

# FINANCIAL STATEMENTS OF BMW AG

Financial Year 2016

**BMW  
GROUP**



Rolls-Royce  
Motor Cars Limited

## BMW AG IN FIGURES

→ BMW AG in Figures  
→ Financial Statements

		2016	2015	Change in %
Revenues <sup>1</sup>	€ million	<b>75,350</b>	72,384	4.1
Export ratio	%	<b>82.4</b>	83.0	
Production				
Automobiles <sup>2</sup>	Units	<b>2,359,756</b>	2,279,503	3.5
Motorcycles	Units	<b>145,555</b>	151,004	3.6
Sales volume				
Automobiles <sup>2</sup>	Units	<b>2,355,726</b>	2,275,367	3.5
Motorcycles	Units	<b>147,290</b>	144,291	2.1
Capital expenditure	€ million	<b>2,346</b>	2,748	14.6
Depreciation, amortisation and impairment losses	€ million	<b>2,233</b>	2,072	7.8
Workforce at end of year		<b>85,754</b>	84,860	1.1
Tangible, intangible and investment assets	€ million	<b>14,711</b>	14,619 <sup>3</sup>	0.6
Current assets, prepayments and surplus of pension and similar plan assets over liabilities	€ million	<b>21,588</b>	20,358	6.0
Subscribed capital	€ million	<b>657</b>	657	
Reserves	€ million	<b>11,165</b>	10,168	9.8
Equity	€ million	<b>14,122</b>	12,927	9.2
as % of tangible, intangible and investment assets	%	<b>96.0</b>	88.4	
Balance sheet total	€ million	<b>36,299</b>	34,977	3.8
Cost of materials	€ million	<b>53,862</b>	52,128	3.3
Personnel costs	€ million	<b>8,340</b>	7,576	10.1
Taxes	€ million	<b>1,327</b>	1,831	27.5
Net profit	€ million	<b>3,277</b>	2,741	19.6
Dividend	€ million	<b>2,300<sup>4</sup></b>	2,102	9.4
per share of common stock with a par value of €1 each	€	<b>3.50<sup>4</sup></b>	3.20	
per share of preferred stock with a par value of €1 each	€	<b>3.52<sup>4</sup></b>	3.22	

<sup>1</sup> German Accounting Directive Implementation Act (BilRUG) applied with effect from the beginning of the financial year 2016. Comparative figures for 2015 not adjusted.

<sup>2</sup> Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

<sup>3</sup> Including property, plant and equipment transferred in conjunction with the merger of BMW Forschung und Technik GmbH, Munich.

<sup>4</sup> Proposed by the Board of Management.

# FINANCIAL STATEMENTS

## **Publication**

The BMW AG Financial Statements and Management Report for the financial year 2016 will be submitted to the operator of the electronic version of the German 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 Group Annual Report 2016.

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

**BALANCE SHEET AT 31 DEZEMBER**

→ Balance Sheet at  
31 Dezember  
→ Income Statement

in € million	Notes	2016*	2015
<b>ASSETS</b>			
Intangible assets	1	310	353
Property, plant and equipment	2	11,163	11,016
Investments	3	3,238	3,250
<b>Tangible, intangible and investment assets</b>		<b>14,711</b>	<b>14,619</b>
Inventories	4	4,260	4,267
Trade receivables	5	667	628
Receivables from subsidiaries	5	6,001	6,229
Other receivables and other assets	5	2,525	1,820
Marketable securities	6	3,846	3,911
Cash and cash equivalents	7	2,676	2,478
<b>Current assets</b>		<b>19,975</b>	<b>19,333</b>
<b>Prepayments</b>		<b>430</b>	<b>303</b>
<b>Surplus of pension and similar plan assets over liabilities</b>	8	<b>1,183</b>	<b>722</b>
<b>Total assets</b>		<b>36,299</b>	<b>34,977</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	9	657	657
Capital reserves	9	2,127	2,107
Revenue reserves	10	9,038	8,061
Unappropriated profit available for distribution		2,300	2,102
<b>Equity</b>		<b>14,122</b>	<b>12,927</b>
<b>Registered profit-sharing certificates</b>	11	<b>30</b>	<b>30</b>
Pension provisions		93	82
Other provisions		7,606	7,617
<b>Provisions</b>	12	<b>7,699</b>	<b>7,699</b>
Liabilities to banks		995	1,343
Trade payables		5,030	4,500
Liabilities to subsidiaries		5,951	6,690
Other liabilities		406	239
<b>Liabilities</b>	13	<b>12,382</b>	<b>12,772</b>
<b>Deferred income</b>	14	<b>2,066</b>	<b>1,549</b>
<b>Total equity and liabilities</b>		<b>36,299</b>	<b>34,977</b>

\* German Accounting Directive Implementation Act (BIRUG) applied with effect from the beginning of the financial year 2016. Comparative figures for 2015 have not been adjusted.

# INCOME STATEMENT

in € million	Notes	2016*	2015
Revenues	15	75,350	72,384
Cost of sales	16	-60,946	-57,764
<b>Gross profit</b>		<b>14,404</b>	<b>14,620</b>
Selling expenses		-3,635	-3,427
Administrative expenses		-2,504	-2,610
Research and development expenses		-4,504	-4,758
Other operating income	17		
and expenses	18	-137	184
Result on investments	19	1,015	1,606
Financial result	20	-35	-1,043
Income taxes	21	-1,308	-1,782
<b>Profit after income tax</b>		<b>3,296</b>	<b>2,790</b>
Other taxes		-19	-49
<b>Net profit</b>		<b>3,277</b>	<b>2,741</b>
Transfer to revenue reserves	22	-977	-639
<b>Unappropriated profit available for distribution</b>	23	<b>2,300</b>	<b>2,102</b>

\* German Accounting Directive Implementation Act (BilRUG) applied with effect from the beginning of the financial year 2016. Comparative figures for 2015 have not been adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

## BASIS OF PREPARATION

The financial statements of 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 (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.

The German Accounting Directive Implementation Act (BilRUG) was applied for the first time with effect from the beginning of the 2016 financial year and impacts the financial statements primarily as a result of the extended definition of revenues. Comparative figures have not been adjusted where this gave rise to changes in the presentation of items in the balance sheet or income statement.

As a consequence of the extended definition of revenues stipulated in BilRUG, some income statement line items in the financial statements for the financial year 2016 are only comparable to a limited extent with the amounts reported for the previous financial year. In order to make the figures comparable, revenues reported for the financial year 2015 must be increased by €964 million to €73,348 million and other operating income reduced by the same amount. Similarly, cost of sales must be increased by €724 million to €58,488 million, costs by function reduced by €694 million and other taxes reduced by €30 million.

## 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 and amortised over their estimated useful lives using the straight-line method. Internally generated intangible assets are not capitalised.

Property, plant and equipment are stated at acquisition or at manufacturing cost, less accumulated scheduled depreciation and impairment losses. 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 cost. Property, plant and equipment are generally depreciated straight-line. The reducing balance method is still also applied in specific cases, whereby a switch is made to straight-line depreciation as soon as this gives rise to a higher depreciation expense. Items acquired during the year are depreciated on a time-apportioned basis. Assets with an acquisition or manufacturing cost of up to €150 are recognised directly as an expense in the year of purchase/construction. Assets with an acquisition or manufacturing cost of between €150 and €1,000 are depreciated using the straight-line method over a period of five years.

Factory and office buildings and distribution facilities which form an inseparable part of such buildings are depreciated over eight to 40 years, residential buildings over 25 to 50 years, technical plant and machinery as a general rule over four to 21 years and other facilities, factory and office equipment mainly over five years. For machinery 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.

Structured financial instruments are accounted for as a single asset, measured at the lower of their fair value or amortised cost.

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 materials and production overheads (including depreciation of plant and equipment relating to production) are taken into account in the measurement of unfinished and finished goods and leased-out products. With effect from the financial year 2016, manufacturing cost no longer includes a proportion of production-related administrative costs, voluntary social costs and company pension costs. Write-downs are made to cover risks arising from slow-moving items or reduced saleability.

Receivables and other assets are stated at the lower of their nominal value or net realisable value.

Investments in 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.

In order to meet obligations relating to pensions and pre-retirement part-time work arrangements, 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. With effect from the financial year 2016, they are discounted using the average market interest rate for the past financial ten years, which corresponds to the remaining term of the obligations. The calculation is based on an independent actuarial valuation which takes into account all 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 pre-retirement part-time work arrangements are also measured using the projected unit credit method. Income and expenses arising on assets offset against liabilities, from the unwinding of discounting and from changes in the discount rate are presented as part of the financial result.

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 (statutory, contractual and voluntary) involves estimations. These provisions are recognised when the risks and rewards of ownership of the goods are transferred to the dealership or the retail customer. 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 for materials and labour as well as price increases per product are taken into account. Provisions for warranties are adjusted regularly to take account of new circumstances. The impact of any changes recognised is in the income statement. Specific and expected warranty-related obligations for vehicles delivered, such as vehicle recall actions, are also included in provisions for warranties. Expected reimbursement claims are estimated and offset against the provisions for warranties.

As part of its sales operations, BMW AG assumes 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.

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. Financial assets and financial liabilities denominated in a foreign currency are mostly hedged, in which case they are translated using the relevant hedge rate.

The Company uses derivative financial instruments to hedge interest rate, currency and commodity price risks arising in conjunction with operating activities and the resulting financing requirements.

Where there is a direct hedging relationship, the derivative financial instrument and the hedged item are accounted for as a valuation unit.

BMW AG invoices a number of its sales subsidiaries based outside the eurozone in the relevant local currency. The resulting currency exposures are hedged by derivative currency instruments and, together with the hedged items, accounted for as valuation units. The hedged items relate to highly probable forecast transactions, for which portfolio hedges are designated out of the foreign currency invoices issued to the sales subsidiaries. The “Valuation Freeze Method” (Einfrierungsmethode) is applied until the foreign currency receivables arise, at which stage the “Booking through method” (Durchbuchungsmethode) is applied. In the case of a late designation, the forward currency contracts are treated as stand-alone derivatives until the date of designation.

Micro hedges are designated for currency and interest rate derivatives used to hedge financial assets, financial liabilities and back-to-back derivative financial instruments. Portfolio hedges are designated for commodity derivatives. 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, 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 portfolio hedge relating to foreign-currency-denominated sales 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.

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 30.7 % 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, plant and equipment. 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. Following 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 39 to the BMW Group Financial Statements 2016.

→ see  
note 39

# ANALYSIS OF CHANGES IN TANGIBLE, INTANGIBLE AND INVESTMENT ASSETS

in € million	Acquisition or manufacturing costs				31.12.2016
	1.1.2016	Additions	Reclassi- fications	Disposals	
<b>Intangible assets</b>	<b>767</b>	<b>87</b>	<b>–</b>	<b>53</b>	<b>801</b>
Land, titles to land, buildings, including buildings on third party land	5,861	139	39	12	6,027
Plant and machinery	24,719	1,284	577	803	25,777
Other facilities, factory and office equipment	1,430	141	16	121	1,466
Advance payments made and construction in progress	1,119	695	–632	2	1,180
<b>Property, plant and equipment</b>	<b>33,129</b>	<b>2,259</b>	<b>–</b>	<b>938</b>	<b>34,450</b>
Investments in subsidiaries	2,999	25	–	7	3,017
Participations	592	33	–	–	625
Non-current marketable securities	28	–	–	–	28
Other non-current loans receivable	3	–	–	–	3
<b>Investments</b>	<b>3,622</b>	<b>58</b>	<b>–</b>	<b>7</b>	<b>3,673</b>
<b>Tangible, intangible and investment assets</b>	<b>37,518</b>	<b>2,404</b>	<b>–</b>	<b>998</b>	<b>38,924</b>

Depreciation, amortisation and impairment losses			Carrying amount			
1.1.2016	Current year	Disposals	31.12.2016	31.12.2016	31.12.2015	
414	130	53	491	310	353	<b>Intangible assets</b>
2,540	151	11	2,680	3,347	3,321	Land, titles to land, buildings, including buildings on third party land
18,488	1,825	798	19,515	6,262	6,231	Plant and machinery
1,085	127	120	1,092	374	345	Other facilities, factory and office equipment
–	–	–	–	1,180	1,119	Advance payments made and construction in progress
22,113	2,103	929	23,287	11,163	11,016	<b>Property, plant and equipment</b>
–	–	–	–	3,017	2,999	Investments in subsidiaries
368	64	–	432	193	224	Participations
3	–	1	2	26	25	Non-current marketable securities
1	–	–	1	2	2	Other non-current loans receivable
372	64	1	435	3,238	3,250	<b>Investments</b>
22,899	2,297	983	24,213	14,711	14,619	<b>Tangible, intangible and investment assets</b>

# 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 € (2015: €125 million). Advance payments for intangible assets amounted to €12 million (2015: €12 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 €2,103 million (2015: €1,947 million).

## 03

### Financial assets

BMW AG holds an investment in SGL Carbon SE, Wiesbaden. An impairment loss of €64 million (2015: €16 million) was recognised on this investment by writing down the carrying amount to its lower market value at the end of the reporting period.

## 04

### Inventories

in € million	31.12.2016	31.12.2015
Raw materials and supplies	765	736
Work in progress, unbilled contracts	383	369
Finished goods and goods for resale	3,112	3,162
<b>Inventories</b>	<b>4,260</b>	<b>4,267</b>

## 05

### Receivables and other assets

in € million	31.12.2016	31.12.2015
Trade receivables	667	628
Receivables from subsidiaries	6,001	6,229
thereof due later than one year	20	40
Other receivables and other assets		
Receivables from other companies in which an investment is held	1,065	706
Other assets	1,460	1,114
thereof due later than one year	92	44
	2,525	1,820
<b>Receivables and other assets</b>	<b>9,193</b>	<b>8,677</b>

Receivables from subsidiaries relate to trade receivables.

Other assets include primarily tax receivables and receivables in conjunction with securities repurchase agreements.

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 of the shares in the special investment fund amounted to €3,553 million (2015: €3,552 million). ↱

A profit distribution amounting to €20 million (2015: €29 million) was received during the financial year 2016.

The following table shows the acquisition cost and fair value of investments held by the special investment fund at 31 December 2016:

in € million	Acquisition cost		Fair value	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Fixed-income securities	3,297	3,415	3,314	3,424
Shares	729	576	734	561
Receivables and payables	30	41	30	41
Other marketable securities	52	27	52	27
Cash and cash equivalents	5	3	5	3
Derivative instruments	-	-	-2	2
<b>Special investment fund</b>	<b>4,113</b>	<b>4,062</b>	<b>4,133</b>	<b>4,058</b>

**07****Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, of which €33 million (2015: €10 million) relates to amounts held by subsidiaries, and to cash on hand.

**08****Surplus of pension and similar plan assets over liabilities**

Assets held to secure obligations relating to pensions and pre-retirement part-time work arrangements are offset against the related liabilities. The assets concerned comprise mainly holdings in investment fund assets.

The surplus arising on the offset of assets and liabilities can be analysed as follows:

in € million	31.12.2016	31.12.2015
For pre-retirement part-time working arrangements		
fair value of designated plan assets	351	343
obligations for settlement arrears	327	323
	24	20
For pension obligations	1,159	702
<b>Surplus of pension and similar plan assets over liabilities</b>	<b>1,183</b>	<b>722</b>

The acquisition cost of the designated plan assets for pre-retirement part-time work arrangements amounted to €287 million (2015: €284 million). A reconciliation of the surplus of €1,159 million (2015: €702 million) arising on the offset of assets and liabilities relating to pension obligations is shown in → note 12.

→ see  
note 12

**09****Subscribed capital and capital reserves**

in € million	31.12.2016	31.12.2015
Subscribed capital	657	657
Capital reserves	2,127	2,107

BMW AG's issued share capital of €657 million comprises 601,995,196 shares of common stock, each with a par value of €1, and 55,114,404 shares of non-voting preferred stock, each with a par value of €1. Preferred stock bears an additional dividend of €0.02 per share. All of the Company's stock is issued to bearer.

305,029 shares of preferred stock were issued to employees at a reduced price of €44.14 per share in conjunction with an Employee Share Programme. These shares are entitled to receive dividends with effect from the financial year 2017. 29 shares of preferred stock were bought back via the stock exchange in conjunction with the Company's Employee Share Programme.

Issued share capital increased by €0.3 million as a result of the issue to employees of 305,000 shares of non-voting preferred stock. After servicing the Employee Share Programme for 2015 and 2016, the Authorised Capital of BMW AG therefore amounted to €4.2 million at the end of the reporting period. The Company is authorised to issue shares of non-voting preferred stock amounting to nominal €5.0 million prior to 14 May 2019. The share premium of €20.1 million arising on this share capital increase was transferred to capital reserves.

## 10 Revenue reserves

in € million	31.12.2016	31.12.2015
Statutory reserves	1	1
Other revenue reserves		
Balance brought forward	8,060	7,421
Transfer from net profit	977	639
	<b>9,037</b>	<b>8,060</b>
<b>Revenue reserves</b>	<b>9,038</b>	<b>8,061</b>

The amount available for distribution at 31 December 2016 was €2,646 million (2015: €1,379 million). This figure arises in conjunction with fair value gains amounting to €1,683 million (2015: €1,379 million) on assets held to service obligations for pensions and pre-retirement part-time work arrangements on the one hand and the difference of €963 million (2015: €- 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 on the other.

## 11 Registered profit-sharing certificates

Up to 1989, employees were entitled to subscribe to registered profit-sharing certificates in conjunction with a wealth accumulation programme for employees. This was replaced by the current programme to subscribe to preferred stock. A total of 616,335 registered profit-sharing certificates remained in place at 31 December 2016 (2015: 627,475 registered profit-sharing certificates).

## 12 Provisions

in € million	31.12.2016	31.12.2015
Pension provisions	93	82
Tax provisions	384	602
Other provisions	7,222	7,015
<b>Provisions</b>	<b>7,699</b>	<b>7,699</b>

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 concerned have been closed to new entrants.

These defined benefit plans were amended during the financial year 2016. In future, 12 monthly pension payments will be paid each year to plan beneficiaries, with a guaranteed 1% increase on pension entitlements awarded since 1999.

Furthermore, 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.

Under the motto "THE NEXT 100 YEARS", almost all of the workforce received a special bonus in conjunction with the BMW AG's centenary anniversary. For the most part, the special centenary bonus was allocated as a starting contribution to the defined contribution entitlement with a guaranteed minimum rate of return.

BMW AG also offers employees the option of participating in a voluntary Deferred Remuneration Retirement Plan. The measurement of pension obligations is based, as in previous years, on the assumptions set out in the biometric tables of Prof. Dr. Klaus Heubeck (2005 G). In addition, the following assumptions are applied:

in %	31.12.2016	31.12.2015
Discount rate	4.01	3.89
Future salary increases	2.89	2.60
Future pension increases	1.78	1.60

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 an average market interest rate for ten rather than seven years is disclosed in → note 10.

→ see  
note 10

Pension provisions amounting to €93 million (2015: €82 million) can be analysed as follows:

in € million	31.12.2016	31.12.2015
Fair value of assets held to cover pension obligations	8,556	7,781
Present value of defined benefit obligations	7,490	7,161
Surplus of pension and similar plan assets over liabilities	1,159	702
<b>Pension provisions</b>	<b>93</b>	<b>82</b>

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 8). The acquisition cost of the designated plan assets relating to pension obligations amounted to €6,937 million (2015: €6,461 million).

→ see  
note 8

Expenses resulting from the reversal of the discounting of pension obligations, the effect of changes in the discount rate applied, as well as income and expenses resulting from the measurement of assets offset against liabilities, are reported as part of the financial result (→ note 20). All other components of pension expense are included in the income statement under costs by function.

→ see  
note 20

Tax provisions comprise mainly expected income tax payments relating to the financial year 2016 and prior years as well as ancillary tax-related expenses.

Other provisions comprise mainly obligations for personnel-related expenses, warranties, selling activities, litigation and liability risks as well as risks relating to commodity and currency contracts.



## 13 Liabilities

in € million	31.12.2016 (31.12.2015)			
	Total	thereof with a remaining term of		
		up to one year	1 to 5 years	more than 5 years
Liabilities to banks	995	159	836	–
	(1,343)	(466)	(877)	–
Trade payables	5,030	5,030	–	–
	(4,500)	(4,422)	(78)	–
Liabilities to subsidiaries	5,951	5,951	–	–
	(6,690)	(6,390)	–	(300)
<b>Other liabilities</b>				
Advance payments received on orders	30	30	–	–
	(33)	(33)	–	–
Payables to entities in which a participation is held	5	5	–	–
	(17)	(17)	–	–
Liabilities to BMW Unterstützungsverein e. V.	3	–	–	3
	(3)	–	–	(3)
Sundry other liabilities	368	254	114	–
	(186)	(176)	(10)	–
thereof for social security	51	51	–	–
	(48)	(48)	–	–
thereof for taxes	13	13	–	–
	(14)	(14)	–	–
	406	289	114	3
	(239)	(226)	(10)	(3)
<b>Liabilities</b>	<b>12,382</b>	<b>11,429</b>	<b>950</b>	<b>3</b>
	<b>(12,772)</b>	<b>(11,504)</b>	<b>(965)</b>	<b>(303)</b>

Liabilities to subsidiaries relate to financing and trading.

Liabilities to subsidiaries with a remaining term of more than five years amounting to €300 million were repaid before their due date.

## 14 Deferred income

Deferred income includes revenue received for services to be performed in future accounting periods, including €1,998 million (2015: €1,511 million) deferred for work still to be performed in conjunction with service and maintenance contracts.

# NOTES TO THE INCOME STATEMENT

The German Accounting Directive Implementation Act (BilRUG) was applied for the first time with effect from the beginning of the financial year 2016, and impacts the financial statements primarily as a result of the extended definition of revenues. Comparative figures have not been adjusted where this gave rise to changes in the presentation of items in the income statement. Further information is provided in the section "Basis of Preparation of the Financial Statements".

## 15 Revenues

in € million	2016	2015*
Automobiles	63,248	62,293
Motorcycles	1,411	1,335
Other revenues	10,691	8,756
<b>Revenues</b>	<b>75,350</b>	<b>72,384</b>
<b>Information by region</b>		
Germany	13,293	12,283
China	12,429	9,435
USA	12,321	16,585
Rest of Europe	23,974	21,963
Rest of Asia	8,081	6,899
Rest of the Americas	2,780	2,569
Other regions	2,472	2,650
<b>Revenues</b>	<b>75,350</b>	<b>72,384</b>

\* Adjustments to prior year figures result from changes in the regional make-up.

With effect from the financial year 2016, revenues from sales in the USA and China markets are disclosed separately. Revenues generated in Great Britain amounting to €7,011 million (2015: €6,853 million) are included in the line item "Rest of Europe". The line item "Rest of the Americas" comprises the markets in North America, Central America and South America, adjusted for the USA. The markets in Africa, Australia and Oceania are aggregated in the line item "Other regions".

## 16 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 and warranty expenses. Warranty expenses include an allocation of €605 million to the warranty provision in connection with various issues, including airbags supplied by the Takata group of companies and the ISOFIX attachment system used for child car seats.

With effect from the financial year 2016, manufacturing cost for inventory valuation purposes no longer includes a proportion of production-related administrative costs, voluntary social costs and company pension costs, giving rise to a one-off expense of €108 million.

## 17 Other operating income

Other operating income totalling €1,812 million (2015: €3,640 million) include mainly realised exchange gains, income from the reversal of provisions and other sundry items.

With effect from the financial year 2016, realised gains and losses arising on valuation units created for back-to-back derivative financial instruments entered into with subsidiaries and banks, are presented on a net basis in order to improve income statement presentation. In order to make the figures comparable, other operating income reported for the financial year 2015 must be reduced by €1,040 million to €2,600 million.

Other operating income relating to prior periods amounted to €175 million (2015: €171 million). Gains resulting from measurement of foreign currency items using closing exchange rates totalled €72 million (2015: €47 million).

## 18

**Other operating expenses**

Other operating expenses amounted to €1,949 million (2015: €3,456 million) and included in particular realised exchange losses, allocations to provisions and expenses incurred for premiums on options. An expense of €60 million (2015: €214 million) arose in the year under report from the measurement of foreign currency items at closing exchange rates.

As a result of the change to a net presentation, as described in → note 17, other operating expenses reported for the financial year 2015 must be reduced by €1,040 million to €2,416 million to make them comparable year-on-year. → see note 17

## 19

**Result on investments**

in € million	2016	2015
Income from investments	–	1
Income from profit and loss transfer agreements	1,016	1,606
Expense of assuming losses under profit and loss transfer agreements	–1	–1
<b>Result on investments</b>	<b>1,015</b>	<b>1,606</b>

The decrease in income from profit and loss transfer agreements results primarily from lower amounts ↗

in € million	2016	2015
Income from fund assets offset against liabilities	438	98
Expense from unwinding discounted pension and long-term personnel expense-related provisions and effect of changes in the discount factor	–162	–953
<b>Financial income/expense from pension and long-term personnel-related provisions</b>	<b>276</b>	<b>–855</b>

transferred by BMW Bank GmbH, Munich, and BMW INTEC Beteiligungs GmbH, Munich.

## 20

**Financial result**

in € million	2016	2015
Other interest and similar income	420	229
thereof from subsidiaries	42	124
thereof financial income arising on pension and long-term personnel-related provisions	276	–
Reversals of impairment losses on non-current financial assets and current marketable securities	1	–
Impairment losses on non-current financial assets and current marketable securities	–64	–16
Interest and similar expenses	–392	–1,256
thereof to subsidiaries	–168	–137
thereof financial expense from unwinding the discounting of pension and long-term personnel-related provisions	–	–855
thereof expense from unwinding the discounting of liabilities and other provisions	–133	–159
<b>Financial result</b>	<b>–35</b>	<b>–1,043</b>

Financial income (2015: financial expense) for pension and long-term personnel expense-related provisions results from netting the following items:

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**21****Income taxes**

The expense for income taxes relates primarily to current tax for the financial year 2016.

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**22****Transfer to revenue reserves**

An amount of €977 million was transferred from net profit for the year to other revenue reserves.

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**23****Unappropriated profit available for distribution**

A proposal will be made that the unappropriated profit of €2,299,912,186.00 for the financial year 2016 be utilised as follows:

Payment of a dividend of €3.52 per share of non-voting preferred stock, each with a par value of €1, on the stock entitled to receive a dividend (54,809,375 shares of preferred stock), amounting to €192,929,000.00. Payment of a dividend of €3.50 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 €2,106,983,186.00.

## OTHER DISCLOSURES

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### Cost of materials

in € million	2016	2015
Cost of raw materials and goods for resale	51,908	49,963
Cost of purchased services	1,954	2,165
<b>Cost of materials</b>	<b>53,862</b>	<b>52,128</b>

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### Personnel expense

in € million	2016	2015
Wages and salaries	7,072	6,538
Social security, pension and welfare costs	1,268	1,038
thereof pension costs	321	169
<b>Personnel expense</b>	<b>8,340</b>	<b>7,576</b>

Average workforce during the year	2016	2015
Head office and Munich plant	34,828	33,351
Dingolfing plant	18,409	18,343
Regensburg plant	9,286	9,133
Leipzig plant	4,753	4,666
Landshut plant	3,885	3,796
Berlin plant	2,859	2,746
Branches	5,291	5,219
	<b>79,311</b>	<b>77,254</b>
Apprentices and students gaining work experience	6,106	6,038
	<b>85,417</b>	<b>83,292</b>

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### Fee expense of the external auditor

The total fee of the external auditor is disclosed in the notes to the Group Financial Statements.

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### Contingent liabilities

in € million	31.12.2016	31.12.2015
Guarantees for bonds under the AMTN/EMTN programme	34,775	36,637
thereof in favour of subsidiaries	34,775	36,637
Guarantees for commercial paper	3,658	5,554
thereof in favour of subsidiaries	3,658	5,554
Guarantees for other debt capital transactions	11,919	5,601
thereof in favour of subsidiaries	11,919	5,601
Other	1,250	1,193
of which to subsidiaries	1,155	1,073
<b>Contingent liabilities</b>	<b>51,602</b>	<b>48,985</b>

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

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 (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), of which BMW Bank GmbH is a member. The maximum liability per customer is capped at 20 % of the relevant equity of BMW Bank GmbH.

The Dutch entities BMW International Holding B.V., The Hague, and Alphabet Nederland B.V., Breda, apply the exemption provision contained in Article 2:403 of the Civil Code of the Netherlands. BMW AG assumes joint and several liability to these entities for all obligations arising out of legal transactions.

## 28

**Other financial commitments and off-balance-sheet transactions**

Other financial commitments totalled €2,578 million (2015: €2,546 million) and comprise mainly obligations arising from rental, leasing and maintenance contracts.

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

in € million	31.12.2016	31.12.2015
due within one year	752	742
due between one and five years	801	790
due later than five years	1,025	1,014
<b>Other financial obligations</b>	<b>2,578</b>	<b>2,546</b>

Of these amounts, €954 million (2015: €995 million) relate to subsidiaries.

Purchase commitments for capital expenditure 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.

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**Related party transactions**

Transactions with related parties are all conducted on an arm's length basis.

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## Derivative financial instruments

in € million	Nominal volume		Fair values	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Currency-related contracts</b>				
Forward currency contracts	52,931	43,437	522	-588
thereof positive fair values	-	-	1,730	565
thereof negative fair values	-	-	-1,208	-1,153
Currency options	-	4,001	-	16
thereof positive fair values	-	-	-	74
thereof negative fair values	-	-	-	-58
Cross currency swaps	-	41	-	2
thereof positive fair values	-	-	-	3
thereof negative fair values	-	-	-	-1
	<b>52,931</b>	<b>47,479</b>	<b>522</b>	<b>-570</b>
<b>Interest rate-related instruments</b>				
Interest swaps	2,506	4,622	-	-
thereof positive fair values	-	-	1	3
thereof negative fair values	-	-	-1	-3
<b>Purchasing-related instruments</b>				
Commodity derivatives	3,590	4,244	-303	-1,057
thereof positive fair values	-	-	147	5
thereof negative fair values	-	-	-450	-1,062

Provisions of €299 million (2015: €648 million) were recognised to cover negative fair values and fair value changes in derivative instruments as well as for the negative impact of the ineffective portion of valuation units. In addition, the fair values of forward currency contracts relating to sales companies are included in "Other assets" (positive amount of €110 million) and in "Other liabilities" (negative amount of €238 million).

The nominal amounts of derivative financial instruments correspond to the purchase or sale amounts or to the contracted amounts of 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 on the basis of current reference prices, as adjusted for forward premium and discount amounts. 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 2016 on the basis of the following interest rates:

in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	-0.23	1.21	0.60	-0.20	2.94
Interest rate for one year	-0.20	1.18	0.55	0.02	3.77
Interest rate for five years	0.08	1.98	0.87	0.08	4.44
Interest rate for ten years	0.67	2.37	1.25	0.23	4.85

## 31

**Valuation units**

The Company is exposed to exchange rate, commodity price and interest rate risks from underlying and forecast transactions. These risks are hedged for the most part by derivative financial instruments and aggregated in valuation units.

At 31 December 2016 BMW AG held currency derivative instruments with terms of up to 44 months (2015: 55 months). These currency derivatives are used to hedge the exchange rates relating to highly probable forecast foreign currency trade receivables and foreign currency financial assets. 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. 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 58 months were in place at the end of the reporting period (2015: 58 months).

In addition, BMW AG held interest-rate derivative instruments at 31 December 2016 with terms of up to 87 months (2015: 99 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Currency risk hedges</b>				
Assets	–	40	–	1
Forecast transactions	<b>40,581</b>	32,505	<b>1,002</b>	897
Executory contracts	<b>–101</b>	–174	<b>127</b>	176
<b>Interest rate hedges</b>				
Assets	<b>30</b>	30	–	–
Liabilities	<b>110</b>	–	–	–
Executory contracts	<b>–5</b>	–10	<b>1</b>	3
<b>Commodity hedges</b>				
Forecast transactions	<b>2,381</b>	2,642	<b>341</b>	620

The amounts disclosed for the “volume hedged” relate to the carrying amounts of hedged assets, the nominal amount of forecast transactions and the fair value of hedged contracts over the period of the valuation unit. The figures disclosed for the amount of risk hedged refer to the non-recognition of a provision for onerous contracts with negative fair values on the one hand and the non-recognition of write-downs on option premiums recognised as assets on the other.



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### **Total remuneration of the Board of Management and the Supervisory Board**

Subject to the approval of the proposed dividend at the Annual General Meeting of Shareholders, the remuneration of current members of the Board of Management for the financial year 2016 amounts to €37.6 million (2015: €35.5 million). This comprised fixed components of €7.8 million (2015: €7.7 million), variable components of €29.0 million (2015: €27.1 million) and a share-based compensation component totalling €0.8 million (2015: €0.7 million).

The grant of the share-based remuneration component related to 8,964 shares of BMW AG common stock and a corresponding cash-based settlement, measured at the relevant market share price prevailing on grant date.

The remuneration of former members of the Board of Management and their dependants amounted to €6.5 million (2015: €8.0 million).

Pension obligations to former members of the Board of Management and their dependants are fully covered by pension provisions amounting to €67.7 million (2015: €64.1 million).

The compensation of the members of the Supervisory Board for the financial year 2016 amounted to €5.4 million (2015: €5.1 million). This comprised fixed components of €2.0 million (2015: €2.0 million) and variable components of €3.4 million (2015: €3.1 million).

The compensation systems for members of the Supervisory Board do not include any stock options, value appreciation rights comparable to stock options or any other stock-based compensation components. Apart from vehicle lease contracts entered into on customary conditions, no advances and loans were granted by the Company to members of the Board of Management and the Supervisory Board, nor were any contingent liabilities entered into on their behalf.

Further details about the remuneration system of current members of the Board of Management and of the Supervisory Board can be found in the Compensation Report included in the BMW Group Annual Report 2016. The Compensation Report is part of the Combined Management Report.

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### **Disclosures pursuant to § 160 (1) no. 8 of the German Stock Corporation Act (AktG)**

A number of shareholdings in the Company exist at the end of the financial year, which have been notified

in accordance with § 21 (1) of the German Securities Trading Act (WpHG) and published (as shown below) in accordance with § 26 (1) WpHG with the objective of Europe-wide distribution.

**Stefan Quandt** has informed us that his voting rights in BMW AG on 22 September 2016 amounted to 17.64% (previously 34.19%), corresponding to 106,165,053 voting rights. 17.44% (corresponding to 104,979,435 voting rights) are attributable to Mr. Quandt pursuant to § 22 WpHG via AQTON SE.

**Susanne Klatten** has informed us that her voting rights in BMW AG on 22 September 2016 amounted to 12.75% (previously 29.30%), corresponding to 76,748,039 voting rights. 12.55% (corresponding to 75,562,421 voting rights) are attributable to Ms. Klatten pursuant to § 22 WpHG via Susanne Klatten Beteiligungs GmbH.

**BlackRock, Inc., Wilmington, DE, USA**, has informed us that its voting rights in BMW AG on 18 November 2016 amounted to 3.08% (previously 3.01%), corresponding to 18,516,129 voting rights. All of these shares are attributable indirectly to BlackRock, Inc. in accordance with § 22 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 2016 relating to investments that exceed 10% of the voting rights at the end of the reporting period are disclosed in the Management Report.

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### **Events after the end of the reporting period**

No events have occurred since the end of the reporting period which could have a major impact on the results of operations, financial position or net assets of BMW AG.

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### **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 Annual Report 2016 of the BMW Group and is available to shareholders on the BMW Group's website at → [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

# LIST OF INVESTMENTS AT 31 DECEMBER 2016

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### List of investments at 31 December 2016

The List of Investments of BMW AG pursuant to § 285 and § 313 HGB is presented below. Figures for equity and earnings are not disclosed if they are of “minor  $\rightarrow$ ”

significance” for the results of operations, financial position and net assets of BMW AG pursuant to § 286 (3) sentence 1 no. 1 HGB or if financial statements for a company are not yet available. It is also shown in the list which subsidiaries apply the exemptions available in § 264 (3) and § 264b 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.

### BMW AG's subsidiary at 31 December 2016

Companies	Equity in € million	Profit/loss in € million	Capital invest- ment in %
<b>DOMESTIC<sup>1</sup></b>			
BMW Beteiligungs GmbH & Co. KG, Munich <sup>6</sup>	5,794	-5	100
BMW INTEC Beteiligungs GmbH, Munich <sup>3,6</sup>	3,558	-	100
BMW Bank GmbH, Munich <sup>3</sup>	1,988	-	100
BMW Finanz Verwaltungs GmbH, Munich	325	-1	100
BMW Verwaltungs GmbH, Munich <sup>3,6</sup>	153	-	100
BMW Hams Hall Motoren GmbH, Munich <sup>4,5,6</sup>	-	-	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich <sup>3,5,6</sup>	-	-	100
MITEC Mikroelektronik Mikrotechnik Informatik GmbH, Munich <sup>4,6</sup>	-	-	100
Alphabet International GmbH, Munich <sup>4,5,6</sup>	-	-	100
Alphabet Fuhrparkmanagement GmbH, Munich <sup>4</sup>	-	-	100
Rolls-Royce Motor Cars GmbH, Munich <sup>4,5,6</sup>	-	-	100
BMW Vermögensverwaltungs GmbH, Munich	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach <sup>3,5,6</sup>	-	-	100
BMW Anlagen Verwaltungs GmbH, Munich <sup>3,6</sup>	-	-	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	-	-	100
Parkhaus Oberwiesenfeld GmbH, Munich	-	-	100
Bürohaus Petuelring GmbH, Munich	-	-	100
LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich <sup>3,5,6</sup>	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51
<b>FOREIGN<sup>2</sup></b>			
<b>Europe<sup>13</sup></b>			
BMW Holding B.V., The Hague	14,696	1,180	100
BMW International Holding B.V., Rijswijk <sup>11</sup>	7,898	-	100
BMW Österreich Holding GmbH, Steyr	2,502	267	100
BMW Malta Ltd., Floriana	1,541	73	100
BMW Malta Finance Ltd., Floriana	1,366	48	100
BMW Motoren GmbH, Steyr	948	179	100
BMW Financial Services (GB) Ltd., Farnborough	881	282	100
BMW España Finance S.L., Madrid	775	14	100
BMW (UK) Holdings Ltd., Farnborough	749	460	100
BMW (UK) Manufacturing Ltd., Farnborough	723	136	100

BMW (Schweiz) AG, Dielsdorf	719	49	100
BMW Coordination Center V.o.F., Bornem	592	–	100
BMW France, Montigny-le-Bretonneux	374	39	100
BMW Finance S.N.C., Guyancourt	364	40	100
BMW Italia S.p.A., San Donato Milanese	345	35	100
BMW Iberica S.A., Madrid	302	24	100
BMW Belgium Luxembourg S.A./N.V., Bornem	277	21	100
BMW (UK) Ltd., Farnborough	213	65	100
ALPHABET (GB) Ltd., Farnborough	202	36	100
BMW Financial Services Scandinavia AB, Sollentuna	180	12	100
Rolls-Royce Motor Cars Ltd., Farnborough	136	16	100
Alphabet Nederland B.V., Breda <sup>11</sup>	135	59	100
BMW Finance N.V., The Hague	134	8	100
BMW Austria Leasing GmbH, Salzburg	123	7	100
BMW Russland Trading OOO, Moscow	119	94	100
Alphabet Belgium Long Term Rental NV, Aartselaar	112	21	100
BMW International Investment B.V., 's-Gravenhage	104	156	100
BMW Austria Bank GmbH, Salzburg	103	6	100
APD Industries plc, Farnborough	–	–	100
BMW Financial Services Belgium S.A./N.V., Bornem	–	–	100
BMW Austria Ges.m.b.H., Salzburg	–	–	100
Alphabet UK Ltd., Glasgow	–	–	100
Bavaria Reinsurance Malta Ltd., Floriana	–	–	100
BMW Vertriebs GmbH, Salzburg	–	–	100
BMW Bank OOO, Moscow	–	–	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	–	–	100
Swindon Pressings Ltd., Farnborough	–	–	100
BMW Sverige AB, Stockholm	–	–	100
BMW Financial Services (Ireland) DAC, Dublin	–	–	100
BMW Norge AS, Fornebu	–	–	100
Alphabet España Fleet Management S.A.U., Madrid	–	–	100
BMW Services Ltd., Farnborough	–	–	100
BMW Financial Services B.V., Rijswijk	–	–	100
Alphabet France Fleet Management S.N.C., Rueil-Malmaison	–	–	100
Alphabet France SAS, Rueil-Malmaison	–	–	100
BMW Retail Nederland B.V., Delft	–	–	100
BMW Hellas Trade of Cars A.E., Kifissia	–	–	100
BMW Financial Services Denmark A/S, Copenhagen	–	–	100
Alphabet Austria Fuhrparkmanagement GmbH, Salzburg	–	–	100
Alphabet Polska Fleet Management Sp. z o.o., Warsaw	–	–	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	–	–	100
BMW Portugal Lda., Porto Salvo	–	–	100
Alphabet Italia Fleet Management S.p.A., Rome	–	–	100
BMW Amsterdam B.V., Amsterdam	–	–	100
BMW Renting (Portugal) Lda., Porto Salvo	–	–	100
BMW Automotive (Ireland) Ltd., Dublin	–	–	100
Park Lane Ltd., Farnborough	–	–	100
BMW Services Belgium N.V., Bornem	–	–	100
BMW Roma S.r.l., Rome	–	–	100
BMW Financial Services Polska Sp. z o.o., Warsaw <sup>12</sup>	–	–	100
BMW Distribution S.A.S., Montigny-le-Bretonneux	–	–	100
BMW Danmark A/S, Copenhagen	–	–	100
BMW Nederland B.V., Rijswijk	–	–	100

BMW Den Haag B.V., The Hague	–	–	100
Oy BMW Suomi AB, Helsinki	–	–	100
BMW Madrid S.L., Madrid	–	–	100
BMW Milano S.r.l., San Donato Milanese	–	–	100
Alphabet Luxembourg S.A., Leudelange	–	–	100
Société Nouvelle WATT Automobiles SARL, Rueil-Malmaison	–	–	100
BMW (UK) Investments Ltd., Farnborough	–	–	100
BMW (UK) Capital plc, Farnborough	–	–	100
Riley Motors Ltd., Farnborough	–	–	100
BMW Central Pension Trustees Ltd., Farnborough	–	–	100
Triumph Motor Company Ltd., Farnborough	–	–	100
BLMC Ltd., Farnborough	–	–	100
<b>The Americas</b>			
BMW (US) Holding Corp., Wilmington, Delaware	2,339	667	100
BMW Bank of North America, Inc., Salt Lake City, Utah	1,545	148	100
BMW Manufacturing Co., LLC, Wilmington, Delaware	1,429	289	100
Financial Services Vehicle Trust, Wilmington, Delaware	1,007	–49	100
BMW of North America, LLC, Wilmington, Delaware	558	353	100
BMW US Capital, LLC, Wilmington, Delaware	332	59	100
BMW Financial Services NA, LLC, Wilmington, Delaware	315	555	100
BMW SLP, S.A. de C.V., Villa de Reyes <sup>12</sup>	197	–31	100
BMW do Brasil Ltda., São Paulo	–	–	100
BMW Financeira S.A. Credito, Financiamento e Investimento, São Paulo	–	–	100
BMW de Mexico, S.A. de C.V., Mexico D.F.	–	–	100
BMW de Argentina S.A., Buenos Aires	–	–	100
BMW Financial Services de Mexico S.A. de C.V. SOFOM, Mexico City	–	–	100
BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus <sup>12</sup>	–	–	100
BMW Leasing do Brasil, S.A., São Paulo	–	–	100
BMW Insurance Agency, Inc., Wilmington, Delaware	–	–	100
BMW Leasing de Mexico S.A. de C.V., Mexico City	–	–	100
BMW Acquisitions Ltda., São Paulo	–	–	100
Rolls-Royce Motor Cars NA, LLC, Wilmington, Delaware	–	–	100
BMW Consolidation Services Co., LLC, Wilmington, Delaware	–	–	100
SB Acquisitions, LLC, Wilmington, Delaware	–	–	100
BMW Extended Service Corporation, Wilmington, Delaware	–	–	100
BMW Auto Leasing, LLC, Wilmington, Delaware	–	–	100
BMW Facility Partners, LLC, Wilmington, Delaware	–	–	100
BMW FS Securities LLC, Wilmington, Delaware	–	–	100
BMW FS Funding Corp., Wilmington, Delaware	–	–	100
BMW Manufacturing LP, Woodcliff Lake, New Jersey	–	–	100
BMW FS Receivables Corp, Wilmington, Delaware	–	–	100
BMW Receivables 2 Inc., Richmond Hill, Ontario	–	–	100
BMW Receivables Limited Partnership, Richmond Hill, Ontario	–	–	100
BMW Receivables 1 Inc., Richmond Hill, Ontario	–	–	100
BMW of Manhattan, Inc., Wilmington, Delaware	–	–	100
BMW Canada Inc., Richmond Hill, Ontario	–	–	100

**Africa**

BMW (South Africa) (Pty) Ltd., Pretoria	682	63	100
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	177	5	100

**Asia**

BMW Automotive Finance (China) Co., Ltd., Beijing	987	154	58
BMW China Automotive Trading Ltd., Beijing	535	160	100
BMW Japan Finance Corp., Chiba	384	66	100
BMW Financial Services Korea Co., Ltd., Seoul	320	54	100
BMW Japan Corp., Tokyo	310	151	100
BMW Korea Co., Ltd., Seoul	196	20	100
BMW (Thailand) Co., Ltd., Bangkok	108	83	100
BMW India Financial Services Private Ltd., Gurgaon	107	7	100
BMW Manufacturing (Thailand) Co., Ltd., Rayong	–	–	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	–	–	51
BMW Asia Pte. Ltd., Singapore	–	–	100
BMW India Private Ltd., Gurgaon	–	–	100
BMW Leasing (Thailand) Co., Ltd., Bangkok	–	–	74
BMW China Services Ltd., Beijing	–	–	100
PT BMW Indonesia, Jakarta	–	–	100
BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur	–	–	100
BMW Asia Pacific Capital Pte Ltd., Singapore	–	–	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	–	–	100
BMW Tokyo Corp., Tokyo	–	–	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	–	–	100
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	–	–	100
BMW Osaka Corp., Osaka	–	–	100

**Oceania**

BMW Australia Finance Ltd., Mulgrave	394	–12	100
BMW Australia Ltd., Melbourne	194	20	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 AG's non-consolidated companies at 31 December 2016

Companies	Equity in € million	Profit/ loss in € million	Capital invest- ment in %
<b>DOMESTIC<sup>7</sup></b>			
Alphabet Fleetservices GmbH, Munich	–	–	100
Automag GmbH, Munich	–	–	100
Bavaria Betriebs-Gastronomie GmbH, Munich <sup>4</sup>	–	–	100
BMW Car IT GmbH, Munich <sup>4</sup>	–	–	100
ParkNow GmbH, Munich	–	–	100
PM Parking Ventures GmbH, Munich	–	–	100
<b>FOREIGN<sup>7</sup></b>			
<b>Europe</b>			
Alphabet Insurance Services Polska Sp. z o.o., Warsaw	–	–	100
BMW (GB) Ltd., Farnborough	–	–	100
BMW (P + A) Ltd., Farnborough	–	–	100
BMW (UK) Pensions Services Ltd., Hams Hall	–	–	100
BMW Car Club Ltd., Farnborough	–	–	100
BMW Drivers Club Ltd., Farnborough	–	–	100
BMW Group Benefit Trust Ltd., Farnborough	–	–	100
BMW i Ventures B.V., 's-Gravenhage	–	–	100
BMW Motorsport Ltd., Farnborough	–	–	100
Cobalt Holdings Ltd., Basingstoke	–	–	100
Cobalt Telephone Technologies Ltd., Basingstoke	–	–	100
Content4all BV, Amsterdam	–	–	100
John Cooper Garages Ltd., Farnborough	–	–	100
John Cooper Works Ltd., Farnborough	–	–	100
OOO BMW Leasing, Moscow	–	–	100
Park-line Aqua B.V., 's-Gravenhage	–	–	100
Park-line B.V., 's-Gravenhage	–	–	100
Park-line Holding B.V., 's-Gravenhage	–	–	100
Park-Mobile (UK) Limited, Basingstoke	–	–	100
Parkmobile Belgium BvBa, Antwerpen	–	–	100
Parkmobile Benelux B.V., Amsterdam	–	–	100
Parkmobile France SAS, Versailles	–	–	100
Parkmobile Group BV, Amsterdam	–	–	100
Parkmobile Group Holding BV, Amsterdam	–	–	100
Parkmobile Hellas SA, Athens	–	–	60
Parkmobile Licenses B.V., Amsterdam	–	–	100
Parkmobile Limited, Basingstoke	–	–	100
Parkmobile Software BV, Amsterdam	–	–	100
Parkmobile Suisse SA, Bulle	–	–	100
U.T.E. Alphabet España-Bujarkay, Sevilla	–	–	90

**The Americas**

217-07 Northern Boulevard Corporation, Wilmington, Delaware	-	-	100
BMW Experience Centre Inc., Richmond Hill, Ontario	-	-	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 Corporation, Wilmington, Delaware	-	-	100
Designworks / USA, Inc., Newbury Park, California	-	-	100
MINI Business Innovation, LLC, Wilmington, Delaware	-	-	100
ReachNow, 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 Limited, Hong Kong	-	-	51
BMW Financial Services Singapore Pte Ltd., Singapore	-	-	100
BMW India Leasing Pvt. Ltd., Gurgaon	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Philippines Corp., Manila	-	-	70
Herald International Financial Leasing Co., Ltd., Tianjin	-	-	100
THEPSATRI Co., Ltd., Bangkok <sup>9</sup>	-	-	49

## BMW AG's associated companies, joint ventures and joint operations at 31 December 2016

Companies	Equity in € million	Profit/ loss in € million	Capital invest- ment in %
<b>Joint ventures – equity accounted</b>			
<b>DOMESTIC</b>			
DriveNow GmbH & Co. KG, Munich <sup>9</sup>	38	-2	50
DriveNow Verwaltungs GmbH, Munich <sup>8</sup>	-	-	50
<b>FOREIGN</b>			
BMW Brilliance Automotive Ltd., Shenyang <sup>8</sup>	4,678	1,061	50
<b>Associated companies – equity accounted</b>			
<b>FOREIGN</b>			
THERE Holding B.V., Amsterdam <sup>9</sup>	2,003	-	33
<b>Joint operations – proportionately-consolidated entities</b>			
<b>DOMESTIC</b>			
SGL Automotive Carbon Fibers GmbH & Co. KG, Munich <sup>9</sup>	43	10	49
SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich <sup>8</sup>	-	-	49
<b>FOREIGN</b>			
SGL Automotive Carbon Fibers, LLC, Dover, Delaware <sup>9</sup>	44	2	49
<b>Not equity accounted or proportionately-consolidated entities</b>			
<b>DOMESTIC<sup>1</sup></b>			
Encory GmbH, Unterschleißheim	-	-	50
Digital Energy Solutions GmbH & Co. KG, Munich	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
Abgaszentrum der Automobilindustrie GbR, Weissach	-	-	25
PDB – Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
<b>FOREIGN<sup>1</sup></b>			
BMW Albatha Leasing LLC, Dubai	-	-	40
BMW Albatha Finance PSC, Dubai	-	-	40
BMW AVTOTOR Holding B.V., Amsterdam	-	-	50
Stadsparkeren B.V., Deurne	-	-	30
IP Mobile N.V., Brussels	-	-	25
Parkmobile International Holding BV, Utrecht <sup>10</sup>	-	-	18
Mini Urban X Accelerator SPV, LLC, Wilmington, Delaware	-	-	46
Bavarian & Co. Ltd., Incheon	-	-	20



## BMW AG's participations at 31 December 2016

Companies	Equity in € million	Profit/loss in € million	Capital invest- ment in %
<b>DOMESTIC<sup>7</sup></b>			
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	4.6
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3.1
Hubject GmbH, Berlin	-	-	16.7
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	18.9
Joblinge gemeinnützige AG Berlin, Berlin	-	-	9.8
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	16.7
Joblinge gemeinnützige AG München, Munich	-	-	6.2
RA Rohstoffallianz GmbH i.L., Berlin	-	-	10.5
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	9.1
SGL Carbon SE, Wiesbaden	-	-	18.3
<b>FOREIGN<sup>7</sup></b>			
Chargemaster Plc., Luton	-	-	1.5
Gios Holding B.V., Oss	-	-	12.0
JustPark Parking Limited, London	-	-	6.7
Parkopedia Ltd., Birmingham	-	-	10.6
Carbon, Inc., Wilmington, Delaware	-	-	1.1
ChargePoint, Inc., Wilmington, Delaware	-	-	3.6
Desktop Metal, Inc., Wilmington, Delaware	-	-	0.3
Life360, Inc., Dover, Delaware	-	-	3.3
Nauto, Inc., Dover, Delaware	-	-	1.1
Rever Moto, Inc., Wilmington, Delaware	-	-	16.9
RideCell, Inc., Wilmington, Delaware	-	-	18.6
Scoop Technologies, Inc., Wilmington, Delaware	-	-	9.1
Srividya Tech, Inc., Wilmington, Delaware	-	-	11.8
striVB Labs., Inc., Camden, Delaware	-	-	1.7
Turo, Inc., Dover, Delaware	-	-	0.9
Zendrive, Inc., Dover, Delaware	-	-	2.7
ZIRX Technologies, Inc., Dover, Delaware	-	-	2.6
Moovit App Global Ltd., St. Ness Ziona	-	-	1.2

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

<sup>2</sup> 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.

<sup>3</sup> Profit and Loss Transfer Agreement with BMW AG.

<sup>4</sup> Profit and Loss Transfer Agreement with a subsidiary of BMW AG.

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

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

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

<sup>8</sup> 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.

<sup>9</sup> Including power to appoint representative bodies.

<sup>10</sup> Significant influence.

<sup>11</sup> Exemption pursuant to Article 2:403 of the Civil Code of the Netherlands applied.

<sup>12</sup> First-time consolidation.

<sup>13</sup> First-time consolidation in the financial year 2016: BMW Leasing (GB) Ltd., Farnborough.

# MEMBERS OF THE BOARD OF MANAGEMENT

## Harald Krüger (\*1965)

Chairman

## Milagros Caiña Carreiro-Andree (\*1962)

Human Resources, Industrial Relations Director

## Dr.-Ing. Klaus Draeger (\*1956)

Purchasing and Supplier Network  
(until 30 September 2016)

Mandates

— TÜV SÜD AG (since 15 July 2016)

## Markus Duesmann (\*1969)

Purchasing and Supplier Network  
(since 1 October 2016)

Mandates

— BMW Motoren GmbH (until 7 November 2016)

## Dr. Friedrich Eichiner (\*1955)

Finance  
(until 31 December 2016)

Mandates

— Allianz Deutschland AG (until 30 June 2016)

— Allianz SE (since 4 May 2016)

— FESTO Aktiengesellschaft

— BMW Brilliance Automotive Ltd.  
(Deputy Chairman, until 1 January 2017)

— FESTO Management Aktiengesellschaft

## Klaus Fröhlich (\*1960)

Development

Mandates

— HERE International B.V.

## Dr. Nicolas Peter (\*1962)

Finance

(since 1 January 2017)

Mandates

— BMW Brilliance Automotive Ltd.

(Deputy Chairman, since 1 January 2017)

## Dr. Ian Robertson (HonDSc) (\*1958)

Sales and Marketing BMW,  
Sales Channels BMW Group

Mandates

— Weybourne Limited (since 3 January 2017)

— Weybourne Group Limited (since 25 February 2016)

— Weybourne Investments Holdings  
(since 25 February 2016)

— Weybourne Management Limited  
(since 25 February 2016)

## Peter Schwarzenbauer (\*1959)

MINI, Motorrad, Rolls-Royce,  
Aftersales BMW Group

Mandates

— Rolls-Royce Motor Cars Limited (Chairman)

## Oliver Zipse (\*1964)

Production

Mandates

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

— BMW Motoren GmbH (Chairman)

General Counsel:

**Dr. Jürgen Reul**

— Membership of other statutory supervisory boards.

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

- - - Other mandates.

# MEMBERS OF THE SUPERVISORY BOARD

## **Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer** (\*1956)

Member since 2015

Chairman

Former Chairman of the Board of  
Management of BMW AG

Mandates

- Siemens Aktiengesellschaft
- Henkel AG & Co. KGaA (Shareholders' Committee)

## **Manfred Schoch**<sup>1</sup> (\*1955)

Member since 1988

Deputy Chairman

Chairman of the European  
and General Works Council

Industrial Engineer

## **Stefan Quandt** (\*1966)

Member since 1997

Deputy Chairman

Entrepreneur

Mandates

- DELTON AG (Chairman)
- AQTON SE (Chairman)
- Entrust Datacard Corp.

## **Stefan Schmid**<sup>1</sup> (\*1965)

Member since 2007

Deputy Chairman

Chairman of the Works Council, Dingolfing

## **Dr. jur. Karl-Ludwig Kley** (\*1951)

Member since 2008

Deputy Chairman

Chairman of the Supervisory Board of the E.ON SE  
(since 8 June 2016)

Mandates

- E.ON SE (Chairman, since 8 June 2016)
- Bertelsmann Management SE (until 9 May 2016)
- Bertelsmann SE & Co. KGaA (until 9 May 2016)
- Deutsche Lufthansa Aktiengesellschaft
- Verizon Communications Inc.

## **Christiane Benner**<sup>2</sup> (\*1968)

Member since 2014

Second Chairman of IG Metall

Mandates

- Robert Bosch GmbH

## **Franz Haniel** (\*1955)

Member since 2004

Entrepreneur

Mandates

- DELTON AG (Deputy Chairman)
- Franz Haniel & Cie. GmbH (Chairman)
- Heraeus Holding GmbH
- TBG Limited

## **Ralf Hattler**<sup>3</sup> (\*1968)

Member since 1 January 2017

Head of Indirect Purchasing

## **Prof. Dr. rer. nat. Dr. h.c. Reinhard Hüttl** (\*1957)

Member since 2008

Chairman of the Executive Board  
of Helmholtz-Zentrum Potsdam

Deutsches GeoForschungsZentrum - GFZ

University Professor

<sup>1</sup> Employee representatives (company employees).

<sup>2</sup> Employee representatives (union representatives).

<sup>3</sup> Employee representatives (members of senior management).

— Membership of other statutory supervisory boards.

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

- - - Other mandates.

**Prof. Dr. rer. nat. Dr.-Ing. E.h.****Henning Kagermann** (\*1947)

Member since 2010

President of acatech – Deutsche Akademie  
der Technikwissenschaften e.V.

## Mandates

- Deutsche Bank AG
- Deutsche Post AG
- Münchener Rückversicherungs-Gesellschaft  
Aktiengesellschaft in München

**Susanne Klatten** (\*1962)

Member since 1997

Entrepreneur

## Mandates

- ALTANA AG (Deputy Chairman)
- SGL Carbon SE (Chairman)
- UnternehmerTUM GmbH (Chairman)

**Prof. Dr. rer. pol. Renate Köcher** (\*1952)

Member since 2008

Director of Institut für Demoskopie  
Allensbach Gesellschaft zum Studium der  
öffentlichen Meinung mbH

## Mandates

- Allianz SE (until 3 May 2017)
- Infineon Technologies AG
- Nestlé Deutschland AG
- Robert Bosch GmbH

**Ulrich Kranz**<sup>3</sup> (\*1958)

Member from 2014 to 31 December 2016

Head of Product Line BMW i

**Dr. h.c. Robert W. Lane** (\*1949)

Member since 2009

Former Chairman and Chief Executive Officer of  
Deere & Company

## Mandates

- General Electric Company

**Horst Lischka**<sup>2</sup> (\*1963)

Member since 2009

General Representative of IG Metall Munich

## Mandates

- KraussMaffei Group GmbH
- MAN Truck & Bus AG
- Städtisches Klinikum München GmbH

**Willibald Löw**<sup>1</sup> (\*1956)

Member since 1999

Chairman of the Works Council, Landshut

**Simone Menne** (\*1960)

Member since 2015

Member of Management of Boehringer  
Ingelheim Gruppe, Finance  
(since 1 September 2016)

## Mandates

- Delvag Luftfahrtversicherungs-AG (Chairman)  
(until 31 August 2016)
- Deutsche Post AG
- LSG Lufthansa Service Holding AG (Chairman)  
(until 31 December 2016)
- Lufthansa Cargo AG  
(until 31 December 2016)
- Lufthansa Technik AG  
(until 31 December 2016)
- FWB Frankfurter Wertpapierbörse  
(Exchange Council)  
(until 31 August 2016)
- Miles & More GmbH (Chairman Advisory Board)  
(until 31 August 2016)

<sup>1</sup> Employee representatives (company employees).<sup>2</sup> Employee representatives (union representatives).<sup>3</sup> Employee representatives (members of senior management).

— Membership of other statutory supervisory boards.

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

--- Other mandates.

**Dr. Dominique Mohabeer<sup>1</sup> (\*1963)**

Member since 2012

Member of the Works Council, Munich

**Brigitte Rödiger<sup>1</sup> (\*1963)**

Member since 2013

Member of the Works Council, Dingolfing

**Jürgen Wechsler<sup>2</sup> (\*1955)**

Member since 2011

Regional Head of IG Metall Bavaria

Mandates

- Schaeffler AG (Deputy Chairman)
- Siemens Healthcare GmbH (Deputy Chairman)

**Werner Zierer<sup>1</sup> (\*1959)**

Member since 2001

Chairman of the Works Council, Regensburg

Munich, 14 February 2017

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree    Markus Duesmann

Klaus Fröhlich    Dr. Nicolas Peter

Dr. Ian Robertson (HonDSc)    Peter Schwarzenbauer

Oliver Zipse

# BMW AG 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, 14 February 2017

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree    Markus Duesmann

Klaus Fröhlich    Dr. Nicolas Peter

Dr. Ian Robertson (HonDSc)    Peter Schwarzenbauer

Oliver Zipse

# AUDITOR'S REPORT

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and its report on the position of the Company and the Group of the Bayerische Motoren Werke Aktiengesellschaft for the business year from 1 January to 31 December 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in

the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 24 February 2017

**KPMG AG**

Wirtschaftsprüfungsgesellschaft

Sailer

Wirtschaftsprüfer

Feege

Wirtschaftsprüfer



# FINANCIAL CALENDAR

## 2017

**21 March 2017**

Annual Accounts Press Conference

**22 March 2017**

Analyst and Investor Conference

**4 May 2017**

Quarterly Report to 31 March 2017

**11 May 2017**

Annual General Meeting

**3 August 2017**

Quarterly Report to 30 June 2017

**7 November 2017**

Quarterly Report to 30 September 2017

## 2018

**21 March 2018**

Annual Report 2017

**21 March 2018**

Annual Accounts Press Conference

**22 March 2018**

Analyst and Investor Conference

**4 May 2018**

Quarterly Report to 31 March 2018

**17 May 2018**

Annual General Meeting

**2 August 2018**

Quarterly Report to 30 June 2018

**7 November 2018**

Quarterly Report to 30 September 2018

# BMW AG

## 10-YEAR COMPARISON

→ BMW AG  
Ten-year Comparison

		2016	2015	2014	2013
Revenues <sup>1</sup>	€ million	<b>75,350</b>	72,384	66,599	60,474
Change	%	<b>4.1</b>	8.7	10.1	2.8
Export ratio	%	<b>82.4</b>	83.0	81.7	81.5
Production					
Automobiles <sup>2</sup>	Units	<b>2,359,756</b>	2,279,503	2,165,566	2,006,366
Motorcycles <sup>3</sup>	Units	<b>145,555</b>	151,004	133,615	110,127
Sales volume					
Automobiles <sup>2</sup>	Units	<b>2,355,726</b>	2,275,367	2,166,772	1,995,903
Motorcycles <sup>3</sup>	Units	<b>147,290</b>	144,291	133,635	110,039
Capital expenditure	€ million	<b>2,346</b>	2,748	3,150	3,203
Depreciation, amortisation and impairment losses	€ million	<b>2,233</b>	2,072	1,890	1,732
Workforce at the end of the year <sup>4</sup>		<b>85,754</b>	84,860	80,675	77,110
Tangible, intangible and investment assets <sup>5</sup>	€ million	<b>14,711</b>	14,619	13,945	12,833
Current assets, prepayments and surplus of designated plan assets over liabilities	€ million	<b>21,588</b>	20,358	20,291	20,932
Subscribed capital	€ million	<b>657</b>	657	656	656
Reserves	€ million	<b>11,165</b>	10,168	9,506	8,166
Equity	€ million	<b>14,122</b>	12,927	12,066	10,529
as % of tangible, intangible and investment assets	%	<b>96.0</b>	88.4	86.5	82.0
Balance sheet total	€ million	<b>36,299</b>	34,977	34,236	33,765
Cost of materials	€ million	<b>53,862</b>	52,128	47,008	43,402
Personnel costs <sup>4</sup>	€ million	<b>8,340</b>	7,576	6,786	6,419
Income taxes	€ million	<b>1,327</b>	1,831	1,934	1,674
Net profit	€ million	<b>3,277</b>	2,741	3,229	2,289
Dividend	€ million	<b>2,300<sup>6</sup></b>	2,102	1,904	1,707
per share of common stock with a par value of €1 each	€	<b>3.50<sup>6</sup></b>	3.20	2.90	2.60
per share of preferred stock with a par value of €1 each	€	<b>3.52<sup>6</sup></b>	3.22	2.92	2.62

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

<sup>2</sup> Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

<sup>3</sup> From 2006 up to 2008 including BMW G 650 X assembly by Piaggio S. p. A., Pontedera.

<sup>4</sup> From 2009 onward including personnel seconded from other group entities.

<sup>5</sup> From 2010 onward including property, plant and equipment transferred in conjunction with the merger of BMW Ingenieur-Zentrum GmbH + Co oHG, Dingolfing.

From 2011 onward including property, plant and equipment transferred in conjunction with the merger of BMW Maschinenfabrik Spandau GmbH, Berlin.

From 2013 onward including tangible and intangible 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.

<sup>6</sup> Proposed by the Board of Management.

	2012	2011	2010	2009	2008	2007	
	58,805	55,007	45,773	37,980	44,313	48,310	Revenues <sup>1</sup>
	6.9	20.2	20.5	14.3	8.3	13.9	Change
	79.6	77.3	76.7	73.8	75.6	76.1	Export ratio
							Production
	1,861,826	1,738,160	1,481,253	1,258,417	1,439,918	1,541,503	Automobiles <sup>2</sup>
	113,811	110,360	99,236	82,631	104,220	104,396	Motorcycles <sup>3</sup>
							Sales volume
	1,868,158	1,723,637	1,460,923	1,231,893	1,446,055	1,551,490	Automobiles <sup>2</sup>
	110,857	110,145	97,586	86,451	103,077	104,076	Motorcycles <sup>3</sup>
	2,776	2,032	1,582	1,667	2,064	1,670	Capital expenditure
	1,613	1,578	1,540	1,505	1,569	1,791	Depreciation, amortisation and impairment losses
	74,571	71,630	69,518	70,223	71,596	76,064	Workforce at the end of the year <sup>4</sup>
	11,078	9,663	8,273	6,984	6,643	9,909	Tangible, intangible and investment assets <sup>5</sup>
	20,887	17,845	16,073	17,663	16,673	12,707	Current assets, prepayments and surplus of designated plan assets over liabilities
	656	655	655	655	654	654	Subscribed capital
	7,568	6,059	5,581	4,502	4,487	4,300	Reserves
	9,864	8,222	7,088	5,354	5,338	5,648	Equity
	89.0	85.1	85.7	76.7	80.4	57.0	as % of tangible, intangible and investment assets
	31,965	27,508	24,346	24,647	23,316	22,616	Balance sheet total
	42,178	39,324	32,875	28,300	34,044	36,638	Cost of materials
	6,030	5,758	5,428	5,850	5,125	4,797	Personnel costs <sup>4</sup>
	1,666	2,096	1,106	403	11	131	Income taxes
	3,131	1,970	1,506	202	384	1,184	Net profit
	1,640	1,508	852	197	197	694	Dividend
	2.50	2.30	1.30	0.30	0.30	1.06	per share of common stock with a par value of €1 each
	2.52	2.32	1.32	0.32	0.32	1.08	per share of preferred stock with a par value of €1 each

# CONTACTS

## **Business and Finance Press**

Telephone +49 89 382-2 45 44  
+49 89 382-2 41 18  
Fax +49 89 382-2 44 18  
E-mail [presse@bmwgroup.com](mailto:presse@bmwgroup.com)

## **Investor Relations**

Telephone +49 89 382-3 16 84  
+49 89 382-2 53 87  
Fax +49 89 382-1 46 61  
E-mail [ir@bmwgroup.com](mailto:ir@bmwgroup.com)

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Bayerische Motoren Werke  
Aktiengesellschaft  
80788 Munich  
Germany  
Telephone +49 89 382-0