

Second Supplement dated 12 September 2024

to the Base Prospectus dated 10 May 2024

relating to the EUR 50,000,000,000 Euro Medium Term Note Programme of BMW Group

*This document constitutes a supplement (the "**Second Supplement**") for the purpose of Article 8(10) and 23(1) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") to the base prospectus for securities relating to the EUR 50,000,000,000 Euro Medium Term Note Programme for the issue of Notes of Bayerische Motoren Werke Aktiengesellschaft ("**BMW AG**"), BMW Finance N.V. ("**BMW Finance**"), BMW US Capital, LLC ("**BMW US Capital**"), BMW International Investment B.V. ("**BMW International Investment**") and BMW Japan Finance Corp. ("**BMW Japan**") (each an "**Issuer**", and, together, the "**Issuers**") and BMW AG in its capacity as guarantor (the "**Guarantor**") in respect of non-equity securities within the meaning of Article 2(c) of the Prospectus Regulation, as amended, as supplemented by the first supplement dated 5 August 2024 (the "**Base Prospectus**").*

**BMW
GROUP**



Bayerische Motoren Werke Aktiengesellschaft

Munich, Federal Republic of Germany

BMW Finance N.V.

The Hague, the Netherlands

BMW US Capital, LLC

Wilmington, Delaware, USA

BMW International Investment B.V.

The Hague, the Netherlands

BMW Japan Finance Corp.

Minato-ku, Tokyo, Japan

EUR 50,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Bayerische Motoren Werke Aktiengesellschaft

Munich, Federal Republic of Germany

This Second Supplement is supplemental to, and should only be distributed and read together with, the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Second Supplement. To the extent that there is any inconsistency between (a) any statement in this Second Supplement and (b) any other statement prior to the date of this First Supplement, the statements in (a) will prevail.

This Second Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.luxse.com).

Each of the Issuers and the Guarantor has requested the CSSF in its capacity as competent authority under the Prospectus Regulation to approve this Second Supplement and to provide the competent authorities in the Federal Republic of Germany, the Republic of Austria and The Netherlands with a certificate of approval (a "**Notification**") attesting that this Second Supplement has been drawn up in accordance with the Prospectus Regulation. Any of the Issuers and/or the Guarantor may request the CSSF to provide competent authorities in additional Member States within the European Economic Area with a Notification.

By approving this Second Supplement, the CSSF shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of any of the Issuers and the Guarantor in line with the provisions of Article 6(4) of the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*).

The Issuers and the Guarantor are solely responsible for the information given in this Second Supplement. Each of the Issuers and the Guarantor hereby declares, having taken all reasonable care to ensure that such is the case, that to the best of its knowledge, the information contained in this Second Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in the Base Prospectus or this Second Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Dealers or any of them.

This Second Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

IN ACCORDANCE WITH ARTICLE 23 (2) OF THE PROSPECTUS REGULATION, WHERE THE BASE PROSPECTUS RELATES TO AN OFFER OF NOTES TO THE PUBLIC, INVESTORS WHO HAVE ALREADY AGREED TO PURCHASE OR SUBSCRIBE FOR ANY NOTES BEFORE THE SECOND SUPPLEMENT IS PUBLISHED HAVE THE RIGHT, EXERCISABLE WITHIN TWO WORKING DAYS AFTER THE PUBLICATION OF THIS SECOND SUPPLEMENT, I.E. UNTIL 16 SEPTEMBER 2024, TO WITHDRAW THEIR ACCEPTANCES, PROVIDED THAT THE SIGNIFICANT NEW FACTOR, MATERIAL MISTAKE OR MATERIAL INACCURACY AROSE OR WAS NOTED BEFORE THE FINAL CLOSING OF THE OFFER TO THE PUBLIC OR THE DELIVERY OF THE NOTES, WHICHEVER OCCURS FIRST. INVESTORS WISHING TO EXERCISE THEIR RIGHT OF WITHDRAWAL MAY CONTACT THE RELEVANT DEALER/INTERMEDIARY.

The Issuers and the Guarantor announce the following changes with regard to the Base Prospectus:

Part A – Amendments to the section RISK FACTORS

1. In the section "*RISK FACTORS*", sub-section "*Operational Risks relating to BMW AG and BMW Group*", the risk factor "*Defects in vehicles could lead to recalls, legal and regulatory inquiries, costs or penalties and could affect BMW Group's reputation and brand image*" on pages 19 et seq. of the Base Prospectus shall be replaced by the following:

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

In addition, meeting or exceeding many government-mandated safety standards is costly and often technologically challenging, especially where standards may conflict with the need to reduce vehicle weight in order to meet government-mandated emissions and fuel efficiency standards. Regulations and standards have affected and, as new standards are continually introduced or interpretations of regulations and standards change over time, will likely continue to affect vehicle complexity and the adoption of common systems to achieve compliance. At the same time, applicable laws and governmental standards also require manufacturers to take actions to remedy defects related to vehicle safety through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that the vehicles do not comply with a particular safety standard. Recalls often involve significant costs for BMW Group and can take many months or years to complete. The scope of recalls and total number of affected vehicles is often uncertain at the outset and may therefore result in the need for past recalls to be later expanded to include additional regions, product or production series not initially anticipated, which could result in increased costs. Furthermore, it is also possible that some vehicles may be subject to more than one recall, and/or may be required to undergo multiple technical measures as part of the same recall. In addition, defects in products can also lead to customer dissatisfaction and safety issues if such defects lead to product failures or unsafe driving conditions, as well as to reputational damage.

For example, in the past, BMW Group announced a recall of approximately 4.4 million vehicles worldwide due to a potential defect in the exhaust gas recirculation cooler leading to a potential fire risk. In another case, BMW Group has recalled a total of approximately 8.3 million vehicles worldwide since 2013, thereof 1.2 million vehicles in 2024, because of general safety concerns related to airbag inflators, including certain airbags which contain ammonium nitrate as a propellant. BMW Group is currently also involved in litigation with regard to some of these airbags, including class actions and product liability lawsuits. In addition, BMW Group conducted recalls involving airbags installed in vehicles when the original steering wheel was exchanged by the vehicle owner. Such recalls require the development and production of suitable replacement parts in sufficient quantities and BMW Group must rely on its specialised airbag suppliers in this regard. The remaining vehicle population is closely monitored by BMW Group and governmental authorities. In 2024, BMW Group announced a further recall which requires technical measures affecting over 1.5 million vehicles equipped with the Integrated Braking System (IBS).

BMW Group could be subject to further recalls in the future, including to cure defects in vehicle parts that were supplied by third parties. For example, in May 2023, as part of its ongoing investigation into airbag inflators manufactured by ARC Automotive, Inc. ("ARC"), the U.S. National Highway Traffic Safety Administration ("NHTSA"), an agency of the U.S. federal government, issued a recall request letter to ARC, in which the agency tentatively concluded that a defect related to motor vehicle safety exists in 67 million frontal driver and passenger air bag inflators manufactured by ARC and supplied to a number of automakers, including BMW Group,

and demanded that ARC issue a voluntary recall notice for these inflators. In May 2023, ARC disputed the recall request, asserting that no identified defect trend exists in the inflators and that any problems are related to isolated manufacturing issues. Following the NHTSA's initial decision on 5 September 2023 that certain air bag inflators manufactured by ARC have a safety defect, in December 2023, ten automakers, including BMW of North America, LLC, voiced their opposition against NHTSA's proposed recall of 52 million air bag driver and passenger inflators manufactured by ARC. In addition to the ongoing investigation by NHTSA, there are several putative class actions that have been filed against BMW Group in the United States in 2022 arising out of allegations that airbag inflators manufactured by ARC are defective. If the NHTSA decides to compel ARC to a recall, it is possible that car manufacturers, including BMW Group, will have to conduct further recalls, the total cost of which BMW Group is currently unable to estimate.

Should BMW Group or government safety regulators determine that a safety or other defect or non-compliance with applicable standards exists in BMW Group's vehicles prior to the start of production, the launch of such vehicles could be delayed until such defect is remedied. If defects are discovered following vehicle production and delivery, BMW Group may be required to undertake recalls or offer fixes or replacements for vehicle components, including those provided by BMW Group's suppliers. In case of vehicles not delivered to customers yet, this could result in delivery stops which, depending on the duration, may result in customers' withdrawal, additional costs and reputational damage.

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

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

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