



Supplementary information on agenda item 9.1:

Annual Financial Statements for Bavaria Wirtschaftsagentur
GmbH as of 31 December 2019

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Bavaria Wirtschaftsagentur GmbH, Munich
Balance sheet as at 31.12.2019

	31.12.2019	31.12.2018
	EUR	EUR
ASSETS		
Fixed assets		
Intangible assets		
Concessions acquired for a consideration, commercial Property rights and similar rights and assets as well as Licences to such rights and values	0,00	6.699,00
	<hr/>	<hr/>
	0,00	6.699,00
Property, plant and equipment		
Other equipment, operating and office equipment	16.688,35	25.423,94
Low-value assets	14.376,79	22.985,86
	<hr/>	<hr/>
	31.065,14	48.409,80
Financial assets		
Shares in affiliated companies	36.506,24	36.506,24
	<hr/>	<hr/>
	36.506,24	36.506,24
	<hr/>	<hr/>
	67.571,38	91.615,04
Current assets		
Receivables and other assets		
Receivables from deliveries and services	1.945.031,93	274.979,15
Receivables from affiliated companies	3.146.819,27	4.701.953,36
Other assets	32.299,40	33.552,73
	<hr/>	<hr/>
	5.124.150,60	5.010.485,24
Prepaid expenses	13.035,97	32.331,82
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Balance sheet total	5.204.757,95	5.134.432,10
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Bavaria Wirtschaftsagentur GmbH, Munich
Balance sheet as at 31.12.2019

	31.12.2019	31.12.2018
	EUR	EUR
PASSIVA		
Equity		
Subscribed capital	102.258,38	102.258,38
Retained earnings		
Other revenue reserves	1.617.888,20	1.080.573,62
	1.720.146,58	1.182.832,00
Provisions		
Provisions for pensions and similar obligations	1.448.882,35	1.612.850,88
Other provisions	1.682.488,38	1.984.138,12
	3.131.370,73	3.596.989,00
Liabilities		
Liabilities from deliveries and services	211.255,63	201.946,21
Other liabilities		
- thereof from taxes		
EUR 96,836.85 (previous year EUR 94,571.43)	96.836,85	94.571,43
	308.092,48	296.517,64
Deferred income	45.148,16	58.093,46
Balance sheet total	5.204.757,95	5.134.432,10

Bavaria Wirtschaftsagentur GmbH, Munich
Profit and loss account for the period from
01.01.2019 - 31.12.2019

	2019	2018
	EUR	EUR
Gross profit	27.461.634,28	24.629.656,28
Personnel expenses	-7.638.273,96	-7.291.973,27
Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-18.494,54	-20.964,89
Other operating expenses	-2.658.151,35	-2.574.402,50
Income from participations - thereof from affiliated companies EUR 450.000,00 (prev. year EUR 525.000,00)	450.000,00	525.000,00
Other interest and similar income - thereof from affiliated companies EUR (140.075,44prev. year EUR 2.684,14)	140.075,44	2.684,14
Interest and similar expenses - thereof to affiliated companies EUR 166,826.80 (prev. year EUR 1.122.381,51)	-166.826,80	-1.122.381,51
Result after taxes	17.569.963,07	14.147.618,25
Refunds of other taxes	-134.476,38	62.221,40
Due to a profit and loss transfer agreement transferred profits	-16.898.172,11	-15.047.407,44
Net loss/profit for the year	537.314,58	-837.567,79
Allocation/transfer of revenue reserves	537.314,58	837.567,79
Balance sheet profit	0,00	0,00

Bavaria Wirtschaftsagentur GmbH, Munich **Notes for the financial year 2019**

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 acquired for consideration 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.

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. Gains resulting from the valuation at the balance sheet date are recognised for receivables and liabilities with a remaining term of less than one year. Losses from exchange rate changes are taken into account by revaluation on the balance sheet date.

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".

Since the 2017 financial year, credit balances from partial retirement relationships have been secured by bank guarantees. Therefore, there are no corresponding cover assets on the balance sheet date. Pension obligations are calculated using the projected unit credit method and discounted at a ten-year average market interest rate corresponding to their remaining term. The calculation is based on actuarial reports taking into account biometric calculation principles. For reasons of uniformity of the valuation method, the provisions for anniversary bonuses and partial retirement are valued using the same method. 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. From the 2019 financial year onwards, the effects on income from changes in the fair value of the cover assets of securities-linked commitments will also be recognised in the financial result for the first time due to the uniform exercise of the option. All other components of pension expenses are included in the functional costs.

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.

Deferred income is recognised at the nominal value of the payments received and reversed over the period of performance.

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 equity of this company amounts to EUR 312,467.74 as at 31 December 2019 (previous year EUR 1,087,821.40). The net loss for 2019 amounts to EUR - 246,384.85 (net profit in the previous year EUR 431,101.97).

Receivables and other assets

Trade receivables mainly include receivables from insurance premiums.

Receivables from affiliated companies are due from the shareholder in the amount of EUR (3.146.819,27/previous year EUR 4,701,953.36).

Other assets relate to receivables from employees for working hours in the amount of EUR 32,299.40 (previous year EUR 33.552,73).

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.
This corresponds to a balance sheet amount of EUR 102,258.38.

Retained earnings

The revenue reserves amount to EUR 1,617,888.20.
The blocked amount of EUR 537,314.58 was transferred to the revenue reserve.

Provisions

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

In the 2019 financial year, 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 %	31.12.2019	31.12.2018
Discount factor 10-year average	2,71	3,21
Abzingsfaktor 7-year average	1,97	2,32
Salary trend	3,04	3,06
Pension trend	1,38	1,62

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, an amount of EUR 1,115,475.00 results in comparison 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	31.12.2019	31.12.2018
Acquisition cost of plan assets for pension obligations	5.849.783,14	5.338.498,26
Fair value of plan assets for pension obligations	7.616.460,65	6.387.172,12
Defined benefit obligation of the pension commitments	9.065.343,00	8.000.023,00
Provisions for pensions and similar obligations	1.448.882,35	1.612.850,88

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 amounting to EUR 211,255.63 (previous year EUR 201,946.21) mainly include obligations to insurance companies within the scope of brokerage collection, as well as general liabilities to suppliers.

As in the previous year, the liabilities have a remaining term 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 173,901.60 per annum (previous year EUR 117.987,84).

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 exchange rate gains realised for the first time in the amount of EUR 152,127.44. Furthermore, income from the reversal of provisions amounting to EUR 18,054.22 (previous year EUR 5,686.57) is included.

Personnel expenses

in EUR	2019	2018
Salaries	6.347.577,99	6.429.823,22
Social security contributions, expenses for Pension provision and support	1.290.695,97	862.150,05
- of which for pensions: EUR (425.690,51prev. year EUR 37.613,23)	-----	-----
	7.638.273,96	7.291.973,27

The average number of salaried employees during the year was 68 (previous year: 68).

Other operating expenses

Other operating expenses mainly include third-party services for insurance processing fees, IT costs, motor vehicle expenses, call centre costs, travel and rental expenses and insurance.

Furthermore, expenses unrelated to the accounting period in the amount of EUR 7,397.94 (previous year: EUR 32,738.17) for risk engineering services from the previous year are included.

Income from participations

As in the previous year, the income from investments of EUR 450,000 (previous year EUR 525.000) results from the affiliated company BAVARIA-LLOYD Reisebüro GmbH, Munich.

Other interest and similar income

in EUR	2019	2018
Other interest and similar income	140.075,44	2.684,14
- thereof from affiliated companies	8.925,35	2.684,14
- of which from pension and long-term Personnel provisions (prev. year interest expense)	131,150.09	0,00

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

in EUR	2019	2018
Income from assets to be offset (prev. year expense)	1.016.584,09	-156.866,32
Expenses from the compounding of pension and long-term personnel provisions	-885.434,00	-816.349,00
Interest income from pensions (prev. year expense)	131.150,09	-973.215,32

In the current financial year, the item income from assets to be offset includes an increase in the cover assets at fair value of EUR 1,016,584.09 (previous year: EUR -156,866.32).

Net interest income includes income from compounding and changes in the discount rate of provisions and liabilities.

Interest and similar expenses

in EUR	2019	2018
Interest and similar expenses	166.826,80	1.122.381,51
- thereof to affiliated companies	166.826,80	149.166,19
- of which from pension and long-term Personnel provisions	0,00	973.215,32

Other taxes

For the first time, taxes and duties from settlements of foreign brokerage fees in the amount of EUR 134,476.38 are included in this item.

Other information

Supplementary report

On 30 January 2020, the World Health Organization (WHO) declared an international public health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has now classified the spread of the coronavirus as a pandemic. The further course of the spread of the coronavirus and consequences for the business performance of Bavaria Wirtschaftsagentur GmbH are being monitored continuously. In the course of 2020, effects on the course of business could be possible that are not yet known. Beyond this, no events occurred after the end of the financial year that are of particular significance for the earnings, financial and asset situation of the Bavaria Wirtschaftsagentur.

Auditor's fee

With regard to the disclosure of the total fee charged by the auditor for the 2019 financial year in accordance with section 285 no. 17 HGB, use has been 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 as well as the disclosure of the annual financial statements.

Management

Mr Dirk Förster, Diplom-Kaufmann,
Ms Nicole Kraft-Stimson, graduate industrial engineer until 31.08.2019 and
Mr Robert Paul van Acker, Master of Science from 01.09.2019

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 financial year 2019 will be submitted to the operator of the electronic Federal Gazette and will be accessible via the website of the Company Register.

Munich, 22.06.2020

[SIGNATURE]

Dirk Förster
Managing Director

[SIGNATURE]

Robert Paul van Acker
Managing Director

Bavaria Wirtschaftsagentur GmbH, Munich - Development of fixed assets 2019

	Acquisition and production costs				Depreciation				Book values	
	01.01.2019	Access	Disposals	31.12.2019	01.01.2019	Current year	Disposals	31.12.2019	31.12.2019	31.12.2018
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	1.129.809,98	0,00	-293.051,98	836.758,00	-1.123.110,98	-6.699,00	293.051,98	-836.758,00	0,00	6.699,00
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Property, plant and equipment										
Shares in affiliated companies	263.251,91	2.516,98	-175.893,95	89.874,94	-214.842,11	-11.795,54	167.827,85	-58.809,80	31.065,14	48.409,80
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Fixed assets (without financial assets)	1.393.061,89	2.516,98	-468.945,93	926.632,94	-1.337.953,09	-18.494,54	460.879,83	-895.567,80	31.065,14	55.108,80
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Financial assets										
Shares in affiliated companies	36.506,24	0	0	36.506,24	0	0	0	0	36.506,24	36.506,24
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Fixed assets (with financial assets)	1.429.568,13	2.516,98	-468.945,93	963.139,18	-1.337.953,09	-18.494,54	460.879,83	-895.567,80	67.571,38	91.615,04
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