

Information relating to item 10 of the AGM agenda:

**Company Financial Statements for Bayerische Motoren Werke
Aktiengesellschaft as of 31 December 2020.**

FINANCIAL STATEMENTS OF BMW AG

Financial Year 2020

**BMW
GROUP**



ROLLS-ROYCE
MOTOR CARS LTD

BMW AG IN FIGURES

| | | 2020 | 2019 | Change in % |
|--|-----------|--------------------|-----------|-------------|
| Revenues | € million | 75,040 | 84,691 | -11.4 |
| Export ratio | % | 81.5 | 82.2 | |
| Production | | | | |
| Automobiles ¹ | Units | 2,255,608 | 2,564,025 | -12.0 |
| Motorcycles | Units | 168,115 | 187,116 | -10.2 |
| Deliveries | | | | |
| Automobiles ¹ | Units | 2,249,943 | 2,555,795 | -12.0 |
| Motorcycles | Units | 170,918 | 180,941 | -5.5 |
| Capital expenditure | € million | 2,790 | 3,233 | -13.7 |
| Depreciation, amortisation and impairment losses | € million | 2,646 | 2,573 | 2.8 |
| Workforce at end of year ² | | 84,668 | 86,700 | -2.3 |
| Tangible, intangible and investment assets | € million | 16,834 | 16,640 | 1.2 |
| Current assets, prepaid expenses and surplus of pension and similar plan assets over liabilities | € million | 40,806 | 39,179 | 4.2 |
| Subscribed capital | € million | 660 | 659 | 0.2 |
| Reserves | € million | 13,252 | 12,774 | 3.7 |
| Equity | € million | 15,165 | 15,079 | 0.6 |
| as % of tangible, intangible and investment assets | % | 90.1 | 90.6 | |
| Balance sheet total | € million | 57,640 | 55,819 | 3.3 |
| Cost of materials | € million | 57,425 | 63,425 | -9.5 |
| Personnel expense | € million | 8,565 | 8,631 | -0.8 |
| Taxes | € million | 232 | 789 | -70.6 |
| Net profit | € million | 1,702 | 2,107 | -19.2 |
| Dividend | € million | 1,253 ³ | 1,646 | -23.9 |
| per share of common stock with a par value of € 1 each | € | 1.90 ³ | 2.50 | |
| per share of preferred stock with a par value of € 1 each | € | 1.92 ³ | 2.52 | |

¹ Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

² Prior year figure adjusted due to a changed calculation method (details provided in BMW Group Annual Report 2019, BMW Group Management Report).

³ Proposed by the Board of Management.

FINANCIAL STATEMENTS

PUBLICATION

The BMW AG Financial Statements and Management Report for the financial year 2020 will be submitted electronically to the operator of the Federal Gazette and can be obtained via the Company Register website. The Management Report of BMW AG is combined with the Group Management Report and published in the BMW Integrated Group Report 2020.

The Annual Financial Statements and the Management Report of BMW AG are also available on the BMW Group's website at [L² www.bmwgroup.com/ir](https://www.bmwgroup.com/ir)

BALANCE SHEET AT 31 DECEMBER

| in € million | Notes | 2020 | 2019 |
|--|-------|---------------|---------------|
| ASSETS | | | |
| Intangible assets | 1 | 488 | 405 |
| Property, plant and equipment | 2 | 12,520 | 12,473 |
| Investments | 3 | 3,826 | 3,762 |
| Tangible, intangible and investment assets | | 16,834 | 16,640 |
| Inventories | 4 | 5,748 | 5,994 |
| Trade receivables | 5 | 778 | 964 |
| Receivables from subsidiaries | 5 | 18,939 | 16,698 |
| Other receivables and other assets | 5 | 3,849 | 3,513 |
| Marketable securities | 6 | 3,336 | 4,109 |
| Cash and cash equivalents | 7 | 6,822 | 6,757 |
| Current assets | | 39,472 | 38,035 |
| Prepaid expenses | 8 | 73 | 58 |
| Surplus of pension and similar plan assets over liabilities | 9 | 1,261 | 1,086 |
| Total assets | | 57,640 | 55,819 |

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| in € million | Notes | 2020 | 2019 |
|--|-------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| Subscribed capital | 10 | 660 | 659 |
| Capital reserves | 10 | 2,239 | 2,210 |
| Revenue reserves | 11 | 11,013 | 10,564 |
| Unappropriated profit available for distribution | 24 | 1,253 | 1,646 |
| Equity | | 15,165 | 15,079 |
| Registered profit-sharing certificates | 12 | 27 | 28 |
| Pension provisions | | 229 | 205 |
| Other provisions | | 10,093 | 8,784 |
| Provisions | 13 | 10,322 | 8,989 |
| Liabilities to banks | | 101 | 511 |
| Trade payables | | 4,785 | 5,751 |
| Liabilities to subsidiaries | | 23,404 | 21,777 |
| Other liabilities | | 221 | 187 |
| Liabilities | 14 | 28,511 | 28,226 |
| Deferred income | 15 | 3,615 | 3,497 |
| Total equity and liabilities | | 57,640 | 55,819 |

INCOME STATEMENT

| in € million | Notes | 2020 | 2019 |
|---|-------|---------------|---------------|
| Revenues | 16 | 75,040 | 84,691 |
| Cost of sales | 17 | -63,726 | -70,178 |
| Gross profit | | 11,314 | 14,513 |
| Selling expenses | | -4,030 | -3,979 |
| Administrative expenses | | -2,747 | -2,776 |
| Research and development expenses | | -5,394 | -5,528 |
| Other operating income | 18 | 1,237 | 1,295 |
| Other operating expenses | 19 | -1,250 | -2,526 |
| Result on investments | 20 | 3,084 | 1,858 |
| Financial result | 21 | -280 | 39 |
| Income taxes | 22 | -214 | -767 |
| Profit after income tax | | 1,720 | 2,129 |
| Other taxes | | -18 | -22 |
| Net profit | | 1,702 | 2,107 |
| Transfer to revenue reserves | 23 | -449 | -461 |
| Unappropriated profit available for distribution | 24 | 1,253 | 1,646 |

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW AG) have been drawn up in accordance with the accounting provisions contained in the German Commercial Code (HGB) and legislation applicable to stock corporations. Figures are presented in millions of euro (€ million) unless otherwise stated. BMW AG, which has its legal seat in Munich, is registered in the Commercial Register of the District Court of Munich under the number HRB 42243.

Key figures presented in the report have been rounded in accordance with standard commercial practise. In certain cases, this may mean that values do not add up exactly to the stated total and that percentages cannot be derived from the values shown.

The income statement is presented using the cost of sales method. The financial year is the same as the calendar year.

ACCOUNTING POLICIES

In order to improve clarity, individual items are aggregated in the balance sheet and income statement and presented separately in the notes to the financial statements.

Purchased intangible assets are valued at acquisition cost. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives of between three and 20 years. Impairment losses are recognised where necessary. Internally generated intangible assets are not capitalised.

Advance payments are stated at their nominal amount.

Property, plant and equipment are stated at acquisition or at manufacturing cost, less accumulated scheduled depreciation and impairment losses. Manufacturing cost includes direct material and production costs and an appropriate proportion of material and production overheads (including production-related depreciation). Production-related administrative costs, voluntary social costs and company pension costs are not included.

Property, plant and equipment are generally depreciated straight-line. The reducing balance method is still also applied in specific cases. Items acquired during the year are depreciated on a time-apportioned basis. Impairment losses are recorded when the decline in value of an asset is considered to be of a lasting nature. If the reasons for impairment no longer exist, impairment losses previously recorded are reversed, at a maximum up to their amortised acquisition and manufacturing cost. For simplification purposes, assets with an acquisition or manufacturing cost of up to €250 are recognised directly as an expense in the year of purchase/construction. Assets with an acquisition or manufacturing cost of between €250 and €1,000 are depreciated using the straight-line method over a period of five years. Assets under construction are stated at their nominal amount.

The following useful lives are applied:

| in years | |
|--|---------|
| Factory and office buildings, residential buildings, fixed installations in buildings and outside facilities | 8 to 50 |
| Plant and machinery | 3 to 21 |
| Other equipment, factory and office equipment | 2 to 25 |

For plant and equipment used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation.

Investments in subsidiaries and participations are stated at cost or, if lower, at their fair value. If the reasons for impairment no longer exist, impairment losses previously recorded are reversed, at a maximum up to the level of original cost. Loans which bear no or a below-market rate of interest are discounted to their present value.

The composition of and changes in long-lived assets are shown in the Analysis of Changes in Tangible, Intangible and Investment Assets.

Inventories of raw materials, supplies and goods for resale are stated at the lower of cost and net realisable value. Direct material and production costs and an appropriate proportion of material and production overheads (including production-related depreciation) are taken into account in the measurement of unfinished and finished goods. Production-related administrative costs, voluntary social costs and company pension costs are not included. Write-downs are made to cover risks arising from slow-moving items or reduced saleability. Inventories include advance payments made for raw materials and supplies as well as goods for resale. Advance payments are reported at their nominal amount.

Receivables and other assets are stated at the lower of their nominal value or net realisable value. Receivables whose collectability is associated with identifiable risks are written down appropriately; uncollectible receivables are written off.

Investments in current marketable securities are measured at cost or, if lower, at their fair value at the end of the reporting period. Fair value corresponds to the market price.

Cash and cash equivalents are stated at their nominal value.

Prepayments relate to amounts disbursed before the balance sheet date, which represent expense for a specific period after the end of the reporting period.

Subscribed capital is stated at its nominal amount.

In order to meet obligations relating to pension plans, certain assets are managed on a trustee basis by BMW Trust e.V., Munich, in conjunction with Contractual Trust Arrangements (CTA). These assets are measured at their fair value, based on the market values of the corresponding fund management companies at the end of the reporting period. Designated plan assets are offset against the related obligations. A provision is recognised when obligations exceed assets. When assets exceed obligations, the surplus is reported in the balance sheet in the line item "Surplus of pension and similar plan assets over liabilities".

Pension obligations are measured in accordance with the projected unit credit method and discounted using an average market interest rate for the past ten years, which corresponds to their remaining term. The calculation is based on independent actuarial valuations which take into account the relevant biometric factors. The difference in the carrying amount of the provision based on

using the average market interest rate for the past ten financial years and that for the past seven financial years is disclosed in the notes to the financial statements. The provisions for long-service awards and for pre-retirement part-time work arrangements are also measured using the projected unit credit method. Income arising on assets offset against liabilities, from the unwinding of discounting and from the effect of changes in the discount rate are presented as part of the financial result. Changes in the fair value of designated plan assets held to meet securities-linked obligations are also reported as part of the financial result. All other components of pension expense are included in the income statement under costs by function.

Tax provisions are calculated in accordance with the principle of reasonable management judgement.

Other provisions are recognised to take account of all identified risks. Provisions are measured at their expected settlement amount. In the case of non-current provisions, amounts are discounted using the average market interest rate – calculated and published by the Deutsche Bundesbank – which corresponds to the remaining term of the provision.

The measurement of provisions for warranty obligations and product guarantees (statutory, contractual and voluntary) involves estimations. These provisions are recognised as a general rule when the risks and rewards of ownership of the goods are transferred to the BMW Group's sales companies, dealerships or retail customers. In order to determine the level of the provision, various factors are taken into consideration,

including current estimations based on past experience with the nature and amount of claims relating to vehicles delivered. In addition, the future level of potential repair costs (comprising materials and labour) as well as price increases per product are taken into account. In addition, the provision for warranty obligations and product guarantees also takes into account warranty-related events such as vehicle recalls on the date that the associated resolution is passed. Provisions for statutory and non-statutory warranty obligations and product guarantees are adjusted regularly to take account of new circumstances and the impact thereof recognised in the income statement. Expected reimbursement claims are estimated and offset against provisions for statutory and non-statutory warranty obligations and product guarantees.

Provisions pre-retirement part-time working arrangements are measured at their expected settlement amount, discounted using the average market interest rate – calculated and published by the Deutsche Bundesbank – which corresponds to the remaining term of the obligations.

BMW AG assumes some of the residual value obligations arising at the level of BMW Group Financial Services entities in connection with the remarketing of vehicles and recognises provisions accordingly. For the purpose of measuring the provisions, contractually agreed residual values are compared with expected residual values on a contract-by-contract basis. The computation of expected residual values also takes account of publicly available assessments of independent forecasting institutes as well as in-house forecasts.

Liabilities are stated at their expected settlement amount at the balance sheet date.

The option of offsetting receivables from and payables to subsidiaries and companies in which an investment is held is not exercised.

Foreign currency receivables and payables are translated using the mid-spot exchange rate applicable at transaction date. Gains arising on the translation of period-end items are only recognised for receivables and payables with a remaining term of one year or less. Unrealised losses resulting from changes in exchange rates are recognised by restating the foreign currency amount in the balance sheet to the closing rate.

BMW AG uses derivative financial instruments to hedge interest rate, currency and commodity price risks arising in conjunction with operating activities as well as the resulting financing requirements. Where there is a direct hedging relationship, the derivative financial instruments are aggregated together with recognised assets or liabilities and/or with forecast transactions into valuation units. Items denominated in foreign currency are accounted for using the "Valuation Freeze Method" (Einfrierungsmethode), translated using the relevant hedging rate.

BMW AG invoices affiliated sales companies that are based outside the eurozone in the relevant local currency. The resulting currency exposures are hedged by derivative currency instruments, and accounted for as portfolio hedges within valuation units. The hedged items relate to highly probable forecast transactions that will be subsequently invoiced in a foreign currency. The high probability of occurrence of these transactions is based on past experience and production planning. BMW AG has elected to apply the "Valuation Freeze Method" (Einfrierungsmethode) for these hedging relationships.

Micro hedges are designated for currency derivatives used to hedge back-to-back derivative financial instruments with subsidiaries as well as for interest rate derivatives used to hedge financial receivables and liabilities. BMW AG has elected to apply the "Valuation Freeze Method" (Einfrierungsmethode) for these hedging relationships.

BMW AG negotiates contracts for the purchase of raw materials across the Group. The raw materials price risk resulting from the purchase of raw materials for production companies is borne either directly or indirectly by BMW AG. BMW AG enters into commodity derivatives to hedge these risks. These derivatives are accounted for as portfolio hedges within valuation units. The hedged items relate to highly probable forecast transactions. The high probability of occurrence of these transactions is based on past experience and production planning. BMW AG has elected to apply the "Valuation Freeze Method" (Einfrierungsmethode) for these hedging relationships.

Since the principal features of the transactions included in a valuation unit are matched to a large extent, changes in fair values or cash flows generally offset each other. Hedging is in place for the whole term of the hedged item. Effectiveness is ensured as a general rule by the use of a critical term match. The effectiveness of the valuation units relating to foreign-currency-denominated revenues billed to sales subsidiaries is measured on the basis of regression analysis. The Dollar-Offset method is used to calculate the absolute amounts attributable to non-validity and ineffectiveness. Realised gains and losses arising on valuation units created for back-to-back derivative financial instruments entered into with subsidiaries and banks are presented in other operating income/expenses on a net basis.

If there is no hedging relationship, or if the hedging relationship is deemed to be insufficient, pending losses are recognised with income statement effect.

Deferred income relates to amounts received before the balance sheet date, which represent income for a specific period after the end of the reporting period. This also includes revenues billed for services which are rendered after the end of the reporting period. Revenues from sales with multiple components are analysed into the various performance components on the basis of fair values which can be determined objectively and reliably. The portion of revenues relating to services not performed by the end of the reporting period is presented as deferred income.

Deferred taxes are calculated for temporary differences between the tax base and accounting carrying amounts of assets, liabilities and deferred/prepaid items. Deferred tax assets and liabilities are measured using a combined income tax rate of 30.8% relevant for the BMW AG tax group. This combined rate covers corporation tax, municipal trade tax and solidarity surcharge. In the case of temporary differences arising on assets, liabilities and deferred/prepaid items of partnership entities, in which BMW AG participates in the capacity of a shareholder, deferred taxes are measured on the basis of an income tax rate of 15.83% which covers corporation tax and solidarity surcharge. In the year under report, the BMW AG tax group has a surplus of deferred tax assets over deferred tax liabilities, mainly as a result of temporary differences between the tax base and accounting carrying amounts of provisions for pensions and similar obligations (before offset against designated plan assets), other provisions and property unused tax, plant and equipment and tax loss carryforward. BMW AG, as head of the German tax group, has elected not to recognise the surplus amount of deferred tax assets.

The share-based remuneration programmes for Board of Management members and senior heads of department entitle BMW AG to elect whether to settle its commitments in cash or with shares of BMW AG common stock. Based on the decision to settle in cash, the two share-based programmes are accounted for as cash-settled share-based transactions. Share-based programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) over the vesting period of the options and in the balance sheet as a provision. Further information regarding the two share-based programmes is provided in note 41 to the BMW Group Financial Statements 2020.

ANALYSIS OF CHANGES IN TANGIBLE, INTANGIBLE AND INVESTMENT ASSETS

| in € million | Acquisition or manufacturing costs | | | | | Depreciation, amortisation and impairment losses | | | | Carrying amount | |
|--|------------------------------------|--------------|-------------------|--------------|---------------|--|--------------|--------------|---------------|-----------------|---------------|
| | 1.1.2020 | Additions | Reclassifications | Disposals | 31.12.2020 | 1.1.2020 | Current year | Disposals | 31.12.2020 | 31.12.2020 | 31.12.2019 |
| Intangible assets | 1,127 | 213 | – | 536 | 804 | 722 | 130 | 536 | 316 | 488 | 405 |
| Land, titles to land, buildings, including buildings on third party land | 6,808 | 284 | 391 | 11 | 7,472 | 3,170 | 190 | 11 | 3,349 | 4,123 | 3,638 |
| Plant and machinery | 27,473 | 1,464 | 549 | 1,187 | 28,299 | 20,553 | 2,158 | 1,178 | 21,533 | 6,766 | 6,920 |
| Other facilities, factory and office equipment | 1,587 | 145 | 12 | 95 | 1,649 | 1,132 | 168 | 90 | 1,210 | 439 | 455 |
| Advance payments made and construction in progress | 1,460 | 684 | –952 | – | 1,192 | – | – | – | – | 1,192 | 1,460 |
| Property, plant and equipment | 37,328 | 2,577 | – | 1,293 | 38,612 | 24,855 | 2,516 | 1,279 | 26,092 | 12,520 | 12,473 |
| Investments in subsidiaries | 3,643 | 88 | – | – | 3,731 | 1 | – | – | 1 | 3,730 | 3,642 |
| Participations | 625 | 34 | – | 34 | 625 | 513 | 33 | 7 | 539 | 86 | 112 |
| Other non-current loans receivable | 9 | 1 | – | – | 10 | 1 | – | 1 | – | 10 | 8 |
| Investments | 4,277 | 123 | – | 34 | 4,366 | 515 | 33 | 8 | 540 | 3,826 | 3,762 |
| Tangible, intangible and investment assets | 42,732 | 2,913 | – | 1,863 | 43,782 | 26,092 | 2,679 | 1,823 | 26,948 | 16,834 | 16,640 |

NOTES TO THE BALANCE SHEET

01 INTANGIBLE ASSETS

Intangible assets comprise mainly purchased software, franchises and licenses. Scheduled amortisation in the year under report totalled €130 million (2019: €105 million). Advance payments for intangible assets amounted to €41 million (2019: €29 million).

02 PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment relate primarily to infrastructure improvements and product-related investments in plant and machinery. Scheduled depreciation in the year under report totalled €2,516 million (2019: €2,468 million).

03 INVESTMENTS

Additions to investments related to a transfer to capital reserves made at the level of BMW Bank GmbH, Munich, amounting to €88 million.

BMW AG holds an investment in SGL Carbon SE, Wiesbaden. An impairment loss of €26 million (2019: €30 million) was recognised on the investment in the financial year under report since its fair value at the balance sheet date was lower than its carrying amount.

04 INVENTORIES

| in € million | 31.12.2020 | 31.12.2019 |
|--------------------------------------|--------------|--------------|
| Raw materials and supplies | 1,145 | 1,156 |
| Work in progress, unbilled contracts | 398 | 357 |
| Finished goods and goods for resale | 3,783 | 3,969 |
| Prepayments | 422 | 512 |
| Inventories | 5,748 | 5,994 |

05 RECEIVABLES AND OTHER ASSETS

| in € million | 31.12.2020 | 31.12.2019 |
|--|---------------|---------------|
| Trade receivables | 778 | 964 |
| Receivables from subsidiaries | 18,939 | 16,698 |
| thereof due later than one year | 21 | 21 |
| Other receivables and other assets | 3,849 | 3,513 |
| Receivables from other companies in which an investment is held | 1,903 | 1,136 |
| Other assets | 1,946 | 2,377 |
| thereof due later than one year | 18 | 36 |
| Receivables and other assets | 23,566 | 21,175 |

Receivables from subsidiaries comprise financial receivables amounting to €13,543 million (2019: €12,748 million) and trade receivables amounting to €5,396 million (2019: €3,950 million).

Other assets include primarily tax receivables and advance payments on orders.

Unless stated otherwise, receivables and other assets are due within one year.

06 MARKETABLE SECURITIES

Marketable securities relate primarily to one special investment fund and to money market funds.

BMW AG holds all of the shares of the special investment fund. The fund is not subject to any restrictions in terms of the daily redemption amount. The acquisition cost for the shares in the special investment fund amounted to €3,077 million (2019: €3,672 million). The result for the financial year 2020 includes income from the sale of marketable securities amounting to €106 million. In the previous financial year, a profit distribution amounting to €122 million was received.

The following table shows the acquisition cost and fair value of investments held by the special investment fund at the end of the reporting period:

| in € million | Acquisition cost | | Fair value | |
|--------------------------------|------------------|--------------|--------------|--------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Fixed-income securities | 2,887 | 3,437 | 2,902 | 3,436 |
| Investment certificates | 428 | 722 | 441 | 781 |
| Shares | 177 | – | 176 | – |
| Cash and cash equivalents | 20 | 8 | 20 | 8 |
| Other marketable securities | 3 | 24 | 3 | 24 |
| Receivables and payables | 5 | 3 | 5 | 3 |
| Derivative instruments | – | – | – | 1 |
| Special investment fund | 3,520 | 4,194 | 3,547 | 4,253 |

07 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank, of which €1 million (2019: €0 million) relates to amounts held at subsidiaries, and to cash on hand.

08 PREPAID EXPENSES

Prepaid expenses include amounts paid in advance for services to be performed in future periods.

09 SURPLUS OF PENSION AND SIMILAR PLAN ASSETS OVER LIABILITIES

Assets held to secure obligations relating to pensions are offset against the related liabilities. The assets concerned comprise mainly holdings in investment fund assets. The surplus of designated plan assets over liabilities at the end of the reporting period amounts to €1,261 million (2019: €1,086 million). The reconciliation of the asset-side difference arising from offsetting assets and liabilities is shown under provisions (see [note 13](#)).

10 SUBSCRIBED CAPITAL AND CAPITAL RESERVES

| in € million | 31.12.2020 | 31.12.2019 |
|--------------------|------------|------------|
| Subscribed capital | 660 | 659 |
| Capital reserves | 2,239 | 2,210 |

BMW AG's issued share capital of €660 million comprises 601,995,196 shares of common stock, each with a par value of €1, and 57,689,304 shares of non-voting preferred stock, each with a par value of €1. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

In 2020, a total of 822,124 shares of preferred stock was sold to employees at a reduced price of €36.55 per share in conjunction with the Employee Share Programme. These shares are entitled to receive dividends for the first time with effect from the financial year 2021.

Issued share capital increased by €0.8 million as a result of the issue to employees of 822,000 new shares of non-voting preferred stock. The Authorised Capital of BMW AG at the end of the reporting period therefore amounted to nominal €3.4 million (corresponding to 3.4 million shares of non-voting preferred stock). The Company is authorised to issue shares of non-voting preferred stock amounting to nominal €5.0 million prior to 15 May 2024. The share premium of €29.2 million arising on this share capital increase was transferred to capital reserves.

In addition, 124 previously issued shares of preferred stock were acquired and re-issued to employees.

11 REVENUE RESERVES

| in € million | 31.12.2020 | 31.12.2019 |
|--------------------------|---------------|---------------|
| Statutory reserves | 1 | 1 |
| Other revenue reserves | 11,012 | 10,563 |
| Balance brought forward | 10,563 | 10,102 |
| Transfer from net profit | 449 | 461 |
| Revenue reserves | 11,013 | 10,564 |

The amount not available for distribution at 31 December 2020 was €4,081 million (2019: €3,315 million). This figure arises in conjunction with fair value gains amounting to €2,713 million (2019: €2,004 million) on assets held to service obligations for pensions and the difference of €1,368 million (2019: €1,311 million) in the carrying amount of the pension provision based on using the relevant average market interest rate for the past ten rather than seven financial years.

12 REGISTERED PROFIT-SHARING CERTIFICATES

Employees are entitled to subscribe to shares of preferred stock as part of a wealth accumulation programme. These arrangements replaced the programme in place up to 1989, under which employees were entitled to subscribe to registered profit-sharing certificates, with the level of the profit share based on the level of the dividend. A total of 548.665 registered profit-sharing certificates remained in place at 31 December 2020 (2019: 568.553 registered profit-sharing certificates).

13 PROVISIONS

| in € million | 31.12.2020 | 31.12.2019 |
|--|---------------|--------------|
| Pension provisions | 229 | 205 |
| Other provisions | 10,093 | 8,784 |
| Tax provisions | 351 | 459 |
| Sundry other Provisions | 9,742 | 8,325 |
| thereof provisions for statutory and non-statutory warranty obligations and product guarantees | 2,418 | 1,955 |
| Provisions | 10,322 | 8,989 |

BMW AG provides pension benefits to its employees in various forms. BMW AG's pension obligations include defined benefit obligations, for which benefits are determined either by multiplying a fixed amount by the number of years of service or on the basis of an employee's final salary. The defined benefit plans were closed to new entrants in 2014.

An additional pension plan is also in place – covered by trust assets – which pays defined benefit amounts that are predominantly dependent on the contributions made by the Company, the investment income earned and a guaranteed minimum rate of interest.

BMW AG also offers employees the option of participating in a voluntary deferred remuneration retirement plan.

As in the previous year, the measurement of obligations for pension plans and pre-retirement part-time working arrangements is based on the assumptions set out in the biometric tables of Prof. Dr. Klaus Heubeck (2018 G) with invalidity rates reduced by 70%. In addition, the following assumptions are applied:

| in % | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Discount factor for pension plans | 2.30 | 2.71 |
| Discount factor for pre-retirement part-time working arrangements | 0.45 | 0.61 |
| Future salary increases | 2.67 | 3.04 |
| Future pension increases | 1.33 | 1.38 |

The discount rate used to discount pension obligations corresponds to the average market interest rate for the past ten financial years for an assumed maturity term of 15 years, as calculated and published by the Deutsche Bundesbank. The difference in the carrying amount of the pension provision as a result of using an average market interest rate for ten rather than seven years is disclosed in the note on revenue reserves (see [note 11](#)).

The so-called “pension entitlement trend” (Festbetragstrend) also represents a significant actuarial assumption for the purposes of determining benefits payable at retirement and was left unchanged at 2.0%.

The provision for pensions amounting to €229 million (2019: €205 million) can be summarised as follows:

| in € million | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Fair value of assets held to cover pension obligations | 12,315 | 11,203 |
| Present value of defined benefit obligations | 11,283 | 10,322 |
| Surplus of pension and similar plan assets over liabilities | 1,261 | 1,086 |
| Pension provisions | 229 | 205 |

If the fair value of the designated plan assets exceeds the pension obligations, the surplus amount is reported in the line item “Surplus of pension and similar plan assets over liabilities” (see [note 9](#)). Acquisition cost of the designated plan assets for pension obligations amounted to €9,269 million (2019: €8,911 million).

Tax provisions comprise mainly expected income tax payments relating to prior years as well as payments for ancillary tax-related expenses.

Other provisions comprise mainly obligations for personnel-related expenses, statutory and non-statutory warranty obligations and product guarantees, litigation and liability risks as well as for selling activities. This includes increases in provisions in connection with the exhaust gas recirculation cooler.

It also includes a provision of €1,394 million recognised in the previous year in connection with ongoing EU Commission antitrust proceedings. For information see note 13 to the financial statements of BMW AG for the financial year 2019. In December 2019, the BMW AG submitted a detailed response to the EU Commission regarding the latter’s Statement of Objections and a decision by the EU Commission is still pending.

14 LIABILITIES

| in € million | 31.12.2020 | | | |
|---|---------------|----------------------------------|--------------|----------------------|
| | Total | thereof with a remaining term of | | |
| | | up to one year | 1 to 5 years | more than 5 years |
| Liabilities to banks | 101 | 101 | – | – |
| Trade payables | 4,785 | 4,785 | – | – |
| Liabilities to subsidiaries | 23,404 | 23,054 | 350 | – |
| Other liabilities | 221 | 217 | 1 | 3 |
| Advance payments received on orders | 25 | 25 | – | – |
| Payables to entities in which a participation is held | 73 | 73 | – | – |
| Liabilities to BMW Unterstützungsverein e. V. | 3 | – | – | 3 |
| Sundry other liabilities | 120 | 119 | 1 | – |
| thereof for social security | 41 | 41 | – | – |
| thereof for taxes | 18 | 18 | – | – |
| Liabilities | 28,511 | 28,157 | 351 | 3 |

| in € million | 31.12.2019 | | | |
|---|---------------|----------------------------------|--------------|----------------------|
| | Total | thereof with a remaining term of | | |
| | | up to one year | 1 to 5 years | more than 5 years |
| Liabilities to banks | 511 | 511 | – | – |
| Trade payables | 5,751 | 5,751 | – | – |
| Liabilities to subsidiaries | 21,777 | 21,777 | – | – |
| Other liabilities | 187 | 181 | 3 | 3 |
| Advance payments received on orders | 36 | 36 | – | – |
| Payables to entities in which a participation is held | 18 | 18 | – | – |
| Liabilities to BMW Unterstützungsverein e. V. | 3 | – | – | 3 |
| Sundry other liabilities | 130 | 127 | 3 | – |
| thereof for social security | 45 | 45 | – | – |
| thereof for taxes | 20 | 20 | – | – |
| Liabilities | 28,226 | 28,220 | 3 | 3 |

Payables to subsidiaries comprise financial liabilities amounting to €19,323 million (2019: €17,616 million) and trade payables amounting to €4,081 million (2019: €4,161 million).

15 DEFERRED INCOME

Deferred income includes revenue received for services to be performed in future accounting periods, including €3,322 million (2019: €3,132 million) deferred for work still to be performed in conjunction with service and maintenance contracts.

NOTES TO THE INCOME STATEMENT

16 REVENUES

| in € million | 2020 | 2019 |
|------------------------------|---------------|---------------|
| Automobiles | 62,683 | 71,149 |
| Motorcycles | 1,732 | 1,737 |
| Other revenues | 10,625 | 11,805 |
| Revenues | 75,040 | 84,691 |
| Information by region | | |
| Germany | 13,902 | 15,041 |
| China | 16,401 | 16,225 |
| USA | 12,340 | 14,647 |
| Rest of Europe | 20,332 | 25,453 |
| Rest of Asia | 7,768 | 7,891 |
| Rest of the Americas | 2,264 | 2,951 |
| Other regions | 2,033 | 2,483 |
| Revenues | 75,040 | 84,691 |

The line item Rest of the Americas comprises the markets in North America, Central America and South America, but excluding the USA. The markets in Africa, Australia and Oceania are aggregated in the line item Other regions.

17 COST OF SALES

Cost of sales comprises mainly production costs of materials, bought-in goods and services, personnel expenses, depreciation and amortisation of assets, production-related rent and leasing expenses as well as expenses for statutory and non-statutory warranties and product guarantees.

18 OTHER OPERATING INCOME

Other operating income totalling €1,237 million (2019: €1,295 million) include mainly realised exchange rate gains, income from the reversal of provisions and other sundry items.

Other operating income relating to prior periods amounted to €368 million (2019: €614 million), mainly for the reversal of provisions. Gains resulting from the measurement of foreign currency items using closing exchange rates totalled €56 million (2019: €65 million).

19 OTHER OPERATING EXPENSES

Other operating expenses amounted to €1,250 million (2019: €2,526 million) and included in particular realised exchange losses and allocations to provisions (including for litigation and other legal risks).

In the previous financial year, an expense of €1,394 million was recognised in connection with on-going EU Commission antitrust proceedings. Further information is provided in [note 13](#).

Other operating expenses relating to prior periods amounted to €29 million (2019: €23 million). Losses resulting from the measurement of foreign currency items using closing exchange rates totalled €55 million (2019: €112 million).

20 RESULT ON INVESTMENTS

| in € million | 2020 | 2019 |
|--|--------------|--------------|
| Income from profit and loss transfer agreements | 2,968 | 1,855 |
| Income from investments | 117 | 4 |
| thereof from subsidiaries | 117 | 3 |
| Expense of assuming losses under profit and loss transfer agreements | -1 | -1 |
| Result on investments | 3,084 | 1,858 |

Income from profit and loss transfer agreements related mainly to BMW INTEC Beteiligungs GmbH, Munich, amounting to €2,821 million (2019: €1,471 million) and BMW M GmbH Gesellschaft für individuelle Automobile, Munich, amounting to €96 million (2019: €94 million).

21 FINANCIAL RESULT

| in € million | 2020 | 2019 |
|--|-------------|-----------|
| Other interest and similar income | 62 | 290 |
| thereof from subsidiaries | 56 | 47 |
| thereof financial income from pension and long-term personnel-related provisions | – | 102 |
| Impairment losses on non-current financial assets | –33 | –31 |
| Interest and similar expenses | –309 | –220 |
| thereof to subsidiaries | –59 | –92 |
| thereof financial expense from unwinding the discounting of pension and long-term personnel-related provisions | –144 | – |
| thereof expense from unwinding the discounting of liabilities and other provisions | –52 | –72 |
| Financial result | –280 | 39 |

Financing income/expense for pension and long-term personnel expense-related provisions results from netting the following items:

| in € million | 2020 | 2019 |
|---|-------------|------------|
| Income from fund assets offset against liabilities | 819 | 1,142 |
| Expense from unwinding discounted pension and long-term personnel expense-related provisions and effect of changes in the discount factor | –963 | –1,040 |
| Financial expense/income from pension and long-term personnel-related provisions | –144 | 102 |

22 TAXES ON INCOME

The expense for income taxes related primarily to withholding taxes incurred during the financial year 2020. This includes additionally prior year tax expenses amounting to €104 million (2019: tax income of €17 million) relating among others to transfer pricing risks and ancillary tax-related expenses.

23 TRANSFER TO REVENUE RESERVES

An amount of €449 million (2019: €461 million) was transferred from net profit for the year to other revenue reserves.

24 UNAPPROPRIATED PROFIT

A proposal will be made that the unappropriated profit of BMW AG amounting to €1,252,975,858.00 for the financial year 2020 be utilised as follows:

Payment of a dividend of €1.92 per share of non-voting preferred stock, each with a par value of €1, on the stock entitled to receive a dividend (56,867,180 shares of preferred stock), amounting to €109,184,985.60. Payment of a dividend of €1.90 per share of common stock, each with a par value of €1, on the stock entitled to receive a dividend (601,995,196 shares of common stock), amounting to €1,143,790,872.40.

OTHER DISCLOSURES

25 COST OF MATERIALS

| in € million | 2020 | 2019 |
|--|---------------|---------------|
| Cost of raw materials and goods for resale | 54,994 | 60,850 |
| Cost of purchased services | 2,431 | 2,575 |
| Cost of materials | 57,425 | 63,425 |

26 PERSONNEL EXPENSE

| in € million | 2020 | 2019 |
|--|--------------|--------------|
| Wages and salaries | 7,316 | 7,401 |
| Social security, pension and welfare costs | 1,249 | 1,230 |
| thereof pension costs | 204 | 142 |
| Personnel expense | 8,565 | 8,631 |

Social security contribution reimbursements received were accounted for in the period to which they relate, with amounts offset directly against the corresponding personnel expenses.

Personnel expense does not include financial expenses relating to pension and long-term personnel provisions amounting to €144 million (2019: financial income of €102 million), as disclosed in [note 21](#).

| Average workforce during the year | 2020 | 2019 ¹ |
|--|---------------|-------------------|
| Head office and Munich plant | 37,982 | 38,146 |
| Dingolfing plant | 17,525 | 17,777 |
| Regensburg plant | 8,608 | 8,998 |
| Leipzig plant | 5,025 | 5,039 |
| Landshut plant | 3,747 | 3,943 |
| Berlin plant ² | 3,182 | 3,169 |
| Branches | 5,185 | 5,274 |
| | 81,254 | 82,346 |
| Apprentices and students gaining work experience | 5,258 | 5,411 |
| | 86,512 | 87,757 |

¹ Prior year figure adjusted due to a changed calculation method (details provided in BMW Group Annual Report 2019, BMW Group Management Report).

² Including in Munich located workforce for BMW Group Segment Motorcycle.

27 FEE EXPENSE OF THE EXTERNAL AUDITOR

Work performed during the financial year 2020 by the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, for BMW AG and subsidiaries under its control relates to the audit of the financial statements, other attestation services, tax advisory services and other services.

The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and subsidiaries under its control, and, in accordance with current requirements, all related work, including the review of the Interim Group Financial Statements.

Other attestation services include mainly project-related audits, comfort letters and statutorily prescribed, contractually agreed or voluntarily commissioned attestation work.

The fee expense of the external auditor is not reported here due to the exempting group clause contained in accordance with § 285 No. 17 HGB (German Commercial Code).

28 CONTINGENT LIABILITIES

| in € million | 31.12.2020 | 31.12.2019 |
|--|---------------|---------------|
| Guarantees for bonds under the AMTN/EMTN programme | 35,390 | 40,636 |
| thereof in favour of subsidiaries | 35,390 | 40,636 |
| Guarantees for commercial paper | 550 | 2,605 |
| thereof in favour of subsidiaries | 550 | 2,605 |
| Guarantees for other debt capital-transactions | 23,718 | 23,732 |
| thereof in favour of subsidiaries | 23,718 | 23,732 |
| Other | 5,893 | 3,491 |
| of which to subsidiaries | 5,835 | 3,425 |
| Contingent liabilities | 65,551 | 70,464 |

BMW AG is liable for the full extent and amount of customer deposits taken in by the subsidiary, BMW Bank GmbH, Munich, instead of the Deposit Protection Fund of the Association of German Banks (Einlagen-sicherungsfonds des Bundesverbands deutscher Banken e.V.), of which BMW Bank GmbH, Munich, is a member. The maximum liability per customer is capped at 15 % of the equity capital of BMW Bank GmbH, Munich.

The above table does not include any amount relating to the declaration issued on behalf of BMW Bank GmbH, Munich, since it is not possible to determine a reliable value.

Based on the information available to BMW AG at the date of the preparation of the financial statements regarding the financial condition of the principal debtors, BMW AG considers that the obligations underlying the contingent liabilities shown above can be fulfilled by the relevant principal debtors. In the case of so-called double contingent liabilities, the potential risk of BMW AG being called upon is included only once within contingent liabilities.

BMW AG considers it unlikely that it will be called upon in conjunction with these contingent liabilities.

29 OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE-SHEET TRANSACTIONS

Other financial commitments totalled €2,671 million (2019: €2,922 million) and comprise mainly obligations arising from rental and leasing contracts.

The total amount of these obligations can be analysed by maturity as follows:

| in € million | 31.12.2020 | 31.12.2019 |
|------------------------------------|--------------|--------------|
| due within one year | 929 | 1,112 |
| due between one and five years | 773 | 800 |
| due later than five years | 969 | 1,010 |
| Other financial commitments | 2,671 | 2,922 |

Of these amounts, €1,030 million (2019: €1,210 million) relate to subsidiaries.

Capital expenditure commitments and long-term purchase commitments for inventories are at a normal level for the business.

As part of BMW AG's refinancing activities, some receivables have been sold to other BMW Group entities and sale-and-lease-back transactions entered into in previous years. No significant risks and rewards remain with BMW AG in conjunction with these transactions.

Buyback commitments amounting to €3,600 million (2019: €3,850 million) relate entirely to commitments given by BMW AG to financial services subsidiaries in conjunction with vehicle sales and vehicle leasing. Of this amount, €1,795 million (2019: €2,132 million) falls due within one year.

30 RELATED PARTY TRANSACTIONS

Transactions with related parties are all conducted at market conditions.

31 DERIVATIVE FINANCIAL INSTRUMENTS

| in € million | Nominal volume | | Fair values | |
|---|----------------|---------------|-------------|-------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Currency-related contracts | | | | |
| Forward currency contracts | 19,880 | 28,242 | 194 | -523 |
| thereof positive fair values | | | 308 | 82 |
| thereof negative fair values | | | -114 | -605 |
| Interest rate-related instruments | | | | |
| Interest swaps | 110 | 110 | - | - |
| thereof positive fair values | | | - | - |
| thereof negative fair values | | | - | - |
| Purchasing-related instruments | | | | |
| Commodity derivatives | 3,297 | 3,626 | 516 | 48 |
| thereof positive fair values | | | 574 | 267 |
| thereof negative fair values | | | -58 | -219 |
| Derivative financial instruments | 23,287 | 31,978 | 710 | -475 |

Provisions amounting to €55 million (2019: €30 million) were recognised to cover negative fair values of derivative instruments not designated as part of a hedging relationship as well as for the impact of the ineffective portion of valuation units.

The nominal amounts of the derivative financial transactions are reported on a gross basis, derived from the absolute purchase and sale amounts or in accordance with the contract values of the hedged items. The fair values of currency and interest-rate-related instruments shown are measured on the basis of market information

available at the balance sheet date or using appropriate measurement techniques e.g. the discounted cash flow method. Options are measured on the basis of quoted prices or option price models using appropriate market data.

The fair values of commodity hedging contracts are determined as a general rule on the basis of current reference prices, as adjusted for forward premium and discount amounts. Due to limited market maturity, no comprehensive data is currently available for the valuation of certain raw materials. In these cases, data is

collated and updated on the basis of regular bank and trader inquiries with a view to modelling forward curves. The valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group.

The fair values of derivative financial instruments derived for the relevant nominal values do not take account of any offsetting change in the fair value of the hedged items.

Amounts are discounted at 31 December 2020 on the basis of the following interest rates:

| in % | EUR | USD | GBP | JPY | CNY |
|------------------------------|-------|------|------|-------|------|
| Interest rate for six months | -0.49 | 0.20 | 0.15 | -0.15 | 3.51 |
| Interest rate for one year | -0.53 | 0.19 | 0.00 | -0.05 | 2.88 |
| Interest rate for five years | -0.46 | 0.43 | 0.19 | -0.04 | 3.37 |
| Interest rate for ten years | -0.27 | 0.93 | 0.40 | 0.05 | 3.68 |

32 VALUATION UNITS

BMW AG is exposed to risks from changes in exchange rates, raw material prices and interest rates arising in connection with recognised assets and liabilities as well as forecast transactions. These risks are hedged for the most part by derivative financial instruments and aggregated in valuation units.

At 31 December 2020, BMW AG held currency derivative instruments with terms of up to 28 months (2019: 33 months). Currency derivatives are used to hedge highly probable forecast trading volumes that will be denominated in a foreign currency. Derivative financial instruments also include back-to-back contracts entered into with subsidiaries and banks.

Hedges for future purchases of commodities relate to highly probable forecast transactions that are not yet pending. Changes in prices of these raw materials have an impact on BMW AG's production costs. Hedging strategies have therefore been put in place for raw materials management purposes, based on forecast purchase volumes. Commodity derivative instruments with terms of up to 51 months were in place at the end of the reporting period (2019: 57 months).

In addition, BMW AG held interest-rate derivative instruments with terms of up to 39 months (2019: 51 months), including back-to-back derivative financial instruments entered into with subsidiaries and banks. Fixed-interest financial instruments are used as a hedge against interest-rate risks.

| in € million | Volume hedged | | Amount of risk hedged | |
|------------------------|---------------|---------------|-----------------------|------------|
| | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Currency risk hedges | | | | |
| Forecast transactions | 16,351 | 25,039 | 57 | 566 |
| Executory contracts | 2 | 12 | 2 | 13 |
| Interest rate hedges | | | | |
| Assets | 10 | 10 | – | – |
| Liabilities | 100 | 100 | – | – |
| Commodity hedges | | | | |
| Forecast transactions | 3,291 | 3,571 | 57 | 215 |
| Valuation units | 19,754 | 28,732 | 116 | 794 |

The amounts disclosed for volumes hedged relate to the carrying amounts of hedged assets and liabilities, the nominal amount of forecast transactions and the fair value of hedged contracts over the period of the valuation units. The figures disclosed for the amount of risk hedged refer to the non-recognition of a provision for onerous contracts with negative fair values. In accordance with the Valuation Freeze method, no write-downs on assets or upward revaluations of liabilities are recognised.

33 TOTAL REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The total compensation of the current members of the Board of Management for the financial year 2020 amounted to €20.8 million (2019: €21.4 million). This comprised fixed components of €7.3 million (2019: €8.1 million), variable components of €13.0 million

(2019: €12.6 million) and a share-based compensation component totalling €0.5 million (2019: €0.7 million).

The grant of the share-based compensation component related to 7,001 shares of common stock (2019: 9,728 shares of common stock) and a corresponding cash-based settlement, measured at the relevant market share price prevailing on grant date.

In accordance with the German Commercial Code (HGB), only the compensation relating to the Performance Cash Plan 2018-2020 is included in variable compensation. In the financial year 2020, advances totalling €2.3 million were paid to Mr. Zipse, Mr. Fröhlich, Mr. Nota and Dr. Peter out of the 2019 – 2021 Performance Cash Plan.

The compensation of former members of the Board of Management and their dependants amounted to €13.1 million (2019: €16.0 million).

Pension obligations to former members of the Board of Management and their surviving dependants are covered by pension provisions amounting to €100.5 million (2019: €80.5 million) computed in accordance with HGB.

The compensation of the members of the Supervisory Board for the financial year 2020 amounted to €5.6 million (2019: €5.6 million). This relates entirely to fixed components amounting to €5.6 million (2019: €2.0 million), given that variable components are no longer granted (2019: €3.6 million).

The compensation system for members of the Supervisory Board does not include any stock options, value appreciation rights comparable to stock options or any other share-based compensation components. Apart from purchase, service, rental, leasing and financing contracts for vehicles on customary market terms and conditions as well as the advances paid out of the Performance Cash Plan 2019 – 2021 to individual members of the Board of Management, no loans or advances were granted to members of the Board of Management and the Supervisory Board by BMW AG or its subsidiaries in the financial year 2020, nor were any contingent liabilities entered into in their favour.

Further details about the compensation system and level of compensation of members of the Board of Management and of the Supervisory Board is included in the Compensation Report included in the BMW Integrated Group Report 2020. The Compensation Report is part of the Combined Management Report.

34 DISCLOSURES PURSUANT TO § 160 (1) NO. 8 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

A number of shareholdings in the Company exist at 31 December 2020, which have been notified in accordance with § 33 (1) of the German Securities Trading Act (WpHG) and published with the following content in accordance with § 40 (1) WpHG:

Stefan Quandt informed us that his voting rights in BMW AG on 16 February 2018 amounted to 25.83 % (previously 25.83 %), corresponding to 155,485,833 voting rights. 25.63 % (corresponding to 154,300,215 voting rights) are attributable to Mr. Quandt in accordance with § 34 WpHG. This includes 16.61 % indirectly attributable to him via AQTON GmbH & Co. KG für Automobilwerte and 9.02 % via AQTON SE.

Susanne Klatten informed us that her voting rights in BMW AG on 15 February 2018 amounted to 20.94 % (previously 12.75 %), corresponding to 126,068,819 voting rights. 20.74 % (corresponding to 124,883,201 voting rights) are attributable to Ms. Klatten in accordance with § 34 WpHG.

BlackRock, Inc., Wilmington, Delaware, USA, informed us that its voting rights in BMW AG on 30 June 2020 amounted to 3.08 % (previously 2.9997 %), corresponding to 18,547,874 voting rights. All of these shares are attributable to BlackRock, Inc. in accordance with § 34 WpHG.

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

Voluntary notifications at 31 December 2020 relating to investments that exceed 10 % of the voting rights at the end of the reporting period are disclosed in the Management Report.

35 EVENTS AFTER THE END OF THE REPORTING PERIOD

The corona pandemic will continue to influence the course of business for the BMW Group in 2021. The situation remains volatile and could have an impact on the results of operations, financial position and net assets of BMW AG and the BMW Group.

The further course of the pandemic and implications for the BMW Group's business performance is being continually monitored.

Current estimates and assumptions for the financial year 2021, to the extent already known to the BMW Group, have been taken into account and described in the outlook report. Apart from these assessments, no

further significant negative effects are known or can be estimated at the present time. However, further negative effects could arise in the course of the year.

No other events have occurred since the end of the financial year which could have a major impact on the results of operations, financial position and net assets of BMW AG and the BMW Group.

36 DECLARATION WITH RESPECT TO THE CORPORATE GOVERNANCE CODE

The Declaration with respect to the Corporate Governance Code pursuant to § 161 AktG is reproduced in the BMW Integrated Group Report 2020 and is available to shareholders on the BMW Group's website www.bmwgroup.com/ir

LIST OF INVESTMENTS AT 31 DECEMBER 2020

37 LIST OF INVESTMENTS AT 31 DECEMBER 2020

The List of Investments of pursuant to § 285 and § 313 HGB is presented below. Disclosures for equity and earnings and for investments are not made if they are of “minor significance” for the results of operations, financial position and net assets of BMW AG pursuant to § 286 (3) sentence 1 no. 1 HGB and § 313 (3) sentence 4 HGB. It is also shown in the list which subsidiaries apply the exemptions available in § 264 (3) and § 264 b HGB with regard to the publication of annual financial statements and the drawing up of a management report and/or notes to the financial statements (footnotes 5 and 6). The Group Financial Statements of BMW AG serve as exempting consolidated financial statements for these companies.

AFFILIATED COMPANIES (SUBSIDIARIES) OF BMW AG AT 31 DECEMBER 2020

| Companies | Equity in € million | Profit/loss in € million | Capital invest- ment in % |
|--|------------------------|-----------------------------|------------------------------|
| DOMESTIC¹ | | | |
| BMW Beteiligungs GmbH & Co. KG, Munich ⁶ | 6,897 | 797 | 100 |
| BMW INTEC Beteiligungs GmbH, Munich ^{3,6} | 3,558 | – | 100 |
| BMW Bank GmbH, Munich ³ | 2,075 | – | 100 |
| BMW Finanz Verwaltungs GmbH, Munich | 210 | – | 100 |
| BMW Verwaltungs GmbH, Munich ^{3,6} | 153 | – | 100 |
| Parkhaus Oberwiesefeld GmbH, Munich | – | – | 100 |
| BMW High Power Charging Beteiligungs GmbH, Munich ^{4,6} | – | – | 100 |
| Alphabet Fuhrparkmanagement GmbH, Munich ⁴ | – | – | 100 |
| Alphabet International GmbH, Munich ^{4,5,6} | – | – | 100 |
| BMW Hams Hall Motoren GmbH, Munich ^{4,5,6} | – | – | 100 |
| BMW Vertriebszentren Verwaltungs GmbH, Munich | – | – | 100 |
| BMW Fahrzeugtechnik GmbH, Eisenach ^{3,5,6} | – | – | 100 |
| BMW Anlagen Verwaltungs GmbH, Munich ^{3,6} | – | – | 100 |
| Bavaria Wirtschaftsagentur GmbH, Munich ^{3,5,6} | – | – | 100 |
| Rolls-Royce Motor Cars GmbH, Munich ^{4,5,6} | – | – | 100 |
| BAVARIA-LLOYD Reisebüro GmbH, Munich | – | – | 51 |
| BMW M GmbH Gesellschaft für individuelle Automobile, Munich ^{3,5,6} | – | – | 100 |
| BMW Vermögensverwaltungs GmbH, Munich | – | – | 100 |
| Bürohaus Petuelring GmbH, Munich | – | – | 100 |
| LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich | – | – | 100 |
| FOREIGN² | | | |
| Europe¹⁰ | | | |
| BMW Holding B.V., The Hague | 21,742 | 2,634 | 100 |
| BMW International Holding B.V., The Hague | 9,477 | 1,165 | 100 |
| BMW Österreich Holding GmbH, Steyr | 3,041 | 761 | 100 |
| BMW International Investment B.V., The Hague | 1,706 | –1 | 100 |

| | | | |
|--|-------|-----|-----|
| BMW España Finance S.L., Madrid | 1,190 | 65 | 100 |
| BMW Financial Services (GB) Ltd., Farnborough | 1,157 | 242 | 100 |
| BMW (UK) Holdings Ltd., Farnborough | 1,111 | 417 | 100 |
| BMW (Schweiz) AG, Dielsdorf | 1,050 | 20 | 100 |
| BMW Motoren GmbH, Steyr | 927 | 143 | 100 |
| BMW Finance S.N.C., Guyancourt | 530 | 35 | 100 |
| BMW (UK) Manufacturing Ltd., Farnborough | 496 | 51 | 100 |
| BMW i Ventures SCS SICAV-RAIF, Senningerberg | 340 | 54 | 100 |
| ALPHABET (GB) Ltd., Farnborough | 272 | 63 | 100 |
| BMW Finance N.V., The Hague | 225 | 16 | 100 |
| BMW (UK) Ltd., Farnborough | 223 | 46 | 100 |
| BMW France S.A., Montigny-le-Bretonneux | 216 | 2 | 100 |
| Rolls-Royce Motor Cars Ltd., Farnborough | 202 | 54 | 100 |
| BMW Iberica S.A., Madrid | 195 | 1 | 100 |
| BMW Austria Leasing GmbH, Salzburg | 193 | 17 | 100 |
| BMW Russland Trading OOO, Moscow | 189 | 134 | 100 |
| BMW Italia S.p.A., San Donato Milanese | 156 | -5 | 100 |
| BMW Austria Bank GmbH, Salzburg | 148 | 11 | 100 |
| Alphabet Nederland B.V., Breda | 122 | 13 | 100 |
| BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf | 100 | 13 | 100 |
| BMW Financial Services Scandinavia AB, Sollentuna | - | - | 100 |
| BMW Vertriebs GmbH, Salzburg | - | - | 100 |
| Alphabet Belgium Long Term Rental NV, Aartselaar | - | - | 100 |
| BMW Bank OOO, Moscow | - | - | 100 |
| Bavaria Reinsurance Malta Ltd., Floriana | - | - | 100 |
| BMW Malta Ltd., Floriana | - | - | 100 |
| BMW Financial Services Belgium S.A./N.V., Bornem | - | - | 100 |
| BMW Belgium Luxembourg S.A./N.V., Bornem | - | - | 100 |
| BMW Northern Europe AB, Stockholm | - | - | 100 |
| BMW Financial Services B.V., The Hague | - | - | 100 |
| BMW Norge AS, Fornebu | - | - | 100 |
| Alphabet Italia Fleet Management S.p.A., Rome | - | - | 100 |

| | | | |
|--|---|---|-----|
| Alphabet España Fleet Management S.A.U., Madrid | - | - | 100 |
| Swindon Pressings Ltd., Farnborough | - | - | 100 |
| BMW Financial Services Polska Sp. z o.o., Warsaw | - | - | 100 |
| BMW Austria GmbH, Salzburg | - | - | 100 |
| BMW Services Ltd., Farnborough | - | - | 100 |
| Alphabet France Fleet Management S.N.C., Saint-Quentin-en-Yvelines | - | - | 100 |
| Alphabet Austria Fuhrparkmanagement GmbH, Salzburg | - | - | 100 |
| Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf | - | - | 100 |
| BMW Portugal Lda., Porto Salvo | - | - | 100 |
| BMW Financial Services (Ireland) DAC, Dublin | - | - | 100 |
| BMW Financial Services Denmark A/S, Copenhagen | - | - | 100 |
| BMW Hellas Trade of Cars A.E., Kifissia | - | - | 100 |
| BMW Nederland B.V., The Hague | - | - | 100 |
| Oy BMW Suomi AB, Helsinki | - | - | 100 |
| BMW Distribution S.A.S., Vélizy-Villacoublay | - | - | 100 |
| Park Lane Ltd., Farnborough | - | - | 100 |
| BMW Renting (Portugal) Lda., Porto Salvo | - | - | 100 |
| BMW Hungary Kft., Vecsés ⁹ | - | - | 100 |
| BMW Romania S.R.L., Bucharest | - | - | 100 |
| BMW Italia Retail S.r.l., Rome | - | - | 100 |
| BMW Automotive (Ireland) Ltd., Dublin | - | - | 100 |
| BMW Danmark A/S, Copenhagen | - | - | 100 |
| BMW Czech Republic s.r.o., Prague | - | - | 100 |
| BMW Madrid S.L., Madrid | - | - | 100 |
| BMW Slovenská republika s.r.o., Bratislava | - | - | 100 |
| BMW Slovenia distribucija motornih vozil d.o.o., Ljubljana | - | - | 100 |
| BMW Bulgaria EOOD, Sofia | - | - | 100 |
| Alphabet Polska Fleet Management Sp. z o.o., Warsaw | - | - | 100 |
| BMW (UK) Investments Ltd., Farnborough | - | - | 100 |
| BiV Carry I SCS, Senningerberg | - | - | 100 |
| BMW (UK) Capital plc, Farnborough | - | - | 100 |
| Alphabet Luxembourg S.A., Leudelange | - | - | 100 |

| | | | |
|---|-------|------|-----|
| Riley Motors Ltd., Farnborough | – | – | 100 |
| Triumph Motor Company Ltd., Farnborough | – | – | 100 |
| BMW Central Pension Trustees Ltd., Farnborough | – | – | 100 |
| BLMC Ltd., Farnborough | – | – | 100 |
| Bavarian Sky S.A., Compartment German Auto Loans 7, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment German Auto Loans 8, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment German Auto Loans 9, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment German Auto Loans 10, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment German Auto Leases 5, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment A, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky S.A., Compartment B, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky Europe S.A. Compartment A, Luxembourg ¹¹ | – | – | 0 |
| Bavarian Sky UK 2 plc, London ¹¹ | – | – | 0 |
| Bavarian Sky UK 3 plc, London ¹¹ | – | – | 0 |
| Bavarian Sky UK A Ltd., London ¹¹ | – | – | 0 |
| Bavarian Sky UK B Ltd., London ¹¹ | – | – | 0 |
| Bavarian Sky UK C Ltd., London ¹¹ | – | – | 0 |
| Bavarian Sky UK D Ltd., London ¹¹ | – | – | 0 |
| The Americas | | | |
| BMW (US) Holding Corp., Wilmington, Delaware | 2,873 | 164 | 100 |
| BMW Manufacturing Co. LLC, Wilmington, Delaware | 2,150 | 208 | 100 |
| BMW Bank of North America Inc., Salt Lake City, Utah | 1,304 | 80 | 100 |
| BMW Financial Services NA LLC, Wilmington, Delaware | 1,127 | 738 | 100 |
| BMW of North America LLC, Wilmington, Delaware | 769 | 309 | 100 |
| BMW Canada Inc., Richmond Hill, Ontario | 550 | 89 | 100 |
| Financial Services Vehicle Trust, Wilmington, Delaware | 293 | –521 | 100 |
| BMW do Brasil Ltda., Araquari | 125 | –6 | 100 |
| BMW SLP, S.A. de C.V., Villa de Reyes | 109 | 59 | 100 |
| BMW US Capital LLC, Wilmington, Delaware | – | – | 100 |
| BMW Financeira S.A. Credito, Financiamento e Investimento, São Paulo | – | – | 100 |
| BMW de Mexico S.A. de C.V., Mexico City | – | – | 100 |

| | | | |
|--|---|---|-----|
| BMW of Manhattan Inc., Wilmington, Delaware | - | - | 100 |
| Rolls-Royce Motor Cars NA LLC, Wilmington, Delaware | - | - | 100 |
| BMW Financial Services de Mexico S.A. de C.V. SOFOM, Mexico City | - | - | 100 |
| BMW Leasing de Mexico S.A. de C.V., Mexico City | - | - | 100 |
| BMW Insurance Agency Inc., Wilmington, Delaware | - | - | 100 |
| BMW de Argentina S.A., Buenos Aires | - | - | 100 |
| BMW Consolidation Services Co. LLC, Wilmington, Delaware | - | - | 100 |
| BMW Leasing do Brasil S.A., São Paulo | - | - | 100 |
| BMW Acquisitions Ltda., São Paulo | - | - | 100 |
| BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus | - | - | 100 |
| SB Acquisitions LLC, Wilmington, Delaware | - | - | 100 |
| BMW Auto Leasing LLC, Wilmington, Delaware | - | - | 100 |
| BMW FS Securities LLC, Wilmington, Delaware | - | - | 100 |
| BMW FS Funding Corporation, Wilmington, Delaware | - | - | 100 |
| BMW Facility Partners LLC, Wilmington, Delaware | - | - | 100 |
| BMW Manufacturing LP, Woodcliff Lake, New Jersey | - | - | 100 |
| BMW FS Receivables Corporation, Wilmington, Delaware | - | - | 100 |
| BMW Receivables 1 Inc., Richmond Hill, Ontario | - | - | 100 |
| BMW Receivables Ltd. Partnership, Richmond Hill, Ontario | - | - | 100 |
| BMW Receivables 2 Inc., Richmond Hill, Ontario | - | - | 100 |
| BMW Extended Service Corporation, Wilmington, Delaware | - | - | 100 |
| BMW Vehicle Lease Trust 2018-1, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Vehicle Lease Trust 2019-1, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Vehicle Owner Trust 2018-A, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Vehicle Owner Trust 2019-A, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Floorplan Master Owner Trust Series 2018-1, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW 2020-A Lease Conduit, Wilmington, Delaware ¹¹ | - | - | 0 |
| BMW Canada 2018-A, Richmond Hill, Ontario ¹¹ | - | - | 0 |
| BMW Canada Auto Trust 2018-1, Richmond Hill, Ontario ¹¹ | - | - | 0 |
| BMW Canada Auto Trust 2019-1, Richmond Hill, Ontario ¹¹ | - | - | 0 |
| BMW Canada Auto Trust 2020-1, Richmond Hill, Ontario ¹¹ | - | - | 0 |

| | | | |
|---|-------|-----|-----|
| Africa | | | |
| BMW (South Africa) (Pty) Ltd., Pretoria | 839 | 81 | 100 |
| BMW Financial Services (South Africa) (Pty) Ltd., Midrand | 154 | 7 | 100 |
| SuperDrive Investments (RF) Ltd., Cape Town ¹¹ | – | – | 0 |
| Asia | | | |
| BMW Automotive Finance (China) Co. Ltd., Beijing | 2,664 | 280 | 58 |
| BMW Financial Services Korea Co. Ltd., Seoul | 610 | 55 | 100 |
| BMW Japan Finance Corp., Tokyo | 583 | 62 | 100 |
| BMW China Automotive Trading Ltd., Beijing | 522 | 477 | 100 |
| Herald International Financial Leasing Co. Ltd., Tianjin | 259 | 36 | 58 |
| BMW Korea Co. Ltd., Seoul | 207 | 14 | 100 |
| BMW Leasing (Thailand) Co. Ltd., Bangkok | 184 | 10 | 100 |
| BMW Manufacturing (Thailand) Co. Ltd., Rayong | 140 | 84 | 100 |
| BMW Japan Corp., Tokyo | 108 | –35 | 100 |
| BMW (Thailand) Co. Ltd., Bangkok | – | – | 100 |
| BMW India Financial Services Private Ltd., Gurgaon | – | – | 100 |
| BMW Malaysia Sdn Bhd, Kuala Lumpur | – | – | 51 |
| BMW China Services Ltd., Beijing | – | – | 100 |
| BMW China Investment Ltd., Beijing ⁹ | – | – | 100 |
| BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur | – | – | 100 |
| PT BMW Indonesia, Jakarta | – | – | 100 |
| BMW Holding Malaysia Sdn Bhd, Kuala Lumpur | – | – | 100 |
| BMW Asia Pte. Ltd., Singapore | – | – | 100 |
| BMW India Private Ltd., Gurgaon | – | – | 100 |
| BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur | – | – | 100 |
| BMW Asia Pacific Capital Pte Ltd., Singapore | – | – | 100 |
| BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur | – | – | 100 |
| BMW Tokio Corp., Tokyo | – | – | 100 |
| 2016-2 ABL, Tokyo ¹¹ | – | – | 0 |
| 2017-1 ABL, Tokyo ¹¹ | – | – | 0 |
| 2017-2 ABL, Tokyo ¹¹ | – | – | 0 |

| | | | |
|--|-----|----|-----|
| 2017-3 ABL, Tokyo ¹¹ | - | - | 0 |
| 2018-1 ABL, Tokyo ¹¹ | - | - | 0 |
| 2018-2 ABL, Tokyo ¹¹ | - | - | 0 |
| 2018-3 ABL, Tokyo ¹¹ | - | - | 0 |
| 2019-1 ABL, Tokyo ¹¹ | - | - | 0 |
| 2019-2 ABL, Tokyo ¹¹ | - | - | 0 |
| 2019-3 ABL, Tokyo ¹¹ | - | - | 0 |
| 2020-1 ABL, Tokyo ¹¹ | - | - | 0 |
| Bavarian Sky China 2018-2, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China 2019-1, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China 2019-2, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China 2019-3, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China 2020-1, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China 2020-2, Beijing ¹¹ | - | - | 0 |
| Bavarian Sky China Leasing 2019-1, Tianjin ¹¹ | - | - | 0 |
| Bavarian Sky China Leasing 2019-2, Tianjin ¹¹ | - | - | 0 |
| Bavarian Sky China Leasing 2020-1, Tianjin ¹¹ | - | - | 0 |
| Oceania | | | |
| BMW Australia Finance Ltd., Mulgrave | 323 | 21 | 100 |
| BMW Australia Ltd., Melbourne | 115 | 22 | 100 |
| BMW Financial Services New Zealand Ltd., Auckland | - | - | 100 |
| BMW New Zealand Ltd., Auckland | - | - | 100 |
| BMW Sydney Pty. Ltd., Sydney | - | - | 100 |
| BMW Melbourne Pty. Ltd., Melbourne | - | - | 100 |
| BMW Australia Trust 2011-2, Mulgrave ¹¹ | - | - | 0 |
| Bavarian Sky Australia Trust A, Mulgrave ¹¹ | - | - | 0 |

BMW AG'S NON-CONSOLIDATED COMPANIES
AT 31 DECEMBER 2020

| Companies | Equity in € million | Profit/loss in € million | Capital invest- ment in % |
|---|------------------------|-----------------------------|------------------------------|
| DOMESTIC⁷ | | | |
| Alphabet Fleetservices GmbH, Munich ⁴ | – | – | 100 |
| Automag GmbH, Munich | – | – | 100 |
| BMW Car IT GmbH, Munich ⁴ | – | – | 100 |
| BMW i Ventures GmbH, Munich | – | – | 100 |
| IDEALworks GmbH, Munich | – | – | 100 |
| FOREIGN⁷ | | | |
| Europe | | | |
| Alphabet Insurance Services Polska Sp. z o.o., Warsaw | – | – | 100 |
| BMW (GB) Ltd., Farnborough | – | – | 100 |
| BMW (UK) Pensions Services Ltd., Hams Hall | – | – | 100 |
| BMW Car Club Ltd., Farnborough | – | – | 100 |
| BMW Drivers Club Ltd., Farnborough | – | – | 100 |
| BMW Poland sp. z o.o., Warsaw | – | – | 100 |
| BMW Financial Services Slovakia s.r.o., Bratislava | – | – | 100 |
| BMW Financial Services Czech Republic s.r.o., Prague | – | – | 100 |
| BMW Group Benefit Trust Ltd., Farnborough | – | – | 100 |
| BMW i Ventures B.V., Den Haag | – | – | 100 |
| BMW Manufacturing Hungary Kft., Vecsés | – | – | 100 |
| BMW Manufacturing Russland OOO, Kaliningrad | – | – | 100 |
| BMW Mobility Development Center s.r.o., Prague | – | – | 100 |
| BMW Motorsport Ltd., Farnborough | – | – | 100 |
| BMW Russland Automotive OOO, Kaliningrad | – | – | 100 |
| Cezwei PL GmbH, Salzburg | – | – | 100 |
| John Cooper Garages Ltd., Farnborough | – | – | 100 |
| John Cooper Works Ltd., Farnborough | – | – | 100 |
| OOO BMW Leasing, Moscow | – | – | 100 |
| U.T.E. Alphabet España-Bujarkay, Seville | – | – | 90 |

| The Americas | | | |
|---|---|---|-----|
| 217-07 Northern Boulevard Corporation, Wilmington, Delaware | - | - | 100 |
| BMW Experience Centre Inc., Richmond Hill, Ontario | - | - | 100 |
| BMW i Ventures Inc., Wilmington, Delaware | - | - | 100 |
| BMW i Ventures LLC, Wilmington, Delaware | - | - | 100 |
| BMW Leasing de Argentina S.A., Buenos Aires | - | - | 100 |
| BMW Operations Corp., Wilmington, Delaware | - | - | 100 |
| BMW Technology Corp., Wilmington, Delaware | - | - | 100 |
| Designworks/USA Inc., Newbury Park, California | - | - | 100 |
| MINI Business Innovation LLC, Wilmington, Delaware | - | - | 100 |
| Urban X Accelerator SPV LLC, Wilmington, Delaware | - | - | 100 |
| BMW Shared Services LLC, Wilmington, Delaware | - | - | 100 |
| BMW Mobility Services LLC, Wilmington, Delaware | - | - | 100 |
| Toluca Planta de Automoviles S.A. de C.V., Mexico City | - | - | 100 |
| Africa | | | |
| BMW Automobile Distributors (Pty) Ltd., Midrand | - | - | 100 |
| BPF Midrand Property Holdings (Pty) Ltd., Midrand | - | - | 100 |
| Multisource Properties (Pty) Ltd., Midrand | - | - | 100 |
| Asia | | | |
| BMW Finance (United Arab Emirates) Ltd., Dubai | - | - | 100 |
| BMW Financial Services Hong Kong Ltd., Hong Kong | - | - | 51 |
| BMW Financial Services Singapore Pte Ltd., Singapore | - | - | 100 |
| BMW Hong Kong Services Ltd., Hong Kong | - | - | 100 |
| BMW India Foundation, Gurgaon | - | - | 100 |
| BMW India Leasing Private Ltd., Gurgaon | - | - | 100 |
| BMW Insurance Services Korea Co. Ltd., Seoul | - | - | 100 |
| BMW Middle East Retail Competency Centre DWC-LLC, Dubai | - | - | 100 |
| BMW Mobility Services Ltd., Sichuan Tianfu New Area (Chengdu Section) | - | - | 100 |
| BMW Philippines Corp., Manila | - | - | 70 |
| BMW Technology Office Israel Ltd., Tel Aviv | - | - | 100 |
| Herald Hezhong (Beijing) Automotive Trading Co. Ltd., Beijing | - | - | 100 |
| THEPSATRI Co. Ltd., Bangkok | - | - | 100 |

BMW AG'S ASSOCIATED COMPANIES, JOINT VENTURES
AND JOINT OPERATIONS AT 31 DECEMBER 2020

| Companies | Equity in € million | Profit/loss in € million | Capital invest- ment in % |
|--|------------------------|-----------------------------|------------------------------|
| Joint ventures – equity accounted | | | |
| DOMESTIC | | | |
| YOUR NOW Holding GmbH, Munich ⁸ | 1,226 | - 749 | 50 |
| IONITY Holding GmbH & Co. KG, Munich ⁸ | 244 | - 37 | 20 |
| FOREIGN | | | |
| BMW Brilliance Automotive Ltd., Shenyang ⁸ | 7,388 | 2,560 | 50 |
| Associated companies – equity accounted | | | |
| FOREIGN | | | |
| THERE Holding B.V., Amsterdam ⁸ | 1,214 | 206 | 30 |
| Joint operations – proportionately consolidated entities | | | |
| FOREIGN | | | |
| Spotlight Automotive Ltd., Zhangjiagang ⁸ | 217 | - | 50 |
| Not equity accounted or proportionately consolidated entities | | | |
| DOMESTIC⁷ | | | |
| Encory GmbH, Unterschleißheim | - | - | 50 |
| The Retail Performance Company GmbH, Munich | - | - | 50 |
| PDB – Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim | - | - | 20 |
| FOREIGN⁷ | | | |
| Bavarian & Co Co. Ltd., Incheon | - | - | 20 |
| BMW Albatha Finance PSC, Dubai | - | - | 40 |
| BMW Albatha Leasing LLC, Dubai | - | - | 40 |
| BMW AVTOTOR Holding B.V., Amsterdam | - | - | 50 |
| Critical TW S.A., Porto | - | - | 50 |

BMW AG'S PARTICIPATIONS AT 31 DECEMBER 2020

| Companies | Equity in € million | Profit/loss in € million | Capital invest- ment in % |
|---|------------------------|-----------------------------|------------------------------|
| DOMESTIC⁷ | | | |
| Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern | – | – | 5 |
| GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen | – | – | 3 |
| Hubject GmbH, Berlin | – | – | 16 |
| IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen | – | – | 20 |
| Joblinge gemeinnützige AG Berlin, Berlin | – | – | 10 |
| Joblinge gemeinnützige AG Leipzig, Leipzig | – | – | 17 |
| Joblinge gemeinnützige AG München, Munich | – | – | 6 |
| Racer Benchmark Group GmbH, Landsberg am Lech | – | – | 9 |
| SGL Carbon SE, Wiesbaden | – | – | 18 |
| Mobimeo GmbH, Berlin | – | – | 10 |
| FOREIGN⁷ | | | |
| Northvolt AB, Stockholm | – | – | 4 |

¹ The amounts shown for the German subsidiaries correspond to the annual financial statements drawn up in accordance with German accounting requirements (HGB).

² The amounts shown for the foreign subsidiaries correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euro are translated into euro using the closing exchange rate at the balance sheet date.

³ Profit and Loss Transfer Agreement with BMW AG.

⁴ Profit and Loss Transfer Agreement with a subsidiary of BMW AG.

⁵ Exemption from drawing up a management report applied in accordance with § 264 (3) and § 264 b HGB.

⁶ Exemption from publication of financial statements applied in accordance with § 264 (3) and § 264 b HGB.

⁷ These entities are neither consolidated nor accounted for using the equity method due to their overall immateriality for the Group Financial Statements.

⁸ The amounts shown for entities accounted for using the equity method and for proportionately consolidated entities correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity not denominated in euro is translated into euro using the closing exchange rate at the balance sheet date, earnings are translated using the average rate.

⁹ First-time consolidation.

¹⁰ Deconsolidation in the financial year 2020: Sutum ROM GmbH (merger), Société Nouvelle WATT Automobiles S.A.R.L. (merger), Alphabet France SAS (merger), Alphabet (UK) Ltd. (liquidation), BMW Retail Nederland B.V. (liquidation), BMW Amsterdam B.V. (sale).

¹¹ Control on basis of economic dependence.

MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER ZIPSE (b.1964)

Chairman

KLAUS FRÖHLICH (b.1960)

Development (until 30 June 2020)

Mandates

— E.ON SE

ILKA HORSTMEIER (b.1969)

Human Resources, Labour Relations Director

DR. MILAN NEDELJKOVIĆ (b.1969)

Production

Mandates

— BMW (South Africa) (Pty) Ltd.♦, Chairman

— BMW Motoren GmbH♦, Chairman

PIETER NOTA (b.1964)

Customer, Brands, Sales

Mandates

— Rolls-Royce Motor Cars Limited♦, Chairman

DR. NICOLAS PETER (b.1962)

Finance

Mandates

— BMW Brilliance Automotive Ltd.♦,
Deputy Chairmann

FRANK WEBER (b.1966)

Development (since 1 July 2020)

DR.-ING. ANDREAS WENDT (b.1958)

Purchasing and Supplier Network

General Counsel:

DR. ANDREAS LIEPE

♦ Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

— Membership of equivalent national or foreign boards
of business enterprises.

MEMBERS OF THE SUPERVISORY BOARD

DR.-ING. DR.-ING. E. H. NORBERT REITHOFER (b.1956)

Member since 2015, elected until the Annual General Meeting (AGM) 2025

Chairman of the Supervisory Board

Former Chairman of the Board of Management of BMW AG

Mandates

- Siemens Aktiengesellschaft
- Henkel Management AG (since 22 June 2020)
- Henkel AG & Co. KGaA (Shareholders' Committee)

MANFRED SCHOCH¹ (b.1955)

Member since 1988, elected until the AGM 2024

Deputy Chairman of the Supervisory Board

Chairman of the European and General Works Council

Industrial Engineer

STEFAN QUANDT (b.1966)

Member since 1997, elected until the AGM 2024

Deputy Chairman of the Supervisory Board

Entrepreneur

Mandates

- DELTON Health AG[♦], Chairman
- DELTON Technology SE[♦], Chairman
- Frankfurter Allgemeine Zeitung GmbH[♦]
- AQTON SE[♦], Chairman
- Entrust Corp.[♦]

STEFAN SCHMID¹ (b.1965)

Member since 2007, elected until the AGM 2024

Deputy Chairman of the Supervisory Board

Chairman of the Works Council, Dingolfing

DR. JUR. KARL-LUDWIG KLEY (b.1951)

Member since 2008, elected until the AGM 2021

Deputy Chairman of the Supervisory Board

Chairman of the Supervisory Board of E.ON SE and Deutsche Lufthansa Aktiengesellschaft

Mandates

- E.ON SE, Chairman
- Deutsche Lufthansa Aktiengesellschaft, Chairman

CHRISTIANE BENNER² (b.1968)

Member since 2014, elected until the AGM 2024

Second Chairwoman of IG Metall

Mandates

- Continental AG, Deputy Chairwoman

DR. RER. POL. KURT BOCK (b.1958)

Member since 2018, elected until the AGM 2023

Chairman of the Supervisory Board of BASF SE (since 18 June 2020)

Mandates

- BASF SE, Chairman
- FUCHS PETROLUB SE, Chairman
- Fresenius Management SE[♦] (until 30 June 2020)
- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (until 29 April 2020)

VERENA ZU DOHNA-JAEGER² (b.1975)

Member since 2019, elected until the AGM 2024

Department head for Industrial Relations and Co-determination Policy with the Executive Board of IG Metall/(In-house) counsel

Mandates

- ABB AG

¹ Employee representatives (Company employees).

² Employee representatives (union representatives).

³ Employee representatives (members of senior management).

[♦] Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

— Membership of equivalent national or foreign boards of business enterprises.

DR.-ING. HEINRICH HIESINGER (b.1960)

Member since 2017, elected until the AGM 2022

Member of supervisory boards

Mandates

- Deutsche Post AG
- Fresenius Management SE[♦] (since 1 July 2020)
- ZF Friedrichshafen AG[♦] (since 1 January 2021)

PROF. DR. RER. NAT. DR. H. C.

REINHARD HÜTTL (b.1957)

Member since 2008, elected until the AGM 2023

Scientific Director and Managing Director of EUREF
Energy Innovation GmbH

University Professor

SUSANNE KLATTEN (b.1962)

Member since 1997, elected until the AGM 2024

Entrepreneur

Mandates

- SGL Carbon SE, Chairwoman
- ALTANA AG[♦], Deputy Chairwoman
- UnternehmerTUM GmbH[♦], Chairwoman

PROF. DR. RER. POL. RENATE KÖCHER (b.1952)

Member until 14 May 2020

Director of Institut für Demoskopie

Allensbach Gesellschaft zum Studium der
öffentlichen Meinung mbH

Mandates

- Infineon Technologies AG (until 20 February 2020)
- Nestlé Deutschland AG[♦]
- Robert Bosch GmbH[♦]

HORST LISCHKA² (b.1963)

Member since 2009, elected until the AGM 2021

Secretary with the Executive Board of IG Metall

Mandates

- KraussMaffei Group GmbH[♦]
- MAN Truck & Bus SE[♦]
- München Klinik gGmbH (until 15 May 2020)

WILLIBALD LÖW¹ (b.1956)

Member since 1999, elected until the AGM 2024

Chairman of the Works Council, Landshut

SIMONE MENNE (b.1960)

Member since 2015, elected until the AGM 2021

Member of supervisory boards

Mandates

- Deutsche Post AG
- Henkel AG & Co. KGaA (since 17 June 2020)
- Springer Nature AG & Co. KGaA[♦]
(until 3 March 2020)
- Johnson Controls International plc
- Russell Reynolds Associates Inc.[♦]

DR. DOMINIQUE MOHABEER¹ (b.1963)

Member since 2012, elected until the AGM 2024

Member of the Works Council, Munich

BRIGITTE RÖDIG¹ (b.1963)

Member since 2013, elected until the AGM 2024

Member of the Works Council, Dingolfing

¹ Employee representatives (Company employees).

² Employee representatives (union representatives).

³ Employee representatives (members of senior management).

[♦] Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

— Membership of equivalent national or foreign boards of business enterprises.

ANKE SCHÄFERKORDT (b.1962)

Member since 14 May 2020, elected until the AGM 2025

Member of supervisory boards

Mandates

- BASF SE
- Serviceplan Group Management SE[♦]
- Wayfair Inc.

DR. VISHAL SIKKA (b.1967)

Member since 2019, elected until the AGM 2024

CEO & Founder, Vianai Systems, Inc.

Mandates

- Oracle Corporation

DR. THOMAS WITTIG³ (b.1960)

Member since 2019, elected until the AGM 2024

Senior Vice President Financial Services

Mandates

- BMW Bank GmbH[♦], Chairman
- BMW Automotive Finance (China) Co., Ltd.[♦],
Chairman

WERNER ZIERER¹ (b.1959)

Member since 2001, elected until the AGM 2024

Chairman of the Works Council, Regensburg

¹ Employee representatives (Company employees).

² Employee representatives (union representatives).

³ Employee representatives (members of senior management).

[♦] Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

— Membership of equivalent national or foreign boards of business enterprises.

Munich, 9 March 2021

Bayerische Motoren Werke
Aktiengesellschaft

THE BOARD OF MANAGEMENT

OLIVER ZIPSE

ILKA HORSTMEIER

DR. MILAN NEDELJKOVIĆ

PIETER NOTA

DR. NICOLAS PETER

FRANK WEBER

DR.-ING. ANDREAS WENDT

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

RESPONSIBILITY STATEMENT BY THE LEGAL
REPRESENTATIVES OF THE COMPANY PURSUANT TO
§ 264 (2) SENTENCE 3 AND § 289 (1) SENTENCE 5 HGB

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements of Bayerische Motoren Werke Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and results of operations of the Company in accordance with German accounting principles, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Munich, 9 March 2021

Bayerische Motoren Werke
Aktiengesellschaft

THE BOARD OF MANAGEMENT

OLIVER ZIPSE

ILKA HORSTMEIER

DR. MILAN NEDELJKOVIĆ

PIETER NOTA

DR. NICOLAS PETER

FRANK WEBER

DR.-ING. ANDREAS WENDT

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

**TO BAYERISCHE MOTOREN WERKE
AKTIENGESELLSCHAFT, MUNICH**

**REPORT ON THE AUDIT OF THE
ANNUAL FINANCIAL STATEMENTS AND
OF THE MANAGEMENT REPORT**

Audit Opinions

We have audited the annual financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich, which comprise the balance sheet as at 31 December 2020, and the income statement for the financial year from 1 January to 31 December 2020 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bayerische Motoren Werke Aktiengesellschaft, which is combined with the group management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's reports.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content

of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Valuation of residual value risks

2 Valuation of provisions for statutory and non-statutory warranty obligations and product guarantees

3 Measurement of provision for risks relating to an EU antitrust proceeding

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue

2 Audit approach and findings

3 Reference to further information

Hereinafter we present the key audit matters:

1 Valuation of residual value risks

1 BMW AG carries realization risks for leased products which are recognized by the affiliated companies of the segment "Financial Services" and partially assumes the residual value risks arising from this. Residual value risks are determined by comparing the contractually agreed residual value on a contract-by-contract basis with the expected residual value at the end of the customer contract. The other provisions recognized in the annual financial statements of BMW AG include provisions for residual value risks amounting to EUR 1,562 million (approximately 2.7% of total assets) as at December 31, 2020.

A key estimated value for the measurement of residual value risks is the expected residual value at the end of the lease term. For the residual value forecasts BMW AG uses internally available data on historical empirical values, current market data and market estimates as well as forecasts by external market research institutes. The estimation of future proceeds from sales is subject to judgment due to the large number of assumptions to be made by the executive directors and the amount of data included in the determination. Against this background and due to the resulting significant uncertainties with regard to estimates in the context of measuring the residual values of the leased products, this matter was of particular significance in the context of our audit.

2 As part of our audit we obtained an understanding of the development of the residual values of leased products, the underlying residual value risks as well as the business processes for the identification, management, monitoring and measurement of residual value risks, among other things by inquiries and inspection of documents related to the internal calculation methods. Furthermore, we evaluated the appropriateness and effectiveness of the internal control system, particularly regarding the determination of expected residual values. This included the evaluation of the propriety of the relevant IT systems as well as the implemented interfaces therein by our IT specialists. In addition, we evaluated the appropriateness of the forecasting methods, the model assumptions as well as the parameters used for the measurement of the residual values based on the validations carried out by BMW AG. For this purpose, we inquired with BMW AG's experts responsible for the management and monitoring of residual value risks and inspected the internal analysis on residual value developments and residual value forecasts as well as the validation results. We examined the mathematical correctness of the forecast values using the key calculation steps.

Based on our audit procedures, we were able to satisfy ourselves that the methods and processes for determining the expected residual values of leased products underlying the valuation are appropriate and the assumptions and parameters included in the forecast model for the residual value are appropriate as a whole.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the financial statements under "Accounting policies" and "Notes to the balance sheet".

2 Valuation of provisions for statutory and non-statutory warranty obligations and product guarantees

1 Provisions for statutory and non-statutory warranty obligations as well as product guarantees are included in the annual financial statements of BMW AG as a material component in other provisions. The provisions for statutory and non-statutory warranty obligations and product guarantees amounted to EUR 2,418 million (approximately 4.2% of total assets) as at December 31, 2020. BMW AG is responsible for the legally required warranty and product guarantees in the respective sales market. In order to estimate the liabilities arising from statutory and non-statutory warranty obligations as well as product guarantees for vehicles sold, information on the type and volume of damages arising and on remedial measures is recorded and analyzed at vehicle model level. The expected amount of obligations is extrapolated from costs of the past and recognized as a provision in corresponding amount. For specific or anticipated individual circumstances, for example recalls, additional provisions are recognized.

The determination of provisions is associated with unavoidable estimation uncertainties and is subject to a high risk of change, depending on factors such as notification of detected defects as well as claims made by vehicle owners. Against this background, this matter was of particular significance during our audit.

2 In order to assess the appropriateness of the valuation method used for the determination of the provisions for statutory and non-statutory warranty obligations as well as product guarantees including the assumptions and parameters, we primarily obtained an understanding of the process for determining the assumptions and parameters through discussions with the responsible employees of BMW AG. We also evaluated the appropriateness as well as effectiveness of controls for determining the assumptions and parameters. With the involvement of our IT specialists, we checked the IT systems used regarding their compliance. We compared the expenses for claims and technical actions with actual costs incurred in order to draw conclusions on the forecast accuracy. Based on a targeted sample of vehicle models, the mathematical correctness of the valuation model used was examined. We examined and evaluated the assumptions used by BMW AG concerning the extent to which the past values were representative of the expected susceptibility of damage, the expected value of damage per vehicle (comprising parts and labor input) as well as the expected assertion of claims from statutory and non-statutory warranties.

In our view, the method for the valuation of provisions for statutory and non-statutory warranty obligations as well as product guarantees is overall appropriate. Taking into consideration the information available, we believe that, overall, the measurement parameters and assumptions used by the executive directors are appropriate.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the financial statements under "Accounting policies" and "Notes to the balance sheet".

3 Measurement of provision for risks relating to an EU antitrust proceeding

1 In April 2019, BMW AG was notified by the European Commission of complaints in a pending antitrust proceeding. The European Commission accuses various manufacturers of colluding to restrict competition in the field of innovation. In this connection, as in the previous year, a EUR 1.4 billion provision for litigation and risk provisioning was recognized at the balance sheet date in the annual financial statements under the balance sheet item "Other provisions". The risk assessment to be made on developments in the EU antitrust proceeding and the estimation of whether or not a provision must be recognized to cover the risks, and if so, in what amount the current obligation must be measured, is subject to a high degree of uncertainties and characterized by the estimates and assumptions made by the executive directors.

In our view, this matter was of particular significance for our audit due to the significant uncertainties concerning the outcome of the EU antitrust proceeding and the potential effects on BMW AG's assets, liabilities, financial position and financial performance.

2 With the knowledge that estimated values result in an increased risk of accounting misstatements and that the executive directors' recognition and measurement decisions have a direct effect on the net profit for the year, we evaluated the retention of the carrying amounts, with the involvement of an internal PwC antitrust law expert. Furthermore, we also held regular meetings with the Company's legal department in order to receive updates on current developments and the reasons for the corresponding estimates. The development of the aforementioned risks arising from the EU antitrust proceeding, including the executive directors' estimates concerning the potential proceeding outcomes, was provided to us by the Company in writing. In addition, we obtained and evaluated an external legal confirmation as at the balance sheet date.

In our view, the estimates made by the executive directors regarding the recognition and measurement of the provision for the risks from the EU antitrust proceeding described above and the associated risk provision in the annual financial statements are sufficiently documented and substantiated.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the financial statements under "Accounting policies" and "Notes to the balance sheet".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289 f HGB and § 315 d HGB included in section "Corporate Governance" of the management report
- the subsections "Information on the Company's Governing Constitution", "Board of Management", "Supervisory Board", "Shareholders and Annual General Meeting" and "Declaration of Compliance" listed in the "Corporate Governance" section of the management report
- the disclosures marked with "⌚ ... ⌚" of the non-financial statement pursuant to § 289 b Abs. 1 HGB and § 315 d Abs. 1 HGB

The other information comprises further the remaining parts of the publication "Annual report of BMW AG" – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file BMW_AG_JA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained

in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF-documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 14 May 2020. We were engaged by the supervisory board on 17 June 2020. We have been the auditor of the Bayerische Motoren Werke Aktiengesellschaft, Munich, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Fell.

Munich, 10 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

PETRA JUSTENHOVEN
Wirtschaftsprüferin

ANDREAS FELL
Wirtschaftsprüfer

FINANCIAL CALENDAR

2021

17 March 2021

BMW Group Annual Conference.
Media Day

18 March 2021

BMW Group Annual Conference.
Analyst and Investor Day

7 May 2021

Quarterly Statement to 31 March 2021

12 May 2021

Annual General Meeting

3 August 2021

Half-Year Report to 30 June 2021

3 November 2021

Quarterly Statement to 30 September 2021

2022

16 March 2022

BMW Group Report 2021

16 March 2022

BMW Group Annual Conference.
Media Day

17 March 2022

BMW Group Annual Conference.
Analyst and Investor Day

5 May 2022

Quarterly Statement to 31 March 2022

11 May 2022

Annual General Meeting

3 August 2022

Half-Year Report to 30 June 2022

3 November 2022

Quarterly Statement to 30 September 2022

BMW AG TEN-YEAR COMPARISON

| | | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenues ¹ | € million | 75,040 | 84,691 | 78,355 | 79,215 | 75,350 | 72,384 | 66,599 | 60,474 | 58,805 | 55,007 |
| Export ratio | % | 81.5 | 82.2 | 82.4 | 82.8 | 82.4 | 83.0 | 81.7 | 81.5 | 79.6 | 77.3 |
| Production | | | | | | | | | | | |
| Automobiles ² | Units | 2,255,608 | 2,564,025 | 2,541,534 | 2,505,741 | 2,359,756 | 2,279,503 | 2,165,566 | 2,006,366 | 1,861,826 | 1,738,160 |
| Motorcycles | Units | 168,115 | 187,116 | 162,687 | 185,682 | 145,555 | 151,004 | 133,615 | 110,127 | 113,811 | 110,360 |
| Deliveries | | | | | | | | | | | |
| Automobiles ² | Units | 2,249,943 | 2,555,795 | 2,519,897 | 2,494,115 | 2,355,726 | 2,275,367 | 2,166,772 | 1,995,903 | 1,868,158 | 1,723,637 |
| Motorcycles | Units | 170,918 | 180,941 | 164,096 | 175,452 | 147,290 | 144,291 | 133,635 | 110,039 | 110,857 | 110,145 |
| Capital expenditure | € million | 2,790 | 3,233 | 2,975 | 2,628 | 2,346 | 2,748 | 3,150 | 3,203 | 2,776 | 2,032 |
| Depreciation, amortisation and impairment losses | € million | 2,646 | 2,573 | 2,470 | 2,350 | 2,233 | 2,072 | 1,890 | 1,732 | 1,613 | 1,578 |
| Workforce at end of year ³ | | 84,668 | 86,700 | 89,842 | 87,940 | 85,754 | 84,860 | 80,675 | 77,110 | 74,571 | 71,630 |
| Tangible, intangible and investment assets ⁴ | € million | 16,834 | 16,640 | 15,787 | 15,419 | 14,711 | 14,619 | 13,945 | 12,833 | 11,078 | 9,663 |
| Current assets, prepaid expenses and surplus of pension and similar plan assets over liabilities | € million | 40,806 | 39,179 | 29,748 | 26,053 | 21,588 | 20,358 | 20,291 | 20,932 | 20,887 | 17,845 |
| Subscribed capital | € million | 660 | 659 | 658 | 658 | 657 | 657 | 656 | 656 | 656 | 655 |
| Reserves | € million | 13,252 | 12,774 | 12,280 | 11,758 | 11,165 | 10,168 | 9,506 | 8,166 | 7,568 | 6,059 |
| Equity | € million | 15,165 | 15,079 | 15,241 | 15,046 | 14,122 | 12,927 | 12,066 | 10,529 | 9,864 | 8,222 |
| as % of tangible, intangible and investment assets | % | 90.1 | 90.6 | 96.5 | 97.6 | 96.0 | 88.4 | 86.5 | 82.0 | 89.0 | 85.1 |
| Balance sheet total | € million | 57,640 | 55,819 | 45,535 | 41,472 | 36,299 | 34,977 | 34,236 | 33,765 | 31,965 | 27,508 |
| Cost of materials | € million | 57,425 | 63,425 | 57,726 | 56,065 | 53,862 | 52,128 | 47,008 | 43,402 | 42,178 | 39,324 |
| Personnel expense | € million | 8,565 | 8,631 | 8,597 | 8,638 | 8,340 | 7,576 | 6,786 | 6,419 | 6,030 | 5,758 |
| Taxes | € million | 232 | 789 | 891 | 1,579 | 1,327 | 1,831 | 1,934 | 1,674 | 1,666 | 2,096 |
| Net profit | € million | 1,702 | 2,107 | 2,801 | 3,197 | 3,277 | 2,741 | 3,229 | 2,289 | 3,131 | 1,970 |
| Dividend | € million | 1,253 ⁵ | 1,646 | 2,303 | 2,630 | 2,300 | 2,102 | 1,904 | 1,707 | 1,640 | 1,508 |
| per share of common stock with a par value of € 1 each | € | 1.90 ⁵ | 2.50 | 3.50 | 4.00 | 3.50 | 3.20 | 2.90 | 2.60 | 2.50 | 2.30 |
| per share of preferred stock with a par value of € 1 each | € | 1.92 ⁵ | 2.52 | 3.52 | 4.02 | 3.52 | 3.22 | 2.92 | 2.62 | 2.52 | 2.32 |

¹ Financial Reporting Implementation Act (BilRUG) applied with effect from the beginning of the financial year 2016. Comparative figures for 2015 not adjusted.

² Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

³ From 2019 onwards adjusted due to a changed calculation method (details provided in BMW Group Annual Report 2019, BMW Group Management Report).

⁴ From 2013 onward including tangible, intangible and investment assets transferred in conjunction with the merger of BMW Peugeot Citroën Electrification GmbH, Munich; From 2015 onward including property, plant and equipment transferred in conjunction with the merger of BMW Forschung und Technik GmbH, Munich.

⁵ Proposed by the Board of Management.

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Investor Relations information is available directly at:

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