



Supplementary information on agenda item 9.1:

Annual Financial Statements for Bavaria Wirtschaftsagentur
GmbH as of 31 December 2020

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Bavaria Wirtschaftsagentur GmbH, Munich
Balance sheet as at 31.12.2020

	31.12.2020	31.12.2019
	EUR	EUR
ASSETS		
Fixed assets		
Property, plant and equipment		
Other equipment, operating and office equipment	14.343,48	16.688,35
Low-value assets	10.156,47	14.376,79
	<hr/>	<hr/>
	24.499,95	31.065,14
Financial assets		
Shares in affiliated companies	36.506,24	36.506,24
	<hr/>	<hr/>
	36.506,24	36.506,24
	61.006,19	67.571,38
Current assets		
Receivables and other assets		
Receivables from deliveries and services	2.149.006,22	1.945.031,93
Receivables from affiliated companies	17.401.295,75	27.255.727,67
Other assets	43.409,47	32.299,40
	<hr/>	<hr/>
	19.593.711,44	29.233.059
Prepaid expenses	17.649,22	13.035,97
	<hr/>	<hr/>
Balance sheet total	19.672.366,85	29.313.666,35
	=====	=====

Bavaria Wirtschaftsagentur GmbH, Munich
Balance sheet as at 31.12.2020

	31.12.2020	31.12.2019
	EUR	EUR
PASSIVA		
Equity		
Subscribed capital	102.258,38	102.258,38
Retained earnings		
Other revenue reserves	2.377.949,91	1.617.888,20
	<u>2.480.208,29</u>	<u>1.720.146,58</u>
Provisions		
Provisions for pensions and similar obligations	1.266.056,25	1.448.882,35
Other provisions	1.265.893,97	1.682.488,38
	<u>2.531.950,22</u>	<u>3.131.370,73</u>
Liabilities		
Liabilities from deliveries and services	15.616,97	211.255,63
Liabilities to affiliated companies	14.586.229,58	24.108.908,40
Other liabilities		
- thereof from taxes		
EUR (58.361,79prev. year EUR 96.836,85)	58.361,79	96.836,85
	<u>14.660.208,34</u>	<u>24.417.000,88</u>
Accrued expenses and deferred income	<u>0,00</u>	<u>45.148,16</u>
Balance sheet total	<u><u>19.672.366,85</u></u>	<u><u>29.313.666,35</u></u>

Bavaria Wirtschaftsagentur GmbH, Munich
Profit and loss account for the period from
01.01.2020 - 31.12.2020

	2020	2019
	EUR	EUR
Gross profit	25.171.254,72	27.461.634,28
Personnel expenses	-7.225.048,55	-7.638.273,96
Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-7.546,98	-18.494,54
Other operating expenses	-2.316.515,76	-2.658.151,35
Income from participations	0,00	450.000,00
- thereof from affiliated companies		
EUR 0.00 (prev. year EUR 450.000,00)		
Other interest and similar income	2.808,30	140.075,44
- thereof from affiliated companies		
EUR (2.808,30prev. year EUR 140.075,44)		
Interest and similar expenses	-230.486,88	-166.826,80
- thereof to affiliated companies		
EUR (163.839,02prev. year EUR 166.826,80)	<hr/>	<hr/>
Result after taxes	15.394.464,85	17.569.963,07
Other taxes	-177.434,54	-134.476,38
Due to a profit and loss transfer agreement transferred profits	-14.456.968,60	-16.898.172,11
	<hr/>	<hr/>
Net profit for the year	760.061,71	537.314,58
	<hr/> <hr/>	<hr/> <hr/>
Allocation to revenue reserves	760.061,71	537.314,58
Balance sheet profit	0,00	0,00
	<hr/> <hr/>	<hr/> <hr/>

Bavaria Wirtschaftsagentur GmbH, Munich **Notes for the financial year 2020**

General information

The annual financial statements of Bavaria Wirtschaftsagentur GmbH have been prepared in accordance with the provisions of the German Commercial Code and the Limited Liability Companies Act. Bavaria Wirtschaftsagentur GmbH, with its registered office in Munich, is registered with the Munich Register Court under the commercial register number HRB 42267. The annual financial statements are prepared in EUR. Bavaria Wirtschaftsagentur GmbH is a medium-sized corporation within the meaning of Section 267 (HGB2). Size-dependent relief under §§ 276 and 288 HGB has been taken advantage of.

Accounting and valuation principles

Intangible assets are recognised at acquisition cost, taking into account straight-line amortisation based on a useful life of three years and, if necessary, unscheduled amortisation.

Property, plant and equipment are valued at acquisition or production cost less scheduled and, if applicable, unscheduled depreciation. Property, plant and equipment are depreciated on a straight-line basis.

Financial assets are recognised at acquisition cost.

The receivables and liabilities of the shareholder will be shown unnetted from the 2020 financial year onwards. For better comparability, the previous year's figures were adjusted accordingly.

Receivables, other assets and prepaid expenses are recognised at the lower of nominal value or fair value. Prepaid expenses and deferred charges are reversed in accordance with the utilisation of services.

Foreign currency receivables and liabilities are valued at the mean spot exchange rate at the time of the transaction. As at the balance sheet date, foreign currency receivables and liabilities are valued at the closing rate. The resulting valuation effects as well as exchange rate gains and losses from the settlement of the transactions are recognised in profit or loss.

To meet pension obligations, BMW Trust e. V., Munich, holds assets in trust within the framework of contractual trust arrangements (CTA). They are measured at fair value, which is offset against the underlying obligations. The fair value is derived from the market values of the capital management companies as of the reporting date. If there is a surplus of obligations, this is recognised under provisions. If the value of the assets exceeds the obligations, it is reported as "asset difference from asset offsetting".

The settlement amount of the pension obligations is determined in accordance with reasonable commercial judgement, taking into account the recognised rules of actuarial mathematics. In terms of methodology, this is realised by using the projected unit credit method in conjunction with biometric calculation principles and the 10-year average interest rate for obligations with a remaining term of 15 years published by the Deutsche Bundesbank.

The pension obligations are covered by plan assets. Accordingly, the provision for pension obligations is calculated by netting the settlement amount with the related plan assets. Current income from offset assets as well as from compounding and the result of the change in the actuarial interest rate are recognised in the financial result. A portion of the pension obligations is based on securities-linked commitments. The assets of these commitments are part of the cover assets. Since the 2019 financial year, due to the uniform exercise of the option, effects on income from changes in the fair value of the cover assets of securities-linked commitments have also been recognised in the financial result. All other components of pension expenses are included in the functional costs.

Anniversary commitments and partial retirement commitments are also valued according to actuarial principles in accordance with their character as commitments similar to pensions. The 7-year average interest rate published by the Deutsche Bundesbank for obligations with a remaining term of 15 years is used for the anniversary obligations and the 7-year average interest rate corresponding to the remaining term of the obligation is used for the partial retirement obligations.

Since the 2017 financial year, the outstanding amounts (credit balances) from partial retirement agreements have been secured against insolvency by bank guarantees in accordance with legal requirements. On the balance sheet date, these assets, which are designed purely to protect against insolvency, do not constitute cover assets that can be offset.

Other provisions are measured in such a way that they take into account all identifiable risks. Provisions are recognised at the settlement amount deemed necessary according to prudent business judgment. Long-term provisions are discounted at the average Bundesbank interest rate corresponding to their remaining term.

The assets that serve exclusively to meet liabilities from retirement benefit obligations are offset against the underlying obligations.

Liabilities are recognised at the settlement amount on the balance sheet date.

Notes to the balance sheet

Financial assets

The financial assets relate to 51% of the shares in the affiliated company BAVARIA-LLOYD Reisebüro GmbH, Munich. The negative equity of this company amounts to EUR -2,446,729.43 (previous year EUR 312,467.74) on 31 December 2020. The net loss for 2020 is EUR -2,759,197.17 (previous year: EUR -246,384.85).

Receivables and other assets

Trade receivables mainly include receivables from insurance premiums.

Receivables from the shareholder amount to EUR 17,401,295.75 (previous year EUR 27,255,727.67).

Other assets relate to receivables from employees for working hours in the amount of EUR 43,409.47 (previous year EUR 32,299,40).

As in the previous year, receivables and other assets are due within one year.

Equity

The subscribed capital of the company amounts to DM 200,000.00, which corresponds to a balance sheet amount of EUR 102,258.38.

Retained earnings

The revenue reserves amount to EUR 2,377,949,91 .

The blocked amount of EUR 760,061.71 was transferred to the revenue reserve.

Provisions

The provisions for pensions and similar obligations relate to vested rights and current benefits.

In the financial year 2020, the 2018 G mortality tables by Prof. Dr. Heubeck were used to calculate the pension obligations for the biometric calculation bases. In addition, the following parameters are taken into account:

in %	31.12.2020	31.12.2019
Discount factor 10-year average	2,30	2,71
Discount factor 7-year average	1,60	1,97
Salary trend	2,67	3,04
Pension trend	1,33	1,38

The interest rate used for discounting pension obligations corresponds to the average market interest rate of the past ten financial years for an assumed remaining term of 15 years as determined and published by the Deutsche Bundesbank.

Due to the use of the discount factor based on the 10-year average, there is a difference of EUR 1,147,080 (previous year EUR 1,115,475.00) compared to the use of the discount factor based on the 7-year average. A distribution block is not to be taken into account for this amount due to the existing profit and loss transfer agreement.

The provisions for pensions are as follows:

in EUR	31.12.2020	31.12.2019
Acquisition cost of plan assets for pension obligations	5.975.663,96	5.849.783,14
Fair value of plan assets for pension obligations	8.500.409,75	7.616.460,65
Defined benefit obligation of the pension commitments	9.766.466,00	9.065.343,00
Provisions for pensions and similar obligations	1.266.056,25	1.448.882,35

The expenses from the compounding of pension obligations, the change in the discount rate as well as the income and expenses from the valuation of the offset assets are reported in interest income or interest expense. All other components of pension expenses are recognised under personnel expenses.

Other provisions mainly include amounts for personnel expenses, e.g. profit-sharing, bonuses, anniversaries, part-time work for older employees as well as costs for the annual financial statements and the employers' liability insurance association.

Liabilities

Trade payables in the amount of EUR (15.616,97 previous year EUR 211,255.63) mainly include obligations to insurance companies in the context of brokerage collection as well as general liabilities to suppliers.

Liabilities to the shareholder amount to EUR 14,586,229.58 (previous year EUR 24,108,908.40). Like the other liabilities, these have remaining terms of less than one year.

Other financial obligations

There are rental obligations to the shareholder Bayerische Motoren Werke Aktiengesellschaft from a lease for office space in Munich amounting to EUR 213,840.00 per annum (previous year EUR 173.901,60).

Transactions with related parties

Transactions with related parties are only concluded at arm's length conditions.

Notes to the profit and loss account

Gross profit

The gross profit includes realised exchange gains of EUR 54,411.59 (previous year EUR 152,127.44). Furthermore, income from the reversal of provisions amounting to EUR 7,438.50 (previous year EUR 18,054.22) is included.

Personnel expenses

in EUR	2020	2019
Salaries	6.195.278,16	6.347.577,99
Social security contributions, expenses for		
Pension provision and support	1.029.770,39	1.290.695,97
- of which for retirement benefits: EUR 161,228.43 (prev. year EUR 438.331,53)		
	7.225.048,55	7.638.273,96

The average number of employees decreased to 66 (previous year 68), of which 16 (previous year 17) are part-time employees.

Other operating expenses

Other operating expenses mainly include third-party services for insurance processing fees, IT costs, rental expenses, vehicle expenses, costs for call centre expenses and insurances; they also include realised currency losses of EUR 61,231.65 (previous year EUR 172.86).

Furthermore, expenses unrelated to the accounting period in the amount of EUR 50,142.17 (previous year EUR 7,397.94) for profit-sharing from the previous year are included.

Income from participations

In the financial year we did not receive any income from investments (previous year EUR 450.000) from the affiliated company BAVARIA-LLOYD Reisebüro GmbH, Munich.

Other interest and similar income

in EUR	2020	2019
Other interest and similar income	2.808,30	140.075,44
- thereof from affiliated companies	2.808,30	8.925,35
- of which from pension and long-term		
Personnel provisions (prev. year interest income)	0,00	131.150,09

Interest and similar expenses

in EUR	2020	2019
Interest and similar expenses	230.486,88	166.826,80
- thereof to affiliated companies	163.839,02	166.826,80
- of which from pension and long-term		
Personnel provisions (prev. year interest income)	66.647,86	0,00

The interest expense from pension and long-term personnel provisions is the net amount after offsetting expenses and income from the plan assets:

in EUR	2020	2019
Expenses from the compounding of pension and long-term personnel provisions	-824.967,00	-885.434,00
Income from assets to be offset	758.319,14	1.016.584,09
Interest expense from pensions (prev. year income)	-66.647,86	131.150,09

In the current financial year, the item income from assets to be offset includes an increase of EUR 758,319.14 (previous year: EUR 1,016,584.09) in the cover assets at fair value.

The interest result includes expenses from the compounding of interest and the change in the discount rate of provisions and liabilities.

Other taxes

This item includes taxes and duties from settlements of foreign commissions in the amount of EUR 177,434.54 (previous year EUR 134,476.38).

Other information

Supplementary report

No events occurred after the end of the financial year that are of particular significance for the net assets, financial position and results of operations of Bavaria Wirtschaftsagentur GmbH.

Auditor's fee

With regard to the disclosure of the total fee charged by the auditor for the financial year 2020 in accordance with § 285 No. 17 HGB, use is made of the simplification option, as the disclosure is included in the Consolidated Financial Statements of Bayerische Motoren Werke Aktiengesellschaft, Munich.

Management report and disclosure

The company makes use of the exemption option of § 264 para. 3 HGB with regard to the preparation of a management report and the disclosure of the annual financial statements.

Management

Mr. Dirk Förster, Diplom-Kaufmann (Head of Insurance)
Mr Robert Paul van Acker, Master of Science (Finance, Compliance, Governance)

With regard to the disclosure of the total remuneration of the management, the company makes use of the protective clause of § 286 para. 4 HGB.

Group affiliation

Bavaria Wirtschaftsagentur GmbH is a wholly owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft, Munich. The company is included in the consolidated financial statements of BMW AG, Munich (smallest and largest group of consolidated companies within the meaning of § 285 HGB No. 14 and 14 a HGB). The Company therefore makes use of the exemption option provided for in § 291 HGB.

There is a profit and loss transfer agreement with Bayerische Motoren Werke Aktiengesellschaft, Munich.

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft for the 2020 financial year will be submitted to the operator of the electronic Federal Gazette and will be accessible via the website of the Company Register.

Munich, the

[SIGNATURE]

Dirk Förster
Managing Director

[SIGNATURE]

Robert Paul van Acker
Managing Director

Bavaria Wirtschaftsagentur GmbH, Munich - Development of fixed assets 2020

	Acquisition and production costs				Depreciation			Book values		
	01.01.2020	Access	Disposals	31.12.2020	01.01.2020	Current year	Disposals	31.12.2020	31.12.2020	31.12.2019
in EUR										
Intangible assets										
Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets	836.758,00	0,00	0,00	836.758,00	-836.758,00	0,00	0,00	-836.758,00	0,00	0,00
Property, plant and equipment										
Shares in affiliated companies	89.874,94	995,93	-593,81	90.277,06	-58.809,80	-7.546,98	579,67	-65.777,11	24.499,95	31.065,14
Fixed assets (without financial assets)	926.632,94	995,93	-593,81	927.035,06	-895.567,80	-7.546,98	579,67	-902.535,11	24.499,95	31.065,14
Financial assets										
Shares in affiliated companies	36.506,24	0	0	36.506,24	0	0	0	0	36.506,24	36.506,24
Fixed assets (with financial assets)	963.139,18	995,93	-593,81	963.541,30	-895.567,80	-7.546,98	579,67	-902.535,11	61.006,19	67.571,38