

## 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.

**IMPORTANT: You must read the following before continuing.** The following applies to 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.

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 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 ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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.

**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 under the Securities Act) 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 (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 each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (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.



## BMW US Capital, LLC

**U.S.\$600,000,000 3.250% Notes due 2025**  
**Issue price: 99.906%**

**U.S.\$500,000,000 3.450% Notes due 2027**  
**Issue price: 99.895%**

**U.S.\$500,000,000 3.700% Notes due 2032**  
**Issue price: 99.727%**

**U.S.\$400,000,000 Floating Rate Notes due 2025**  
**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 3.250% Notes due 2025 (the “2025 Notes”), U.S.\$500,000,000 aggregate principal amount of 3.450% Notes due 2027 (the “2027 Notes”) and U.S.\$500,000,000 aggregate principal amount of 3.700% Notes due 2032 (the “2032 Notes”) and together with the 2025 Notes and the 2027 Notes, the “Fixed Rate Notes”) and U.S.\$400,000,000 aggregate principal amount of Floating Rate Notes due 2025 (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 2025 Notes will bear interest at a rate of 3.250% per annum, the 2027 Notes will bear interest at a rate of 3.450% per annum and the 2032 Notes will bear interest at a rate of 3.700% per annum. Interest on the 2025 Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2022. Interest on the 2027 Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2022. Interest on the 2032 Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2022.

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 0.840% per annum. Interest on the Floating Rate Notes will be reset quarterly, and is payable quarterly on January 1, April 1, July 1 and September 1 of each year, commencing on July 1, 2022.

The 2025 Notes will mature on April 1, 2025, the 2027 Notes will mature on April 1, 2027, the 2032 Notes will mature on April 1, 2032, and the Floating Rate Notes will mature on April 1, 2025. 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 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 14 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 1, 2022 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*

**Barclays**

**Citigroup**

**Credit Agricole CIB**

**Mizuho  
Securities**

**Morgan Stanley**

The date of this Offering Memorandum is March 28, 2022.

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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 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 (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.

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.

## **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 Obligor or any of the initial purchasers to publish a prospectus for such offer. Neither the Obligor nor any of the initial purchasers have authorized, nor do the Obligor 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 each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (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 (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**

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, and if the Issuer has not notified the initial purchasers on the classification of the notes under and pursuant to Section 309(B)(1) of the Securities and Futures Act, Chapter 289 Singapore, this Offering Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes and the Guarantee may not be circulated or distributed, nor may the Notes and the Guarantee be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”)) pursuant to Section 274 of



the Securities and Futures Act, (ii) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Securities are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the Securities and Futures Act; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **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, 2021 and 2020.

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.

In 2020, BMW Group reviewed and revised its policies and procedures for the reporting of retail vehicle delivery data for automobiles in order to further improve the reliability and validity of its retail vehicle delivery data, in particular with respect to the timing of the recognition of retail vehicle deliveries (the "Revised Reporting Process"). BMW Group has applied the Revised Reporting Process to all markets with effect from the year 2020.

While BMW Group revised retail vehicle delivery data for certain of its most significant markets for the year 2019 presented in this Offering Memorandum, such data were not revised for BMW Group's other markets. As a result, retail vehicle delivery data presented in this Offering Memorandum for the year 2019 is not directly comparable to such data presented for the years 2020 and 2021 and subsequent periods. Specifically, the retail vehicle delivery data for automobiles presented in this Offering Memorandum have been revised as follows:

- When presenting total retail vehicle delivery data for automobiles other than model-by-model data, data relating to the year 2019 for BMW Group's 16 most significant markets were adjusted to reflect the Revised Reporting Process. In the years 2019, 2020 and 2021, these 16 markets represented 87.6%, 88.6% and 87.7%, respectively, of BMW Group's total retail deliveries of automobiles. For the year 2019, these revisions amounted to less than 1% of BMW Group's total retail deliveries of automobiles.
- When presenting model-by-model retail vehicle delivery data, data relating to the year 2019 for six of BMW Group's most significant markets (China, the United States, Germany, the United Kingdom, Japan and Italy) were adjusted to reflect the Revised Reporting Process. In the years 2019, 2020 and 2021, these six markets represented 70.7%, 71.2% and 70.1%, respectively, of BMW Group's total retail deliveries of automobiles.

The retail vehicle delivery data for automobiles for BMW Group's other markets have not been adjusted for any period prior to 2020, nor have any retail vehicle delivery data for motorcycles been adjusted for any period prior to 2020. BMW Group believes the impact on BMW Group's retail vehicle delivery data presented in this Offering Memorandum of such data not having been adjusted to reflect the Revised Reporting Process to be immaterial.

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:

- 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.
  - In 2019, deliveries of service loaner vehicles and demonstrator vehicles in the United States and Canada represented approximately 19.2% and 6.1%, respectively, of BMW Group's total retail vehicle deliveries of automobiles in the United States and Canada.
  - In 2020, deliveries of service loaner vehicles and demonstrator vehicles in the United States and Canada represented approximately 16.2% and 3.7%, respectively, of BMW Group's total retail vehicle deliveries of automobiles in the United States and Canada.
  - In 2021, deliveries of service loaner vehicles and demonstrator vehicles in the United States and Canada represented approximately 8.6% and 15.2%, respectively, of BMW Group's total retail vehicle deliveries of automobiles in the United States and Canada.

- In the United States, approximately 93% of the service loaner vehicles and approximately 98% of the demonstrator vehicles delivered in the years 2019 through 2021 were, within one year from the relevant date of delivery, sold by the relevant dealer as used or new automobiles to consumers, and in Canada, approximately 98% of the service loaner vehicles and approximately 97% of the demonstrator vehicles delivered in the years 2019 through 2021 were, within one year from the relevant date of delivery, sold by the relevant dealer as used or new automobiles to consumers; such subsequent sales were not counted as deliveries.
- In 2021, the average number of days for which a vehicle was designated as a service loaner vehicle or demonstrator vehicle before it was sold by the relevant dealer was 219 and 67, respectively, in the United States, and 120 and 118 days, respectively, in Canada.
- 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 periods ending prior to or on June 30, 2020 include an immaterial number of pre-series vehicles that were never intended to be sold to end users (such as vehicles for use by government agencies in connection with safety evaluations (*e.g.*, crash tests) or for other tests).
- 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.

## 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 Report 2021:	
Combined Management Report —Financial Performance:	
—Earnings Performance of the BMW Group ( <i>except for the seventh paragraph on page 100</i> ); —Financial Position of the BMW Group; —Refinancing; and —Net Assets Position of the BMW Group.....	98-106
Combined Management Report—Financial Performance—Course of Business:	
—Automotive segment—Results of operations of the Automotive segment ( <i>except for the sixth and ninth paragraph on page 113</i> ) .....	113
—Motorcycles segment—Results of operations of the Motorcycles segment ( <i>except for the first and third paragraph</i> ).....	115
—Financial Services segment— Record segment profit before tax; and Results of operations of the Financial Services segment ( <i>except for the fourth and fifth paragraph</i> ) .....	115-116
—Other Entities segment / Eliminations.....	116
Group Financial Statements .....	148-246
Responsibility Statement by the Company’s Legal Representatives .....	258
Independent Auditor’s Report.....	259-266 <sup>1</sup>

(together, the “**2021 Annual Report Excerpts**”)

<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 balance sheet for the group at December 31, 2021, the income statement for the group, statement of comprehensive income for the group, statement of changes in equity for the group and cash flow statement for the group for the financial year from January 1, 2021 to December 31, 2021, and notes to the group financial statements, including a summary of significant accounting policies, and the combined management report for the financial year from January 1, 2021 to December 31, 2021. 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 Report 2020:	
Combined Management Report—Report on Economic Position—Comparison of Forecasts with Actual Outcomes:	
—Results of Operations of the BMW Group ( <i>except for the first paragraph on page 133</i> ); —Financial Position of the BMW Group; —Refinancing; and —Net Assets of the BMW Group .....	130-137 <sup>2</sup>
—Results of Operations by Segment .....	140-141
Combined Management Report—Report on Economic Position—Review of Operations:	
—Automotive Segment—Automotive Segment Performance ( <i>except for the sixth, ninth and tenth paragraph on page 146</i> ) .....	146-147
—Motorcycles Segment—Motorcycles Segment Performance ( <i>except for the second, fourth and fifth paragraph</i> ) .....	149
—Financial Services Segment—Financial Services Segment Performance ( <i>except for the fourth and fifth paragraph</i> ) and —Change in Risk Profile .....	152-153
—Other Entities Segment / Eliminations .....	153
Group Financial Statements .....	186-280
Responsibility Statement by the Company’s Legal Representatives .....	330
Independent Auditor’s Report.....	331-339 <sup>3</sup>
(together, the “2020 Annual Report Excerpts”)	

<sup>2</sup> The 2019 figures for Manufacturing costs, Cost of sales relating to financial services business and Other cost of sales presented in the table headed “BMW Group Cost of Sales” on page 131 have been adjusted. For further information, see *Note 8—Cost of Sales* in the Group’s 2020 Audited Financial Statements.

<sup>3</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 balance sheet as at December 31, 2020, the income statement for the group, statement of comprehensive income for the group, group statement of changes in equity and cash flow statement for the group for the financial year from January 1, 2020 to December 31, 2020, and notes to the group financial statements, including a summary of significant accounting policies, and the combined management report for the financial year from January 1, 2020 to December 31, 2020. 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. 3b 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. 3b 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 2021 Annual Report Excerpts and the 2020 Annual Report Excerpts by visiting the Group's website at:

- <https://www.bmwgroup.com/en/report/2021/downloads/BMW-Group-Report-2021-en.pdf>, and
- <https://report.bmwgroup.com/data/pdf/en/BMW-Group-Bericht-2020-EN.pdf>.

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

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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;
- the COVID-19 pandemic;
- 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;
- 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 both in the automotive and motorcycle sectors. In addition, BMW Group provides financial services supporting its automotive and motorcycle business. Moreover, in recent years BMW Group has evolved into one of the leading global providers of premium services for individual mobility. As of December 31, 2021, BMW Group had a worldwide workforce of 118,909 employees by headcount.

The Group is organized into four segments:

- *Automotive*: develops, manufactures, assembles and sells automobiles under the BMW, MINI and Rolls-Royce brands, and provides spare parts, accessories and mobility services;
- *Motorcycles*: develops, manufactures, assembles and sells motorcycles;
- *Financial Services*: provides credit financing and leases automobiles and motorcycles, among other activities; and
- *Other Entities*: includes the Group's holding and financing companies and certain other companies not allocated to one of the other segments. The Other Entities segment is not considered part of the Group's primary business.

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,		
	2021	2020	2019
<b>Key non-financial performance indicators</b>			
<b>BMW Group</b>			
Workforce at end of period (# of employees) <sup>(1)</sup> .....	118,909	120,726	126,016
Share of women in management positions in the BMW Group <sup>(2)</sup> (in %) .....	18.8	17.8	17.2
<b>Automotive segment</b>			
Deliveries (units) <sup>(3)(4)</sup> .....	2,521,514	2,325,179	2,537,504
Share of electrified vehicles in deliveries (in %) .....	13.0	8.3	5.8
CO <sub>2</sub> emissions EU New Vehicle Fleet (in g CO <sub>2</sub> /km) <sup>(5)</sup> .....	116	99 <sup>(7)</sup>	127
CO <sub>2</sub> emissions per vehicle produced (in tons) <sup>(6)</sup> .....	0.33	0.23	0.30
<b>Motorcycles segment</b>			
Deliveries (units) .....	194,261	169,272	175,162

- (1) From January 1, 2020, BMW Group has applied a new definition of “employees.” 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 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. Until December 31, 2019, the definition also included temporary staff, postgraduate students, interns, apprentices, and employees on extended sick leave and sabbaticals. For comparative purposes, the number of employees in 2019 has been adjusted accordingly.
- (2) The new definition of “employees” (see footnote 1) also has an impact on the proportion of women in management positions. For comparative purposes, the share of women in management positions in 2019 has been adjusted accordingly.
- (3) Including deliveries of the joint venture BMW Brilliance (2021: 651,236 units; 2020: 602,247 units; 2019: 538,612 units).
- (4) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”
- (5) Group calculation of fleet consumption of newly registered cars in the European Union plus Norway and Iceland on an annual basis.
- (6) Efficiency indicator calculated on the basis of direct (Scope 1) and indirect (Scope 2) emissions (i.e., a market-based method according to greenhouse gas (“GHG”) Protocol Scope 2 Guidance that excludes climate-impacting gases other than carbon dioxide) from vehicle production (excluding motorcycles), adjusted for combined heat and power (“CHP”) losses, divided by the total number of vehicles produced, including the joint venture BMW Brilliance, but excluding contract manufacturing by Magna Steyr AG & Co KG (“Magna Steyr”) and VDL Nedcar (“Nedcar”).
- (7) Internal calculation of the 2020 figure takes into account flexibilities as defined in regulatory requirements: phase-in with 5g/km, supercredits battery-electric vehicles (“BEV”) / plug-in hybrid electric vehicles (“PHEV”) with 7.5g/km and eco-innovations with 2.4g/km.

	For the year ended December 31,		
	2021	2020	2019
<b>Further non-financial performance figures</b>			
<b>Automotive segment</b>			
Deliveries by brand (units)			
BMW <sup>(1)(2)</sup> .....	2,213,790	2,028,841	2,184,939
MINI <sup>(1)</sup> .....	302,138	292,582	347,465
Rolls-Royce <sup>(1)</sup> .....	5,586	3,756	5,100
<b>Total<sup>(1)(2)</sup> .....</b>	<b>2,521,514</b>	<b>2,325,179</b>	<b>2,537,504</b>
Production volume by brand (units)			
BMW <sup>(3)</sup> .....	2,166,644	1,980,740	2,205,841
MINI .....	288,713	271,121	352,729
Rolls-Royce .....	5,912	3,776	5,455
<b>Total<sup>(3)</sup> .....</b>	<b>2,461,269</b>	<b>2,255,637</b>	<b>2,564,025</b>
Energy consumption per vehicle produced (in MWh) <sup>(4)</sup> .....	2.10	2.12	2.04
<b>Motorcycles segment</b>			
Production volume (units)			
BMW .....	187,500	168,104	187,116
<b>Financial Services segment</b>			
New contracts with retail customers .....	1,956,514	1,845,271	2,003,782

- (1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”
- (2) Including deliveries of the joint venture BMW Brilliance (2021: 651,236 units; 2020: 602,247 units; 2019: 538,612 units).

- (3) Including the production figures from the joint venture BMW Brilliance (2021: 700,777 units; 2020: 602,935 units, 2019: 536,509 units).
- (4) Efficiency ratio calculated on the basis of electricity, heat, natural gas and heating oil consumption of vehicle production (excluding motorcycles), adjusted for CHP losses, divided by the total number of vehicles produced, excluding contract manufacturing by Magna Steyr and Nedcar, plus energy consumption of engine plants and electric motors as well as battery production divided by engine production in Hams Hall, Steyr, Munich and BMW Brilliance.

	For the year ended December 31,		
	2021	2020	2019
	(in € million unless otherwise indicated)		
<b>Key financial performance indicators</b>			
Profit/(loss) before tax.....	16,060	5,222	7,118
<b>Automotive segment</b>			
Revenues .....	95,476	80,853	91,682
EBIT margin <sup>(1)</sup> (%) .....	10.3	2.7	4.9
<b>Further financial key performance figures</b>			
<b>Total Capital Expenditure<sup>(1)(2)</sup> .....</b>	<b>7,518</b>	<b>6,222</b>	<b>7,784</b>
<b>Depreciation and amortization<sup>(3)</sup> .....</b>	<b>6,495</b>	<b>6,143</b>	<b>6,017</b>
<b>Operating cash flow automotive segment .....</b>	<b>12,583</b>	<b>8,178</b>	<b>9,690</b>
<b>Revenues .....</b>	<b>111,239</b>	<b>98,990</b>	<b>104,210</b>
Automotive .....	95,476	80,853	91,682
Motorcycles .....	2,748	2,284	2,368
Financial Services .....	32,867	30,044	29,598
Other Entities .....	5	3	5
Eliminations .....	(19,857)	(14,194)	(19,443)
<b>Profit/(loss) before financial result (EBIT)<sup>(1)</sup> .....</b>	<b>13,400</b>	<b>4,830</b>	<b>7,411</b>
Automotive .....	9,870	2,162	4,499
Motorcycles .....	227	103	194
Financial Services .....	3,701	1,721	2,312
Other Entities .....	(8)	36	29
Eliminations .....	(390)	808	377
<b>Profit/(loss) before tax .....</b>	<b>16,060</b>	<b>5,222</b>	<b>7,118</b>
Automotive .....	11,805	2,722	4,467
Motorcycles .....	228	100	187
Financial Services .....	3,753	1,725	2,272
Other Entities .....	531	(235)	(96)
Eliminations .....	(257)	910	288
<b>Income taxes .....</b>	<b>(3,597)</b>	<b>(1,365)</b>	<b>(2,140)</b>
<b>Profit/(loss) from continuing operations .....</b>	<b>12,463</b>	<b>3,857</b>	<b>4,978</b>
<b>Profit/(loss) from discontinued operations .....</b>	<b>—</b>	<b>—</b>	<b>44</b>
<b>Net profit/(loss) .....</b>	<b>12,463</b>	<b>3,857</b>	<b>5,022</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 2021 in the Group’s 2021 Audited Financial Statements and Note 20—Analysis of changes in Group tangible, intangible and investment assets 2020 in the Group’s 2020 Audited Financial Statements.

## Recent Developments

On March 10, 2022, the Group announced its intention to optimize BMW AG's capital structure by conducting a share buyback up to a maximum of 10% of the Company's total share capital during the next five years (the "Share Repurchase"). The Share Repurchase is subject to shareholder approval at BMW AG's next annual general meeting, which is expected to take place on May 11, 2022.

On February 24, 2022, the Russian military invaded Ukraine, which has significantly increased risks and uncertainties in the global economy and especially Eastern Europe, 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, and regional and global economic and political conditions more generally. In addition, sanctions imposed by the EU, the United States and other countries on Russia as well as Russian banks, companies and individuals 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 until further notice. 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. The war in Ukraine, combined with the ongoing bottleneck for semiconductors, is expected to lead to further production adjustments and downtimes at BMW Group's European plants, which in turn is likely to negatively affect automobile sales figures for the year ended December 31, 2022. Prior to the outbreak of the war in Ukraine, BMW Group was set to forecast slight year-on-year growth in deliveries of BMW, Mini and Rolls-Royce brand vehicles for the Automotive segment. However, due to the production schedule adjustments and interruptions, it now predicts deliveries to remain at previous year's level. For more information, see "*Risk Factors—Risks Relating to BMW Group—Macroeconomic, geopolitical or other events could adversely affect the automotive industry and BMW Group*" and "*Business—Outlook and Recent Developments.*"

## **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 COVID-19 pandemic could continue to adversely impact BMW Group's business and results of operations;
  - 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; 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;
  - 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 3.250% Notes due 2025; U.S.\$500,000,000 aggregate principal amount of 3.450% Notes due 2027; U.S.\$500,000,000 aggregate principal amount of 3.700% Notes due 2032; and U.S.\$400,000,000 aggregate principal amount of Floating Rate Notes due 2025.
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 “ <i>Terms and Conditions of the Notes and Guarantee—Guarantee and Status.</i> ”
Issue Price .....	99.906% of the principal amount for the 2025 Notes; 99.895% of the principal amount for the 2027 Notes; 99.727% of the principal amount for the 2032 Notes; and 100.000% of the principal amount for the Floating Rate Notes.
Maturity Dates.....	The 2025 Notes will mature on April 1, 2025, the 2027 Notes will mature on April 1, 2027, the 2032 Notes will mature on April 1, 2032 and the Floating Rate Notes will mature on April 1, 2025.
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 2025 Notes will bear interest at the rate of 3.250% per annum, the 2027 Notes will bear interest at the rate of 3.450% per annum and the 2032 Notes will bear interest at the rate of 3.700% per annum, in each case from April 1, 2022 based upon a 360-day year consisting of twelve 30-day months.  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%.
Floating Rate Spread .....	0.840% per annum from April 1, 2022.
Interest Payment Dates .....	Interest on the Fixed Rate Notes will be payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2022.
	Interest on the Floating Rate Notes will be payable quarterly on January 1, April 1, July 1 and October 1 of each year, commencing on July 1, 2022.
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 1, 2022.
Additional Amounts .....	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.
Optional Redemption.....	The Issuer may redeem any Tranche of Fixed Rate Notes, in whole or in part, at any time and from time to time. If the Issuer elects to redeem (i) the 2025 Notes at any time prior to April 1, 2025, (ii) the 2027 Notes at any time prior to March 1, 2027 or (iii) the 2032 Notes at any time prior to January 1, 2032, the Issuer will pay a redemption price for such Notes equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker (as defined in “ <i>Terms and Conditions of the Notes and Guarantee</i> ”), the sum

	<p>of the present values of the applicable Remaining Scheduled Payments (as defined in “<i>Terms and Conditions of the Notes and Guarantee</i>”) discounted to the Redemption Date (as defined in “<i>Terms and Conditions of the Notes and Guarantee</i>”) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Rate (as defined in “<i>Terms and Conditions of the Notes and Guarantee</i>”) plus 12.5 basis points in the case of the 2025 Notes, 15 basis points in the case of the 2027 Notes and 20 basis points in the case of the 2032 Notes, in each case with accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date.</p> <p>If the Issuer elects to redeem (i) the 2027 Notes on or after the date that is one month prior to the 2027 Notes Maturity Date (as defined here) or (ii) the 2032 Notes on or after the date that is three months prior to the 2032 Notes Maturity Date (as defined herein), the Issuer will pay a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date.</p>
Optional Tax Redemption .....	<p>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>.”</p>
Use of Proceeds .....	<p>The net proceeds of the issue of the Notes will be used by the Group for general corporate purposes.</p>
Transfer Restrictions .....	<p>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>.”</p>
No Prior Market.....	<p>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.</p>
Fiscal Agent.....	<p>The Bank of New York Mellon, London Branch.</p>

Rating .....	<p>The Notes are expected to be assigned a rating of “A2” by Moody’s and “A” by Standard &amp; 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.</p>
Listing.....	<p>The Notes will not be listed on any securities exchange.</p>
Governing Law and Jurisdiction.....	<p>English law and exclusive jurisdiction of the courts of England.</p>
Global Note Codes .....	<p><i>2025 Notes:</i>  Rule 144A Global Note:  CUSIP: 05565E BZ7  ISIN: US05565EBZ79</p> <p>Regulation S Global Note:  CUSIP: U09513 JJ9  ISIN: USU09513JJ95</p> <p><i>2027 Notes:</i>  Rule 144A Global Note:  CUSIP: 05565E CA1  ISIN: US05565ECA10</p> <p>Regulation S Global Note:  CUSIP: U09513 JK6  ISIN: USU09513JK68</p> <p><i>2032 Notes:</i>  Rule 144A Global Note:  CUSIP: 05565E CB9  ISIN: US05565ECB92</p> <p>Regulation S Global Note:  CUSIP: U09513 JL4  ISIN: USU09513JL42</p> <p><i>Floating Rate Notes:</i>  Rule 144A Global Note:  CUSIP: 05565E BY0  ISIN: US05565EBY05</p>

Regulation S Global Note:  
CUSIP: U09513 JH3  
ISIN: USU09513JH30

## 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, 2021, 2020 and 2019, and for each of the years ended December 31, 2021, 2020 and 2019, have been derived from the audited consolidated financial statements of the Group as of and for the year ended December 31, 2021 (the “2021 Audited Financial Statements”) and from the audited consolidated financial statements of the Group as of and for the year ended December 31, 2020 (the “2020 Audited Financial Statements”) and together with the 2021 Audited Financial Statements, 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—Earnings Performance of the BMW Group (except for the seventh paragraph on page 100); —Financial Position of the BMW Group; —Refinancing; —Net Assets Position of the BMW Group; and “Combined Management Report—Financial Performance—Course of Business—Automotive segment—Results of operations of the Automotive segment (except for the sixth and ninth paragraph on page 113); —Motorcycles segment—Results of operations of the Motorcycles segment (except for the first and third paragraph); —Financial Services segment—Record segment profit before tax; —Financial Services segment—Results of operations of the Financial Services segment (except for the fourth and fifth paragraph); and —Other Entities segment / Eliminations on pages 98 through 100, 101 through 103, 103 through 104, 105 through 106, 113, and 115 through 116 of the 2021 Annual Report Excerpts; and*
- the sections “*Combined Management Report—Report on Economic Position—Comparison of Forecasts with Actual Outcomes—Results of Operations of the BMW Group (except for the first paragraph on page 133); —Financial Position of the BMW Group; —Refinancing; —Net Assets of the BMW Group; and —Results of Operations by Segment” and “Combined Management Report—Report on Economic Position—Review of Operations—Automotive Segment—Automotive Segment Performance (except for the sixth, ninth and tenth paragraph on page 146); —Motorcycles Segment—Motorcycles Segment Performance (except for the second, fourth and fifth paragraph); —Financial Services Segment—Financial Services Segment Performance (except for the fourth and fifth paragraph) and —Financial Services Segment—Change in Risk Profile; and —Other Entities Segment / Eliminations on pages 130 through 137<sup>4</sup>, 140 through 141, 146 through 147, 149, and 152 through 153 of the 2020 Annual Report Excerpts.*

	For the year ended December 31,		
	2021	2020	2019
	(in € million)		
<b>Consolidated Income Statement Data</b>			
Revenues .....	111,239	98,990	104,210
Cost of sales .....	(89,253)	(85,408)	(86,147)
<b>Gross profit</b> .....	<b>21,986</b>	<b>13,582</b>	<b>18,063</b>
Selling and administrative expenses.....	(9,233)	(8,795)	(9,367)
Other operating income .....	1,702	916	1,031
Other operating expenses .....	(1,055)	(873)	(2,316)
<b>Profit/(loss) before financial result</b> .....	<b>13,400</b>	<b>4,830</b>	<b>7,411</b>

<sup>4</sup> The 2019 figures for Manufacturing costs, Cost of sales relating to financial services business and Other cost of sales presented in the table headed “BMW Group Cost of Sales” on page 131 have been adjusted. For further information, see *Note 8—Cost of Sales* in the Group’s 2020 Audited Financial Statements.

	For the year ended December 31,		
	2021	2020	2019
	(in € million)		
Financial result .....	2,660	392	(293)
<b>Profit/(loss) before tax</b> .....	<b>16,060</b>	<b>5,222</b>	<b>7,118</b>
Income taxes .....	(3,597)	(1,365)	(2,140)
<b>Profit/(loss) from continuing operations</b> .....	<b>12,463</b>	<b>3,857</b>	<b>4,978</b>
<b>Profit/(loss) from discontinued operations</b> .....	<b>—</b>	<b>—</b>	<b>44</b>
<b>Net profit/(loss)</b> .....	<b>12,463</b>	<b>3,857</b>	<b>5,022</b>

	As of December 31,		
	2021	2020	2019
	(in € million)		
<b>Consolidated Balance Sheet Data</b>			
Non-current assets .....	143,354	134,851	137,404
Current assets .....	86,173	81,807	90,630
<b>Total assets</b> .....	<b>229,527</b>	<b>216,658</b>	<b>228,034</b>
Equity .....	75,132	61,520	59,907
Non-current provisions and liabilities .....	77,929	83,175	85,502
Current provisions and liabilities .....	76,466	71,963	82,625
<b>Total equity and liabilities</b> .....	<b>229,527</b>	<b>216,658</b>	<b>228,034</b>

	For the year ended December 31,		
	2021	2020	2019
	(in € million)		
<b>Consolidated Cash Flow Statement Data</b>			
Cash inflow/outflow from operating activities.....	15,903	13,251	3,662
Cash inflow/outflow from investing activities.....	(6,389)	(3,636)	(7,284)
Cash inflow/outflow from financing activities.....	(6,735)	(8,254)	4,790
<b>Cash and cash equivalents at the end of the period.....</b>	<b>16,009</b>	<b>13,537</b>	<b>12,036</b>

#### **Additional Financial Metrics**

The following table presents certain historical financial metrics.

		As of and for the year ended December 31,		
		2021	2020	2019
Group gross profit margin <sup>(1)</sup> .....	%	19.8	13.7	17.3
Group pre-tax return on sales <sup>(2)</sup> .....	%	14.4	5.3	6.8
Group post-tax return on sales <sup>(2)</sup> .....	%	11.2	3.9	4.8
Group equity ratio <sup>(3)</sup> .....	%	32.7	28.4	26.3

		As of and for the year ended December 31,		
		2021	2020	2019
Free cash flow Automotive segment <sup>(4)</sup>	€m	6,354	3,395	2,567
EBIT margin Automotive segment <sup>(5)</sup>	%	10.3	2.7	4.9
Net financial assets Automotive segment <sup>(6)</sup>	€m	22,362	18,462	17,577
Capital Expenditure <sup>(7)</sup>	€m	5,012	3,922	5,650
Capital Expenditure ratio <sup>(8)</sup>	%	4.5	4.0	5.4
Research and Development expenditure ratio <sup>(9)</sup>	%	6.2	6.3	6.2
Total dividend <sup>(10)</sup>	€m	3,827	1,253	1,646
Dividend per ordinary share <sup>(11)</sup>	€	5.80	1.90	2.50
Penetration rate <sup>(12)</sup>	%	50.5	49.8	52.2
Credit loss ratio <sup>(13)</sup>	%	0.18	0.21	0.26

- (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 and minority 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 (see *Note 20—Analysis of changes in Group tangible, intangible and investment assets 2021* in the 2021 Audited Financial Statements and *Note 20—Analysis of changes in Group tangible, intangible and investment assets 2020* in the 2020 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) Defined as unappropriated profit from a given year available for distribution. For the year ended December 31, 2021, this figure represents the amount proposed for distribution by the Board of Management of the Company. For further information, see *Note 31—Equity* in the Group’s 2021 Audited Financial Statements and *Note 31—Equity* in the Group’s 2020 Audited Financial Statements.
- (11) Represents the unappropriated profit of BMW AG from a given year available for distribution per share of common stock. For the year ended December 31, 2021, this figure includes the amount proposed for distribution by the Board of Management of the Company. For further information, see *Note 31—Equity* in the Group’s 2021 Audited Financial Statements and *Note 31—Equity* in the Group’s 2020 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. The calculation of the penetration rates is based on retail vehicle delivery data and, therefore, the penetration rate presented for 2020 and subsequent periods is not directly comparable to the penetration rates presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”
- (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, in recent years, the uncertainty in connection with the United Kingdom's withdrawal from the EU ("Brexit"), trade tensions between the United States and China, and the outbreak of the COVID-19 pandemic 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 has significantly increased risks and uncertainties in the global economy and especially Eastern Europe, 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, and regional and global economic and political conditions more generally. In addition, sanctions imposed by the EU, the United States and/or other countries on Russia as well as Russian banks, companies and individuals 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 until further notice. 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. The war in Ukraine, combined with the ongoing bottleneck for semiconductors, is expected to lead to further production adjustments and downtimes at BMW Group's European plants. In addition, as a result of many international companies exiting the Russian market, the Russian government has threatened to penalize businesses leaving Russia by nationalizing assets of foreign-owned companies. While the legislation that would put these plans into action has already been drafted, it is currently unclear when and if this new law will come into effect and how it will impact BMW's Group's business. For further information, please see "*Business—Outlook and Recent Developments.*"

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 subject to the macroeconomic risk caused by supply bottlenecks, particularly for semiconductors. BMW Group believes that such bottlenecks could persist throughout 2022, with the resulting shortage of upstream products and end products causing the otherwise strong recovery of the global economy to slow down. See also “—*BMW Group is dependent on its suppliers*”.

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 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. In addition, the economic consequences of the COVID-19 pandemic and the recent trade conflict with the United States are likely to continue to have an adverse impact on the Chinese economy in 2022 and potentially beyond. If the Chinese economy were to grow at a significantly slower pace than expected, or even to contract, this could lead to a decline in automobile sales growth rates or unit sales.

BMW Group is also adversely affected by rising inflation in several countries, including the EU and the United States. Should inflation rates continue to rise and/or remain at increased levels, this would have a material adverse impact on demand in the relevant economies due to rising prices. In addition, the expected interest rate increases by central banks could also have an adverse impact on demand. Decreased demand for BMW Group’s vehicles could have a material adverse effect on BMW Group’s business 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.*”

#### ***The COVID-19 pandemic could continue to adversely impact BMW Group’s business and results of operations***

The COVID-19 pandemic continues to impact the global economy and many countries, including China, the member states of the European Union and the United States, have on several occasions reacted by re-instituting quarantines and restrictions on travel. The scale and duration of the COVID-19 pandemic has significantly adversely impacted global financial and commodity markets and regional and global economies, including BMW Group’s most significant markets and the locations of its principal operations, including Germany, the United Kingdom, the United States, China and Asia as a whole. The effects of the COVID-19 pandemic have had, and may continue to have, a material adverse effect on BMW Group’s business and results of operations.

Measures taken by governments to control the spread of the pandemic have contributed to, and may continue to contribute to, a material downturn of the global economy and financial markets, including in markets in which BMW Group operates, disrupting global supply chains, significantly impacting levels of consumer demand and spending as well as a number of industries, including the automobile industry. Although restrictions have been relaxed in several countries, they may be re-imposed, sometimes at short notice, if either immunization is insufficient or if new strains of COVID-19 emerge or other diseases develop into new epidemics or pandemics. For example, the rapid spread of a new variant of COVID-19 known as “Omicron” in December 2021 led to new restrictions in many countries and thereby increased economic uncertainty.

Significant uncertainties remain as to how long the COVID-19 pandemic will last. To the extent that the COVID-19 pandemic adversely affects BMW Group’s business, net assets, financial condition and results of operations, it may also have the effect of heightening or exacerbating many of the other risks described in this “*Risk Factors*” section.

#### ***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.

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. These research and development activities may not achieve their planned objectives. Additionally, the Group's competitors or their joint ventures may develop better solutions and may be able to manufacture 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. 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 competitors whose main business operations are outside the traditional automotive industry, such as in BEV. For example, in the United States a relatively new car manufacturer gained significant market share in certain segments. 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***

The global automotive industry is subject to substantial government regulation, which differs by state, region and country. 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 fuel efficiency and safety, are continually evolving, 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, 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.

In recent years, the Group has achieved significant improvements regarding the overall fuel efficiency of the vehicles it produces, as well as the fuel efficiency and emissions performance of individual models, thereby reducing their greenhouse gas emissions and progressing towards compliance with future fuel consumption and carbon dioxide (CO<sub>2</sub>) emissions regulations in the EU, the United States, Japan and China, among other jurisdictions.

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 37.5% compared to the 2021 target under the WLTP, each subject to certain automotive portfolio considerations and transition periods.

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.

The cost to comply with existing government regulations is substantial, and the effects of such regulations, as well as any future additional regulations could have a material adverse effect on BMW Group's business, net assets, financial condition or results of operations.

***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 until further notice.

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 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.

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 and sanctions 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.

#### ***Production 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 and efficiently produce its vehicles, supply dealers and customers and maintain its market position. 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 of new vehicle production line start-ups, IT disruptions, or for other reasons (such as fires or power failures). For example, in 2020, the COVID-19 pandemic 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), and 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, combined with the ongoing bottleneck for semiconductors, is expected to lead to further production adjustments and downtimes at BMW Group's European plants. 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, are expected to 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.

For example, during the year ended December 31, 2021, BMW Group recalled approximately 3.1 million vehicles worldwide because of a potential cable failure of the blower regulator wiring harness and approximately 29,000 vehicles worldwide because of effects within cells in the high-voltage storage leading to a potential fire risk. Approximately 2.9 million vehicles were part of a worldwide recall campaign on the basis of a potential defect in the exhaust gas circulation cooler leading to a potential fire risk. Approximately 470,000 vehicles were recalled in certain markets because of a potential leakage of the fuel tank. Defects in products can also lead to customer dissatisfaction and safety issues if such defects led to product failures or unsafe driving conditions, as well as reputational damage. In addition, in March 2022 BMW Group announced the recall of approximately 1 million vehicles related to the engine ventilation system and risk of valves overheating.

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 has been 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 has caused and is expected to 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 is expected to lead to further supply bottlenecks interrupting BMW Group's production in other countries, such as the temporary stoppage of production in BMW Group's Dingolfing plant, commencing in March 2022. 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.

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.

***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, and in recent years increasing, 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, including as a result of the COVID-19 pandemic.

Changes in economic conditions, including as a result of the COVID-19 pandemic, 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 the COVID-19 pandemic. 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. See also "*The COVID-19 pandemic could adversely impact BMW Group's business and results of operations.*"

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. 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 particular, in the second half of 2021, certain raw material and commodity prices (e.g., for palladium and rhodium) as well as energy prices increased sharply, and BMW Group expects such prices to increase further in the short to medium term. 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. 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***

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 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.

In March 2020, the rating agency Moody's revised BMW AG's long-term rating to A2 (under review for downgrade) and the rating agency Standard & Poor's revised BMW AG's long-term rating to A (negative outlook). In May 2020 and March 2021, Moody's revised its outlook from "under review for further downgrade" to "negative" and "stable", respectively, in each case confirming the A2 rating. In August 2021, Standard & Poor's revised BMW AG's long-term rating to A (stable outlook). 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,

- in October 2017, the European Commission carried out inspections at BMW Group's premises in connection with cartel allegations against five German car manufacturers. On April 5, 2019, BMW Group received a Statement of Objections from the European Commission. The European Commission alleged that 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 proceedings were settled on July 8, 2021, and BMW Group was fined an amount of approximately €373 million; and
- in December 2019, BMW Group was informed by the SEC that the SEC had commenced an inquiry into BMW Group's vehicle sales and sales reporting practices. On January 22, 2020, the SEC formally opened an investigation into potential violations of U.S. securities laws by BMW Group relating to disclosures regarding BMW Group's unit sales of new vehicles. On September 24, 2020, BMW AG and two of its U.S. subsidiaries settled the matter with the SEC and, without admitting or denying the allegations, consented to the entry of an order (the "SEC Order") finding violations of Sections 17(a)(2) and 17(a)(3) of the U.S. Securities Act and agreed to pay a penalty of U.S.\$18 million. The SEC Order alleged, among other things, that the disclosures that BMW Group had provided to investors in its U.S. bond offerings conducted under Rule 144A from 2016 to 2019 had contained material misstatements and omissions regarding BMW Group's U.S. retail vehicle deliveries.

See "*Business—Legal Proceedings—Cartel Allegations Regarding Emissions-reducing Technologies*" and "*SEC Investigation and Class Action Regarding BMW Group's Unit Sales of New Vehicles*," respectively, 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, 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.

Recent years have seen an increase in investor and regulatory attention to environmental, social and governance ("ESG") matters, including diversity and inclusion, environmental stewardship and transparency. 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 or expectations in relation to ESG matters may expose BMW Group to reputational damage, fines and other sanctions.

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

***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 minority 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 law suits, 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. For further details, please see "*Business—Legal Proceedings—SEC Investigation and Class Action Regarding BMW Group's Unit Sales of New Vehicles*" for further information. In addition, the European Commission and the UK Competition and Markets Authority ("CMA") have opened antitrust investigations against car manufacturers and industry associations concerning the take-back, dismantling and

recycling of end-of life vehicles. On March 15, 2022, BMW Group received a formal request for information by the European Commission and the CMA sent a case initiation letter to BMW Group. As the investigations were recently initiated and are ongoing, the outcome of the investigations cannot be assessed at the present time. 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 increase 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.

### ***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. 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.

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.

### ***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. 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***

Publication of the Secured Overnight Financing Rate (as defined in "Terms and Conditions of the Notes and Guarantee") began on April 3, 2018 and, therefore, has a limited history. As a result, 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. 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 has been 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.

***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 composition and characteristics of the Secured Overnight Financing Rate may be more volatile and are not the same as those of LIBOR, and there is no guarantee that the Secured Overnight Financing Rate is a comparable substitute for LIBOR***

In June 2017, the New York Federal Reserve’s Alternative Reference Rates Committee (the “ARRC”) announced the Secured Overnight Financing Rate as its recommended alternative to U.S. dollar LIBOR. However, the composition and characteristics of the Secured Overnight Financing Rate are not the same as those of LIBOR. The Secured Overnight Financing Rate is a broad Treasury repo financing rate that represents overnight secured funding transactions. This means that the Secured Overnight Financing Rate is fundamentally different from LIBOR for two key reasons. First, the Secured Overnight Financing Rate is a secured rate, while LIBOR is an unsecured rate. Second, the Secured Overnight Financing Rate is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that the Secured Overnight Financing Rate will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For example, since publication of the Secured Overnight Financing Rate began

on April 3, 2018, daily changes in the Secured Overnight Financing Rate have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates. The return on and value of the Floating Rate Notes may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of the Secured Overnight Financing Rate has reflected the underlying volatility of the overnight U.S. Treasury repo market. The New York Federal Reserve has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the New York Federal Reserve will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in the Floating Rate Notes.

For additional information regarding the Secured Overnight Financing Rate, see “*Secured Overnight Financing Rate and SOFR Index—Secured Overnight Financing Rate*” below.

***The secondary trading market for notes linked to the Secured Overnight Financing Rate may be limited***

The Floating Rate Notes will not have an established trading market when issued. Since the Secured Overnight Financing Rate is a relatively new market rate, an established trading market may never develop or may not be very liquid. Market terms for debt securities that are linked to the Secured Overnight Financing Rate (such as the Floating Rate Notes) such as the Floating Rate Spread (as defined in “*Terms and Conditions of the Notes and Guarantee*”) may evolve over time and, as a result, trading prices of the Floating Rate Notes may be lower than those of later-issued debt securities that are linked to the Secured Overnight Financing Rate. Similarly, if the Secured Overnight Financing Rate does not prove to be widely used in debt securities that are similar to the Floating Rate Notes, the trading price of the Floating Rate Notes may be lower than that of debt securities that are linked to rates 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. Further, investors wishing to sell the Floating Rate Notes in the secondary market will have to make assumptions as to the future performance of the Secured Overnight Financing Rate during the applicable Floating Rate Notes Interest Period in which they intend the sale to take place. As a result, investors may suffer from increased pricing volatility and market risk.

***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 has 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 has since 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, 2021:

- 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, 2021 (converted into euros at an exchange rate of \$1.13 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, 2021.

	As of December 31, 2021	
	Historical	As adjusted
	(in € million)	
<b>Cash and cash equivalents<sup>(1)</sup></b> .....	<b>16,009</b>	<b>17,772</b>
Equity .....	75,132	75,132
Pension provisions .....	1,247	1,247
Other provisions .....	7,206	7,206
Deferred tax .....	1,458	1,458
Financial liabilities <sup>(2)</sup> .....	62,342	64,112
Other liabilities .....	5,676	5,676
Non-current provisions and liabilities .....	77,929	79,699
Current provisions and liabilities .....	76,466	76,466
<b>Total equity and liabilities</b> .....	<b>229,527</b>	<b>231,297</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.\$1,992 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 both in the automotive and motorcycle sectors. In addition, BMW Group provides financial services supporting its automotive and motorcycle business. Moreover, in recent years BMW Group has evolved into one of the leading global providers of premium services for individual mobility. As of December 31, 2021, BMW Group had a worldwide workforce of 118,909 employees by headcount.

In the year ended December 31, 2021, BMW Group paid particular attention to the implementation of its corporate strategy, in particular against the back-drop of significant changes in the market environment attributable to the COVID-19 pandemic, trade conflicts, regulatory issues – especially fleet CO<sub>2</sub> emissions – as well as corporate social responsibility considerations. The expansion of the Group's electrified product portfolio, and of the related strategic fields of technology and digitalization, electric mobility and automated driving, remain key for sales.

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 engines and vehicles equipped with those engines 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 operates on a global scale and is represented in more than 140 countries worldwide. Its research and development network is spread over 13 countries. As of December 31, 2021, the Group's production network comprised a total of 31 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,		
	2021	2020	2019
<b>Key non-financial performance indicators</b>			
<b>BMW Group</b>			
Workforce at end of period (# of employees) <sup>(1)</sup> .....	118,909	120,726	126,016
Share of women in management positions in the BMW Group <sup>(2)</sup> (in %) .....	18.8	17.8	17.2
<b>Automotive segment</b>			
Deliveries (units) <sup>(3)(4)</sup> .....	2,521,514	2,325,179	2,537,504
Share of electrified vehicles in deliveries (in %) .....	13.0	8.3	5.8
CO <sub>2</sub> emissions EU New Vehicle Fleet (in g CO <sub>2</sub> /km) <sup>(5)</sup> .....	116	99 <sup>(7)</sup>	127
CO <sub>2</sub> emissions per vehicle produced (in tons) <sup>(6)</sup> .....	0.33	0.23	0.30
<b>Motorcycles segment</b>			
Deliveries (units) .....	194,261	169,272	175,162

- (1) From January 1, 2020, BMW Group has applied a new definition of “employees.” 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 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. Until December 31, 2019, the definition also included temporary staff, postgraduate students, interns, apprentices, and employees on extended sick leave and sabbaticals. For comparative purposes, the number of employees in 2019 has been adjusted accordingly.
- (2) The new definition of “employees” (see footnote 1) also has an impact on the proportion of women in management positions. For comparative purposes, the share of women in management positions in 2019 has been adjusted accordingly.
- (3) Including deliveries of the joint venture BMW Brilliance (2021: 651,236 units; 2020: 602,247 units; 2019: 538,612 units).
- (4) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”
- (5) Group calculation of fleet consumption of newly registered cars in the European Union plus Norway and Iceland on an annual basis.
- (6) Efficiency indicator calculated on the basis of direct (Scope 1) and indirect (Scope 2) emissions (i.e., a market-based method according to greenhouse gas (“GHG”) Protocol Scope 2 Guidance that excludes climate-impacting gases other than carbon dioxide) from vehicle production (excluding motorcycles), adjusted for combined heat and power (“CHP”) losses, divided by the total number of vehicles produced, including the joint venture BMW Brilliance, but excluding contract manufacturing by Magna Steyr AG & Co KG (“Magna Steyr”) and VDL Nedcar (“Nedcar”).
- (7) Internal calculation of the 2020 figure takes into account flexibilities as defined in regulatory requirements: phase-in with 5g/km, supercredits battery-electric vehicles (“BEV”) / plug-in hybrid electric vehicles (“PHEV”) with 7.5g/km and eco-innovations with 2.4g/km.

	For the year ended December 31,		
	2021	2020	2019
<b>Further non-financial performance figures</b>			
<b>Automotive segment</b>			
Deliveries by brand (units)			
BMW <sup>(1)(2)</sup> .....	2,213,790	2,028,841	2,184,939
MINI <sup>(1)</sup> .....	302,138	292,582	347,465
Rolls-Royce <sup>(1)</sup> .....	5,586	3,756	5,100
<b>Total<sup>(1)(2)</sup> .....</b>	<b>2,521,514</b>	<b>2,325,179</b>	<b>2,537,504</b>
Production volume by brand (units)			
BMW <sup>(3)</sup> .....	2,166,644	1,980,740	2,205,841
MINI .....	288,713	271,121	352,729
Rolls-Royce .....	5,912	3,776	5,455
<b>Total<sup>(3)</sup> .....</b>	<b>2,461,269</b>	<b>2,255,637</b>	<b>2,564,025</b>
Energy consumption per vehicle produced (in MWh) <sup>(4)</sup> .....	2.10	2.12	2.04
<b>Motorcycles segment</b>			
Production volume (units)			
BMW .....	187,500	168,104	187,116
<b>Financial Services segment</b>			
New contracts with retail customers .....	1,956,514	1,845,271	2,003,782

- (1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”
- (2) Including deliveries of the joint venture BMW Brilliance (2021: 651,236 units; 2020: 602,247 units; 2019: 538,612 units).
- (3) Including the production figures from the joint venture BMW Brilliance (2021: 700,777 units; 2020: 602,935 units; 2019: 536,509 units).
- (4) Efficiency ratio calculated on the basis of electricity, heat, natural gas and heating oil consumption of vehicle production (excluding motorcycles), adjusted for CHP losses, divided by the total number of vehicles produced, excluding contract

manufacturing by Magna Steyr and Nedcar, plus energy consumption of engine plants and electric motors as well as battery production divided by engine production in Hams Hall, Steyr, Munich and BMW Brilliance.

	For the year ended December 31,		
	2021	2020	2019
	(in € million unless otherwise indicated)		
<b>Key financial performance indicators</b>			
Profit/(loss) before tax .....	16,060	5,222	7,118
<b>Automotive segment</b>			
Revenues .....	95,476	80,853	91,682
EBIT margin <sup>(1)</sup> (%) .....	10.3	2.7	4.9
<b>Further financial key performance figures</b>			
<b>Total Capital Expenditure<sup>(1)(2)</sup></b> .....	<b>7,518</b>	<b>6,222</b>	<b>7,784</b>
<b>Depreciation and amortization<sup>(3)</sup></b> .....	<b>6,495</b>	<b>6,143</b>	<b>6,017</b>
<b>Operating cash flow automotive segment</b> .....	<b>12,583</b>	<b>8,178</b>	<b>9,690</b>
<b>Revenues</b> .....	<b>111,239</b>	<b>98,990</b>	<b>104,210</b>
Automotive .....	95,476	80,853	91,682
Motorcycles .....	2,748	2,284	2,368
Financial Services .....	32,867	30,044	29,598
Other Entities .....	5	3	5
Eliminations .....	(19,857)	(14,194)	(19,443)
<b>Profit/(loss) before financial result (EBIT)<sup>(1)</sup></b> .....	<b>13,400</b>	<b>4,830</b>	<b>7,411</b>
Automotive .....	9,870	2,162	4,499
Motorcycles .....	227	103	194
Financial Services .....	3,701	1,721	2,312
Other Entities .....	(8)	36	29
Eliminations .....	(390)	808	377
<b>Profit/(loss) before tax</b> .....	<b>16,060</b>	<b>5,222</b>	<b>7,118</b>
Automotive .....	11,805	2,722	4,467
Motorcycles .....	228	100	187
Financial Services .....	3,753	1,725	2,272
Other Entities .....	531	(235)	(96)
Eliminations .....	(257)	910	288
<b>Income taxes</b> .....	<b>(3,597)</b>	<b>(1,365)</b>	<b>(2,140)</b>
<b>Profit/(loss) from continuing operations</b> .....	<b>12,463</b>	<b>3,857</b>	<b>4,978</b>
<b>Profit/(loss) from discontinued operations</b> .....	<b>—</b>	<b>—</b>	<b>44</b>
<b>Net profit/(loss)</b> .....	<b>12,463</b>	<b>3,857</b>	<b>5,022</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 2021 in the Group’s 2021 Audited Financial Statements and Note 20—Analysis of changes in Group tangible, intangible and investment assets 2020 in the Group’s 2020 Audited Financial Statements.

## Outlook and Recent Developments

For the remainder of the year 2022, BMW Group expects that high inflation is likely to lead to interest rate increases in some countries and weaken demand to some extent and thereby also have a dampening effect on the Group’s business.

Further impact is expected as a result of the Russia-Ukraine war, which has caused supply restrictions in Ukraine resulting in production schedule adjustments and interruptions at a number of BMW Group plants. Prior to the outbreak of the war in Ukraine, BMW Group was set to forecast slight year-on-year growth in deliveries of BMW, Mini and Rolls-Royce brand vehicles for the Automotive segment. However, due to the production schedule adjustments and interruptions, it now predicts deliveries to remain at previous year's level.

BMW Group's outlook does not factor in a significant tightening of sanctions against Russia or a change in the interpretations of existing sanctions, an escalation of the conflict outside Ukraine as well as additional major price hikes for energy and raw materials, including rises triggered by war in Ukraine and the related sanctions.

The COVID-19 pandemic is no longer expected to have a significant impact on BMW Group's business performance in 2022. However, international demand for semiconductors is still predicted to remain high, causing the supply situation to remain tight. Supply bottlenecks affecting the availability of the semiconductor components required for production persist and the situation is not expected to ease before the second half of the year 2022.

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*: The Automotive segment develops, manufactures, assembles and sells automobiles under the BMW, MINI and Rolls-Royce brands, and provides spare parts, accessories and mobility services.
- *Motorcycles*: The Motorcycles segment develops, manufactures, assembles and sells motorcycles as well as spare parts and accessories.
- *Financial Services*: The principal lines of business of the Financial Services segment are automobile leasing, fleet business, multi-brand business, retail and dealership financing, customer deposit business and insurance activities.
- *Other Entities*: The Group's holding and financing companies are reported in the Other Entities segment. The segment also includes the operating companies BMW (UK) Investments Ltd. and Bavaria Lloyd Reisebüro GmbH, which are not allocated to one of the other segments. The Other Entities segment is not considered part of BMW Group's primary business.

### ***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 provides comprehensive individual mobility solutions, ranging from premium-segment small vehicles to ultra-luxury and powerful vehicles. The Group's products are linked by its core focus on efficiency and driving dynamics.

BMW Group delivered a total of 2,521,514 BMW, MINI and Rolls-Royce brand vehicles in 2021 (2020: 2,325,179 units; 2019: 2,537,504 units). Deliveries of BMW models increased by 9.1% to 2,213,790 units (2020: 2,028,841 units; 2019: 2,184,939 units). MINI deliveries increased by 3.3% to 302,138 units in 2021 (2020: 292,582



units; 2019: 347,465 units). Rolls-Royce Motor Cars delivered 5,586 luxury automobiles to customers during 2021 (2020: 3,756 units; 2019: 5,100 units). In 2021, the Automotive segment recorded total revenues of €95,476 million.

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

Deliveries by region and market <sup>(1)</sup>	For the year ended December 31,		
	2021	2020	2019
	(in 1,000 units)		
Europe .....	949.1	913.6	1,081.6
thereof Germany .....	266.8	285	330.5
thereof United Kingdom .....	164.3	163.2	233.8
Americas .....	451.7	379.7	472.9
thereof United States .....	368.0	307.9	375.7
Asia <sup>(2)</sup> .....	1,067.9	986.5	930.8
thereof China <sup>(2)</sup> .....	847.9	778.4	724.7
Other markets .....	52.8	45.4	52.2
<b>Total .....</b>	<b>2,521.5</b>	<b>2,325.2</b>	<b>2,537.5</b>

(1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see "Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data."

(2) Including the joint venture BMW Brilliance (2021: 651,236 units, 2020: 602,247 units; 2019: 538,612 units).

Within Europe, BMW Group delivered a total of 949,124 units of its three brands in 2021, an increase by 3.9% (2020: 913,642 units; 2019: 1,081,649 units). In Germany, deliveries to customers decreased by 6.4% year-on-year to 266,818 units in 2021 (2020: 285,019 units; 2019: 330,507 units). In the United Kingdom, deliveries increased by 0.7% to a total of 164,344 units in 2021 (2020: 163,174 units; 2019: 233,771 units). Deliveries growth was again recorded in Asia, with overall deliveries of the Group's three brands in the region up by 8.3% totaling 1,067,914 units in 2021 (2020: 986,464 units; 2019: 930,767 units), including 847,935 units delivered in China, 8.9% more than in 2020 (2020: 778,412 units; 2019: 724,711 units). Deliveries on the American continent increased by 19.0% to 451,747 units in 2021 (2020: 379,714 units; 2019: 472,879 units). Deliveries in the United States increased by 19.5% to 368,032 units in 2021 (2020: 307,876 units; 2019: 375,726 units).

BMW Group's key automobile markets, by percentage of 2021 deliveries, are: China (33.6%), the United States (14.6%), Germany (10.6%), the United Kingdom (6.5%), Korea (3.1%), Italy (2.8%) and Other (25.8%).

## 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 ultra-luxury class. Alongside all-electric models such as the BMW i3, iX3, iX and i4, it also offers its customers state-of-the-art plug-in hybrids and a whole array of vehicles driven by efficient combustion engines. Together with its X-model family and high-performance BMW M range, the BMW Group is addressing on 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 <sup>(1)(2)</sup>	For the year ended December 31,			Proportion of total BMW deliveries 2021
	2021	2020	2019	
	(in units)			(%)
BMW 1 Series .....	158,039	164,056	173,870	7.1
BMW 2 Series .....	107,925	104,859	115,095	4.9
BMW 3 Series .....	413,674	381,416	358,643	18.7

Deliveries of BMW vehicles by series <sup>(1)(2)</sup>	For the year ended December 31,			Proportion of total BMW deliveries 2021
	2021	2020	2019	
	(in units)			(%)
BMW 4 Series <sup>(3)</sup> .....	77,294	38,879	74,236	3.5
BMW 5 Series .....	307,725	302,564	353,249	13.9
BMW 6 Series .....	18,487	19,893	25,170	0.8
BMW 7 Series .....	44,087	46,025	50,552	2.0
BMW 8 Series .....	18,541	20,703	12,219	0.8
BMW Z4 .....	14,778	14,982	15,819	0.7
BMW X1 .....	242,360	230,041	266,124	10.9
BMW X2 .....	69,569	74,229	91,765	3.1
BMW X3 <sup>(4)</sup> .....	355,076	292,328	316,883	16.0
BMW X4 .....	59,595	55,237	61,569	2.7
BMW X5 .....	194,676	168,674	165,498	8.8
BMW X6 .....	45,828	38,100	22,116	2.1
BMW X7 <sup>(5)</sup> .....	54,957	48,693	39,882	2.5
BMW i (iX, i3 and i8) .....	31,179	28,162	42,249	1.4

(1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”

(2) Including the joint venture BMW Brilliance.

(3) Including the i4 model.

(4) Including the iX3 model.

(5) The BMW X7 model went on sale to customers in March 2019.

## MINI

The MINI brand, which the Group acquired as part of the acquisition of the Rover Group in 1994 and relaunched in 2001, has long-standing brand recognition in the premium small car segment. At the same time, the importance of electric mobility for the MINI brand is steadily growing. In addition to the MINI Countryman plug-in hybrid variant, the fully electric MINI Cooper SE has been available since March 2020.

MINI deliveries increased by 3.3% worldwide to 302,138 units in 2021 (2020: 292,582 units; 2019: 347,465 units). The MINI Countryman deliveries increased by 6% to 82,363 units (2020: 77,709 units; 2019: 98,846 units). Deliveries of the MINI Convertible increased by 1.0% to 25,120 units delivered in 2021 (2020: 24,875 units; 2019: 30,383 units). Deliveries of the MINI Hatch 3- and 5-door models increased by 4.6% to 164,270 units delivered in 2021 (2020: 157,040 units; 2019: 177,553 units).

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

Deliveries of MINI vehicles by series <sup>(1)</sup>	For the year ended December 31,			Proportion of total MINI deliveries 2021
	2021	2020	2019	
	(in units)			(%)
MINI Hatch (3- and 5-door) .....	164,270	157,040	177,553	54.4
MINI Convertible .....	25,120	24,875	30,383	8.3
MINI Clubman .....	30,385	32,958	40,683	10.0
MINI Countryman .....	82,363	77,709	98,846	27.3

(1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”

### *Rolls-Royce*

BMW Group acquired the brand and naming rights for Rolls-Royce motor cars from Rolls-Royce plc in 1998 and took on full responsibility for Rolls-Royce Motor Cars Limited, along with all rights, as of the end of 2002. 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 2021, Rolls-Royce deliveries increased by 48.7% to 5,586 units compared to the prior year (2020: 3,756 units; 2019: 5,100 units). The following table presents deliveries of Rolls-Royce vehicles by series.

Deliveries of Rolls-Royce vehicles by series <sup>(1)</sup>	For the year ended December 31,			Proportion of total Rolls-Royce deliveries 2021
	2021	2020	2019	
	(in units)			(%)
Phantom.....	427	360	604	7.6
Ghost .....	1,909	324	662	34.2
Wraith / Dawn .....	828	873	1,326	14.8
Cullinan .....	2,422	2,199	2,508	43.4

(1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”

### *Electrified Models*

BMW Group offered a range of 14 electrified vehicles in 2021 and delivered a total of 328,314 all-electric and plug-in hybrid vehicles in total, an increase by 70.4% as compared to the previous year (2020: 192,662; 2019: 146,158 units). Electric mobility has become a significant growth driver for BMW Group’s business. BMW Group has expanded its portfolio of electrified vehicles to 22 models, which are available in a total of 83 countries worldwide. Based on its existing plans, the BMW Group expects to offer 25 electrified models by 2023. The table below presents deliveries of electrified PHEV and BEV models.

BMW Group deliveries of electrified models <sup>(1)</sup>	For the year ended December 31,		
	2021	2020	2019
	(in units)		
PHEV .....	224,460	148,121	106,639
BEV .....	103,854	44,514	39,519
<b>Total<sup>(2)</sup></b> .....	<b>328,314</b>	<b>192,662</b>	<b>146,158</b>

(1) Retail vehicle delivery data presented for 2020 and subsequent periods is not directly comparable to such data presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”

(2) Including deliveries of the joint venture BMW Brilliance.

Under the sub-brand BMW i, BMW Group has since 2013 offered customers a range of electric mobility solutions. The brand covers BMW i vehicles as well as a wide array of services. Under the name “360° ELECTRIC,” BMW i provides a comprehensive range of products and services for all-electric vehicles and plug-in hybrids worldwide.

### *Manufacturing and Assembly Plants*

Unless otherwise noted, the following information is presented for the Group as of December 31, 2021.

The Group’s production network comprised a total of 31 locations in 15 countries. The 31 locations comprise 20 BMW Group manufacturing facilities, three plants belonging to joint ventures/operations, four partner plants and four contract production plants. BMW Group seeks to apply similar quality, safety and sustainability standards

across all plants in its production network worldwide. The 20 BMW Group manufacturing facilities comprised 14 vehicle plants. In 2021, BMW Group manufactured electrified vehicles at 13 of its facilities.

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 October 2018, BMW Group agreed to extend the joint venture, BMW Brilliance, until 2040, and with effect from February 11, 2022, BMW Group amended the joint venture contract and increased its stake in the joint venture from 50% to 75%, for a purchase price of €3.7 billion. With effect from February 11, 2022, BMW Brilliance was fully consolidated in the financial statements of BMW Group. BMW Group will construct a new plant at the current site in Tiexi, and the BMW Brilliance plant in the Dadong district is currently undergoing a comprehensive expansion.

BMW Group plans to further significantly increase its involvement in China and to significantly increase its production capacities. In the field of electro mobility, BMW Group and Great Wall Motor are building a joint plant in China, where BMW Group will manufacture fully-electric models of its MINI brand. On December 27, 2019, following the approval by the Chinese authorities, BMW Group and Great Wall Motor formed a joint venture, Spotlight Automotive Limited (“Spotlight”), to produce all-electric MINIs for BMW Group, electric vehicles for Great Wall Motors, as well as to jointly develop other battery-powered electric vehicles. The construction of a joint plant in Zhangjiagang (China) is ongoing and currently in an advanced stage. When complete, 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 2021, BMW and MINI vehicles were manufactured in Kaliningrad (Russia), Cairo (Egypt), Jakarta (Indonesia) and Kulim (Malaysia).

BMW Group also awards contracts to external partners for the manufacturing of specific types of vehicle and motorcycles. In 2021, BMW and MINI models were produced by Magna Steyr AG & Co KG, Graz (Austria) 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 is expected to commence in summer 2022.

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 will be built in its own production network and no longer in the VDL Nedcar plant. In addition, BMW Group anticipates that by the end of 2022, every production plant in Germany will have the capacity to produce at least one fully electric vehicle model.

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 2021 (%)
	2021	2020	2019	
		(in units)		
Spartanburg, United States .....	433,810	361,365	411,620	17.6
Dingolfing, Germany .....	244,734	231,970	284,907	9.9
Regensburg, Germany .....	183,485	199,991	255,804	7.5
Leipzig, Germany .....	191,604	200,968	230,284	7.8
Oxford, United Kingdom .....	186,883	175,984	222,340	7.6
Munich, Germany .....	151,154	143,758	221,077	6.1
Rossllyn, South Africa .....	61,580	50,760	69,463	2.5
Rayong, Thailand .....	24,624	25,752	23,700	1.0
Chennai, India .....	8,472	6,228	8,976	0.3
Araquari, Brazil .....	10,104	8,400	8,208	0.4

Vehicle production of BMW Group by plant	For the year ended December 31,			Proportion of total production in 2021
	2021	2020	2019	
Goodwood, United Kingdom .....	5,912	3,776	5,455	0.2
San Luis Potosi, Mexico <sup>(2)</sup> .....	69,149	56,081	25,538	2.8
Tiexi, China <sup>(1)</sup> .....	335,311	311,137	250,241	13.6
Dadong, China <sup>(1)</sup> .....	365,466	291,798	286,268	14.8
Born, the Netherlands (VDL Nedcar) <sup>(3)</sup> .....	105,214	125,666	174,097	4.3
Graz, Austria (Magna Steyr) <sup>(3)</sup> .....	54,547	35,747	52,231	2.2
Partner plants (Jakarta, Cairo, Kaliningrad and Kulim) .....	29,220	26,256	33,816	1.2
<b>BMW Group</b> .....	<b>2,461,269</b>	<b>2,255,637</b>	<b>2,564,025</b>	<b>100.0</b>

(1) Joint venture BMW Brilliance.

(2) Plant opened in June 2019.

(3) Contract production.

The table below provides an outline of the products at each Group plant during 2021.

BMW Group plants	Products
<b>Manufacturing plants</b>	
Araquari, Brazil .....	BMW 3 Series, BMW X1, BMW X3, BMW X4, BMW X5
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 X4, BMW X5, BMW X7, MINI Countryman
Dingolfing, Germany .....	BMW 3 Series, BMW 4 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW 8 Series, BMW M, BMW iX
Leipzig, Germany .....	BMW 1 Series, BMW 2 Series, BMW i3, BMW M
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 X7
Regensburg, Germany .....	Motorcycles
Rossllyn, South Africa .....	BMW 1 Series, BMW 2 Series, BMW X1, BMW X2
San Luis Potosi, Mexico .....	BMW X3
Spartanburg, United States .....	BMW 2 Series, BMW 3 Series
Rolls Royce Manufacturing Plant Goodwood, United Kingdom.	BMW X3, BMW X4, BMW X5, BMW X6, BMW X7, BMW M,
	Rolls-Royce Cullinan, Dawn, Ghost, Phantom, Wraith
<b>Joint Venture BMW Brilliance</b>	
Dadong (Shenyang), China .....	BMW 5 Series, BMW X3, BMW iX3
Tiexi (Shenyang), China .....	BMW 1 Series, BMW 3 Series, BMW X1, BMW X2

BMW Group's four automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kaliningrad (Russia) and Kulim (Malaysia) primarily serve their respective regional markets and produce BMW and MINI brand models.

BMW Group also awards contracts to external partners for the production of specific types of vehicle as well as motorcycles. In 2020, Magna Steyr produced the BMW 5 Series Sedan and the BMW Z4 in Graz (Austria). Nedcar manufactured the MINI Convertible and MINI Countryman models as well as the BMW X1 at its production plant in Born (the Netherlands). In addition, BMW Group's motorcycles are produced at the TVS Motor Company in Hosur (India) as well as at the Loncin Motor Company in Chongqing (China).

### *Dealership Network*

The worldwide distribution network consisted of approximately 3,500 BMW, 1,600 MINI and 150 Rolls-Royce dealerships as of December 31, 2021. 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 slightly in 2021, despite the continuing supply bottlenecks reported in many markets. Accordingly, worldwide registration figures for passenger cars and light commercial vehicles increased by 1% to 73.4 million vehicles. New registration figures increased in China (3%) and the United States (3%) but decreased in Japan (-3%) and Europe (-2%), where new registrations decreased in Germany (10%) but increased in all other individual markets (France (1%), Italy (6%), Spain (1%) and the United Kingdom (1%)).

### **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, 2021, deliveries increased by 14.8% to 194,261 units compared to the prior year (2020: 169,272 units; 2019: 175,162 units), due to the strong product offering with new models being introduced and existing models revised in 2021, and a generally favorable market environment. In 2021, the Motorcycles segment recorded total revenues of €2,748 million.

The following tables present BMW Group's motorcycle deliveries in total and as split by markets.

	For the year ended December 31,		
	2021	2020	2019
	(in 1,000 units)		
BMW deliveries of motorcycles .....	194.3	169.3	175.2

### *Manufacturing and Operations*

BMW Motorrad models are produced at the Group's plant in Berlin, Germany and by BMW Motorrad's partners Loncin Motor Co., Ltd in Chongqing, China, and TVS Motor Company in Hosur, India. Two further motorcycle assembly plants are located in Manaus, Brazil and Rayong, Thailand.

The sales network for motorcycles is organized in a similar way to the automobile business. As of December 31, 2021, 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 increased significantly in 2021, with new registrations up by 14% worldwide. New registrations in European markets increased at an overall rate of 7%, however, new registrations in Germany decreased sharply by 12%. By contrast, the number of new registrations increased in Italy (22%), France (10%) and Spain (11%). In the United States, new registrations increased by 15% compared to 2020. The Brazilian market also recorded a sharp increase, with registrations up by 32% after a decline in 2020, while China recorded the biggest increase with growth of 44%.

### **Financial Services**

#### *Segment Overview*

In 2021, BMW Group's Financial Services segment offered its services in around 50 countries worldwide via companies 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. Operating under the brand name “Alphabet,” BMW Group’s international multi-brand fleet business provides financing and comprehensive management services for corporate car fleets in 20 countries. 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 2021, the Financial Services segment recorded total revenues of €32,867 million.

Outstanding Contract portfolio of Financial Services segment	For the year ended December 31,		
	2021	2020	2019
	(in 1,000s)		
Contract portfolio .....	5,860	5,982	5,974

#### *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 2021, 1,956,514 new credit financing and leasing contracts were concluded with customers, an increase of 6.0% compared to 2020 (2020: 1,845,271 contracts; 2019: 2,003,782 contracts). Credit financing increased by 7.8% and the number of new leasing contracts increased by 2.4%. Overall, leasing accounted for 31.8% of new business in 2021 (2020: 32.9%; 2019: 34.1%) and credit financing for 68.2% (2020: 67.1%; 2019: 65.9%).

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,		
	2021	2020	2019
	(% of new vehicles sold)		
New vehicles financed or leased through Financial Services segment <sup>(1)</sup> .....	50.5	49.8	52.2

- (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. The calculation of the penetration rates is based on retail vehicle delivery data and, therefore, the penetration rate presented for 2020 and subsequent periods is not directly comparable to the penetration rates presented for 2019. For further information, please see “Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data.”

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 by 1.4% in 2021 with 411,520 contracts (2020: 405,713 contracts; 2019: 398,144 contracts). The total volume of new credit and leasing contracts concluded with retail customers during 2021 was higher than in the previous year (10.9%) amounting to €63,414 million (2020: €57,200 million; 2019: €61,353 million). The total portfolio of credit financing and leasing contracts with retail customers was at a similar level in 2021, with a slight decrease of 0.3% year-on-year. In total, 5,577,011 contracts were in place with retail customers as of December 31, 2021 (as of December 31, 2020: 5,591,799; as of December 31, 2019: 5,486,319). By region, China recorded the highest growth rate, expanding its contract portfolio by 9.0% year-on-year. The Europe/Middle East/Africa region fell slightly (–1.7%) year-on-year, as did the EU Bank region (–1.7%), comprising BMW Bank GmbH in Germany with its branches in Italy, Spain and Portugal. The Americas region decreased slightly (–2.2%) in 2021 while the Asia/Pacific region (0.3%) finished at a similar level to the previous year.

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,		
	2021	2020	2019
	(% of total)		
Europe/Middle East/Africa .....	35.2	35.7	35.5
Americas .....	24.5	24.9	25.7
EU Bank <sup>(1)</sup> .....	18.3	18.6	18.5

	For the year ended December 31,		
	2021	2020	2019
<b>Contract portfolio retail customer financing of Financial Services segment</b>			
China .....	14.2	13.0	12.2
Asia/Pacific .....	7.8	7.8	8.1

- (1) With effect from October 1, 2019, the EU Bank comprises BMW Bank GmbH with its headquarters in Germany and branches in Italy, Spain and Portugal. The former subsidiary in France was transferred for organizational purposes to the Europe/Middle East/Africa region in conjunction with strategic realignments.

### *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 2021, the number of fleet contracts under management decreased by 1.2% compared to 2020. As of December 31, 2021, the segment managed a portfolio of 696,393 fleet contracts (as of December 31, 2020: 704,977 contracts; as of December 31, 2019: 717,353 contracts).

The Financial Services segment continued to support the Group's dealer organization in 2021 by providing financing for dealership vehicle inventories, real estate and equipment. The total volume of dealer financing decreased significantly in 2021 by 19.0% to €13,149 million as of December 31, 2021 (as of December 31, 2020: €16,241 million; as of December 31, 2019: €21,227 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, 2021 stood at €16,702 million, an increase of 1.4% as compared to 2020 (as of December 31, 2020: €16,466 million; as of December 31, 2019: €14,657 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*

In 2022, the European Central Bank ("ECB") is likely to continue with its expansionary monetary policy, despite high inflation in the eurozone. However, the U.S. Federal Reserve has announced its intention to tighten its policy in light of high inflation and the strong economic recovery of the United States and to raise interest rates during the first half of 2022. The U.S. Federal Reserve raised its benchmark interest rate by 25 basis points on March 16, 2022.

In response to the high inflation rate, the Bank of England raised the official bank rate by 15 basis points to 25 basis points in December 2021, by 25 basis points to 50 basis points in February 2022 and by 25 basis points to 75 basis points in March 2022.

The People's Bank of China lowered the reserve requirement ratio for most banks by 50 basis points at the end of 2021, thereby easing its monetary policy in order to support the economy.

### *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 €6.9 billion in 2021, an increase by 9.5% as compared to the 2020 level (2020: €6.3 billion; 2019: €6.4 billion). The research and development expenditure ratio decreased to 6.2% in 2021 (2020: 6.3%; 2019: 6.2%). The ratio of capitalized development costs to total research and development expenditure for the period (capitalization ratio) was 36.5% (2020: 36.6%; 2019: 33.2%). Amortization of capitalized development costs totaled €1.9 billion (2020: €1.7 billion; 2019: €1.7 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 add 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.

Products, brands and services are developed with a clear focus on innovative technologies such as low-emission drivetrains, digitalization, connectivity and autonomous driving.

### *Autonomous driving*

Since 2018, BMW Group has pooled its expertise with the aim of developing state-of-the-art driver assistance systems 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. Today, the latest generation of driver assistance systems already supports customers in a variety of driving situations. However, “safety first” always has the foremost priority for BMW Group in all development work performed.

### *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.

With BMW Connected and the growing digital offerings, BMW Group believes it is prepared for the expectations and wishes of its customers. In this regard, BMW Group’s focus is not just on the development and integration of new technologies and services for the vehicle, but on customers and their contemporary demands. BMW Group believes that digital services should be available to customers seamlessly and without restrictions, even out-side of the vehicle.

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. This includes, for example, personalized and context-based information in the vehicle.

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. With the Remote Software Update, the vehicle can always be updated with the latest software, functions are continuously expanded and digital services can be booked at any time. Thereby, the security and quality of the vehicle is continuously improved. Customers can therefore keep their vehicles up to date in the same way they are accustomed to from the smartphone world.

With digital services such as on-street parking or digital charging services, which are available to book over the BMW ConnectedDrive Store, customers can customize a vehicle based on their individual preferences. The next step for more flexibility involves BMW Group offering additional vehicle functions after a customer’s purchase,

such as a high-beam assistant or a driver assistant system (Active Cruise Control (ACC)). The expanded, customer-oriented and digital offerings of BMW Group will enable customers to update their vehicle with new functions.

Customers do not need to pick specific optional equipment when they purchase a vehicle; they can customize their vehicle later on based on individual needs. Together with automated driving, the systematic expansion of connectivity towards a digital and emissions-free future is one of the central areas of action, through which BMW Group is intending to shape the transformation of the mobility industry in line with its corporate strategy.

#### *Low-emission drivetrains*

During the year ended December 31, 2021, BMW Group reached a further milestone with the delivery of approximately 103,854 electrified automobiles. With 22 electrified models in its range (as of 2021), BMW Group is among the world's leading providers of electric mobility.

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, in June 2021, BMW Group launched the BMW iX and the BMW i4, featuring new electric drivetrain technology, substantially enhanced connectivity and innovative interior design. The fully electric i7 and iX1 are expected to be launched in 2022.

BMW Group focuses on BEV and plug-in hybrid 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.

BMW X3 is the first BMW Group model to be available in four different drivetrain versions: with an efficient diesel or petrol engine, as a plug-in hybrid, and with an all-electric powertrain system in the form of the BMW iX3. The BMW iX3 is the first model to benefit from a new generation of highly efficient BMW electric drivetrains, which enables a new balance between range and battery size.

Due to its role as a technology carrier and its enduring sales success, the BMW i3 is also being developed to the next level. Launched at the end of 2019, the MINI Cooper SE is a further all-electric vehicle that complements BMW Group's range of electrified models. Rolls-Royce Motor Cars is also working on developing an electric vehicle. In line with the expectations of its customers, the brand will immediately focus on manufacturing all-electric models.

#### *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.

Since 2017, BMW Group has operated the joint venture IONITY Holding GmbH & Co. KG together with Daimler AG, the Ford Motor Company, the Volkswagen Group, as well as Kia Motors Corporation and Hyundai Motor Corporation, with each party having an equal shareholding. The involvement of Kia Motors Corporation together with Hyundai Motor Corporation was completed in October 2020. Since then, the BMW Group has held a 20% share interest in IONITY.

IONITY's business model provides for the construction and operation of high-performance charging stations for battery-powered electric vehicles in Europe. Currently, more than 400 charging stations built by IONITY are available across Europe. On November 1, 2021, IONITY Holding GmbH & Co. KG signed a contract with GRP III HPC Lux S.à.r.l. (Blackrock) for the provision of financing amounting to €500m to expand the charging network. The existing shareholders are also investing an additional €200m in the business. The transaction is due to be completed in the first half of 2022.

In March 2018, BMW Group acquired all of Sixt SE's shares in the premium car sharing service DriveNow.

On March 28, 2018, BMW Group and 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 Daimler AG each hold a 50% stake in the joint venture. Under YOUR NOW, BMW Group and Daimler AG offer innovative, customer-friendly solutions for business partners, cities and municipalities seeking to make their mobility more efficient and sustainable. The goal is to expand the use of on-demand mobility and offer new solutions for cities and municipalities looking to make road use more efficient and sustainable. In May 2021, BMW Group and Daimler Mobility AG sold their joint venture PARK NOW Group to EasyPark Group after the competent authorities approved the sale. On March 30, 2021, BMW Group entered into a partnership with BP p.l.c. and Daimler 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 Daimler Mobility AG in Digital Charging Solutions GmbH ("DCS"), a developer of digital charging solutions for automotive manufacturers and vehicle fleet operators.

The joint venture BMW Brilliance produces mainly BMW branded models for the Chinese market and operates engine manufacturing facilities which supply the joint venture's two plants with petrol engines. 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. As of the date of this Offering Memorandum, BMW Brilliance has been fully consolidated in the financial statements of BMW Group.

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.

In November 2018, BMW Group obtained a license to provide ride-hailing services in Chengdu, Sichuan (China), making it the first foreign carmaker permitted to develop a ride-hailing business in China. With this ride-hailing service, BMW Group aims to complement its current ReachNow car sharing business which was started in Chengdu in partnership with EVCARD, a Shanghai-based electric car-sharing service of Global Car-Sharing & Rental Co. Ltd., in December 2017 and runs a fleet of approximately 100 BMW i3 electric vehicles.

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, 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 June 2020, BMW Group and Daimler Group jointly decided to temporarily pause their cooperation in the development of highly automated driving systems, which BMW Group accounts for as a joint operation. This had no impact on BMW Group's financial position or results of operations.

## **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. For example, BMW Group will purchase battery cells for its entire fifth generation of in-house developed electric drivetrains from four different suppliers, thus reducing its dependence on individual suppliers. Flexibility in terms of volume is both a premise and a decisive criterion for selecting battery cell suppliers.

In 2021, Germany accounted for 38.4% 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 18.3% and 15.0%, respectively. 20.1% of production materials were sourced in North America, 6.9% in Asia/Australia and 1.3% 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. In terms of sustainability, BMW Group focuses on three areas: the development of products and services for sustainable individual mobility, the efficient use of resources along the entire value chain, and responsibility towards employees and society in general.

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 at least 40% per vehicle by 2030. 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, as resources are scarce and many raw materials are only available in limited quantities, 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 2021, have enabled CO<sub>2</sub> emissions to be continuously reduced. Due to the expansion of the model range, annual sales of electric BMW Group vehicles increased to 328,214 units in 2021. In 2021, CO<sub>2</sub> emissions of BMW Group's fleet of new vehicles sold in Europe (EU-28) averaged 115.9 grams per km.

### *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, 2021, the Group workforce amounted to 118,909 employees by headcount.

As of December 31, 2021, 1,200 young talent worldwide were in vocational training and training programs for young talent with BMW Group. At €389 million, spending on training and development increased in 2021 (2020: €279 million; 2019: €370 million).

The following table presents BMW Group employees by segment.

	As of December 31,		
	2021	2020	2019 (adjusted) <sup>(1)</sup>
<b>BMW Group employees</b>			
Automotive.....	106,928	108,676	113,719
Motorcycles.....	3,418	3,474	3,503
Financial Services.....	8,466	8,473	8,684
Other Entities.....	97	103	110
<b>BMW Group .....</b>	<b>118,909</b>	<b>120,726</b>	<b>126,016</b>

- (1) From January 1, 2020, BMW Group has applied a new definition of "employees." 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 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. Until December 31, 2019, the definition also included temporary staff, postgraduate students, interns, apprentices, and employees on extended sick leave and sabbaticals. For comparative purposes, the number of employees in 2019 has been adjusted accordingly.

## 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 and under the framework of the Economic Commission for Europe (“UN ECE”). WLTP is based on a wide range of worldwide real road driving data and, in 2018, replaced the previous test procedure New European Driving Cycle (“NEDC”), which was based on synthetic driving patterns with less relation to real road conditions of use.

In addition to WLTP, regulatory standards for the pollutant criteria particulate number (“PN”) and nitrogen oxide (“NO<sub>x</sub>”) must be met under EU and UN ECE regulation independently from the laboratory test cycle under “normal condition of use.” Depending on the driving style, the condition of the vehicle (e.g., load factor) and the prevailing surrounding conditions (e.g., temperature and altitude), actual vehicle emissions can deviate to a greater or lesser degree from the cycle values. Taking this into account, 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, the Real Driving Emissions (“RDE”) standard was introduced in September 2017 in a first step (Euro 6d-TEMP) and has since applied to new type approvals. In addition, the RDE standard, which applies to all new initial registrations from September 2018 for PN, became effective in September 2019 for NO<sub>x</sub>. Since January 2020, the final RDE step Euro 6d applies to new type approvals and, since January 2021, to all new initial registrations.

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. The EU regulation setting CO<sub>2</sub> emission performance standards for new passenger cars and for new light commercial vehicles for the period up to 2030 was agreed on a common position by representatives of the European Commission, Council and Parliament in December 2018. The regulation includes a further reduction in CO<sub>2</sub> emissions from the EU new vehicle fleet of 15% by 2025, and 37.5% by 2030 (as compared to 2021 WLTP measured values on EU fleet average). In addition, it includes a CO<sub>2</sub> bonus scheme for individual original equipment manufacturers’ (“OEM”) overachievement of a benchmark related to zero- and low-emission vehicles (<50 g/km WLTP). The CO<sub>2</sub> fleet regulation is currently being reviewed and a first legislative proposal by the European Commission was introduced on July 14, 2021. This is part of the so-called “fit for 55 package” which aims 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. To achieve this goal, the transport sector will face stricter CO<sub>2</sub> fleet emission targets. A new 2030 target of at least 55% net reduction for the EU passenger car fleet (compared to the 2021 sales weighted average WLTP-measured values of the EU fleet) is proposed by the European Commission. The legislative draft is currently being considered by the European Parliament and the European Council, and is expected to be finalized by the end of 2022.

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 2020, 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 repealed SAFE Rule Part 1 and instituted new fleet GHG emission targets from 2023, starting with 199 g/mile, onwards reaching 161 g/mile in 2026. EPA and NHTSA have also initiated the repeal of SAFE Rule Part 1, which would result in the reinstatement of California’s waiver under the federal government’s Clean Air Act. BMW Group is currently working proactively with the State of California to evaluate the impact of the new federal rules on the obligations of the parties under the California Framework Agreement.

Japan has also established ambitious targets for corporate average fuel efficiency in order to reduce fuel consumption. For 2030 and onwards, a consumption 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.

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 NEV volume in new car sales is expected to reach 20% in 2025 in the passenger vehicle segment as national target. 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 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 2023. Due to various factors, the Ministry of Ecology and Environment (“MEE”) confirmed in 2021 that the final RDE requirements have not been tightened further.

Above and beyond national regulations, measures are increasingly 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 July 2017, cartel allegations against five German car manufacturers appeared in the press. In October 2017, the European Commission carried out inspections at BMW Group's premises. In relation to these allegations, numerous class action lawsuits have been brought in the United States and Canada as well as several private lawsuits in South Korea. The class action lawsuits in the United States were consolidated, and were dismissed three times, most recently in October 2020 with prejudice. The plaintiffs have appealed the dismissal of their claims. There are two groups of plaintiffs in this class action, the car manufacturers' customers and the car manufacturers' dealers. In August 2021, the customer plaintiffs decided to no longer pursue the claims in question and, therefore, filed for dismissal of the appeal, thereby terminating the customers' class action with prejudice. In October 2021, the dealers' appeal was dismissed by the court of appeals. The dealers' petition for rehearing was dismissed in January 2022. They may now appeal the decision to the U.S. Supreme Court. The class action lawsuits in Canada and the private lawsuits in South Korea remain at an early stage.

In April 2019, BMW Group received a Statement of Objections from the European Commission, to which it responded in December 2019.

Based on BMW AG's submissions, the European Commission significantly narrowed the scope of its charges. In its revised Statement of Objections, the European Commission alleged that 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 proceedings were settled in July 2021, and BMW Group was fined an amount of approximately €373 million.

Furthermore, cartel investigations on the same subject have been launched by Chinese, Korean and Turkish authorities. In each proceeding, BMW Group has responded to requests for information. With respect to the investigation by the Korean authorities, BMW AG recognized a provision. It is not yet possible to definitively assess the potential impact of the investigations in China and Korea. The Turkish authority issued its decision in January 2022, refraining from issuing a fine.

### ***SEC Investigation and Class Action Regarding BMW Group's Unit Sales of New Vehicles***

In December 2019, BMW Group was informed by the SEC that the SEC had commenced an inquiry into BMW Group's vehicle sales and sales reporting practices. On January 22, 2020, the SEC formally opened an investigation into potential violations of U.S. securities laws by BMW Group relating to disclosures regarding BMW Group's unit sales of new vehicles. On September 24, 2020, BMW AG and two of its U.S. subsidiaries settled the matter with the SEC and, without admitting or denying the allegations, consented to the entry of an order (the "SEC Order") finding violations of Sections 17(a)(2) and 17(a)(3) of the U.S. Securities Act and agreed to pay a penalty of U.S.\$18 million. The SEC Order alleged, among other things, that the disclosures that BMW Group had provided to investors in its U.S. bond offerings conducted under Rule 144A from 2016 to 2019 had contained material misstatements and omissions regarding BMW Group's U.S. retail vehicle deliveries.

On October 27, 2020, a purported holder of American Depositary Receipts ("ADRs") of BMW AG filed a putative class action lawsuit in the U.S. District Court for the District of New Jersey against BMW AG, BMW (US) Holding Corp. ("BMW US") and certain current and former officers and directors of BMW AG and BMW US, as defendants. The plaintiff purports to represent a class of persons who acquired BMW AG ADRs during the period from November 3, 2015 through September 24, 2020, inclusive. The complaint claims that certain alleged practices rendered false and/or misleading BMW AG's disclosed U.S. sales figures as publicly reported in SEC filings and press releases between November 23, 2015 and December 3, 2019. In September 2021, plaintiffs filed their amended complaint. On November 30, 2021, plaintiffs voluntarily dismissed the individual defendants without prejudice. The defendants deny the claims asserted against them. The parties have entered into an agreement in principle to settle the action, subject to court approval.

See "Additional Information—Presentation of Financial and Other Information—Retail Vehicle Delivery Data" for further information.



### *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. BMW of North America, LLC's motion to dismiss was granted in part, dismissing the claims based on the Federal Racketeer Influenced and Corrupt Organizations Act. That dismissal was later given effect with respect to BMW AG as well. The plaintiffs' interlocutory appeal to overturn the dismissal of these claims was unsuccessful. In turn, BMW AG's motion to dismiss the remaining claims for lack of jurisdiction was denied for the time being and discovery has commenced at BMW of North America, LLC and BMW AG.

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 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. The Prosecutor's Office investigation is ongoing. BMW Group is cooperating with the South Korean authorities with respect to all inquiries and investigations relating to such complaints. 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 May 2019, a class action lawsuit was filed alleging that BMW twin-turbo V8 petrol engines are affected by an oil burning defect causing the vehicles to consume excess amounts of engine oil with regular use. In February 2021, a settlement was agreed with the plaintiffs, which received final court approval in January 2022.

The Japan Fair Trade Commission ("JFTC") initiated an administrative proceeding against BMW Japan Corp. ("BMW Japan") in September 2019 with regard to an alleged misuse of superior bargaining position towards its dealers. The JFTC alleged that between January 2015 and December 2019, BMW Japan had proposed unit sales plans to its dealers that included targets that could not possibly have been achieved by the dealers considering their prior sales performances. On March 12, 2021, the JFTC approved a commitment plan submitted by BMW Japan (the "Commitment Plan") and thus ended the investigation. No penalties were levied. The Commitment Plan does not represent a determination that the activities of BMW Japan constituted a violation of the Japanese Antimonopoly Act. Under the Commitment Plan, BMW Japan agreed to implement certain measures to prevent the alleged activities from occurring in the future. BMW Japan has implemented these measures in compliance with the requirements under the Commitment Plan.

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. The focus of such lawsuits is on loan contracts. Since 2017, BMW Bank has won the vast majority of these lawsuits. In November 2019, the German Federal Court

of Justice (“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. 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 a German regional court with the European Court of Justice (“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. Based on this ECJ ruling, the BGH requested another ECJ preliminary ruling on whether the concept of abuse of rights in connection with consumer credit agreements is still applicable under certain circumstances. Although this is technically not a final decision, the BGH mentioned in the reasoning part of its decision that it does not consider BMW Bank’s terms and conditions in consumer credit agreements to fulfill the requirements set by the September 2021 ECJ ruling. Therefore, there is a risk that borrowers might withdraw consumer credit agreements of BMW Bank with reference to the proceeding submitted to the ECJ and the ECJ decision as of September 9, 2021. However, BMW Bank’s right to be compensated by the borrower for the use of the car is still applicable. The possible financial impact cannot be definitively assessed at this stage.

The European Commission and the UK Competition and Markets Authority (“CMA”) have opened antitrust investigations against car manufacturers and industry associations concerning the take-back, dismantling and recycling of end-of life vehicles. BMW Group has received a formal request for information by the European Commission on March 15, 2022 that it intends to fully comply with. The CMA sent a case initiation letter to BMW Group on March 15, 2022. As the investigations were recently initiated and are ongoing, the outcome of the investigations cannot be assessed at the present time.

## **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

### Board of Directors and Other Key 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 .....	Human Resources, Labor Relations Director	1969
Milan Nedeljković .....	Production	1969
Pieter Nota .....	Customer, Brands, Sales	1964
Nicolas Peter .....	Finance	1962
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
Manfred Schoch .....	Deputy Chairman	1955
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
Dominique Mohabeer .....	Member	1963
Anke Schäferkordt .....	Member	1962
Christoph M. Schmidt .....	Member	1962
Vishal Sikka .....	Member	1967
Sibylle Wankel .....	Member	1964
Thomas Wittig .....	Member	1960
Werner Zierer .....	Member	1959

### Corporate Governance

#### *Overview*

The Board of Management manages the enterprise in its own responsibility. Within this framework, it is monitored 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 Board of Management keeps the Supervisory Board informed of all significant matters regularly, promptly and comprehensively, following the principles of conscientious and faithful accountability and in accordance with existing law and the reporting duties allocated to it by the Supervisory Board. The Board of Management requires the approval of the Supervisory Board for certain significant measures. 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 and scope. Terms of reference approved by the Board of Management contain a plan for the allocation of divisional responsibilities among the individual board members. In addition, members of the Board of Management manage the relevant portfolio of duties under their responsibility, 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
Manfred Schoch.....	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

<b>Name</b>	<b>Position</b>
Stefan Schmid.....	Member
Manfred Schoch.....	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
Manfred Schoch.....	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
Manfred Schoch.....	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 2021 amounted to €50.9 million (2020: €27.6 million; 2019: €45.6 million).

The compensation of the members of the Board of Management comprised short-term benefits of €35.3 million (2020: €16.9 million) and other long-term benefits of €8.5 million (2020: €3.9 million), benefits in conjunction with the termination of board activity of €1.1 million (2020: €0.6 million) and a share-based remuneration component of €0.5 million (2020: €0.6 million). Pension obligations to current members of the Board of Management are covered by provisions amounting to €18.9 million (2020: €14.7 million; 2019: €14.6 million), computed in accordance with IAS 19 (*Employee Benefits*).

The compensation of the members of the Supervisory Board for 2021 amounted to €5.5 million (2020: €5.6 million; 2019: €5.6 million). With effect from the financial year ended December 31, 2020, 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 2021 amounted to €14.2 million (2020: €13.1 million; 2019: €16.0 million).

For further information, please see *Note 43—Remuneration of members of the Board of Management and Supervisory Board* to the Group's 2021 Audited Financial Statements and *Note 43—Compensation of members of the Board of Management and Supervisory Board* to the Group's 2020 Audited Financial Statements.

## PRINCIPAL SHAREHOLDERS AND SHARE CAPITAL

As of the date of this Offering Memorandum, BMW Group's authorized share capital consists of 601,995,196 shares of common stock and 59,404,304 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, 2021:

Shareholder	Direct share of voting rights (in %)	Indirect share of voting rights (in %)
Stefan Quandt .....	0.2	25.6 <sup>(1)</sup>
AQTON SE .....	9.0	16.6 <sup>(2)</sup>
AQTON Verwaltung GmbH.....	—	16.6 <sup>(3)</sup>
AQTON GmbH & Co. KG für Automobilwerte .....	16.6	—
Susanne Klatten .....	0.2	20.7 <sup>(4)</sup>
Susanne Klatten Beteiligungs GmbH .....	20.7	—

(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., 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 3.250 per cent. Notes due 2025 (the “2025 Notes”), the U.S.\$500,000,000 3.450 per cent. Notes due 2027 (the “2027 Notes”), the U.S.\$500,000,000 3.700 per cent. Notes due 2032 (the “2032 Notes” and, together with the 2025 Notes and the 2027 Notes, the “Fixed Rate Notes”), and the U.S.\$400,000,000 Floating Rate Notes due 2025 (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 1, 2022 (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, One Canada Square, London E14 5AL, 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 1, 2022. The 2025 Notes bear interest at the rate of 3.250 per cent. per annum, the 2027 Notes bear interest at the rate of 3.450 per cent. per annum and the 2032 Notes bear interest at the rate of 3.700 per cent. per annum. Interest in respect of the 2025 Notes shall be payable semi-annually in arrears on April 1 and October 1 in each year (each a “2025 Notes Interest Payment Date”), commencing on October 1, 2022 to, but excluding, April 1, 2025 (the “2025 Notes Maturity Date”). Interest in respect of the 2027 Notes shall be payable semi-annually in arrears on April 1 and October 1 in each year (each a “2027 Notes Interest Payment Date”), commencing on October 1, 2022 to, but excluding, April 1, 2027 (the “2027 Notes Maturity Date”). Interest in respect of the 2032 Notes shall be payable semi-annually in arrears on April 1 and October 1 in each year (each a “2032 Notes Interest Payment Date” and together with the 2025 Notes Interest Payment Date and the 2027 Notes Interest Payment Date, each a “Fixed Rate Notes Interest Payment Date”), commencing on October 1, 2022 to, but excluding, April 1, 2032 (the “2032 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 1, 2022. Interest in respect of the Floating Rate Notes shall be reset on a quarterly basis, and payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (each a “Floating Rate Notes Interest Payment Date”) commencing on July 1, 2022 to, but excluding, the Floating Rate Notes Interest Payment Date falling on or nearest to April 1, 2025 (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 0.840% 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 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 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 1, 2022 (or if such jurisdiction became a Relevant Jurisdiction on a date after April 1, 2022, 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 Fixed Rate Notes only**

The Issuer may redeem any Tranche of Fixed Rate Notes, in whole or in part, at the Issuer's option, at any time and from time to time. If the Issuer elects to redeem (i) the 2025 Notes at any time prior to the 2025 Notes Maturity Date, (ii) the 2027 Notes prior to March 1, 2027 or (iii) the 2032 Notes prior to January 1, 2032, the Issuer will pay a redemption price for such Notes equal to the greater of (i) 100 per cent. of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date of redemption (the "Redemption Date") on a semi-annual basis (assuming a year of 360 days consisting of 12 months of 30 days each or, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Rate plus 12.5 basis points in the case of the 2025 Notes, 15 basis points in the case of the 2027 Notes and 20 basis points in the case of the 2032 Notes, in each case together with accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date.

If the Issuer elects to redeem (i) the 2027 Notes on or after the date that is one month prior to the 2027 Notes Maturity Date or (ii) the 2032 Notes on or after the date that is three months prior to the 2032 Notes Maturity Date, the Issuer will pay a redemption price equal to 100 per cent. of the principal amount of the Notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date.

The Issuer will give notice of any optional redemption of the 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 Notes to be redeemed and any such redemption notice shall specify the Redemption Date.

**(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**

- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.

“Comparable Treasury Issue” means the United States Treasury security selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes (assuming, for this purpose, that the 2027 Notes mature on March 1, 2027 and the 2032 Notes mature on January 1, 2032).

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker for the Notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“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.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Issuer to act as the Independent Investment Banker.

“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 2025 Notes Maturity Date, the 2027 Notes Maturity Date, the 2032 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.

“Primary Treasury Dealer” means a primary U.S. Government securities dealer in New York City.

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

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that Redemption Date.

“Reference Treasury Dealers” means Barclays Capital Inc., Citigroup Global Markets Inc., Mizuho Securities USA LLC and Morgan Stanley & Co. LLC, and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; *provided*, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

“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.

“Remaining Scheduled Payments” means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due if the Note to be redeemed had matured on April 1, 2025 for the 2025 Notes, March 1, 2027 for the 2027 Notes and January 1, 2032 for the 2032 Notes.

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third Business Day immediately preceding that Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

“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 Rule 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 depositary 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 depositary, and in each case BMW Group fails to appoint a successor depositary 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.

### **Depositary 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;
- 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, the term “U.S. Holder” means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- 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 “*Terms and Conditions of the Notes and Guarantee—Substitution*,” 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, the term “Non-U.S. Holder” means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- 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 “*Terms and Conditions of the Notes and Guarantee—Payments—Payments subject to Applicable Laws*”). 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 2025 Notes</b>	<b>Principal Amount of the 2027 Notes</b>	<b>Principal Amount of the 2032 Notes</b>	<b>Principal Amount of the Floating Rate Notes</b>
Barclays Capital Inc. ....	120,000,000	100,000,000	100,000,000	80,000,000
Citigroup Global Markets Inc. ....	120,000,000	100,000,000	100,000,000	80,000,000
Credit Agricole Securities (USA) Inc. ....	120,000,000	100,000,000	100,000,000	80,000,000
Mizuho Securities USA LLC ....	120,000,000	100,000,000	100,000,000	80,000,000
Morgan Stanley & Co. LLC ....	120,000,000	100,000,000	100,000,000	80,000,000
<b>Total</b> .....	<b>600,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>	<b>400,000,000</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 over-allot 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 four 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+4”). 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 (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 Obligors 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 Obligors; 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 (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**

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, and if the Issuer has not notified the initial purchasers on the classification of the notes under and pursuant to Section 309(B)(1) of the Securities and Futures Act, Chapter 289 Singapore, this Offering Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes and the Guarantee may not be circulated or distributed, nor may the Notes and the Guarantee be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Securities are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the Securities and Futures Act; or

- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **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, 2021 and 2020, which are incorporated by reference into this Offering Memorandum, 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.

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United States of America

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and England and Wales*

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United Kingdom

**LEGAL ADVISORS TO THE INITIAL PURCHASERS**

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TRANSFER AGENT**

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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 3.250% Notes due 2025**  
**U.S.\$500,000,000 3.450% Notes due 2027**  
**U.S.\$500,000,000 3.700% Notes due 2032**  
**U.S.\$400,000,000 Floating Rate Notes due 2025**

fully and unconditionally guaranteed by

**Bayerische Motoren Werke Aktiengesellschaft**



**OFFERING MEMORANDUM**

**March 28, 2022**

**Barclays**  
**Citigroup**  
**Credit Agricole CIB**  
**Mizuho Securities**  
**Morgan Stanley**