build a new high-voltage BMW battery assembly center in Woodruff, South Carolina, near the Group's plant in Spartanburg. The Group will source its next generation lithium-ion battery cells from a local supplier who will build a new battery cell factory near the Group's plant in Spartanburg.

The table below presents the Group's vehicle production by plant.

Vehicle production of BMW Group by plant	For the year ended December 31,			Proportion of total production in 2023 (%)
	2023	2022	2021	
	(in units)			
Spartanburg, United States .....	410,793	416,301	433,810	15.4
Dingolfing, Germany .....	291,907	282,661	244,734	11.0
Regensburg, Germany .....	238,301	143,654	183,485	9.0
Leipzig, Germany .....	188,199	151,949	191,604	7.1
Oxford, United Kingdom.....	185,400	186,301	186,883	7.0
Munich, Germany.....	217,480	201,323	151,154	8.2
Roslyn, South Africa.....	68,238	61,609	61,580	2.6
Rayong, Thailand .....	13,044	12,912	24,624	0.5
Chennai, India .....	15,264	9,960	8,472	0.6
Araquari, Brazil .....	10,608	8,208	10,104	0.4
Goodwood, United Kingdom .....	6,179	6,239	5,912	0.2
San Luis Potosi, Mexico.....	117,576	63,600	69,149	4.4

Vehicle production of BMW Group by plant	For the year ended December 31,			Proportion of total production in 2023
	2023	2022	2021	
Tiexi, China <sup>(1)</sup> .....	307,972	279,645	335,311	11.6
Dadong, China <sup>(1)</sup> .....	420,586	395,021	365,466	15.8
Born, the Netherlands (Nedcar) <sup>(2)</sup> .....	120,235	99,126	105,214	4.5
Graz, Austria (Magna Steyr) <sup>(2)</sup> .....	26,461	45,184	54,547	1.0
Partner plants (Chu Lai, Cairo, Jakarta and Kulim) <sup>(3)</sup> .....	20,808	18,612	29,220	0.8
<b>BMW Group</b> .....	<b>2,661,922</b>	<b>2,382,305</b>	<b>2,461,269</b>	<b>100.0</b>

(1) Joint venture BMW Brilliance.

(2) Contract production.

(3) The partner plant in Chu Lai (Vietnam) commenced production in the end of 2022. Due to the current geopolitical situation, the BMW Group has suspended its local production in the Russian market.

The table below provides an outline of the products at each Group plant during 2023.

BMW Group plants	Products
<b>Manufacturing plants</b>	
Araquari, Brazil .....	BMW Series, BMW X1, BMW X3, BMW X4
Berlin, Germany .....	BMW motorcycles
Chennai, India .....	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW X1, BMW X3, BMW X5, BMW X7, MINI Countryman
Dingolfing, Germany .....	BMW 4 Series, BMW 5 Series, BMW i5, BMW 6 Series, BMW 7 Series, BMW i7, BMW 8 Series, BMW M, BMW iX
Leipzig, Germany .....	BMW 1 Series, BMW 2 Series, MINI Countryman
Manaus, Brazil .....	BMW motorcycles
Munich, Germany .....	BMW 3 Series, BMW 4 Series, BMW i4, BMW M
Oxford, United Kingdom .....	MINI, MINI Clubman, MINI Cooper SE
Rayong, Thailand .....	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 7 Series, BMW X1, BMW X3, BMW X5, BMW X6, BMW X7
Regensburg, Germany .....	BMW motorcycles
Roslyn, South Africa .....	BMW 1 Series, BMW X1, BMW iX1, BMW X2, BMW iX2
San Luis Potosi, Mexico .....	BMW X3
Spartanburg, United States .....	BMW 2 Series, BMW 3 Series, BMW M
Rolls Royce Manufacturing Plant Goodwood, United Kingdom.	BMW X3, BMW X4, BMW X5, BMW X6, BMW X7, BMW XM, BMW M
	Rolls-Royce Cullinan, Dawn, Ghost, Phantom, Wraith, Spectre
<b>Joint Venture BMW Brilliance</b>	
Dadong (Shenyang), China .....	BMW 5 Series, BMW X3, BMW iX3, BMW X5
Tiexi (Shenyang), China .....	BMW 1 Series, BMW 3 Series, BMW X1, BMW iX1, BMW X2, BMW i3 (extended-wheelbase version of BMW 3 Series)

The BMW Group plants in Araquari (Brazil), Rayong (Thailand) and Chennai (India) primarily serve their respective regional markets and produce BMW and MINI brand models. The same applies to BMW Group's automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kulim (Malaysia) and Chu Lai (Vietnam). BMW Group also awards contracts for the series production of automobiles and motorcycles to external partners (contract manufacturers). In 2023, Magna Steyr Fahrzeugtechnik produced both the BMW 5 Series Sedan (up to May 2023) and the BMW Z41 in Graz (Austria). VDL Nedcar in Born (the Netherlands) has continued to produce the MINI Convertible and the MINI Countryman until the beginning of 2024.



BMW Group manufactures BMW motorcycles, components and scooters at its Berlin plant and also at international locations in Manaus (Brazil) and Rayong (Thailand). BMW motorcycles and scooters are also produced by the partner companies TVS Motor Company in Hosur (India) and Loncin Motor Co., Ltd in Chongqing (China).

#### *Sales Network*

The global sales network of BMW Group's automobile business currently comprises more than 3,500 BMW, 1,600 MINI and 147 Rolls-Royce dealerships. Sales are conducted by independent authorized dealers, BMW Group branches and subsidiaries, and by independent import companies in certain markets.

#### *Global Automotive Market Overview*

International automobile markets recovered in 2023, against the backdrop of economic developments. Worldwide registration figures for passenger cars and light commercial vehicles increased by 8.3% to 77.1 million vehicles. New registration figures increased in the United States by 12.1%, China by 5.6%, Japan by 14.4%, South Korea by 3.8% and Europe by 14.1%, where new registrations increased by 7.3% in Germany, France by 16.1%, Italy by 19.1%, Spain by 20.8% and the United Kingdom by 17.9%.

### **Motorcycles**

#### *Segment Overview*

The Group's Motorcycles segment, branded as BMW Motorrad, focuses on the premium market and offers a range of motorcycles for the Tourer, Sport, Roadster, Heritage and Adventure segments, as well as Maxi-Scooter for urban mobility. In the year ended December 31, 2023, deliveries increased slightly by 3.3% to 209,066 units compared to the prior year (2022: 202,895 units; 2021: 194,261 units). In 2023, the Motorcycles segment recorded total revenues of €3,214 million.

The following table presents BMW Group's motorcycle deliveries in total.

	<b>For the year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in 1,000 units)</b>		
BMW deliveries of motorcycles.....	209.1	202.9	194.3

#### *Manufacturing and Operations*

BMW Group manufactures BMW motorcycles, components and scooters at its Berlin plant and also at international locations in Manaus (Brazil) and Rayong (Thailand). BMW motorcycles and scooters are also produced by the partner companies TVS Motor Company in Hosur (India) and Loncin Motor Co., Ltd in Chongqing (China).

The sales network for motorcycles is organized in a similar way to the automobile business. As of December 31, 2023, BMW motorcycles were delivered by more than 1,200 dealerships and importers in over 90 countries.

#### *Global Motorcycle Market Overview*

International motorcycle markets in the 250 cc plus class grew in 2023, with new registrations up by 11.7% worldwide. New registrations in European markets also increased by 18.6%. New registrations increased in Germany by 14.3%, in France by 13.4%, in Spain by 20.9% and in Italy by 21.7%. In the United States, new registrations increased slightly by 0.4% compared to 2022. The Brazilian market recorded a significant increase of 50.4%. In Asia, registrations were below previous year's figures, showing a decrease of 11.4%.

## Financial Services

### Segment Overview

In 2023, BMW Group's Financial Services segment offered its services in more than 50 countries worldwide via subsidiaries and cooperation arrangements with local financial services providers and importers. The segment's main line of business is credit financing and leasing of BMW Group brand automobiles and motorcycles to retail customers. Through its multi-brand business, "Alphera," BMW Group provides credit financing, leasing and other services to retail customers. The segment also supports BMW Group's dealership organization, for example by financing dealership vehicle inventories. In 2023, the Financial Services segment recorded total revenues of €36,227 million.

Outstanding Contract portfolio of Financial Services segment	For the year ended December 31,		
	2023	2022	2021
	(in 1,000s)		
Contract portfolio .....	5,313	5,513	5,860

### Credit Financing and Leasing

Credit financing and leasing of the Group's automobiles and motorcycles to retail customers is the segment's largest line of business.

In 2023, 1,542,514 new credit financing and leasing contracts were concluded with customers, a slight decrease of 0.2% compared to 2022 (2022: 1,545,490 contracts; 2021: 1,956,514 contracts). Credit financing decreased by 4.1% and the number of new leasing contracts increased by 8.5%. Overall, leasing accounted for 33.6% (2022: 30.9%; 2021: 31.8%) and credit financing for 66.4% (2022: 69.1%; 2021: 68.2%) of new business in 2023.

The following table presents the proportion of new BMW Group vehicles financed or leased through the Financial Services segment (penetration rate).

Penetration rate	For the year ended December 31,		
	2023	2022	2021
	(% of retail vehicle deliveries)		
New vehicles financed or leased through Financial Services segment <sup>(1)</sup> .....	38.2	41.0	50.5

(1) Penetration rate is calculated by dividing the number of retail vehicle deliveries that are financed or leased by the Financial Services segment by the total number of retail vehicle deliveries of the Group, expressed as a percentage. The calculation includes only those automobile markets in which the Financial Services segment is represented by a consolidated entity.

In the financing and leasing business for pre-owned BMW and MINI brand vehicles, the segment recorded an increase in the number of new contracts signed, which was up slightly by 1.2% in 2023 with 325,320 contracts (2022: 321,535 contracts; 2021: 411,520 contracts). The total volume of new credit and leasing contracts concluded with retail customers during 2023 increased by 3.4% compared to the prior year, amounting to €57,333 million (2022: €55,449 million; 2021: €63,414 million). The total portfolio of credit financing and leasing contracts with retail customers was at a similar level in 2023 in the Asia/Pacific/Middle East/Africa region, showing a slight decrease of 1.2%, down by 2.8% for the Europe region and down by 6.0% for the EU Bank, comprising BMW Bank GmbH in Germany with its branches in Italy, Spain and Portugal. Decreases were recorded for the Americas (by 2.8%) and China (by 15.5%). In total, 4,952,318 contracts were in place with retail customers as of December 31, 2023, a decrease of 5.0% year-on-year (as of December 31, 2022: 5,210,246 contracts; as of December 31, 2021: 5,577,011 contracts).

The following table presents the regional share of the retail customer financing contract portfolio of the Financial Services segment.

Contract portfolio retail customer financing of Financial Services segment	For the year ended December 31,		
	2023	2022	2021
	(% of total)		
Europe/Middle East/Africa <sup>(1)</sup> .....	n/a	36.3	35.2

	For the year ended December 31,		
	2023	2022	2021
<b>Contract portfolio retail customer financing of Financial Services segment</b>			
Americas.....	24.1	23.5	24.5
EU Bank .....	18.1	18.4	18.3
China .....	12.0	13.5	14.2
Asia/Pacific <sup>(1)</sup> .....	n/a	8.3	7.8

- (1) From 2023, BMW Group reports the credit financing and leasing contracts with retail customers in the Asia/Pacific/Middle East/Africa regions in aggregated form. For the year ended December 31, 2023, these regions accounted for 10.3%, which is a decline of 1.2% compared to the prior year.

### *Other Financial Services Offerings*

The Group's international multi-brand fleet business, operating under the brand name "Alphabet," provides fleet financing products and comprehensive management services for corporate car fleets. In 2023, the number of fleet contracts under management remained at similar levels as in 2022, with a slight increase of 0.8%. As of December 31, 2023, the segment managed a portfolio of 720,094 fleet contracts (as of December 31, 2022: 714,630 contracts; as of December 31, 2021: 696,393 contracts).

The Financial Services segment continued to support the Group's dealer organization in 2023 by providing financing for dealership vehicle inventories, real estate and equipment. The total volume of dealership financing increased in 2023 by 24.5% to €18,941 million as of December 31, 2023 (as of December 31, 2022: €15,209 million; as of December 31, 2021: €13,149 million).

The Group's deposit business provides an important source of funding for the Financial Services segment. The volume of customer deposits as of December 31, 2023 stood at €18,016 million, a increase of 9.1% as compared to 2022 (as of December 31, 2022: €16,511 million; as of December 31, 2021: €16,702 million). Customer deposits consist of a range of investment products offered by BMW Group's banks in Germany and the United States, including retail savings accounts in Germany and brokered certificates of deposit in the United States.

The Financial Services segment also operates an insurance brokerage business, providing broad individual mobility insurance.

### *International Interest Rate Environment*

At the beginning of 2023, inflation remained relatively high in a number of countries. Only in the second half of the year have inflation rates gradually begun to decline. Therefore, many central banks continued to pursue their restrictive monetary policies and raise benchmark interest rates.

### *Research and Development*

A long tradition of innovation is not only the basis of BMW Group's economic success, but an integral part of its corporate philosophy. Shaping individual mobility and finding innovative solutions today for the needs of tomorrow is a key driving force for BMW Group. Research and development are therefore of great importance for BMW Group as a maker of premium and luxury vehicles.

Total research and development expenditure amounted to €7.8 billion in 2023, an increase by 8.0% as compared to the 2022 level (2022: €7.2 billion; 2021: €6.9 billion). The research and development expenditure ratio remained same at 5.0% in 2023 (2022: 5.0%; 2021: 6.2%). The ratio of capitalized development costs to total research and development expenditure for the period (capitalization ratio) was 33.6% (2022: 39.3%; 2021: 36.5%). Amortization of capitalized development costs totaled €2.4 billion (2022: €2.3 billion; 2021: €1.9 billion).

Against a backdrop of rapid technological change within the automotive industry, BMW Group also enters into specific cooperation agreements with selected technology partners. The aim of collaboration with external partners, also across sectors, is to combine expertise in order to bring innovations to customers within the shortest time possible.

In its development of new technologies, BMW Group is focusing on the topics of emissions-reducing drivetrain systems, digitalization, connectivity and autonomous driving with the aim of creating completely new experiences

and future ways of travelling. A key prerequisite for success both now and in the future is the ability to anticipate customer needs and wishes in all fields of technology and implement developments in a way that adds value for the customer. However, as a premium manufacturer, BMW Group is driven by the aspiration to exceed customer expectations in every respect. With this approach, BMW Group strives to find outstanding solutions for the overall mobility needs of its customers.

### *Design*

BMW Group aims to be seen as synonymous with future-oriented, emotional vehicle design that unites aesthetics with state-of-the-art technology. It strives to create experiences for its customers through the design of its vehicles. A successful design makes vehicles attractive products that cater to the individual needs of customers. The BMW, MINI, Rolls-Royce and BMW Motorrad brands each have their own independent design language. Designs created by BMW Group should not only meet the high design standards of a globally leading premium automotive manufacturer but also make technical innovations functional and intuitive to use.

### *Autonomous driving*

Since 2017, BMW Group has pooled its expertise with the aim of developing state-of-the-art driver assistance systems and automation functions in its own development center. The goal is to create an open platform for highly and fully automated driving that will serve as an industry standard going forward. BMW Group also operates research facilities in the two largest markets in terms of traffic-related and traffic law specifics, China and the United States, and a globally unique driving simulation center in Munich for testing of driver assistance systems and automated driving functions. To date, BMW Group's development work has produced, among other things, the successful innovative technology toolkit which is integrated in the BMW iX and the BMW 7 Series and which is being rolled out successively across BMW Group's entire range of vehicles. Since 2022, BMW Group is also collaborating with Qualcomm Technologies and Arriver with the aim of developing technologies, advanced Level 2 driving assistance systems and Level 3 functionalities of highly automated driving. BMW Group's highest priority continues to be ensuring that its automated systems operate in a safe and secure manner.

### *Digitalization and Connectivity*

The demands and needs of customers for modern, digital mobility are a priority for BMW Group. One of the most important effects of digitalization in the automotive industry is that the vehicle itself has become focal point of the digital customer experience. The ability to use services from BMW Group nearly everywhere and at all times is the prerequisite for a digital services offering that is solely focused on the customers and their individual needs.

BMW Group intends for its customers to find it easy to keep the vehicle digitally up-to-date and to tailor the vehicle to customers' individual wishes over the entire life cycle. BMW vehicles allow for remote software upgrades, enabling the vehicle to install software on all control units in its electrical system remotely and within a matter of minutes. In addition, BMW Group continually releases new functions and features including improvements and feature enhancements in infotainment, driving, drivetrain, driver assistance, convenience and safety. For example, BMW vehicles with Operating System 7 or Operating System 8 can use a service to conveniently pay parking fees in Germany and Austria, with more countries to follow. The focus of the new Operating System 8 is on entertainment offerings such as the integration of AirConsole and the expansion to include third-party apps via the Faurecia Aptoide app store. With the further development of the BMW iDrive in 2023 and the "QuickSelect" fast access concept, an improved menu structure based on devices from the consumer electronics sector is being added to the system.

Together with automated driving, the systematic expansion of connectivity towards a digital and emissions-free future is one of central areas of action and a focus of BMW Group in line with its corporate strategy.

### *Low-emission drivetrains*

The BMW Group delivered a total of 375,716 all-electric vehicles to customers in 2023, an increase of 74.1% compared to 2022 (2022: 215,752). Its many years of experience have given BMW Group a broad and sound base of knowledge in the field of electric mobility. On this basis, it develops the drivetrain technology such as the motor, the power electronics and also the battery, including the battery cell itself, guaranteeing the typical driving characteristics for its electrified vehicles that customers associate with the brand.

BMW Group aims to further reduce carbon emissions from its future vehicle models and thereby achieve a worldwide reduction in carbon emissions. A key part of its product strategy is to systematically continue electrifying its model range. For example, by the end of 2023, BMW had launched seven all-electric vehicle models, including the BMW iX3, the BMW iX, the BMW i4, the BMW i7, the BMW iX1, the long-wheelbase version of the BMW 3 Series for the Chinese market, and the MINI Cooper SE. Rolls-Royce launched its first all-electric vehicle, the Spectre, in 2023. Since Spectre launched, the Group has at least one all-electric model in nearly all major model series, including BMW, MINI and Rolls-Royce.

BMW Group focuses on BEV and PHEV technology, enabling customers to select the form of drivetrain that best suits their mobility needs. In order to serve regionally varying customer requirements, BMW Group assembles a variety of drivetrain technologies on the same production line.

Starting in 2025, the Group plans to transition its core BMW brand into a new all-electric era with the *Neue Klasse*. By the early 2030s, both the MINI and Rolls-Royce brands are expected to offer exclusively all-electric product lines. This strategic shift is intended to secure over 50% of BMW Group's global sales from all-electric vehicles, contingent upon factors such as the availability of a robust charging infrastructure by 2030. In addition, the Group aims to deliver over 10 million all-electric vehicles to customers by 2030.

### ***Cooperation Agreements and Partnerships***

BMW Group from time to time enters into cooperation agreements and partnerships with companies both from the automotive sector and with technology leaders in other industries. Against a backdrop of rapid technological change, the aim of collaborating with external partners is to combine expertise in order to bring innovations to customers within the shortest time possible.

For example, BMW Group is a founding partner of the joint venture IONITY Holding GmbH & Co. KG ("IONITY"), which aims to establish a high-power charging network for electric vehicles in Europe. Currently, approximately 500 charging stations built by IONITY are available across Europe. Since 2017, BMW Group has operated IONITY together with Mercedes-Benz Group (formerly known as Daimler AG), the Ford Motor Company, the Volkswagen Group, as well as Kia Motors Corporation and Hyundai Motor Corporation. In April 2022, GRP III HPC Lux S.à.r.l. (Blackrock) became a further investor, enabling IONITY to continue investing in the densification and expansion of the high-power charging network. Since then, the BMW Group has held a 15% share interest in IONITY.

On March 28, 2018, BMW Group and Mercedes-Benz Group (formerly known as Daimler AG) announced an agreement to merge their mobility services in a new joint venture (YOUR NOW). Following approval by the relevant antitrust authorities, BMW Group and Mercedes-Benz Group each hold a 50% stake in the joint venture. Under YOUR NOW, BMW Group and Mercedes-Benz Group offer digital mobility services via the FREE NOW Mobility App and digital charging services.

On March 30, 2021, BMW Group entered into a partnership with BP p.l.c. and Mercedes-Benz Mobility AG in order to extend and significantly improve electrification of vehicles, making electric vehicle charging more convenient, simpler and seamless for drivers. Under the agreement, BP p.l.c. became a 33.3% partner alongside BMW Group and Mercedes-Benz Mobility AG in Digital Charging Solutions GmbH ("DCS"), a developer of digital charging solutions for automotive manufacturers and vehicle fleet operators. In July 2022, BMW Group and Mercedes-Benz Mobility AG sold their joint venture SHARE NOW Group to Stellantis.

The joint venture BMW Brilliance produces mainly BMW branded models for the Chinese market at its two vehicle production plants as well as petrol engines and high-voltage batteries as a separate facility. With effect from February 11, 2022, BMW Group increased its stake in BMW Brilliance from 50% to 75% for a purchase price equivalent of €3.7 billion. The term of the joint venture was extended to 2040. BMW Brilliance has been fully consolidated in the financial statements of BMW Group with effect from February 11, 2022.

The aim of Spotlight, a joint venture between BMW Group and the Chinese manufacturer Great Wall Motors, is to produce all-electric MINIs for BMW Group as well as electric vehicles for Great Wall Motors. The joint venture also includes the joint development of battery-powered electric vehicles. Spotlight was established on December 27, 2019, following approval by the Chinese authorities.

Technological innovation and digitalization are key to the acceleration of BMW Group's business development in China. BMW Group continuously seeks to scale up investment in research and development in China. For example, in April 2021, BMW ArcherMind Information Technology Co. Ltd, a joint venture with the Chinese tech company ArcherMind Technology Co., Ltd., commenced operations. The joint venture is expected to significantly improve BMW's digital competency in China, especially in the areas of software development and in-car digital offerings.

Since the acquisition of the HERE Technologies ("HERE") mapping service by BMW AG, Mercedes-Benz Group (formerly known as Daimler AG) and AUDI AG in 2015, the partners have been working on high-precision digital maps that can be linked to real-time vehicle data. These digital maps are key for the next generation of mobility and location-based services, including providing the basis for new assistance systems. As an independent platform, HERE has ensured at all stages that it remains accessible to other partners in the automotive sector and beyond. In May 2020, Mitsubishi Corporation and Nippon Telegraph and Telephone Corporation jointly acquired a 30% stake in HERE. In 2022, HERE had nine direct and indirect shareholders: Audi, Bosch, the BMW Group, Continental, Intel, Mitsubishi, the Mercedes-Benz Group, Nippon Telegraph and Telephone and Pioneer. In November 2022, the BMW Group and HERE Technologies jointly announced that HERE HD Live Map – HERE's high-resolution road map – will be used for automated driving functions.

Since 2022, BMW Group and Qualcomm Technologies have been working together to develop solutions for the next generation of automated driving. The joint project aims to develop technologies ranging from New Car Assessment Program (NCAP) solutions and advanced Level 2 driving assistance systems to the Level 3 functionalities of highly automated driving. The joint development of software functions is based on BMW's current software toolkit for automated driving. Under the terms of the cooperation, approximately 1,300 specialists are expected to collaborate across different locations worldwide, including sites in Germany, the USA, Sweden, China, Romania, and the BMW Test Centre in Sokolov, Czech Republic.

In March 2022, the Group acquired the rights to the Alpina brand from ALPINA Burkard Bovensiepen GmbH + Co. KG ("Alpina") to bring even greater diversity to BMW Group's luxury-car range. The Group extended its partnership with Alpina for another five years in late 2020. Under the new agreement, Alpina cars will continue to be pre-assembled on BMW production lines before they are sent to Alpina's workshops for engine, chassis and interior modifications. After 2025, the current Alpina line-up will be discontinued and a new strategy mapped out together with BMW Group.

In October 2022, BMW Group announced a strategic collaboration with Amazon Web Services ("AWS") in the development of innovative cloud technologies for processing vehicle data. The two companies are also working together to develop commercial standard cloud solutions for securely managing vehicle data. The collaboration marked a continuation of the partnership between BMW Group and AWS in the area of connected vehicles, which started in 2015.

In November 2023, BMW Brilliance Automotive Ltd. and Mercedes-Benz Group China Ltd. reached an agreement to establish a 50:50 joint venture in China to operate a high-power charging network and to provide Chinese customers with premium charging services. The joint venture aims to establish a network of at least 1,000 high-power charging stations with around 7,000 high-power charging piles by the end of 2026. The joint venture was approved by China's market regulator in February 2024, and on March 4, 2024, the joint venture company between BMW Brilliance Automotive Ltd. and Mercedes-Benz Group China Ltd. was officially established. The first stations are expected to open in 2024, with further stations to be installed nationwide.

## **Purchasing and Supplier Network**

The international orientation of its Purchasing and Supplier Network provides BMW Group with good access to global procurement markets. It is responsible for the worldwide procurement and quality assurance of production materials, raw materials, capital goods and services as well as the manufacturing of vehicle components produced in-house. External suppliers are selected systematically on the basis of competitiveness according to the criteria of operating excellence, quality, innovation, flexibility, cost and sustainability.

BMW Group remains focused on the stability and sustainability of its supply chain by further enhancing its purchasing processes, managing international supply relationships with its partners and producing its own components.

The purchasing processes and supplier network therefore makes a significant contribution to BMW Group's focus on the strategic markets of tomorrow, such as e-mobility and connectivity, and takes steps to ensure corresponding production volumes in the supply chain. Growing demand for electrified vehicles results in increased demand for specific components and parts. BMW Group actively manages this growth, in particular with regard to battery cells. As of 2025, BMW Group plans to deploy a new generation of battery cells. BMW Group has therefore concluded agreements with its partners that secure annual production capacities of 20 GWh in Europe, 20 GWh in China and 30 GWh in the United States, reinforcing BMW Group's "local for local" approach by sourcing battery cells regionally where its production facilities are located. BMW Group also seeks to use secondary raw materials to replace the primary raw materials cobalt, lithium and nickel in the new generation of battery cells and purchase green electricity in order to further reduce the size of its carbon footprint in the supply chain.

In 2023, Germany accounted for 32.5% of BMW Group's purchase volume (as a percentage of production materials worldwide translated into euros), with Eastern Europe and the rest of Western Europe accounting for 19.4% and 11.9%, respectively. 15.5% of production materials were sourced in North America, 17.4% in China and 3.3% in other regions.

## **Sustainability**

BMW Group seeks to enable its business model and develop its long-term growth through sustainable activities. BMW Group works continuously on technical innovations that contribute to solving global challenges such as climate change and urbanization. BMW Group follows a holistic approach that considers environmental, social and economic aspects, from raw material procurement to development and production through to recycling.

BMW Group aims to reduce carbon emissions generated over a vehicle's entire life cycle, from the supply chain through production to its end-of-life phase, by 40% across the vehicle fleet on average, by 2030 compared with 2019. Specific targets have been set for the scope of the vehicle's use phase, production and supply chain. All suppliers are required to ensure environmental and social standards, both in their own supply chains and those of critical raw materials.

Not only decarbonization, but also the responsible use of resources, play a key part in BMW Group's sustainability strategy. This principally means eliminating waste or reducing it to a minimum. However, against the backdrop of rising raw materials prices and the growing scarcity of resources, the re-use of materials and raw materials in the form of secondary products is becoming increasingly important for BMW Group's manufacturing processes. BMW Group seeks to promote the circular economy by using raw materials more efficiently to protect finite natural resources.

Restrictions on carbon dioxide emissions are one of the most important regulatory considerations for BMW Group. Such regulations have proliferated in recent years in jurisdictions around the world, not only in the developed markets of Europe, North America and Japan, but also in emerging markets, such as China, and are expected to increase further in scope and restrictiveness in the years to come. These regulations have a major impact on the overall strategy and approach to marketing and engineering of BMW Group and its competitors in the automobile industry and planning ahead for compliance with future restrictions is critical to the success of the Group's business.

Medium- to long-term targets to reduce fuel consumption and CO<sub>2</sub> emissions from vehicles have already been set in Europe, North America, Japan, China and other countries. For a more detailed discussion on emissions targets, see "*Business—Governmental Standards and Regulations.*"

The development of sustainable products and services is an important aspect of BMW Group's business model. The early use of Efficient Dynamics technologies (since 2007) across the Group's entire fleet and the electrification of vehicles, which continued to make good progress in 2023, have enabled CO<sub>2</sub> emissions to be continuously reduced. In 2023, CO<sub>2</sub> emissions of BMW Group's fleet of new vehicles sold in Europe (EU-28) averaged 102.1 grams per km, which is 2.8% lower than 2022 (2022: 105.0).

In addition, BMW Group has recently taken steps to strengthen its regional supply chain for battery materials in North America. Through a strategic partnership with Umicore, the Group has secured a source of cathode active battery material from a new battery cell factory in Ontario, Canada. This material will be supplied to the Group's battery cell supplier AESC, located in South Carolina. BMW Group believes that this is an important step in strengthening BMW Group's regional supply chains and securing the ramp-up of e-mobility. In accordance with the

“local for local” principle, BMW Group’s partner AESC is currently building a battery cell factory in Florence, South Carolina. With an initial capacity of 30 GWh/a, the facility will produce the innovative cylindrical lithium-ion battery cells specifically developed for the sixth generation of BMW eDrive technology. Electricity for production of the battery cells and cathode raw material will come exclusively from renewable sources.

### *Environmental, social and governance rankings*

Investors and analysts are increasingly considering environmental, social and governance (“ESG”) aspects in their investment recommendations and decision-making processes. For many years, its top rankings in prestigious capital market sustainability indexes have borne out BMW Group’s leading role among automobile manufacturers. BMW Group also attaches particular importance to remaining in direct contact with investors and analysts. These dialogues are currently focused on BMW Group’s sustainability strategy, the related progress updates and the ambitious targets the Group has set itself to reduce carbon emissions across the entire value chain. These topics are discussed in face-to-face meetings and conversations as well as (sometimes virtual) roadshows and conferences held at key international financial centers.

### **Intellectual Property**

The Group generates and holds a significant number of patents in a number of countries in connection with the operation of its business. While none of these patents by itself is material to the Group as a whole, these patents are important to its business and continued technological development. In addition, BMW Group holds a number of trademarks and service marks that are important to its identity and recognition in the marketplace.

### **Employees**

As of December 31, 2023, the Group workforce amounted to 154,950 employees by headcount.

As of December 31, 2023, 5,007 young talent worldwide were in vocational training and training programs for young talent with BMW Group. At €469 million, spending on training and development increased in 2023 (2022: €416 million; 2021: €389 million).

The following table presents BMW Group employees by segment.

	<b>As of December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>BMW Group employees<sup>(1)</sup></b>			
Automotive.....	142,441	137,056	106,928
Motorcycles.....	3,996	3,711	3,418
Financial Services.....	8,413	8,616	8,466
Other Entities.....	100	92	97
<b>BMW Group .....</b>	<b>154,950</b>	<b>149,475</b>	<b>118,909</b>

- (1) The number of employees includes BMW AG and all companies in which it holds a majority interest, irrespective of whether they are consolidated in the Group’s Financial Statements. The definition does not include employees in dormant employment relationships, employees in the non-work phase of partial retirement working arrangements or low-wage earners. The definition includes employees with both permanent and fixed-term contracts.

### **Insurance**

BMW Group carries various insurance policies, including comprehensive general liability insurance, product liability insurance, environmental liability insurance, property insurance and business interruption insurance policies deemed appropriate to its business needs. Furthermore, the Company has taken out directors’ and officers’ liability insurance for members of the Board of Management and Supervisory Board of the Guarantor.

### **Governmental Standards and Regulations**

Many governmental standards and regulations relating to safety, fuel efficiency, emissions control, noise control, vehicle recycling, substances of concern, vehicle damage and theft prevention are applicable to new motor vehicles, engines, and equipment manufactured for sale in the United States, Europe and elsewhere. In addition, manufacturing and other automotive assembly facilities in the United States, Europe and elsewhere are subject to



stringent standards regulating air emissions, water discharges, and the handling and disposal of hazardous substances.

With respect to CO<sub>2</sub> emissions from vehicles, medium- to long-term targets have already been set in Europe, North America, Japan, China and other countries. However, these cannot be directly compared at an international level, as the test cycles and the test procedures in the individual countries are different, and segment and drivetrain mixes also tend to vary considerably. For representative and reproducible CO<sub>2</sub> emission testing, regulators have sought to define and harmonize vehicle testing procedures under the WLTP in the EU, which is based on a wide range of worldwide real road driving data, and under the framework of the Economic Commission for Europe (“UN ECE”).

In addition to WLTP, regulatory standards for the pollutant criteria particulate number (“PN”) and nitrogen oxide (“NOx”) must be met under EU and UN ECE regulation independently from the laboratory test cycle under “normal condition of use.” Regulators testing for compliance with cycle limits started to adopt standards for vehicle testing in real conditions with binding limits for the conformity between test cycle values and road test values. In the EU, for example, since January 2020, the final Real Driving Emissions (“RDE”) step Euro 6d applies to new type approvals and, since January 2021, to all new initial registrations.

In December 2023, a political agreement for the Euro 7 legislative proposal of the European Commission from November 2022 was reached. All new light-duty vehicles (cars and vans) sold from 2028 onwards (the exact date depends on the formal date of effectiveness of the new legislation) will have to emit no more than 60 mg/km of NO<sub>x</sub> for gasoline and 80 mg/km of NO<sub>x</sub> for diesel. For the first time, the Euro 7 regulation will address brake wear emissions, tire abrasion and durability requirements for high voltage batteries of electrified vehicles. The political agreement has still to be confirmed by the European Parliament and the European Council and is expected to come into force in July 2024.

In Europe, applicable regulations define targets for CO<sub>2</sub> emissions based on vehicle weight and the WLTP as the underlying test cycle from 2021 onwards. A legislative proposal of the CO<sub>2</sub> fleet regulation was introduced by the European Commission on July 14, 2021, as part of the so-called “fit for 55 package” aiming to make the EU climate-neutral by 2050 and introduce an intermediate target of at least 55% net reduction in total greenhouse gas emissions by 2030. The regulation was adopted by the European Parliament in February 2023 and approved by the Council in March 2023. The new rules, which became effective on June 5, 2023, set targets of 15% CO<sub>2</sub> emissions reductions for new passenger cars and new vans for 2025, 55% and 50% CO<sub>2</sub> emission reductions for new passenger cars and new vans, respectively, from 2030 and 100% CO<sub>2</sub> emission reductions for both new passenger cars and vans from 2035.

The regulation of vehicle emissions and related fuel economy standards in the United States involves both federal and state agencies. The U.S. Environmental Protection Agency (“EPA”) regulates vehicle emission criteria, including CO<sub>2</sub>, pursuant to authority granted by the federal Clean Air Act (“CAA”). The National Highway Traffic and Safety Administration (“NHTSA”) regulates motor vehicle fuel efficiency standards pursuant to authority granted under the Energy Policy and Conservation Act of 1975 (“EPCA”). The CAA prohibits states from enacting emissions standards and other emissions-related requirements for new motor vehicles and engines by expressly preempting any state standards. However, the CAA creates an exemption from federal preemption by allowing California to seek a waiver from EPA. EPA may deny a waiver request if it determines that the request does not meet certain specific statutory criteria. If California is granted a waiver, other U.S. states may elect to follow California standards.

This regulatory scheme may result in the federal government and California having different emissions standards. Concerns about conflicting regulations resulted in a program known as the One National Program (“ONP”) under the Obama administration in 2010. Under the ONP, consumption and CO<sub>2</sub> targets were set through to 2025. California, operating pursuant to a waiver granted by the EPA, issued “deemed-to-comply” regulations pursuant to which compliance with federal standards will be deemed by California as being also compliant with California’s regulations.

Under the Trump administration, EPA and NHTSA indicated that they would change the previously enacted ONP and, in 2019, finalized new rules entitled “The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021–2026 Passenger Cars and Light Trucks.” Pursuant to SAFE Rule Part 1, federal law preempts state law on the regulation of GHG and resulted in a withdrawal of the prior preemption waiver granted to California

under the CAA. SAFE Rule Part 2 provides for GHG and Corporate Average Fuel Economy (“CAFE”) standards for model years 2021 to 2026 light duty vehicles that are less stringent than prior regulations. Effective as of June 29, 2020, CAFE and GHG emissions standards stringency is set to increase by 1.5% annually from 2021 to 2026, thereby replacing the former target of 163 g CO<sub>2</sub>/mile (101 g CO<sub>2</sub>/km) by model year 2025 set by the Obama administration.

In July 2019, four vehicle OEMs (i.e., Ford, Honda, BMW of North America and Volkswagen Group of America) and the State of California announced a general agreement on a framework for the reduction of GHG emissions at levels that are more stringent than under SAFE Rule Part 2. In August 2020, these four OEMs and Volvo Car USA signed final individual agreements with the State of California (collectively, the “California Framework Agreement”). The California Framework Agreement is also binding on those states that follow California’s regulatory authority as provided by the Clean Air Act.

In January 2021, the Biden administration instructed federal agencies to consider revising vehicle fuel economy and emissions standards. At the end of 2021, EPA published a new rule that revised SAFE Rule Part 1 and instituted new GHG emission standards for light-duty vehicles for model years 2023-2026, resulting in projected fleet wide compliance targets starting with 202 g/mile for model year 2023, onwards reaching 161 g/mile for model year 2026. In addition, in May 2022, EPA reinstated California’s Clean Air Act waiver, restoring the state’s authority to set and enforce more stringent standards than the federal government, including its ZEV sales mandate and GHG emissions standards, and allowing other states to follow and enforce California’s standards again. In August 2022, California finalized the Advanced Clean Cars II rule that will require, by 2035, all new light-duty vehicles sold in the state to be zero emission vehicles. Several other states adopted these standards as well.

In April 2023, EPA proposed new GHG emissions standards that would increase in stringency each year over a six-year period, from model years 2027 -2032. The proposed standards are projected to result in an industry-wide average target for the light-duty fleet of 82 g/mile of CO<sub>2</sub> in model year 2032, representing a 56% reduction in projected fleet average GHG emissions target levels from the existing model year 2026 standards. The proposed rule would impose more stringent standards on criteria pollutants as well. The proposed rule assumes an increase in electric vehicles market share of as high as 67% by 2032. The final rule is expected to be published in March 2024.

A notice of proposed rulemaking (“NPRM”) by the NHTSA to amend the CAFE standards for model years 2027-2031 was published in July 2023. The final rule is expected in May 2024.

The State of California published the new criteria-emission regulation Low Emission Vehicle (“LEV”) IV towards the end of 2022. The scope of requirements cover lower limits, broadening of test-conditions and lowering fleet emission requirements (SULEV 30 fleet average for ICE-based fleet from 2029 onwards). The phase-in requirements will start in model year 2025. The national authority EPA has been working on a national follow-up regulation Tier 4. The Tier 4 proposal partly considers stricter requirements than under LEV IV. The finalization of Tier 4 is foreseen by end of 2023.

Japan has also established ambitious targets for corporate average fuel efficiency by amending the Energy Conservation Law in order to reduce fuel consumption. For 2030 and onwards, a consumption target (so-called ECL 2030 target) has been set at 25.4 km / l on the premise that the sales distribution according to a weight category in 2030 is the same as in 2016. The new target is tougher by 44.3% than the target set for 2020 and onward until 2029 (so-called ECL 2020 target). Moreover, the ECL 2030 target not only covers gasoline and diesel cars but also includes BEV and PHEV as a new part of the regulation.

In China, the fuel efficiency of the vehicle fleet is also regulated. For 2020, an average fleet consumption target of 5 liters per 100 kilometers was set. These figures were calculated based on the number of vehicles produced/imported. The consumption limits refer to the standardized test cycle NEDC. A fuel consumption standard for 2021 to 2025 in China has been released in 2019. 4.6 liters per 100 kilometers is set as the target in 2025, under the test cycle of WLTC. From 2021 onwards, the test cycle for internal combustion engine vehicles and PHEVs will switch from NEDC to Worldwide Harmonized Light Duty Test Cycle (“WLTC”). BEVs will switch from NEDC to China cycle (“CLTC”). The introduction of a new energy vehicle (“NEV”) mandate started in 2019. The NEV mandate for 2021 to 2023 was officially released and set the NEV quota to 14% in 2021, 16% in 2022 and 18% in 2023, but the credit earned for each NEV is reduced by up to 50%. The 2024-2025 NEV quota was officially released and set to 28% for 2024 and to 38% for 2025. For pollutant emission, China has released the China 6 emission standard for passenger vehicles which is generally similar to the EU and U.S. regulatory schemes. It

includes two sets of limits: ‘C6b’ (which is stringent) and ‘C6a’ (which is less stringent). The C6b limit on emission pollutants is tightened by 40% to 50% compared to the China 5 emission standard and is more stringent than the EU6 emission standard. The testing cycle and procedure adopted is WLTP. Five regions (including Shanghai, Tianjin, Hebei, Guangdong and Shenzhen) have implemented C6b since July 2019, ahead of nationwide implementation from July 1, 2023; 11 regions (including Hainan, Zhejiang, Shandong, Henan, Shaanxi, Jiangsu, Anhui, Shanxi, Chongqing, Midwest of Inner Mongolia, and Sichuan) have implemented C6a since July 2019, ahead of national implementation since July 2020. Beijing has implemented C6b since January 2020. In the released emission standard, it is regulated that RDE will be mandatorily required nationwide from July 1, 2023. Due to various factors, the final RDE requirements have not been tightened further (as confirmed by the Ministry of Ecology and Environment (“MEE”) in 2021) and final RDE implementation was postponed to January 1, 2024.

The China Vehicle Emission Control Center (“VECC”) has started to work on the next emission standard China 7 (“C7”). The kick-off of authority working groups is expected to be in the third quarter of 2024. C7 is expected to be released in 2026. The Euro 7 regulation may impact the future C7 requirements.

Above and beyond national regulations, measures are being taken at regional and municipal levels. Varying requirements for drivetrain technologies in particular will start to have considerable influence on product strategy (e.g., the limited quota on ICE vehicle registration plates in Chinese metropolitan areas while offering waivers for NEVs).

## **Legal Proceedings**

BMW Group is involved from time to time in various claims, lawsuits, arbitrations, governmental inquiries and investigations and other legal proceedings, arising in the ordinary course of its business. Other than the legal proceedings described below, BMW Group is not presently involved in any legal proceeding of which BMW Group currently expects that it could have a material adverse effect on the Group’s financial position or results of operations. Where applicable, BMW Group recognizes appropriate levels of provision for lawsuits. Further risks from legal proceedings are reported as other contingent liabilities. In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), further information is not provided if BMW Group concludes that its disclosure could seriously prejudice the outcome of the relevant legal proceedings.

### ***Cartel Allegations Regarding Emissions-reducing Technologies***

In October 2017, the European Commission carried out inspections at BMW Group’s premises in connection with cartel allegations against five German car manufacturers. The European Commission alleged that Mercedes-Benz (formerly known as Daimler), Volkswagen and BMW colluded to avoid competition on cleaning nitrogen oxide emissions from diesel passenger cars better than what was required by law despite the relevant technology having been available. The European Commission proceedings were settled in July 2021, and BMW Group was fined an amount of approximately €373 million.

In relation to these allegations, numerous class action lawsuits have been brought by dealers and customers in the United States and Canada, and several lawsuits have been brought by private plaintiffs in South Korea. The U.S. class actions were dismissed in 2020, with customer plaintiffs terminating their appeal in August 2021, and the Supreme Court declining to review the decision affirming the dismissal of the dealers’ lawsuit in June 2022. The class actions in Canada have been withdrawn without any payments made by BMW Group. The lawsuits in South Korea brought by private plaintiffs remain at an early stage. There is no assurance that the Group will not be subject to further claims and lawsuits based on these allegations.

Furthermore, cartel investigations on the same subject have been launched by Chinese, South Korean, Turkish and Singaporean authorities. BMW Group has responded to requests for information. It is not yet possible to definitively assess the potential impact of the investigations in China and Singapore. In April 2023, the South Korean antitrust authority imposed a fine of approximately KRW 13 billion (approximately EUR 9 million). In May 2023, BMW AG filed an appeal in court against the South Korean authority’s decision. In December 2023, BMW AG withdrew the appeal. The Turkish authority issued its decision in January 2022, without issuing a fine.

### ***Emission Control Systems***

In several recent judgments, the ECJ has ruled on emission control systems in diesel vehicles and has significantly tightened requirements pertaining to the justification of these systems. As a result of these new

judgments by the ECJ, the interpretation of regulatory requirements for emission control systems is evolving. This is reflected, among other things, by the fact that established administrative practices of type approval authorities are being questioned from numerous sides. This development leads to a reassessment of civil proceedings pending in Germany due to the emissions performance of BMW and MINI diesel vehicles. According to previously established case law of German national courts, damage claims could only be asserted on the basis of intentional damage inflicted in a manner offending common decency. In its most recent judgments linked to proceedings against other manufacturers and taking into account the case law of the ECJ, the German Federal Court of Justice has ruled that a manufacturer can also be held liable for negligent breach of EU homologation standards and on the basis of a far-reaching reversal of the burden of proof to the detriment of the manufacturer. BMW Group expects an increase in the effort and complexity of the defense in individual cases, an increasing number of new court proceedings, increased legal risks and increased financial expenditure.

In addition, the KBA determined in February 2024 that two functionalities of the emission control system of the BMW vehicle model X3 with 2.0-liter diesel engine (EU5) built between September 2010 and March 2014 do not comply with legal requirements. The KBA views these functionalities as prohibited defeat devices. BMW Group has filed a timely objection against this decision. Corrective measures are currently being coordinated with the responsible type approval authorities. Furthermore, BMW Group is investigating whether and to what extent functionalities of the emission control systems of this and other past diesel vehicle models comply with legal requirements and is in dialogue with the responsible authorities in this regard. Also, against the background of the development in case law referred to above, it is possible that further authorities and/or courts find fault with functionalities of the emission control systems or deem them as non-compliant with legal requirements. See also *“Risk Factors—BMW Group is required to comply with numerous laws and regulations in multiple jurisdictions”* and *“—Increased safety, emissions, fuel efficiency or other regulations could lead to substantial costs and disruptions in automotive markets.”*

Furthermore, several BMW Group entities have been facing a number of diesel emissions-related court claims in England and Wales since November 2021 as well as in Scotland since March 2023. In November 2023, the High Court approved a group litigation regarding the proceeding in England and Wales. In addition to BMW Group, 15 other OEMs are facing similar proceedings in the same court. In March 2024, the court selected the proceedings against five OEMs as lead proceedings; BMW Group is not among them. In Scotland, the court also approved the combination of relevant claims in group proceedings. It is estimated that any sued BMW Group entities will have to file their statement of defense in April 2024.

### ***Other Matters***

In December 2017, a class action lawsuit was filed against BMW AG and BMW of North America, LLC claiming that sunroofs in certain BMW models can explode or shatter unexpectedly. In addition, in March and April 2018, two class action complaints regarding certain diesel emission technologies were filed against certain entities of BMW Group in New Jersey; these complaints have been consolidated. The complaints relate to certain BMW X5 vehicles (model years 2009 through 2013) and BMW 335d vehicles (model years 2009 to 2011). The plaintiffs have filed an amended complaint on September 20, 2019. In September 2023, the parties agreed to settle this matter. BMW Group will pay a total and single sum of \$6.0 million to a “common fund” in exchange for a class-wide release of all claims and with no admission of liability or fault. All payments to plaintiffs, all of plaintiffs’ attorney fees, costs and expenses will be paid out of the common fund. The court granted preliminary approval and has scheduled the hearing for final approval for the third quarter of 2024. Class members will receive notice of the settlement and may make claims against the common fund.

Further class action lawsuits were filed in 2018 against BMW of North America, LLC on behalf of car owners whose vehicles were affected by a safety recall over possible issues with (i) the defective blower-motor wiring systems or (ii) positive crankcase ventilation valve heaters. These class actions seek damages based on various grounds, including for allegedly failing to provide a timely remedy and diminution in value of the vehicles due to the recall. BMW Group is currently also involved in litigation with regard to some BMW models that are equipped with airbags which contain ammonium nitrate as a propellant of these airbags, including class actions and product liability lawsuits. Possible risks for BMW Group cannot be quantified at present with respect to any of these legal proceedings.

In 2018, several BMW vehicles in South Korea caught fire due to a defect in the vehicles’ exhaust gas recirculation (“EGR”) unit. In December 2018, the South Korean Ministry of Land, Infrastructure and Transport

("MoLIT") announced that the leakage of coolant from the EGR cooler was the root cause of the occurrence of such thermal events. On April 12, 2019, MoLIT imposed a fine of KRW 11.8 billion (approximately €9.0 million as of July 31, 2019) on BMW South Korea, alleging delayed action in response to such thermal events. In July 2019, BMW South Korea filed an appeal against the April 2019 MoLIT fine. The administrative court proceedings are suspended to await the outcome of the criminal proceedings. MoLIT separately filed a criminal complaint against BMW South Korea with the South Korean public prosecutor, and several third parties filed criminal complaints against BMW South Korea, BMW AG and certain of their employees and senior executives. In October 2019, the investigating police department transferred the case to the Prosecutor's Office with an indictment recommendation regarding eight BMW Group employees. In May 2022, the Prosecutor's Office issued indictments against BMW South Korea and four employees of BMW Korea. BMW AG and the investigated BMW AG individuals were released from charges by the Prosecutor's Office, which decision was subsequently appealed. In June 2022, following a request for legal assistance from the Korean authorities in 2020, the Munich public prosecutor's office initiated an investigation against two employees of BMW AG in connection with the EGR matter and searched BMW Group offices in Munich and Steyr (Austria). The proceedings were concluded in the first quarter of 2024 and BMW Group agreed to pay a fine. In addition, several civil lawsuits for damages arising from the EGR thermal events were filed against BMW Group in South Korea. These civil proceedings are at an early stage and possible risks to BMW Group cannot be quantified at present.

In the United Kingdom, there has been a number of complaints from customers concerning lenders involved in motor finance, including BMW Financial Services (GB) Ltd. ("BMW FS UK"), which also includes county court litigation and one group action. Customers are claiming compensation for alleged unfairness arising from the historical use of discretionary commission arrangements which may have resulted in customers paying a higher annual percentage rate. These claims are being rejected by BMW FS UK as BMW Group believes that all regulatory requirements in place at the time were complied with. The Financial Conduct Authority in the UK ("FCA") is currently reviewing the historical use of discretionary commissions. BMW FS UK is one of ten lenders that have been asked by the FCA to provide information in the context of this review. If the FCA finds that there has been widespread misconduct and that customers suffered financial damage, it is expected that the FCA will identify how to best compensate customers. The outcome of the review is expected to be announced before the end of 2024. The possible financial impact on BMW Group cannot be assessed at this stage.

For several years, lawsuits have been filed in Germany against BMW Bank GmbH ("BMW Bank") in which consumers claim the withdrawal of their loan and leasing contracts on the basis of allegedly incorrect and insufficient pre-contractual information provided by BMW Bank. Since 2017, BMW Bank has won the vast majority of these lawsuits. In November 2019, the Federal Court of Justice in Germany (*Bundesgerichtshof*) ("BGH") adopted a decision of principle in favor of BMW Bank, confirming the accuracy of consumer-relevant information in the relevant loan contracts. In addition, in October 2020, the BGH decided in a case (in which BMW Bank was not involved) that consumers are generally obliged to pay a compensation after a successful withdrawal of their loan contract. However, since the beginning of 2020, several requests for a preliminary ruling on the interpretation of the Consumer Credit Directive (Directive 2008/48/EC) have been filed by German regional courts with the ECJ. On September 9, 2021, the ECJ handed down its preliminary ruling concerning the requirements on the terms and conditions in consumer credit agreements, in particular with regard to default interest and prepayment penalty. In April 2022, the BGH stated in a ruling that the provision on the default interest rate contained in the particular BMW Bank loan contract at issue in the proceedings did not meet the requirements set out by the ECJ because such loan contract did not contain the rate of late-payment interest as a specific percentage. On December 21, 2023, the ECJ specified the requirements of the terms and conditions in consumer credit agreements, in particular with regard to default interest rate and information concerning all out-of-court complaint or redress mechanisms available to the consumer. As a result of this decision, there is a risk that borrowers might withdraw consumer loan agreements of BMW Bank with reference to the requirements as set forth in the ECJ decisions dated September 9, 2021 and December 21, 2023 and the BGH decision in April 2022. However, on February 27, 2024, the BGH decided in a case in which BMW Bank was not involved that the withdrawal period of 14 days commences if the rate of late-payment interest (as a specific percentage) was not stated in the credit agreement. Furthermore, BMW Bank's right to be compensated by the borrower for the use of the car in case of withdrawal from their loan contract is still applicable. Moreover, on December 21, 2023, the ECJ decided that the full performance of the credit agreement renders the right of withdrawal inapplicable and that consumers do not have the right to withdraw their kilometer-based lease agreement if the consumer is not obligated to purchase the vehicle upon the expiry of the agreement.

In March 2022, the European Commission conducted inspections at the premises of several car manufacturers and industry associations in several member states of the European Union. In parallel, the European Commission sent out formal requests for information to several car manufacturers, including BMW AG. The inspections and requests for information concern a possible collusion by companies and associations in relation to the collection, treatment and recovery of end-of-life vehicles and light commercial vehicles. The inspections by the European Commission were conducted in coordination with the UK Competition and Markets Authority that initiated formal proceedings in respect of the UK market. The competition authorities allege that car manufacturers (i) coordinated the remuneration to be paid to dismantlers for the provision of their services and (ii) agreed that issues related to end-of-life vehicles should be dealt with in a non-competitive way. Appropriate risk provisions were recognized in the second quarter of 2022 in connection with these investigations. At the current stage of the investigations, further risks for BMW Group in connection with the proceedings of the two authorities cannot be quantified.

In relation to these allegations, in December 2023, the Korea Fair Trade Commission conducted an inspection at the premises of several car manufacturers, including BMW Korea, and BMW Korea received a formal notice of commencement of investigation in the first quarter of 2024. These investigations are at an early stage and possible risks to BMW Group cannot be quantified at present.

In addition, there are several class action lawsuits that have been filed against the Group in the United States in 2022 arising out of allegations that airbag inflators manufactured by ARC are defective. The Group is reviewing these allegations and is currently unable to determine the likelihood of an unfavorable outcome or estimate any potential resulting damages or costs. See also “*Risk Factors—Defects in vehicles could lead to recalls, legal and regulatory inquiries, costs or penalties and could affect BMW Group’s reputation and brand image.*”

For further information, see *Note 39—Contingent liabilities and other financial commitments* to the 2023 Audited Financial Statements.

## **Risk Management**

BMW Group employs a risk management system to identify, record and actively manage internal and external risks, including those which pose a threat to the attainment of corporate targets. The risk management system seeks to identify and address significant risks to the Group, or those which could pose a threat to its going-concern status. The risk management process has been implemented across the Group and comprises the early identification of risks, risk analysis and measurement, the coordinated use of suitable management tools and the monitoring and evaluation of actions taken.

The risk management system is tested regularly by the Group’s internal audit function. By regularly monitoring external practices, BMW Group also seeks to incorporate new insights in its risk management system.

As a supplement to comprehensive risk management, managing the business on a sustainable basis also represents one of the Group’s core corporate principles. Risks or opportunities related to sustainability issues specifically are raised to and discussed by the Group’s sustainability committee. Strategic options and measures open to BMW Group are put forward to the Group’s sustainability board, to which all members of the Board of Management belong. Risk aspects discussed at this level are integrated in the work of the Group-wide risk network.

## MANAGEMENT

BMW AG is governed by a Board of Management and a Supervisory Board. The business address of each member of the Board of Management and the Supervisory Board is Petuelring 130, 80788 Munich, Germany.

### *Board of Management*

The following table sets forth the name, year of birth and area of oversight of each of the members of the Board of Management.

Name	Area of Oversight	Born
Oliver Zipse .....	Chairman	1964
Ilka Horstmeier .....	People and Real Estate, Labour Relations Director	1969
Walter Mertl .....	Finance	1974
Milan Nedeljković .....	Production	1969
Jochen Goller .....	Customer, Brands, Sales	1966
Joachim Post .....	Purchasing and Supplier Network	1971
Frank Weber .....	Development	1966

### *Supervisory Board*

The following table sets forth the name, year of birth and position of each of the members of the Supervisory Board.

Name	Position	Born
Norbert Reithofer .....	Chairman	1956
Martin Kimmich .....	Deputy Chairman	1972
Stefan Quandt .....	Deputy Chairman	1966
Stefan Schmid .....	Deputy Chairman	1965
Kurt Bock .....	Deputy Chairman	1958
Christiane Benner .....	Member	1968
Marc Bitzer .....	Member	1965
Bernhard Ebner .....	Member	1978
Rachel Empey .....	Member	1976
Heinrich Hiesinger .....	Member	1960
Johann Horn .....	Member	1958
Susanne Klatten .....	Member	1962
Jens Köhler .....	Member	1964
Gerhard Kurz .....	Member	1963
André Mandl .....	Member	1984
Dominique Mohabeer .....	Member	1963
Anke Schäferkordt .....	Member	1962
Christoph M. Schmidt .....	Member	1962
Vishal Sikka .....	Member	1967
Sibylle Wankel .....	Member	1964

## Corporate Governance

### *Overview*

The Board of Management manages the enterprise in its own responsibility. Within this framework, it is supervised and advised by the Supervisory Board. The Supervisory Board appoints the members of the Board of Management and can, at any time, revoke an appointment if there is an important reason. The Chairman of the Board of Management maintains regular contact with the Chairman of the Supervisory Board and keeps him

informed of all important matters in accordance with statutory requirements and the reporting duties allocated to it by the Supervisory Board. The Board of Management requires the approval of the Supervisory Board for transactions of fundamental importance. The Supervisory Board is not, however, authorized to undertake management measures itself.

The Board of Management has adopted rules of procedure. These rules also incorporate the principle that the full Board of Management bears joint responsibility for all matters of particular importance. Each member of the Board of Management is responsible for the area of responsibility assigned to them, whereby case-by-case rules can be put in place for cross-divisional projects. Board members continually provide the Chairman of the Board of Management with all the required information pertaining to major transactions and developments within their area of responsibility. The Chairman of the Board of Management coordinates cross-divisional matters with the overall targets and plans of BMW Group, involving other board members to the extent that divisions within their areas of responsibility are affected.

In accordance with the requirements of the German Co-Determination Act (*Mitbestimmungsgesetz*) for companies that generally employ more than 20,000 employees by headcount, the Supervisory Board of BMW AG is required to comprise ten shareholder representatives elected at the Annual General Meeting (Supervisory Board members representing equity or shareholders) and ten members elected in accordance with the provisions of the German Co-Determination Act (Supervisory Board members representing employees). The ten Supervisory Board members representing employees comprise seven Company employees, including one executive staff representative (*leitende Angestellte*), and three members elected following nomination by unions.

The close interaction between the Board of Management and the Supervisory Board in the interest of the enterprise as described above is also known as a “two-tier board structure.”

## **Presiding Board and Committees of the Supervisory Board**

### ***Presiding Board***

The Presiding Board is composed of five members of the Supervisory Board. It prepares Supervisory Board meetings to the extent that the subject matter to be discussed does not fall within the remit of a committee and coordinates activities based on its terms of reference.

The following table sets forth the current members of the Presiding Board.

<b>Name</b>	<b>Position</b>
Norbert Reithofer.....	Chairman
Kurt Bock .....	Member
Stefan Quandt .....	Member
Stefan Schmid.....	Member
Martin Kimmich .....	Member

### ***Personnel Committee***

The Personnel Committee is composed of five members of the Supervisory Board. Among other duties, it advises the Supervisory Board with respect to the appointment and revocation of members of the Board of Management, the compensation of members of the Board of Management and the regular review of the Board of Management’s compensation system.

The following table sets forth the current members of the Personnel Committee.

<b>Name</b>	<b>Position</b>
Norbert Reithofer.....	Chairman
Kurt Bock .....	Member
Stefan Quandt .....	Member
Stefan Schmid.....	Member
Martin Kimmich .....	Member



### ***Audit Committee***

The Audit Committee is composed of five members of the Supervisory Board. Among other duties, it supervises the financial reporting process and the non-financial reporting process, the effectiveness of the internal control system, the risk management system, internal audit arrangements and compliance.

The following table sets forth the current members of the Audit Committee.

<b>Name</b>	<b>Position</b>
Kurt Bock .....	Chairman
Norbert Reithofer.....	Member
Stefan Quandt .....	Member
Stefan Schmid.....	Member
Martin Kimmich .....	Member
Rachel Empey.....	Member
Dominique Mohabeer .....	Member

### ***Nomination Committee***

The Nomination Committee is composed of four members of the Supervisory Board. Among other duties, it identifies suitable candidates as shareholder representatives on the Supervisory Board to be put forward for inclusion in the Supervisory Board's proposals for election at the Annual General Meeting. In line with the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), the Nomination Committee comprises only shareholder representatives.

The following table sets forth the current members of the Nomination Committee.

<b>Name</b>	<b>Position</b>
Norbert Reithofer.....	Chairman
Kurt Bock .....	Member
Susanne Klatten .....	Member
Stefan Quandt .....	Member

### ***Mediation Committee***

The Mediation Committee is composed of four members of the Supervisory Board. It advises the Supervisory Board when resolutions for the appointment of Board of Management members have not been carried by the necessary two-thirds majority of Supervisory Board members' votes. In line with German statutory requirements, the Mediation Committee comprises the Chairman and Deputy Chairman of the Supervisory Board and one member each selected by shareholder representatives and employee representatives.

The following table sets forth the current members of the Mediation Committee.

<b>Name</b>	<b>Position</b>
Norbert Reithofer.....	Member
Stefan Quandt .....	Member
Stefan Schmid.....	Member
Martin Kimmich .....	Member

### **Compensation of Members of the Board of Management and Supervisory Board**

The total compensation of the current members of the Board of Management and the Supervisory Board of BMW AG for the year 2023 amounted to €47.5 million (2022: €42.5 million; 2021: €50.9 million).

The compensation of the members of the Board of Management comprised short-term benefits of €32.9 million (2022: €33.8 million; 2021: €35.3 million) and other long-term benefits of €3.2 million (2022: €3.1 million; 2021: €8.5 million), benefits in conjunction with the termination of board activity of €5.4 million (2022: nil; 2021: €1.1

million) and a share-based remuneration component of €0.2 million (2022: €0.1 million; 2021: €0.5 million). Pension obligations to current members of the Board of Management are covered by provisions amounting to €16.5 million (2022: €16.6 million; 2021: €18.9 million), computed in accordance with IAS 19 (*Employee Benefits*).

The compensation of the members of the Supervisory Board for 2023 amounted to €5.8 million (2022: €5.5 million; 2021: €5.5 million). The members of the Supervisory Board are remunerated exclusively on the basis of a fixed remuneration.

The aggregate remuneration of former members of the Board of Management and their dependents for 2023 amounted to €11.9 million (2022: €9.7 million; 2021: €14.2 million).

For further information, please see *Note 44—Remuneration for members of the Board of Management and the Supervisory Board* to the 2023 Audited Financial Statements and *Note 45—Remuneration for members of the Board of Management and the Supervisory Board* to the 2022 Audited Financial Statements.

## PRINCIPAL SHAREHOLDERS AND SHARE CAPITAL

As of December 31, 2023, BMW Group's authorized share capital included 579,795,667 shares of common stock and 58,920,408 shares of non-voting preferred stock. The voting power attached to each share of common stock corresponds to its par value; each €1 of par value of share capital represented in a vote entitles the holder to one vote. Preferred shares only confer voting rights in exceptional cases stipulated by law, in particular when the preference amount has not been paid or has not been fully paid in one year and the arrears are not paid in the subsequent year alongside the full preference amount due for that year.

Based on the information available to the Company, the following direct or indirect holdings exceeding 5% of the voting rights were held as of December 31, 2023:

Shareholder	Direct share of voting rights (in %)	Indirect share of voting rights (in %)
Stefan Quandt .....	0.2	26.6 <sup>(1)</sup>
AQTON SE .....	9.4	17.2 <sup>(2)</sup>
AQTON Verwaltung GmbH.....	—	17.2 <sup>(3)</sup>
AQTON GmbH & Co. KG für Automobilwerte .....	17.2	—
Susanne Klatten .....	0.2	21.5 <sup>(4)</sup>
Susanne Klatten Beteiligungs GmbH .....	21.5	—

- (1) Controlled entities, of which 3% or more are attributed: AQTON SE, AQTON Verwaltung GmbH and AQTON GmbH & Co. KG für Automobilwerte.
- (2) Controlled entities, of which 3% or more are attributed: AQTON Verwaltung GmbH and AQTON GmbH & Co. KG für Automobilwerte.
- (3) Controlled entities, of which 3% or more are attributed: AQTON GmbH & Co. KG für Automobilwerte.
- (4) Controlled entities, of which 3% or more are attributed: Susanne Klatten Beteiligungs GmbH.

The voting power percentages disclosed above may have changed subsequent to the stated date if these changes were not required to be reported to the Company. Due to the fact that the Company's shares are bearer shares, the Company is generally only aware of changes in shareholdings if such changes are subject to mandatory voting rights notification requirements.

## **DESCRIPTION OF THE ISSUER**

BMW US Capital, LLC, a Delaware limited liability company, is wholly-owned and managed by BMW (US) Holding Corp., a Delaware limited liability corporation, which is indirectly wholly-owned by BMW AG.

The Issuer's purpose is to assist in the financing of the activities and in managing interest and foreign exchange risk for BMW Group, primarily in the United States, and to provide services in connection therewith. The Issuer's activities mainly consist of providing long- and short-term liquidity and intercompany funding at arm's length terms for BMW Group.

## TERMS AND CONDITIONS OF THE NOTES AND GUARANTEE

*The Notes will be represented by Global Notes which will be deposited with a custodian for and registered in the name of DTC or its nominees. The following is the text of the terms and conditions of the Notes which will be incorporated by reference into the Global Notes and endorsed on any certificated Notes in definitive forms. In addition, certain procedures and provisions will be applicable to the Notes when represented by the Global Notes, see “Form of Notes, Clearance and Settlement.”*

The U.S.\$600,000,000 5.050 per cent. Notes due 2026 (the “2026 Notes”), the U.S.\$650,000,000 4.900 per cent. Notes due 2027 (the “2027 Notes”), the U.S.\$800,000,000 4.900 per cent. Notes due 2029 (the “2029 Notes”), the U.S.\$500,000,000 5.150 per cent. Notes due 2034 (the “2034 Notes” and together with the 2026 Notes, the 2027 Notes and the 2029 Notes, the “Fixed Rate Notes”), and the U.S.\$700,000,000 Floating Rate Notes due 2026 (the “Floating Rate Notes,” and together with the Fixed Rate Notes, collectively, the “Notes” and each tranche thereof, a “Tranche”) of BMW US Capital, LLC (the “Issuer”) guaranteed by Bayerische Motoren Werke Aktiengesellschaft (the “Guarantor”) were duly issued. A fiscal agency agreement dated April 2, 2024 (the “Fiscal Agency Agreement”) in relation to the Notes has been entered into by the Issuer, the Guarantor and The Bank of New York Mellon, London Branch as fiscal agent, and transfer agent (the “Fiscal Agent” and a “Transfer Agent,” respectively), The Bank of New York Mellon, New York Branch as paying agent, calculation agent and a transfer agent (a “Paying Agent,” the “Calculation Agent” and a “Transfer Agent”) and The Bank of New York Mellon, SA/NV, Dublin Branch, as registrar (the “Registrar”). Any reference herein to the Notes includes any Additional Notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the relevant Tranche. The Guarantor has entered into a deed of guarantee (the “Guarantee”) pursuant to which it has guaranteed the obligations of the Issuer under the Notes. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and the Guarantee and in each case are subject to its detailed provisions.

In these Conditions, the Fiscal Agent and any other paying agents appointed pursuant to the Fiscal Agency Agreement are together referred to as the “Paying Agents,” and the Transfer Agents and any other transfer agent appointed pursuant to the Fiscal Agency Agreement are together referred to as the “Transfer Agents.” References to the Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents or the Calculation Agent shall include any successors appointed from time to time in accordance with the provisions of the Fiscal Agency Agreement, and any reference to an “Agent” or “Agents” shall mean any or all (as applicable) of such persons.

Copies of the Fiscal Agency Agreement and the Guarantee are available for inspection by prior appointment during usual business hours by Noteholders at the principal office of the Fiscal Agent (presently at The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom) and at the specified offices of each of the other Agents, or may be provided by the Agents electronically. The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Guarantee and the Fiscal Agency Agreement applicable to them.

References to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

### **1. Form, Denomination and Title**

#### **(a) Form and Denomination**

The Notes are in registered form, without interest coupons attached, in a minimum denomination of U.S.\$2,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000 (each an “authorized denomination”). A definitive registered note (each a “Definitive Registered Note”) will be issued to each Noteholder in respect of its registered holding or holdings of Notes. Each Definitive Registered Note issued in respect of a registered holding of Notes will be numbered serially with an identifying number which will be recorded in the register, being held outside the United Kingdom, relating to the Notes which the Issuer shall procure to be kept by the Registrar (the “Register”).

#### **(b) Title**

Title to the Notes will pass by and upon registration in the Register. A Noteholder will (except as otherwise requested by such holder in writing, or as otherwise ordered by a court of competent jurisdiction or required by law) be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of

ownership, trust or any interest therein, any writing thereon by any Person (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof, and no Person will be liable for so treating the holder.

## **2. Transfer of Notes and Issue of Notes**

### **(a) Transfer**

Subject to Conditions 2(d) (*Closed Periods*) and 2(e) (*Regulations Concerning Transfer and Registration*), a Note may be transferred in whole or in part in an authorized denomination upon the surrender of the Definitive Registered Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed thereon (the “Transfer Form”) duly completed and executed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of the Notes represented by a Definitive Registered Note, neither the part transferred nor the balance not transferred may be less than the applicable authorized denomination; a new Definitive Registered Note in respect of the part transferred will be issued to the transferee and a new Definitive Registered Note in respect of the balance not so transferred will be issued to the transferor.

### **(b) Delivery**

Each new Definitive Registered Note to be issued upon a transfer of any Notes will, within five business days of the request for transfer being duly made, be delivered at the specified office of the Registrar or, as the case may be, any Transfer Agent or (at the request and the risk of such transferee) be mailed by uninsured post to such address as the transferee entitled to the Notes represented by such Definitive Registered Note may have specified. In this Condition 2(b), “business day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the cities in which the Registrar and/or any such Transfer Agent (as applicable) have their respective specified offices.

### **(c) No Charge**

Registration of transfers of Notes will be effected without charge to the holder or transferee thereof, subject to payment (or against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may reasonably require) of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration of transfer.

### **(d) Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of such Note.

### **(e) Regulations Concerning Transfer and Registration**

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior written approval of the Registrar. A copy of the current regulations will be sent by the Registrar to any Noteholder who so requests.

## **3. Guarantee and Status**

### **(a) Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes. Its obligations in that respect are contained in the Guarantee.

**(b) Status of Notes and Guarantee**

The Notes constitute direct, general, unconditional, unsubordinated and, subject to Condition 4 (*Negative Pledge*), unsecured obligations of the Issuer, and shall at all times rank at least *pari passu* without any preference among themselves and at least *pari passu* in all respects with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

Pursuant to the Guarantee, the Guarantor has assumed *vis-à-vis* the Noteholders the unconditional and irrevocable guarantee for the due and punctual payment of principal and interest, if any, as well as Additional Amounts payable pursuant to Condition 8 (*Taxation*), in accordance with these Conditions.

The payment obligations of the Guarantor under the Guarantee constitute direct, general, unconditional, unsubordinated and, subject to Condition 4 (*Negative Pledge*), unsecured obligations of the Guarantor and shall at all times rank at least *pari passu* in all respects with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

**4. Negative Pledge**

Each of the Issuer and the Guarantor undertakes *vis-à-vis* the Noteholders that until such time as principal and interest, if any, as well as Additional Amounts payable pursuant to Condition 8 (*Taxation*), if any, have been placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with the terms of the Fiscal Agency Agreement, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from other International Capital Market Indebtedness, unless the Notes at the same time share *pari passu* and *pro rata* in such security. Any mortgage, pledge or other charge for obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements shall be excluded from the requirements of this Condition 4. If security is to be furnished for this issue of Notes by the Issuer or the Guarantor, as the case may be, pursuant to this Condition 4, such security shall be furnished for the benefit of the Noteholders together with any related rights and obligations. If, after the occurrence of any of the events specified in Condition 9 (*Events of Default*) which entitle the Noteholders to declare their Notes due, a Noteholder shall with respect to the principal of any Notes not otherwise due, enforce any security given for the Notes, then such Notes shall be deemed to be due for all purposes.

For the avoidance of doubt, the undertaking contained in this Condition 4 shall not apply to any security provided in connection with asset backed securities issued by a special purpose vehicle where the Issuer or the Guarantor is the originator of the underlying assets.

**5. Interest**

**(a) Fixed Rate Notes**

The Fixed Rate Notes bear interest from, and including, April 2, 2024. The 2026 Notes bear interest at the rate of 5.050 per cent. per annum, the 2027 Notes bear interest at the rate of 4.900 per cent. per annum, the 2029 Notes bear interest at the rate of 4.900 per cent. per annum and the 2034 Notes bear interest at the rate of 5.150 per cent. per annum. Interest in respect of the 2026 Notes shall be payable semi-annually in arrears on April 2 and October 2 in each year (each a “2026 Notes Interest Payment Date”), commencing on October 2, 2024 to, but excluding, April 2, 2026 (the “2026 Notes Maturity Date”). Interest in respect of the 2027 Notes shall be payable semi-annually in arrears on April 2 and October 2 in each year (each a “2027 Notes Interest Payment Date”), commencing on October 2, 2024 to, but excluding, April 2, 2027 (the “2027 Notes Maturity Date”). Interest in respect of the 2029 Notes shall be payable semi-annually in arrears on April 2 and October 2 in each year (each a “2029 Notes Interest Payment Date”), commencing on October 2, 2024 to, but excluding, April 2, 2029 (the “2029 Notes Maturity Date”). Interest in respect of the 2034 Notes shall be payable semi-annually in arrears on April 2 and October 2 in each year (each a “2034 Notes Interest Payment Date” and together with the 2026 Notes Interest Payment Date, 2027 Notes Interest Payment Date and the 2029 Notes Interest Payment Date, each a “Fixed Rate Notes Interest Payment Date”), commencing on October 2, 2024 to, but excluding, April 2, 2034 (the “2034 Notes Maturity Date”). Interest will be paid subject to and in accordance with the provisions of Condition 7 (*Payments*).

Interest will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each.

**(b) Floating Rate Notes**

The Floating Rate Notes bear interest from, and including, April 2, 2024. Interest in respect of the Floating Rate Notes shall be reset on a quarterly basis, and payable quarterly in arrears on January 2, April 2, July 2 and October 2 of each year (each a “Floating Rate Notes Interest Payment Date”) commencing on July 2, 2024 to, but excluding, the Floating Rate Notes Interest Payment Date falling on or nearest to April 2, 2026 (the “Floating Rate Notes Maturity Date”). If any Floating Rate Notes Interest Payment Date, other than the Floating Rate Notes Maturity Date, would otherwise be a day that is not a Business Day, the applicable Floating Rate Notes Interest Payment Date will be postponed to the next succeeding day that is a Business Day, except that if the next succeeding Business Day falls in the next succeeding calendar month, the applicable Floating Rate Notes Interest Payment Date will be the immediately preceding Business Day. If the Floating Rate Notes Maturity Date is a day that is not a Business Day, the payment of principal of, and interest on, the Floating Rate Notes will be made on the next succeeding Business Day, and no interest will accrue for the period from and after the Floating Rate Notes Maturity Date.

The rate of interest for any Floating Rate Notes Interest Period will be equal to Compounded SOFR, as determined by the Calculation Agent, plus a margin of 0.550% per annum (the “Floating Rate Spread,” and Compounded SOFR plus Floating Rate Spread, the “Floating Interest Rate”), *provided that*, if the sum of the Compounded SOFR and the applicable Floating Rate Spread is less than 0.000% for any Floating Rate Notes Interest Period, then the Floating Interest Rate for such Floating Rate Notes Interest Period will be deemed to be 0.000%.

**Compounded SOFR**

The amount of interest accrued and payable on the Floating Rate Notes for each Floating Rate Notes Interest Period will be equal to the product of (i) the outstanding principal amount of the Floating Rate Notes multiplied by (ii) the product of (a) the Floating Interest Rate for the relevant Floating Rate Notes Interest Period multiplied by (b) the quotient of the actual number of calendar days in such Floating Rate Notes Interest Period divided by 360.

“Compounded SOFR” means, with respect to any Floating Rate Notes Interest Period, the rate computed in accordance with the following formula set forth below (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655)):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} \dots 1 \right) \times \left( \frac{360}{d_c} \right)$$

where:

“SOFR Index<sub>Start</sub>” is the SOFR Index value for the day which is two U.S. Government Securities Business Days preceding the first date of the relevant Floating Rate Notes Interest Period;

“SOFR Index<sub>End</sub>” is the SOFR Index value for the day which is two U.S. Government Securities Business Days preceding the latter Floating Rate Notes Interest Payment Date relating to such Floating Rate Notes Interest Period; and

“d<sub>c</sub>” is the actual number of calendar days from (and including) SOFR Index<sub>Start</sub> to (but excluding) SOFR Index<sub>End</sub> (the actual number of calendar days in the applicable Observation Period).

“SOFR Index” means, for purposes of determining Compounded SOFR, with respect to any U.S. Government Securities Business Day:

- (1) the SOFR Index value as published by the New York Federal Reserve as such index appears on the New York Federal Reserve’s Website at 3:00 P.M., New York City time, on such U.S. Government Securities Business Day (the “SOFR Determination Time”); *provided that*:

- (2) if a SOFR Index value does not so appear as specified in (1) above at the SOFR Determination Time, then:

(i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Secured Overnight Financing Rate, then Compounded SOFR shall be the rate determined pursuant to the “SOFR Index Unavailable” provisions described below; or



(ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Secured Overnight Financing Rate, then Compounded SOFR shall be the rate determined pursuant to the “*Effect of a Benchmark Transition Event*” provisions described below.

“Secured Overnight Financing Rate” means the daily secured overnight financing rate as provided by the New York Federal Reserve on the New York Federal Reserve’s Website.

#### SOFR Index Unavailable

If a SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> is not published on the associated Floating Rate Notes Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Secured Overnight Financing Rate, “Compounded SOFR” means, for the applicable Floating Rate Notes Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated by the Calculation Agent in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the New York Federal Reserve’s Website at <https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information>. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to “calculation period” shall be replaced with “Observation Period” and the words “that is, 30-, 90-, or 180- calendar days” shall be removed. If the daily Secured Overnight Financing Rate (“SOFR<sub>i</sub>”) does not so appear for any day, “i” in the Observation Period, SOFR<sub>i</sub> for such day “i” shall be the Secured Overnight Financing Rate published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve’s Website.

#### Effect of a Benchmark Transition Event

If BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Floating Rate Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, pursuant to this section, including a determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (1) will be conclusive and binding absent manifest error;
- (2) will be made in the sole discretion, after consultation with the Calculation Agent, of BMW Group or BMW Group’s designee; and
- (3) notwithstanding anything to the contrary in the documentation relating to the Floating Rate Notes, shall become effective without consent from the holders of the Floating Rate Notes or any other party.

For the avoidance of doubt, in no event shall the Calculation Agent be solely responsible for determining if the Benchmark Transition Event has occurred or the Benchmark Replacement Date or any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by BMW Group or BMW Group’s designee and will have no liability for such actions taken at the direction of BMW Group or BMW Group’s designee. None of the Fiscal Agent, the Calculation Agent, the Paying Agent, the Transfer Agent or the Registrar will have any liability for any determination made by or on behalf of BMW Group or BMW Group’s designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

“Benchmark” means, initially, Compounded SOFR, as such term is defined above; provided that, if BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR Index used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, as of the Benchmark Replacement Date:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Calculation Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of the Floating Rate Notes Interest Period, timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, decides that adoption of any portion of such market practice is not administratively feasible or if BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, determines that no market practice for use of the Benchmark Replacement exists, in such other manner as BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, determines is reasonably necessary).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

For the avoidance of doubt, for purposes of the definitions of Benchmark Replacement Date and Benchmark Transition Event, references to Benchmark also include any reference rate underlying such Benchmark.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“ISDA” means the International Swaps and Derivatives Association, Inc.

“ISDA Definitions” means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“New York Federal Reserve” means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate).

“New York Federal Reserve’s Website” means the website of the New York Federal Reserve, currently at <http://www.newyorkfed.org>, or any successor source.

“Observation Period” means the period from and including two U.S. Government Securities Business Days preceding a Floating Rate Notes Interest Payment Date to but excluding two U.S. Government Securities Business Days preceding the next Floating Rate Notes Interest Payment Date, provided that the first Observation Period shall be from and including two U.S. Government Securities Business Days preceding the Issue Date to but excluding the date that is two U.S. Government Securities Business Days preceding the first Floating Rate Notes Interest Payment Date.

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (2) if the Benchmark is not Compounded SOFR, the time determined by BMW Group or BMW Group’s designee, in consultation with the Calculation Agent, after giving effect to the Benchmark Replacement Conforming Changes.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“U.S. Government Securities Business Day” means a day other than a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government securities.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

If the Floating Rate Notes become due and payable under Condition 9 (*Events of Default*), the final Floating Rate Notes Interest Determination Date shall be deemed to be the date on which the Floating Rate Notes became due and payable and the interest rate on the Floating Rate Notes shall, for so long as any such Floating Rate Notes remain outstanding, be the interest rate determined on such date.

**(c) Default Interest**

Each Note will cease to bear interest from (and including) the due date for redemption unless, after surrender of such Note, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at the rate specified above (after as well as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after notice has been given to the Noteholders in accordance with Condition 15 (*Notices*) that the Fiscal Agent has received all sums due in respect of the Notes up to such seventh day (except, in the case of payment to the Fiscal Agent, to the extent that there is any subsequent default in payment in accordance with these Conditions).

**(d) Calculation Agent**

All determinations made by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and the holders of the Floating Rate Notes. The Calculation Agent may not resign its duties without a successor having been so appointed.

**6. Redemption, Purchase and Cancellation**

**(a) Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on the relevant Maturity Date plus any accrued and unpaid interest thereon to, but not including, the relevant Maturity Date.

**(b) Redemption for Taxation Reasons**

If as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective (or, in the case of a change in the official interpretation, is announced) after April 2, 2024 (or if such jurisdiction became a Relevant Jurisdiction on a date after April 2, 2024, such later date), on the next Interest Payment Date the Issuer (or, if the Guarantee were called, the Guarantor) would be required to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) with respect to Notes of any Tranche, then the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders of that Tranche in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the Notes of the relevant Tranche at any time (in the case of the Fixed Rate Notes) or on any Floating Rate Notes Interest Payment Date (in the case of Floating Rate Notes) at their principal amount together with accrued and unpaid interest to, but excluding, the redemption date specified in such notice. Prior to the publication of any notice

of redemption pursuant to this paragraph, the Issuer (or, as the case may be, the Guarantor) shall deliver to the Fiscal Agent an Officers' Certificate stating that the requirement referred to above will apply on the next Interest Payment Date and an opinion of independent legal advisors of recognized standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such Additional Amounts or the Issuer or the Guarantor, as the case may be, will be required to make such withholding or deduction as a result of the change or amendment. The Fiscal Agent shall be entitled to accept any such Officers' Certificate or opinion of independent legal advisors without further inquiry and shall be entitled to rely on such Officers' Certificate and opinion and, where it does so rely, shall suffer no liability whatsoever to any Noteholder or other interested person.

**(c) Purchase and Cancellation**

Each of the Issuer and the Guarantor may at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased may be held or, subject to the provisions of the final sentence of this Condition 6(c), resold or, at the discretion of the Issuer, surrendered to the Fiscal Agent for cancellation. Any Notes so cancelled will not be reissued or resold. The Notes so purchased, while held by or on behalf of the Issuer or the Guarantor, shall not entitle the holder to consent to any proposal made pursuant to Condition 12 (*Amendment, Modification and Waiver*) (or for the purposes of Condition 9 (*Events of Default*)).

Each of the Issuer and the Guarantor shall use its reasonable endeavors to ensure that no Note acquired by it or by any affiliate (as defined in Rule 144A under the Securities Act) of it is resold by the acquirer, except to the Issuer, the Guarantor or any of their respective affiliates (as so defined), unless, upon completion of such sale, such Note would not be a restricted security within the meaning of Rule 144A under the Securities Act.

**(d) Optional Redemption of the Fixed Rate Notes Only**

Prior to the date which is (i) in the case of the 2026 Notes, the 2026 Notes Maturity Date, (ii) in the case of the 2027 Notes, the 2027 Notes Maturity Date, (iii) in the case of the 2029 Notes, one month prior to the 2029 Notes Maturity Date (the "2029 Notes Par Call Date") or (iv) in the case of the 2034 Notes, three months prior to the 2034 Notes Maturity Date (the "2034 Notes Par Call Date", and together with the 2029 Notes Par Call Date, 2026 Notes Maturity Date and the 2027 Notes Maturity Date, the "Par Call Dates" and each a "Par Call Date"), the Issuer may redeem any Tranche of Fixed Rate Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) for such Notes equal to the greater of:

(i) (a) the sum of the present values of the remaining scheduled payments of principal and interest on the relevant series of Notes to be redeemed discounted to the relevant redemption date (assuming such Notes matured on the applicable Par Call Date, the "Redemption Date") on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 10 basis points in the case of the 2026 Notes, 10 basis points in the case of the 2027 Notes, 15 basis points in the case of the 2029 Notes and 15 basis points in the case of the 2034 Notes *less* (b) interest accrued to the relevant Redemption Date, and

(ii) 100% of the principal amount of the Notes of the relevant series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the relevant Redemption Date.

In the case of the 2029 Notes and 2034 Notes, on or after the relevant Par Call Date, the Issuer may redeem the relevant Tranche of Fixed Rate Notes, in whole or in part, at any time and from time to time, at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the relevant Redemption Date.

For purposes of this clause (d):

“Treasury Rate” means, with respect to any Redemption Date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the relevant Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities—Treasury constant maturities—Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the relevant Redemption Date to the applicable Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the applicable Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the relevant Redemption Date.

If on the third Business Day preceding the Redemption Date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the applicable Par Call Date, as applicable. If there is no United States Treasury security maturing on the applicable Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the applicable Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the applicable Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the applicable Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

The Issuer will give notice of any optional redemption of the Fixed Rate Notes in accordance with Condition 15 (*Notices*) not less than 10 days and not more than 60 days before the Redemption Date to each holder of the Fixed Rate Notes to be redeemed and any such redemption notice shall specify the Redemption Date.

Notice of any optional redemption of the Fixed Rate Notes in connection with a transaction or an event may, at the Issuer’s discretion, be given prior to the completion or the occurrence thereof. Any optional redemption or notice may, at the Issuer’s discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of a related transaction or event. At the Issuer’s discretion, the Redemption Date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the Redemption Date, or by the Redemption Date as so delayed. The Issuer will provide written notice in accordance with Condition 15 (*Notices*) to each holder of the Fixed Rate Notes to be redeemed prior to the close of business two Business Days prior to the Redemption Date if any such redemption has been rescinded or delayed.

Unless the Issuer defaults in payment of the redemption price, on and after the Redemption Date interest will cease to accrue on the Notes or portions thereof called for redemption.

**(e) Provisions relating to Partial Redemption**

If less than all of any Tranche of the Fixed Rate Notes are to be redeemed at any time, selection of such Notes for redemption will be made in compliance with the rules, if any, of any stock exchange on which the Notes are listed or, if such Notes are not then listed or there are no such applicable rules, on a *pro rata* basis. Where some but not all of the Notes in respect of which a Definitive Registered Note is issued are to be redeemed, the notice of redemption that relates to such Definitive Registered Note shall state the portion of the principal amount of the Notes to be redeemed, and where applicable, a new Definitive Registered Note in a principal amount equal to the unredeemed Notes will be issued in the name of the Noteholder thereof upon cancellation of the original Definitive Registered Note. Any such new Definitive Registered Note will be delivered to the specified office of an Agent or (at the risk and, if mailed at the request of the Noteholders otherwise than by ordinary uninsured mail, at the expense of the Noteholder) sent by mail to the Noteholder.

**7. Payments**

**(a) Principal and Interest**

Payments of principal and interest in respect of the Notes will be made to the Persons shown in the Register at the close of business on the Record Date. Each payment in respect of the Notes will be made by transfer to a U.S. dollar account maintained by or on behalf of the payee with a bank in New York City.

**(b) Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, subject to the Issuer's or the Guarantor's obligation to pay any Additional Amounts pursuant to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code or any regulations or administrative guidance promulgated thereunder or any official interpretations thereof ("FATCA"), any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any law, regulation or official guidance implementing an intergovernmental approach to FATCA.

**(c) Commissions**

No commissions or expenses shall be charged to the Noteholders in respect of any payments of principal or interest in respect of the Notes.

**(d) Payments on Business Days**

If the date for any payment of principal or interest on the Fixed Rate Notes under this Condition 7 is not a Business Day, the Noteholder shall not be entitled to payment of the amount due until the next Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

If the due date for any payment of principal or interest on the Floating Rate Notes under this Condition 7 is not a Business Day, the Noteholder shall not be entitled to payment of the amount due until the next Business Day but shall be entitled to additional interest, solely as provided for in Condition 5(b) (*Floating Rate Notes*).

**(e) Partial Payments**

If at any time a partial payment is made in respect of any Note, the Registrar shall endorse the Register with a statement indicating the amount and date of such payment.

**(f) Agents**

The initial Agents and their initial specified offices are listed below. Any of the Agents may resign in accordance with the provisions of the Fiscal Agency Agreement, and each of the Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that

while any Notes are outstanding it will maintain (i) a Fiscal Agent, (ii) a Registrar and (iii) a Paying Agent and a Transfer Agent having a specified office in New York City, and provided further that, so long as any Floating Rate Notes are outstanding, the Issuer shall procure that there shall at all times be a Calculation Agent. Notice of any change in the Agents or their specified offices will be given promptly to the Noteholders.

## **8. Taxation**

All payments under the Notes or the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (together "Taxes"), unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, shall pay such Additional Amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (i) with respect to withholding or deduction for U.S. taxes;
- (ii) to a Noteholder, or to a third party on behalf of a Noteholder, if such Noteholder or beneficial owner is liable to such Taxes in respect of such Note by reason of having some present or former connection with a Relevant Jurisdiction, including, without limitation, such Noteholder or beneficial owner being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere acquisition, holding, enforcement of, or receipt of payment with respect to, such Note;
- (iii) where such withholding or deduction would not have been imposed, assessed, levied or collected but for the failure by the Noteholder or the beneficial owner of a Note to comply, upon timely request by the Issuer addressed to the Noteholder, with any applicable certification, identification, documentation, information or other reporting requirements concerning the nationality, residence or identity of such Noteholder (or beneficial owner) or its connection with the Relevant Jurisdiction if compliance is required by a statute, treaty, regulation, or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of the tax, levy, impost, duty, charge or fee;
- (iv) if the Note is surrendered for payment more than 30 days after the Relevant Date (as defined below), except that Additional Amounts shall be payable to a Noteholder to the extent that the Noteholder would have been entitled to such Additional Amounts on surrender of such Certificate for payment on the last day of such period of 30 days;
- (v) for any estate, inheritance, gift, transfer, personal property or similar Tax;
- (vi) if the Note is presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent;
- (vii) for any Tax that is payable otherwise than by deduction or withholding from payments on or in respect of a Note;
- (viii) to any Noteholder that is a fiduciary or partnership, limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or limited liability company or a beneficial owner that would not have been entitled to such amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Notes;
- (ix) for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code or any regulations or administrative guidance promulgated thereunder or any official interpretations thereof, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any law, regulation or official guidance implementing an intergovernmental approach to FATCA;



(x) for any Taxes that are levied pursuant to the German Defence against Tax Havens Act (*Gesetz zur Abwehr von Steuervermeidung und unfairem Steuerwettbewerb und zur Änderung weiterer Gesetze*), as amended; or

(xi) in respect of any combination of the Taxes described above.

The Issuer and the Guarantor will pay any present or future stamp, issue, registration, court or documentary taxes, or any similar charges, levies or taxes levied by the jurisdiction in which the Issuer or Guarantor is incorporated on the initial issuance, execution, delivery and registration, or enforcement, of any of the Notes, any Guarantee or any other document or instrument related thereto and referred to therein.

In these Conditions, “Relevant Date” means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition 8 (“Additional Amounts”).

## **9. Events of Default**

If any of the following events (each an “Event of Default”) occurs with respect to any Tranche:

- (i) the Issuer or the Guarantor, for any reason whatsoever, fails to pay within 30 days after the relevant due date principal in respect of that Tranche, including Additional Amounts pursuant to Condition 8 (*Taxation*), if any; or
- (ii) the Issuer or the Guarantor, for any reason whatsoever, fails to pay within 30 days after the relevant due date any interest in respect of that Tranche, including Additional Amounts pursuant to Condition 8 (*Taxation*), if any; or
- (iii) the Issuer, for any reason whatsoever, fails to duly perform any other obligation under that Tranche, including, without limitation, pursuant to Condition 4 (*Negative Pledge*), or the Guarantor fails to duly perform any obligation pursuant to the Guarantee and such failure continues for more than 90 days after receipt of a written notice of such failure from the Noteholders; or
- (iv) insolvency proceedings are commenced by a court in the relevant place of jurisdiction against the Issuer or the Guarantor which shall not have been reversed or stayed within 60 days or the Issuer or the Guarantor itself institutes such proceedings, or offers or makes an arrangement for the benefit of creditors generally; or
- (v) the Issuer or the Guarantor is wound up or dissolved or shall take any action for the purpose of liquidation unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer assumes all obligations arising from these Conditions and in the case of the Guarantor assumes all obligations arising from the Guarantee; or
- (vi) the Guarantor stops payment completely (*Zahlungen ganz einstellen*) or ceases to carry on its business,

then a holder may provide written notice to the Issuer declaring all of the Notes of that Tranche due and payable, in each case at their principal amount together with accrued interest (a “Default Declaration”), *provided, however*, that a Default Declaration shall become effective only when (a) the Issuer has received Default Declarations from holders of not less than 25 per cent. in aggregate principal amount of that Tranche then outstanding (the “Relevant Threshold”), and (b) 30 days have passed from the date on which the Relevant Threshold was met, unless in the case of Condition 9(i), 9(ii) or 9(iii), the obligation has been satisfied or performed prior thereto (in which case each Default Declaration shall become null and void). Upon the Relevant Threshold being met the Issuer shall give notice thereof to the holders of that Tranche in accordance with Condition 15 (*Notices*).

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the relevant Tranche then outstanding to the effect that each Default Declaration received in relation to such Tranche should be deemed to be null and void, the Issuer shall give notice thereof to the holders of that Tranche (with a copy to the Fiscal Agent), whereupon such Default Declarations shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

#### **10. Prescription**

Claims in respect of principal and interest shall become void unless made within a period of ten years, in the case of principal, and five years, in the case of interest, from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

#### **11. Replacement of Definitive Registered Notes**

If any Definitive Registered Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or the Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantor may reasonably require. Mutilated or defaced Definitive Registered Notes must be surrendered before replacements will be issued.

#### **12. Amendment, Modification and Waiver**

##### **(a) Without Consent of Noteholders**

Notwithstanding Condition 12(b), without the consent of any Noteholder, the Issuer and the Guarantor may amend or supplement the Conditions, the Guarantee or, subject to the proviso below, the Fiscal Agency Agreement:

- (i) to cure any ambiguity, defect or inconsistency which is of a formal, minor or technical nature or which is made to correct a manifest error; or
- (ii) to make any change that would provide any additional rights or benefits to the Noteholders, *provided* that such change does not adversely affect the rights under these Conditions of any such Noteholder in any material respect; or
- (iii) in accordance with Condition 5(b).

The Fiscal Agency Agreement can only be amended provided that the relevant Agents party thereto agree to do so (and such agreement cannot be compelled by the Noteholders).

##### **(b) With Consent of Noteholders**

- (i) Except as provided in Condition 12(a) and in this Condition 12(b), these Conditions, the Fiscal Agency Agreement and/or the Guarantee may be amended or supplemented with the consent of the Issuer, the Guarantor and the holders of a majority in aggregate principal amount of any Tranche then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, any Tranche) (an “Ordinary Resolution”), and any existing Event of Default or compliance with any provision of these Conditions, the Guarantee and/or the Fiscal Agency Agreement may be waived by an Ordinary Resolution.
- (ii) Unless consented to by all holders of any then outstanding Tranche (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, any Tranche) (an “Extraordinary Resolution”), an amendment, supplement or waiver may not (with respect to any Notes of that Tranche held by a non-consenting Noteholder):
  - 1. reduce the principal amount of that Tranche whose holders must consent to an amendment, supplement or waiver;

2. reduce the principal of or change the fixed maturity of that Tranche or alter the provisions with respect to the redemption or repurchase of that Tranche;
  3. reduce the rate of or change the time for payment of interest, including default interest, on that Tranche or to vary the method of determining the rate of interest of that Tranche;
  4. waive an Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, that Tranche (except a rescission of acceleration of that Tranche by the holders of that Tranche of a majority in aggregate principal amount of the then outstanding Notes of that Tranche and a waiver of the payment default that resulted from such acceleration);
  5. make any interest or principal in respect of that Tranche payable in money other than that stated in these Conditions;
  6. make any change relating to waivers of past Events of Defaults or the rights of Noteholders to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, that Tranche (other than as permitted in (7) below);
  7. waive a redemption or repurchase payment with respect to that Tranche;
  8. modify or release any of the Guarantee in respect of that Tranche in any manner adverse to the Noteholders, other than in accordance with these Conditions and the Guarantee;
  9. make any change to the ranking of a Tranche or the Guarantee, in each case in a manner that adversely affects the rights of the Noteholders; or
  10. make any change to this Condition 12.
- (iii) The Fiscal Agency Agreement contains detailed provisions for convening meetings of Noteholders of any Tranche to consider any matter listed in Condition 12(b)(i) or Condition 12(b)(ii), which shall apply in the event that any Definitive Registered Notes have been issued.
- (iv) If and whenever the Issuer has issued and has outstanding Notes of more than one Tranche the following provisions shall have effect:
- (1) a resolution which affects the Notes of only one Tranche shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Tranche or by a separate resolution of the holders of the Notes of that Tranche;
  - (2) a resolution which affects the Notes of more than one Tranche but does not give rise to a conflict of interest between the holders of Notes of any of the Tranches so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Tranches so affected or by single resolution of the Notes of all the Tranches so affected;
  - (3) a resolution which affects the Notes of more than one Tranche and gives or may give rise to a conflict of interest between the holders of the Notes of one Tranche or group of Tranches so affected and the holders of the Notes of another Tranche or group of Tranches so affected shall be deemed to have been duly passed only if it is duly passed at separate meetings of the holders of the Notes of each Tranche or group of Tranches so affected or by separate resolutions of the holders of the Notes of each Tranche or group of Tranches so affected; and
  - (4) to all such resolutions all the preceding provisions of this Condition 12 shall *mutatis mutandis* apply as though references therein to Notes, Noteholders and

holders were references to the Notes of the Tranche or group of Tranches in question or to the holders of such Notes, as the case may be.

The consent of the Noteholders is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. Noteholders may give consent to any proposal made pursuant to this Condition 12 by way of electronic consents through the relevant clearing system(s) or as directed in the documentation prepared by the Issuer or the Guarantor, as the case may be, in respect of such proposal.

For the purposes of Condition 9 (*Events of Default*) and this Condition 12, those Notes (if any) which are for the time being held by any person (including but not limited to the Issuer or the Guarantor) for the benefit of the Issuer or the Guarantor or by any public body owned or controlled, directly or indirectly, by the Issuer or the Guarantor shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**(c) Supplements to the Fiscal Agency Agreement**

In order to make any modification to the Conditions, the Fiscal Agency Agreement or the Guarantee pursuant to this Condition 12, the Issuer, the Guarantor and the Fiscal Agent shall execute a supplemental fiscal agency agreement and/or a supplemental guarantee, as applicable. Following the execution of such supplemental fiscal agency agreement and/or such supplemental guarantee, as applicable, the Conditions, the Guarantee or the Fiscal Agency Agreement, as the case may be, shall be deemed modified in accordance therewith, and such supplemental fiscal agency agreement and/or such supplemental guarantee, as applicable, shall form part of the Fiscal Agency Agreement and/or the Guarantee, as applicable, for all purposes and every Noteholder shall be bound thereby.

**(d) Revocation and Effect of Consents**

Until an amendment, supplement or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by the Noteholder and every subsequent Noteholder or portion of a Note that evidences the same debt as the consenting Noteholder's Note, even if notation of the consent is not made on any Note. However, any such Noteholder or subsequent Noteholder may revoke the consent as to its Note if the Issuer or the Guarantor, as the case may be, receives written notice of revocation before the date on which the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Noteholder.

**(e) Notice of Amendment or Waiver**

As soon as reasonably practicable, after the execution by the Issuer, the Guarantor and the Fiscal Agent of any supplemental fiscal agency agreement, supplemental guarantee and/or waiver pursuant to Condition 12(b) (*With Consent of Noteholders*), the Issuer shall give notice thereof to the Noteholders of each outstanding Note affected, in accordance with Condition 15 (*Notices*), setting forth in general terms the substance of such supplemental fiscal agency agreement, supplemental guarantee and/or waiver.

**13. Substitution**

**(a) Substitution**

The Issuer shall be entitled at any time without the consent of the Noteholders of any Tranche to be substituted as issuer by any direct or indirect wholly-owned subsidiary of the Guarantor that is at the time of the substitution incorporated in a member country of the OECD or by the Guarantor (such substituted issuer being the "New Issuer") in respect of all obligations arising from or in connection with the Notes of that Tranche, if:

- (i) the New Issuer assumes all obligations of the Issuer arising from or in connection with that Tranche;
- (ii) the Issuer and the New Issuer have obtained any necessary authorizations or consents from the relevant competent authorities to the effect that, as of the substitution date, the New Issuer may transfer to the relevant Paying Agent in U.S. dollars or other relevant currency without the withholding at source or deduction at source of any taxes, fees, duties, assessments or other governmental charges in the country of its incorporation and, if different where it is treated as

resident for tax purposes, all amounts required for the performance of the payment obligations arising from or in connection with that Tranche; and

- (iii) the Guarantor, if it is not itself the New Issuer, irrevocably and unconditionally guarantees such obligations of the New Issuer in the same form and with the same content as that Tranche were originally guaranteed by the Guarantor.

*The substitution of another obligor in place of the Issuer may be treated for U.S. federal income tax purposes as an exchange by the U.S. Holders of their Notes for new notes. This deemed exchange could result in recognition of taxable gain or loss for U.S. federal income tax purposes and other adverse consequences.*

**(b) Change of References**

In the event of such substitution, any reference in these Conditions to the Issuer shall from the time of such substitution be deemed to refer to the New Issuer.

**(c) Notice**

Any substitution effected in accordance with Condition 13(a) (*Substitution*) shall be binding on the Noteholders of the relevant Tranche and shall be notified to them in accordance with Condition 15 (*Notices*) not less than 15 Business Days before such substitution comes into effect.

**14. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of any of the Noteholders, to create and issue further Notes of any Tranche (“Additional Notes”) ranking equally in all respects (or in all respects save for the date for and amount of the first payment of interest thereon and the date on which such interest begins to accrue) so that the same shall be consolidated and form a single series with and increase the aggregate principal amount of the relevant Tranche then outstanding, *provided* that if such Additional Notes are not fungible with the outstanding Notes of the relevant Tranche for U.S. federal income tax purposes, such Additional Notes will be issued with a CUSIP, ISIN or other identifying number that is different from the CUSIP, ISIN or other identifying number of the outstanding Notes of that Tranche.

**15. Notices**

All notices to the Noteholders will be mailed to them at their respective addresses in the relevant Register at the time of publication of such notice or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures (or any other manner approved by the Registrar (or the Fiscal Agent on its behalf), which may be by electronic transmission). Any such notice shall be deemed to have been given on the fourth day after the date of mailing, or if the Notes are held in a clearing system, on the day after the day on which such notice is delivered to the clearing system.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Definitive Registered Note, with the relevant Registrar or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

**16. Currency Indemnity**

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with the Notes or the Guarantee, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note or the Guarantee, the Issuer or the Guarantor, as the case may be, shall indemnify such recipient against any loss sustained by it as a result. In any event, the Issuer or the Guarantor, as the case may be, shall indemnify the recipient against the cost of making any such purchase. These indemnities

constitute separate and independent obligations from the Issuer's and the Guarantor's other respective obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgences granted by any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

## **17. Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Notes, the Guarantee and the Fiscal Agency Agreement, and any non-contractual obligations arising out of or in connection with them, shall be governed by and construed in accordance with English law.

### **(b) Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Guarantee and the Fiscal Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Guarantee and the Fiscal Agency Agreement ("Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

### **(c) Agent for Service of Process**

Each of the Issuer and the Guarantor irrevocably appoints BMW (UK) Holdings Ltd of Summit ONE, Summit Avenue, GU14 0FB, Farnborough, Hampshire, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on the Notes or the Guarantee. If for any reason the Issuer or the Guarantor, as the case may be, does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## **19. Definitions**

In these Conditions:

"Additional Amounts" has the meaning assigned to such term in Condition 8 (*Taxation*).

"Business Day" except as provided in Condition 2(b) (*Delivery*), means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each of Frankfurt, London and New York City.

"Event of Default" has the meaning assigned to such term in Condition 9 (*Events of Default*).

"Floating Rate Notes Interest Period" means the period from and including a Floating Rate Notes Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) to, but excluding, the next Floating Rate Notes Interest Payment Date (or, in the case of the final Interest Period, the Floating Rate Notes Maturity Date) (the "latter Floating Rate Notes Interest Payment Date").

"IFRS" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the EU and in effect on the date hereof.

"Floating Rate Notes Interest Determination Date" means the second U.S. Government Securities Business Day preceding each Floating Rate Notes Interest Payment Date.

“Interest Payment Date” means either a Fixed Rate Notes Interest Payment Date or a Floating Rate Notes Interest Payment Date, as applicable.

“International Capital Market Indebtedness” means any issue of notes, bonds or similar debt securities with an original maturity of more than one year which are, or are intended to be, capable of being quoted, listed, dealt in or traded on any stock exchange or over the counter or other securities market.

“Maturity Date” means the 2026 Notes Maturity Date, the 2027 Notes Maturity Date, the 2029 Notes Maturity Date, the 2034 Notes Maturity Date, or the Floating Rate Notes Maturity Date, as applicable.

“Noteholder” means, in relation to a Note, the Person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named holder thereof).

“OECD” means the Organization for Economic Cooperation and Development.

“Officers’ Certificate” means a certificate signed by two officers of the Issuer or the Guarantor, as the case may be.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“Record Date” means the fifteenth day before an Interest Payment Date.

“Relevant Jurisdiction” means Germany or any other jurisdiction where the Issuer or Guarantor is then organized or resident for tax purposes, or any jurisdiction from or through which payment is made by the Issuer, the Guarantor or their paying agent, or, in each case, any political subdivision thereof; provided that, the United States or any political subdivision thereof shall not be considered a Relevant Jurisdiction.

“U.S. dollars” and “U.S.\$” means the lawful currency of the United States of America.

## FORM OF NOTES, CLEARANCE AND SETTLEMENT

### General

The Notes are being offered and sold only:

- to QIBs in reliance on Rule 144A (“Rule 144A Notes”), or
- to persons other than “U.S. persons” (as defined in Regulation S) in offshore transactions in reliance on Regulation S (“Regulation S Notes”).

The Notes will be issued in fully registered global form in minimum denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in excess thereof. Notes will be issued on the Issue Date therefor only against payment in immediately available funds.

The Rule 144A Notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the “Rule 144A Global Note”). The Rule 144A Global Note will be deposited upon issuance with Cede & Co., as custodian (the “Custodian”) for DTC in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC (including Euroclear and Clearstream, Luxembourg, as described below under “—*Depository Procedures*”).

The Regulation S Notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the “Regulation S Global Note,” together with the Rule 144A Global Note, the “Global Notes” and each a “Global Note”). The Regulation S Global Note will be deposited upon issuance with the Custodian for DTC and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC, including Euroclear and Clearstream, Luxembourg, as described below under “—*Depository Procedures*.” Interests in the Regulation S Global Note may only be held by non-U.S. persons (as defined in Regulation S).

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below under “—*Exchange of Book-Entry Notes for Certificated Notes*.”

The Notes will bear a restrictive legend as described in the Fiscal and Paying Agency Agreement. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear or Clearstream, Luxembourg), which may change from time to time.

### Exchanges Between the Regulation S Global Note and Rule 144A Global Note

Beneficial interests in the Rule 144A Global Note may be exchanged for beneficial interests in the Regulation S Global Note at any time, and beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Regulation 144A Global Note after the 40<sup>th</sup> day after the later of the commencement of the Offering and the date of the original issue of the Notes, in each case in the circumstances described below.

Beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and the transferor first delivers to the Paying Agent a written certificate to the effect that the Notes are being transferred to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act, purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only if the transferor first delivers to the Paying Agent a written certificate to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S.



Transfers involving an exchange of a beneficial interest in the Regulation S Global Note for a beneficial interest in the Rule 144A Global Note or vice versa will be effected in DTC by means of an instruction originated by the Transfer Agent.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as it remains such an interest.

### **Exchange of Global Notes for Certificated Notes**

The Global Notes are exchangeable for certificated Notes in definitive, fully registered form without interest coupons only in the following limited circumstances:

- DTC notifies the Group that it is unwilling or unable to continue as depository for the Global Notes or DTC ceases to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), at a time when DTC is required to be so registered in order to act as depository, and in each case BMW Group fails to appoint a successor depository within 90 days of such notice;
- if there shall have occurred and be continuing an Event of Default (as defined in the Fiscal and Paying Agency Agreement) with respect to the Notes (see “*Terms and Conditions of the Notes and Guarantee*”), and DTC representing a majority in aggregate principal amount of the then outstanding Notes so advises the Fiscal Agent in writing; or
- the Company has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by certificated Notes in definitive form.

In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “*Transfer Restrictions*,” unless the Obligors determine otherwise in accordance with the Fiscal and Paying Agency Agreement and in compliance with applicable law.

### **Notices**

So long as the Notes are represented by Global Notes held on behalf of DTC, notices required to be given to Noteholders may be given by their being delivered to DTC, rather than by publication as required by the Terms and Conditions.

### **Meetings**

The holder of each Global Note shall (unless such Global Note represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 principal amount of Notes for which such Global Note may be exchanged.

### **Depository Procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include

securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants").

Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes, and
- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including, in case of the Regulation S Global Note, Euroclear and Clearstream, Luxembourg) that are Participants or Indirect Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. The depositories, in turn, will hold interests in the Global Notes in customers' securities accounts in the depositories' names on the books of DTC.

All interests in the Global Notes, including those held through Euroclear or Clearstream, Luxembourg, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in the Global Notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the Notes, see "*Transfer Restrictions*."

**Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or holders thereof for any purpose.**

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be payable by the Paying Agent to DTC in its capacity as the registered holder under the Fiscal and Paying Agency Agreement. The Issuer and the Paying Agent will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Paying Agent or any agent of the Issuer or the Paying Agent has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to, or payments made on account of beneficial ownership interests in, the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes, or
- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Paying Agent or the Issuer. Neither the Issuer nor the Paying Agent will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Paying Agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Subject to the transfer restrictions described under "*Transfer Restrictions*," cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Transfers between holders of Regulation S Notes and Rule 144A Notes will be effected through the Registrar, the Transfer Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Settlement between such a buyer and seller cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account with DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Global Note among participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither the Issuer nor the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with BMW Group and the initial purchasers:

(1) You acknowledge that:

- the Securities have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and, if applicable, in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of BMW Group, that you are not acting on its behalf and that either:

- you are a QIB (as defined in Rule 144A) and are purchasing the Notes for your own account or for the account of another QIB, and you are aware that the initial purchasers are selling the Notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and you are purchasing Notes in an offshore transaction in compliance with Regulation S.

(3) You acknowledge that neither BMW Group nor the initial purchasers nor any person representing BMW Group or the initial purchasers has made any representation to you with respect to BMW Group or the offering of the Notes, other than the information contained in or incorporated by reference into this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning BMW Group and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from BMW Group or the initial purchasers.

(4) If you are a purchaser of Notes pursuant to Rule 144A, you represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You further agree, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that the Notes may be offered, sold or otherwise transferred only:

(A) to a person who the seller reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a QIB or QIBs in a transaction meeting the requirements of Rule 144A;

(B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S;

(C) pursuant to an exemption from registration pursuant to Rule 144 (if available); or

(D) pursuant to an effective registration statement under the Securities Act,

provided that as a condition to registration of transfer of the Notes, BMW Group or the Fiscal Agent may require delivery of any documents or other evidence that each of BMW Group or the Fiscal Agent, in its discretion, deems necessary or appropriate to evidence compliance with one of the exemptions referred to above, and, in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

You also acknowledge that each Rule 144A Note will contain a legend substantially to the following effect:

THIS SECURITY AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT; AND

(2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE, OR OTHERWISE TRANSFER THIS SECURITY OR THE GUARANTEE IN RESPECT HEREOF OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN, EXCEPT:

(A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF;

(B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A,

(C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER REGULATION S UNDER THE SECURITIES ACT; OR

(D) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR THE GUARANTEE IN RESPECT HEREOF IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS RESTRICTIVE LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. EACH OF THE ISSUER AND THE GUARANTOR SHALL USE ITS REASONABLE ENDEAVORS TO ENSURE THAT NO NOTE ACQUIRED BY IT OR BY ANY AFFILIATE (AS DEFINED IN RULE 144A) OF IT IS RESOLD BY THE ACQUIRER, EXCEPT TO THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE AFFILIATES (AS SO DEFINED), UNLESS, UPON COMPLETION OF SUCH SALE, SUCH NOTE WOULD NOT BE A RESTRICTED SECURITY WITHIN THE MEANING OF RULE 144A.

(5) If you are a purchaser of the Notes under Regulation S, you will be deemed to:

(A) acknowledge that the Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and, until so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below; and

(B) agree that if you should resell or otherwise transfer the Notes prior to the expiration of a distribution compliance period (defined as 40 days after the later of the closing date with respect to the Notes and the completion of the distribution of the Notes), you will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A, and (ii) in accordance with all applicable securities laws of the states of the United States or any other jurisdictions.

You also acknowledge that each Regulation S Note will contain a legend substantially to the following effect:

THIS SECURITY AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS SECURITY OR THE GUARANTEE IN RESPECT HEREOF FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY OR THE GUARANTEE IN RESPECT HEREOF IN AN OFFSHORE TRANSACTION, AND

(2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY OR GUARANTEE, PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S), ONLY

(A) TO THE ISSUER OR ANY AFFILIATE THEREOF,

(B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A,

(C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER REGULATION S UNDER THE SECURITIES ACT; OR

(D) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR THE GUARANTEE IN RESPECT HEREOF IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS RESTRICTIVE LEGEND. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. EACH OF THE ISSUER AND THE GUARANTOR SHALL USE ITS REASONABLE ENDEAVORS TO ENSURE THAT NO NOTE ACQUIRED BY IT OR BY ANY AFFILIATE (AS DEFINED IN RULE 144A) OF IT IS RESOLD BY THE ACQUIRER, EXCEPT TO THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE AFFILIATES (AS SO DEFINED), UNLESS, UPON COMPLETION OF SUCH SALE, SUCH NOTE WOULD NOT BE A RESTRICTED SECURITY WITHIN THE MEANING OF RULE 144A.

(6) You acknowledge that the Obligors, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify BMW Group and the initial purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

For a discussion of the requirements to effect exchanges or transfers of interests in the Global Notes, see “*Form of Notes, Clearance and Settlement—Exchanges Between a Regulation S Global Note and Rule 144A Global Note.*”

## TAXATION

*Prospective investors should be aware that they may be required to pay present or future taxes, fees or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions.*

*In light of the various jurisdictions in which prospective investors may be located, this Offering Memorandum does not describe any tax consequences to prospective investors except to the extent discussed under “Certain U.S. Federal Income Tax Considerations” below. Prospective investors are advised to ask for their own tax advisors’ advice on the tax consequences to them with respect to the acquisition, ownership or disposition of the Notes, including under the laws of their country of residence. Only such advisors are in a position to duly consider the specific situation of the potential investor.*

### **Certain U.S. Federal Income Tax Considerations**

The following is a discussion of certain U.S. federal income tax consequences of owning and disposing of Notes, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to acquire such Notes. This discussion applies only to the U.S. Holders and Non-U.S. Holders (both as defined below) described herein who are beneficial owners of Notes who hold Notes as capital assets for U.S. federal income tax purposes and acquire such Notes in this offering at the “issue price,” which will equal the first price at which a substantial amount of the Notes of the relevant series is sold for money to the public, not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. This discussion does not describe Medicare tax or alternative minimum tax consequences or any special tax accounting rules under Section 451 of the Internal Revenue Code of 1986 (the “Code”), nor does it describe all of the U.S. federal income tax consequences that may be relevant to investors in light of their particular circumstances or to investors subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and certain traders in securities that use a mark-to-market method of accounting;
- persons holding Notes as part of a straddle or integrated transaction;
- U.S. Holders (as described below) whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- tax-exempt organizations.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and their partners should consult their tax advisors as to the particular U.S. federal income tax consequences of purchasing, owning and disposing of the Notes.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, all of which are subject to change, possibly on a retroactive basis. Prospective purchasers should consult their own tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of purchasing, owning and disposing of Notes in their particular circumstances.

### ***Tax consequences to U.S. Holders***

As used herein, a “U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and:

- a citizen or individual resident of the United States;



- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

The Floating Rate Notes should be treated as “variable rate debt instruments” for U.S. federal income tax purposes, and the remainder of this discussion so assumes.

#### *Interest*

It is expected, and the following discussion assumes, that the Notes will be issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes. Interest (including any Additional Amounts) paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

#### *Sale, retirement or other taxable disposition of the Notes*

Upon the sale, retirement or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder’s tax basis in the Note. A U.S. Holder’s tax basis will generally be its cost for the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest, which will be taxed as described under “*Interest*” above. Gain or loss realized on the sale, retirement or other taxable disposition of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, retirement or disposition the Note has been owned for more than one year. Long-term capital gains of non-corporate U.S. Holders are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

#### *Deemed exchange event upon substitution of Issuer*

The substitution of another obligor in place of the Issuer, as described in Condition 13 (*Substitution*) under “*Terms and Conditions of the Notes and Guarantee*,” may be treated for U.S. federal income tax purposes as an exchange by the U.S. Holders of their Notes for new notes. This deemed exchange could result in recognition of taxable gain or loss for U.S. federal income tax purposes and other adverse consequences. U.S. Holders should consult their own tax advisors regarding the tax consequences of any substitution.

#### *Backup withholding and information reporting*

Information returns generally are required to be filed with the Internal Revenue Service in connection with interest payments on the Notes and proceeds from the sale, exchange, retirement or other disposition of the Notes unless the U.S. Holder is an exempt recipient and, if required, demonstrates such status. A U.S. Holder may also be subject to backup withholding unless such U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding or provides proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or allowed as a credit against a U.S. Holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

#### ***Tax consequences to Non-U.S. Holders***

As used herein, a “Non-U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and:

- an individual who is not a citizen or resident of the United States; or
- a foreign corporation.

However, “Non-U.S. Holder” does not include a person who is an individual present in the United States for 183 days or more in the taxable year of disposition of a Note and who is not otherwise a resident of the United States for U.S. federal income tax purposes or a former citizen or former resident of the United States. In either case, such

a person is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of purchasing, owning and disposing of a Note.

#### *Payments on the Notes*

Subject to the discussions below under “—*Backup withholding and information reporting*” and “—*FATCA*” payments of principal and interest on the Notes by the Issuer to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of interest:

- the Non-U.S. Holder, does not own, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Guarantor entitled to vote;
- the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership; and
- the Non-U.S. Holder certifies on a properly executed Internal Revenue Service Form W-8BEN or Form W-8BEN-E (or other applicable form or successor form), under penalty of perjury, that it is not a U.S. person.

If a Non-U.S. Holder cannot satisfy the three requirements described above and interest on the Notes is not effectively connected with its conduct of a trade or business in the United States (and thus exempt from withholding, as described below), payments of interest on the Notes will be subject to withholding tax at a rate of 30% unless an income tax treaty applies to reduce or eliminate the withholding tax and the Non-U.S. Holder properly certifies as to its entitlement to the treaty benefits under penalty of perjury (generally through the provision of a properly executed Internal Revenue Service Form W-8BEN or W-8BEN-E (or other applicable form or successor form)).

#### *Sale, exchange, retirement or other disposition of the Notes*

Subject to the discussions below under “—*Backup withholding and information reporting*” and “—*FATCA*” a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on gain realized on the sale, exchange, retirement or other disposition of a Note, unless the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States, subject to an applicable income tax treaty providing otherwise. However, any proceeds attributable to accrued interest will be treated as described above under “—*Payments on the Notes.*”

#### *Effectively connected income*

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest or gain on the Note is effectively connected with the conduct of this trade or business (and is attributable to the Non-U.S. Holder’s U.S. permanent establishment, if required under any applicable income tax treaty), the Non-U.S. Holder, although exempt from the withholding tax discussed above, will generally be taxed in the same manner as a U.S. Holder (see “—*Tax consequences to U.S. Holders*” above), except that the Non-U.S. Holder will be required to provide to the payor a properly executed Internal Revenue Service Form W-8ECI (or other applicable form or successor form) in order to claim an exemption from withholding tax. These Non-U.S. Holders should consult their own tax advisors with respect to the U.S. tax consequences of the purchase, ownership and disposition of Notes, including the possible imposition of a 30% branch profits tax in the case of corporate Non-U.S. Holders.

#### *Backup withholding and information reporting*

Information returns are required to be filed with the U.S. Internal Revenue Service in connection with interest payments on the Notes. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, information reports may also be filed with the U.S. Internal Revenue Service in connection with the proceeds from a sale, exchange, retirement or other disposition of the Notes and the Non-U.S. Holder may be subject to U.S. backup withholding on payments on the Notes or on the proceeds from a sale, exchange, retirement or other disposition of the Notes. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid backup withholding as well. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

## **FATCA**

Provisions commonly referred to as “FATCA” impose withholding of 30% on payments of U.S.-source interest (such as interest paid on the Notes) made to “foreign financial institutions” (which is broadly defined for this purpose and in general includes investment vehicles and financial institutions), and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) are satisfied or an exemption applies. Although the FATCA legislation would also impose withholding on payments of gross proceeds from the disposition of Notes, under proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding on gross proceeds would apply. If FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld (See Condition 7(b) (*Payments—Payments subject to Applicable Laws*) and Condition 8 (*Taxation*) under “*Terms and Conditions of the Notes and Guarantee*”). If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally will be entitled to a refund of any amounts so withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Prospective investors should consult their tax advisors regarding the effects of FATCA on their investment in the Notes and their ability to obtain a refund of any FATCA withholding.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement among the Obligor and the initial purchasers, each initial purchaser named below has agreed to purchase the principal amount of the Notes set forth opposite its name below.

<b>Initial Purchasers</b>	<b>Principal Amount of the 2026 Notes</b>	<b>Principal Amount of the 2027 Notes</b>	<b>Principal Amount of the 2029 Notes</b>	<b>Principal Amount of the 2034 Notes</b>	<b>Principal Amount of the Floating Rate Notes</b>
HSBC Securities (USA) Inc. ....	120,000,000	130,000,000	160,000,000	100,000,000	140,000,000
J.P. Morgan Securities LLC .....	120,000,000	130,000,000	160,000,000	100,000,000	140,000,000
Morgan Stanley & Co. LLC .....	120,000,000	130,000,000	160,000,000	100,000,000	140,000,000
RBC Capital Markets, LLC .....	120,000,000	130,000,000	160,000,000	100,000,000	140,000,000
SMBC Nikko Securities America, Inc. ....	120,000,000	130,000,000	160,000,000	100,000,000	140,000,000
<b>Total</b> .....	<b>600,000,000</b>	<b>650,000,000</b>	<b>800,000,000</b>	<b>500,000,000</b>	<b>700,000,000</b>

The obligations of the initial purchasers under the purchase agreement are subject to the satisfaction of certain conditions. The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. The purchase agreement provides that the initial purchasers will purchase all of the Notes if any of them are purchased. The Issuer and the Guarantor will pay the initial purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

The initial purchasers initially propose to offer the Notes for resale at the issue prices that appears on the cover of this Offering Memorandum. After the initial offering, the initial purchasers may change the offering prices and any other selling terms. The initial purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Obligor have agreed that:

- up to and including the settlement date, without the prior written consent of the representatives, they will not offer, sell, contract to sell, pledge or otherwise dispose of any substantially similar debt securities issued or guaranteed by the Issuer or the Guarantor, as the case may be, and having a tenor of more than one year and denominated in U.S. dollars, except for any debt securities issued or sold outside the United States; and
- they will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act.

The Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. In the purchase agreement, each initial purchaser has agreed that:

- the Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the Notes, it will offer or sell Notes only to QIBs in the United States in reliance on Rule 144A and outside the United States in compliance with Regulation S.

In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

No action has been taken by the Issuer, the Guarantor or the initial purchasers that would permit a public offering of the Notes described in this Offering Memorandum in any jurisdiction where action for that purpose is required. The Notes offered by this Offering Memorandum may not be offered or sold, directly or indirectly, nor may this Offering Memorandum or any other offering material or advertisements in connection with the offer and sale of the Notes be distributed or published in any jurisdiction, except under circumstances that will result in

compliance with applicable laws and regulations of that jurisdiction. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about, and to observe, any restrictions relating to the offering of the Notes and the distribution of this Offering Memorandum. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase the Notes in any jurisdiction in which such an offer or a solicitation is unlawful.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under “*Transfer Restrictions*.” The Obligors do not intend to apply for the Notes to be listed on any securities exchange or to arrange for the Notes to be quoted on any automated dealer quotation system. The initial purchasers have advised the Obligors that they intend to make a market in the Notes, but they are not obligated to do so. The initial purchasers may discontinue any market making in the Notes at any time in their sole discretion without notice. Accordingly, the Obligors cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the offering of the Notes, the initial purchasers may overallocate Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the initial purchasers (or persons acting on their behalf) will undertake stabilization actions. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the Issue Date and 60 days after the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the initial purchasers in accordance with applicable laws and rules.

The Obligors expect that delivery of the Notes will be made against payment on the respective Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on any date prior to two business days before delivery will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the initial purchasers or their affiliates may have a lending relationship with the Issuer, the Guarantor or their respective affiliates. Certain of the initial purchasers or their affiliates routinely hedge, and certain of the initial purchasers or their affiliates may hedge, their credit exposure to the Group consistent with their customary risk management policies. A typical hedging strategy would include these initial purchasers or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Group’s securities, including potentially any Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments (including serving as counterparties to certain derivative and hedging arrangements) and may actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities trading activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Notice to Prospective Investors in the European Economic Area**

### ***Prohibition of Sales to EEA Retail Investors***

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum in relation thereto to any retail investor in the European Economic Area (the “EEA”). For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or
  - (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) No. 2017/1129, as amended (the “Prospectus Regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **Notice to Prospective Investors in the United Kingdom**

### ***Prohibition of Sales to UK Retail Investors***

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”), and any rules or regulations made under the FSMA to implement Directive 2016/97/EU, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each initial purchaser has represented and agreed with the Obligor that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Obligor; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Notice to Prospective Investors in Switzerland**

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”), except under the following exemptions under the FinSA:

- (i) to any investor that qualifies as a professional client within the meaning of the FinSA; and
- (ii) in any other circumstances falling within art. 36 of the FinSA;

*provided*, in each case, that no such offer of Notes referred to in (i) and (ii) above shall require the publication of a prospectus for offers of Notes pursuant to the FinSA.

The Notes have not and will not be listed or admitted to trading on the SIX Swiss Exchange or on any other trading venue (exchange or multilateral trading facility) in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to the FinSA. Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Notes or the Issuer have been or will be filed with or approved by any review body (*Prüfstelle*) or other Swiss regulatory authority.

### **Notice to Prospective Investors in Canada**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of National Instrument 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **Notice to Prospective Purchasers in Hong Kong**

Each initial purchaser has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than: (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “Prospectus” as defined in the Companies Ordinance (Winding Up and Miscellaneous Provisions Ordinance) (Cap. 32) of Hong Kong (the “Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO (Cap. 571) and any rules made under the SFO.

### **Notice to Prospective Purchasers in Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act and are subject to the Act on Special Taxation Measures. The Notes may not be offered or sold directly or indirectly in Japan or to, or for the benefit of, any person resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale directly or indirectly in Japan or to, or for the benefit of, any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and governmental guidelines of Japan. In addition, as part of the initial distribution by the initial purchasers, the Notes are not at any time to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient to others for reoffering or resale, directly or indirectly, to, or for the benefit of, any person other than a Gross Recipient. A Gross Recipient for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Issuer as described in Article 6, paragraph (4) of the Act on Special Taxation Measures, (ii) a Japanese financial institution, designated in Article 3-2-2, paragraph (28) of the Cabinet Order, relating to the Act on Special Taxation Measures that will hold the Notes for its own proprietary account or (iii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2 2, paragraph (2) of the Cabinet Order.

### **Notice to Prospective Purchasers in Singapore**

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore, other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### **Notice to Prospective Purchasers in the United Arab Emirates**

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (including the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Offering Memorandum does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Offering Memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority of the United Arab Emirates or, in the Dubai International Financial Centre, or the Dubai Financial Services Authority.



## **LEGAL MATTERS**

The validity of the Notes offered hereby will be passed upon for the Issuer by Davis Polk & Wardwell London LLP, London, United Kingdom. Certain legal matters in connection with the offering of the Notes will be passed upon for the initial purchasers by Latham & Watkins (London) LLP, London, United Kingdom and Latham & Watkins LLP, Frankfurt am Main, Germany.

## INDEPENDENT AUDITORS

The Group's audited consolidated financial statements as of and for the financial years ended December 31, 2023 and 2022, and the respective combined management reports, have been audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and the EU Audit Regulation (No. 537/2014) by the Group's independent auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany.

The aforementioned financial statements and selected parts of the combined management reports are incorporated by reference into this Offering Memorandum. See "*Incorporation of Certain Information by Reference.*"

**REGISTERED OFFICE OF THE ISSUER**

**BMW US Capital, LLC**  
300 Chestnut Ridge Road  
Woodcliff Lake, NJ 07677  
United States of America

**REGISTERED OFFICE OF THE GUARANTOR**

**Bayerische Motoren Werke Aktiengesellschaft**  
Petuelring 130  
80788 Munich  
Federal Republic of Germany

**LEGAL ADVISORS TO THE OBLIGORS**

*as to the laws of the United States  
and England and Wales*

**Davis Polk & Wardwell London LLP**  
5 Aldermanbury Square  
London EC2V 7HR  
United Kingdom

**LEGAL ADVISORS TO THE INITIAL PURCHASERS**

*as to the laws of the United States, England and Wales and Germany*

**Latham & Watkins**  
99 Bishopsgate  
London EC2M 3XF  
United Kingdom

**Latham & Watkins**  
Die Welle, Reuterweg 20  
60323 Frankfurt am Main  
Federal Republic of Germany

**INDEPENDENT AUDITORS OF THE GUARANTOR**

**PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft**  
Bernhard-Wicki-Straße 8  
80636 Munich  
Federal Republic of Germany

**FISCAL AGENT AND  
TRANSFER AGENT**

**The Bank of New York Mellon,  
London Branch**  
160 Queen Victoria Street  
London, EC4V 4LA  
United Kingdom

**PAYING AGENT,  
CALCULATION AGENT AND  
TRANSFER AGENT**

**The Bank of New York Mellon**  
240 Greenwich Street  
New York, NY 10286  
United States of America

**REGISTRAR**

**The Bank of New York Mellon  
SA/NV, Dublin Branch**  
Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2, Ireland

**BMW US Capital, LLC**

**U.S.\$600,000,000 5.050% Notes due 2026**  
**U.S.\$650,000,000 4.900% Notes due 2027**  
**U.S.\$800,000,000 4.900% Notes due 2029**  
**U.S.\$500,000,000 5.150% Notes due 2034**  
**U.S.\$700,000,000 Floating Rate Notes due 2026**

fully and unconditionally guaranteed by

**Bayerische Motoren Werke Aktiengesellschaft**



**OFFERING MEMORANDUM**

**March 25, 2024**

**HSBC**  
**J.P. Morgan**  
**Morgan Stanley**  
**RBC Capital Markets**  
**SMBC Nikko**