

# FINANCIAL STATEMENTS OF BMW AG

Financial Year 2019

**BMW  
GROUP**

THE NEXT  
100 YEARS



Rolls-Royce  
Motor Cars Limited

## BMWAG IN FIGURES

→ BMWAG in Figures  
→ Financial Statements

		2019	2018	Change in %
Revenues	€ million	84,691	78,355	8.1
Export ratio	%	82.2	82.4	
Production				
Automobiles <sup>1</sup>	Units	2,564,025	2,541,534	0.9
Motorcycles	Units	187,116	162,687	15.0
Deliveries				
Automobiles <sup>1</sup>	Units	2,555,795	2,519,897	1.4
Motorcycles	Units	180,941	164,096	10.3
Capital expenditure	€ million	3,233	2,975	8.7
Depreciation, amortisation and impairment losses	€ million	2,573	2,470	4.2
Workforce at end of year		88,303	89,842	-1.7
Tangible, intangible and investment assets	€ million	16,640	15,787	5.4
Current assets, prepaid expenses and surplus of pension and similar plan assets over liabilities	€ million	39,179	29,748	31.7
Subscribed capital	€ million	659	658	0.2
Reserves	€ million	12,774	12,280	4.0
Equity	€ million	15,079	15,241	-1.1
as % of tangible, intangible and investment assets	%	90.6	96.5	
Balance sheet total	€ million	55,819	45,535	22.6
Cost of materials	€ million	63,425	57,726	9.9
Personnel expense	€ million	8,631	8,597	0.4
Taxes	€ million	789	891	-11.4
Net profit	€ million	2,107	2,801	-24.8
Dividend	€ million	1,646 <sup>2</sup>	2,303	-28.5
per share of common stock with a par value of €1 each	€	2.50 <sup>2</sup>	3.50	
per share of preferred stock with a par value of €1 each	€	2.52 <sup>2</sup>	3.52	

<sup>1</sup> Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

<sup>2</sup> Proposed by the Board of Management.

# FINANCIAL STATEMENTS

## **Publication**

The BMW AG Financial Statements and Management Report for the financial year 2019 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 2019.

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 DECEMBER**

→ Balance Sheet at  
31 December  
→ Income Statement

in € million	Notes	2019	2018
<b>ASSETS</b>			
Intangible assets	1	405	252
Property, plant and equipment	2	12,473	11,976
Investments	3	3,762	3,559
<b>Tangible, intangible and investment assets</b>		<b>16,640</b>	<b>15,787</b>
Inventories	4	5,994	4,811
Trade receivables	5	964	947
Receivables from subsidiaries	5	16,698	8,570
Other receivables and other assets	5	3,513	3,595
Marketable securities	6	4,109	4,080
Cash and cash equivalents	7	6,757	6,542
<b>Current assets</b>		<b>38,035</b>	<b>28,545</b>
<b>Prepaid expenses</b>	<b>8</b>	<b>58</b>	<b>535</b>
<b>Surplus of pension and similar plan assets over liabilities</b>	<b>9</b>	<b>1,086</b>	<b>668</b>
<b>Total assets</b>		<b>55,819</b>	<b>45,535</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	10	659	658
Capital reserves	10	2,210	2,177
Revenue reserves	11	10,564	10,103
Unappropriated profit available for distribution	24	1,646	2,303
<b>Equity</b>		<b>15,079</b>	<b>15,241</b>
<b>Registered profit-sharing certificates</b>	<b>12</b>	<b>28</b>	<b>28</b>
Pension provisions		205	214
Other provisions		8,784	7,824
<b>Provisions</b>	<b>13</b>	<b>8,989</b>	<b>8,038</b>
Liabilities to banks		511	545
Trade payables		5,751	5,560
Liabilities to subsidiaries		21,777	12,670
Other liabilities		187	285
<b>Liabilities</b>	<b>14</b>	<b>28,226</b>	<b>19,060</b>
<b>Deferred income</b>	<b>15</b>	<b>3,497</b>	<b>3,168</b>
<b>Total equity and liabilities</b>		<b>55,819</b>	<b>45,535</b>

# INCOME STATEMENT

in € million	Notes	2019	2018
Revenues	16	84,691	78,355
Cost of sales	17	-70,178	-63,841
<b>Gross profit</b>		<b>14,513</b>	<b>14,514</b>
Selling expenses		-3,979	-4,078
Administrative expenses		-2,776	-2,803
Research and development expenses		-5,528	-5,859
Other operating income*	18	1,295	2,184
Other operating expenses*	19	-2,526	-1,158
Result on investments	20	1,858	2,344
Financial result	21	39	-1,452
Income taxes	22	-767	-872
<b>Profit after income tax</b>		<b>2,129</b>	<b>2,820</b>
Other taxes		-22	-19
<b>Net profit</b>		<b>2,107</b>	<b>2,801</b>
Transfer to revenue reserves	23	-461	-498
<b>Unappropriated profit available for distribution</b>	24	<b>1,646</b>	<b>2,303</b>

\* Separate presentation of other operating income and expenses from the financial year 2019. Prior year's figures will be presented analogously.

# NOTES TO THE FINANCIAL STATEMENTS

## BASIS OF PREPARATION

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

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

The Income Statement is presented using the cost of sales method. The financial year is the same as the calendar year.

On 10 March 2020, the Financial Statements of BMW AG were drawn up by the Board of Management. Based on current developments regarding the spread of the coronavirus, the Board of Management on 16 March 2020 adjusted the original outlook for the BMW Group, the assumptions regarding the development of the global economy and the economic risks and opportunities for the financial year 2020 in the Combined Management Report, as well as the statement regarding the Events after the end of the reporting period. On the same day, the Board of Management again drew up the Financial Statements of BMW AG.

## 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. Advance payments are stated at their nominal amount.

Property, plant and equipment are stated at acquisition or at manufacturing cost, less accumulated scheduled depreciation and impairment losses. Manufacturing cost includes direct material and production costs and an appropriate proportion of material and production overheads (including production-related depreciation). Production-related administrative costs, voluntary social costs and company pension costs are not included. 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. Items acquired during the year are depreciated on a time-apportioned basis. Assets with an acquisition or manufacturing cost of up to €250 are recognised directly as an expense in the year of purchase/construction. Assets with an acquisition or manufacturing cost of between €250 and €1,000 are depreciated using the straight-line method over a period of five years.

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 plant and 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.

If structured financial instruments are acquired, they are generally 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 material and production overheads (including production-related depreciation) are taken into account in the measurement of unfinished and finished goods. Production-related administrative costs, voluntary social costs and company pension costs are not included. Write-downs are made to cover risks arising from slow-moving items or reduced saleability. Inventories include advance payments for raw materials, supplies and for goods for resale. Advance payments on orders are stated at their nominal amount.

Receivables and other assets are stated at the lower of their nominal value or net realisable value. Appropriate write-downs are made for receivables whose collectability is subject to identifiable risks. Uncollectible receivables are written off.

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

Cash and cash equivalents are measured at their nominal amount.

Prepaid expenses relate to amounts disbursed before the balance sheet date, which represent expense for a specific period after the end of the reporting period. From the financial year 2019 onwards, prepayments for raw materials, supplies and goods for resale – previously included in prepaid expenses – are now reported in the balance sheet line item Inventories.

Subscribed capital is stated at its nominal amount.

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

Pension obligations are measured in accordance with the projected unit credit method and discounted using the average market interest rate for the past ten years, which corresponds to the remaining term of the obligations. The provision is derived from independent actuarial valuations which take into account the relevant biometric factors. The difference in the carrying amount of the provision based on using the average market interest rate for the past ten financial years and that for the past seven financial years is disclosed in the notes to the financial statements. Provisions for long-service awards and for pre-retirement part-time work arrangements are also measured using the projected unit credit method. Income arising on assets offset against liabilities, from the unwinding of discounting and from the effect of changes in the discount rate are presented as part of the financial result. From the 2019 financial year onwards, the income statement effects of changes in the fair value of designated plan assets held to meet securities-linked obligations are also reported as part of the financial result for the first time due to the uniform exercise of the available option. All other components of pension expense are included in the income statement under costs by function.

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

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



The recognition and measurement of provisions for statutory and non-statutory warranty obligations and product guarantees (statutory, contractual and voluntary) involves estimations. As a general rule, these provisions are recognised when the risks and rewards of ownership of the goods are transferred to the BMW Group's sales companies, dealerships or retail customers. In order to determine the level of the provision, various factors are taken into consideration, including current estimations based on past experience with the nature and amount of claims relating to vehicles delivered. In addition, the future level of potential repair costs (comprising materials and labour) as well as price increases per product are taken into account. Provisions for statutory and non-statutory warranty obligations and product guarantees also take into account specific actions resolved by the Company, such as vehicle recalls – in which case a provision is recognised for vehicles delivered to customers prior to the date of the resolution. Provisions for statutory and non-statutory warranty obligations and product guarantees are adjusted regularly to take account of new circumstances and the impact thereof recognised in the income statement. Expected reimbursement claims are estimated and offset against provisions for statutory and non-statutory warranty obligations and product guarantees.

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

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

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

In line with uniform Group accounting guidelines and in order to achieve a fairer presentation of the Company's financial position, with effect from the financial year 2019 BMW AG no longer applies the option of offsetting receivables from payables to subsidiaries and companies in which an investment is held.

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.

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

Financial assets and financial liabilities denominated in a foreign currency are mostly hedged, in which case they are translated using the relevant hedge rate. Where there is a direct hedging relationship, derivative financial instruments are aggregated into valuation units together with recognised assets or liabilities and/or with forecast transactions.

BMW AG invoices a number of its affiliated sales companies that are based outside the eurozone in the relevant local currency. The resulting currency exposures are hedged by derivative currency instruments and, together with the hedged items, accounted for as valuation units. The hedged items relate to highly probable forecast transactions which arise from invoicing amounts in a foreign currency. The high degree of probability that these transactions will occur is based on historical experience and current sales forecasts. The Valuation Freeze method (Einfrierungsmethode) is applied to account for these hedging relationships.

Micro hedges are designated for currency and interest rate derivatives used to hedge financial assets and for back-to-back derivative financial instruments. These hedging relationships are also accounted for using the Valuation Freeze method.

Since the principal features of the transactions included in a valuation unit are matched, changes in fair values or cash flows offset each other to a large extent. 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 those valuation units relating to foreign-currency-denominated revenues invoiced to sales subsidiaries is measured on the basis of regression analysis. The Dollar-Offset method is used to calculate the absolute amounts attributable to non-validity and ineffectiveness. Realised gains and losses arising on valuation units created for back-to-back derivative financial instruments entered into with subsidiaries and banks are presented in other operating income/expenses on a net basis.

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

Deferred income relates to amounts received before the balance sheet date, which represent income for a specific period after the end of the reporting period.

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

Deferred taxes are calculated for temporary differences between the tax base and accounting carrying amounts of assets, liabilities and deferred/prepaid items. Deferred tax assets and liabilities are measured using a combined income tax rate of 30.8 % relevant for the BMW AG tax group. This combined rate covers corporation tax, municipal trade tax and solidarity surcharge. In the case of temporary differences arising on assets and liabilities 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. Based on the decision to settle in cash, the two share-based programmes are accounted for as cash-settled share-based transactions. Share-based programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) over the vesting period of the options and in the balance sheet as a provision. Further information regarding the two share-based programmes is provided in note [41] to the BMW Group Financial Statements 2019.

# ANALYSIS OF CHANGES IN TANGIBLE, INTANGIBLE AND INVESTMENT ASSETS

in € million	Acquisition or manufacturing costs				31.12.2019
	1.1.2019	Additions	Reclassi- fications	Disposals	
<b>Intangible assets</b>	<b>908</b>	<b>258</b>	<b>–</b>	<b>39</b>	<b>1,127</b>
Land, titles to land, buildings, including buildings on third party land	6,373	175	264	4	6,808
Plant and machinery	26,790	1,735	583	1,635	27,473
Other facilities, factory and office equipment	1,615	156	12	196	1,587
Advance payments made and construction in progress	1,410	909	–859	–	1,460
<b>Property, plant and equipment</b>	<b>36,188</b>	<b>2,975</b>	<b>–</b>	<b>1,835</b>	<b>37,328</b>
Investments in subsidiaries	3,386	257	–	–	3,643
Participations	625	18	–	18	625
Non-current marketable securities	28	–	–	28	–
Other non-current loans receivable	4	5	–	–	9
<b>Investments</b>	<b>4,043</b>	<b>280</b>	<b>–</b>	<b>46</b>	<b>4,277</b>
<b>Tangible, intangible and investment assets</b>	<b>41,139</b>	<b>3,513</b>	<b>–</b>	<b>1,920</b>	<b>42,732</b>

Depreciation, amortisation and impairment losses			Carrying amount			
1.1.2019	Current year	Disposals	31.12.2019	31.12.2019	31.12.2018	
656	105	39	722	405	252	<b>Intangible assets</b>
2,997	177	4	3,170	3,638	3,376	Land, titles to land, buildings, including buildings on third party land
20,049	2,131	1,627	20,553	6,920	6,741	Plant and machinery
1,166	160	194	1,132	455	449	Other facilities, factory and office equipment
–	–	–	–	1,460	1,410	Advance payments made and construction in progress
24,212	2,468	1,825	24,855	12,473	11,976	<b>Property, plant and equipment</b>
–	1	–	1	3,642	3,386	Investments in subsidiaries
483	30	–	513	112	142	Participations
–	–	–	–	–	28	Non-current marketable securities
1	–	–	1	8	3	Other non-current loans receivable
484	31	–	515	3,762	3,559	<b>Investments</b>
25,352	2,604	1,864	26,092	16,640	15,787	<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 €105 million (2018: €146 million). Advance payments for intangible assets amounted to €29 million (2018: €7 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 €2,468 million (2018: €2,324 million).

## 03

### Investments

During the financial year 2019, a majority interest in BMW Finance S.N.C., Guyancourt, was acquired at a cost of investment of €257 million.

BMWAG holds an investment in SGL Carbon SE, Wiesbaden. An impairment loss of €30 million (2018: €119 million) was recognised on the investment in the financial year under report since its fair value at the balance sheet date was lower than its carrying amount.

## 04

### Inventories

in € million	31.12.2019	31.12.2018
Raw materials and supplies	1,156	843
Work in progress, unbilled contracts	357	354
Finished goods and goods for resale	3,969	3,614
Prepayments	512	–
<b>Inventories</b>	<b>5,994</b>	<b>4,811</b>

As a result of the first-time presentation of prepayments for raw materials, supplies and goods for resale within the balance sheet line item Inventories from the financial year 2019 onwards (previously: within the line item Prepaid expenses), the previous year's figure must be increased by €487 million to ensure comparability.

## 05

### Receivables and other assets

in € million	31.12.2019	31.12.2018
Trade receivables	964	947
Receivables from subsidiaries	16,698	8,570
thereof due later than one year	21	21
Other receivables and other assets	3,513	3,595
Receivables from other companies in which an investment is held	1,136	1,617
Other assets	2,377	1,978
thereof due later than one year	36	57
<b>Receivables and other assets</b>	<b>21,175</b>	<b>13,112</b>

Receivables from subsidiaries comprise financial receivables amounting to €12,748 million (2018: €6,147 million) and trade receivables amounting to €3,950 million (2018: €2,423 million).

As a result of the change in the exercise of the option to offset receivables from and payables to subsidiaries and companies in which an investment is held with effect from the financial year 2019, the previous year's figures must be increased by the following amounts to ensure comparability: receivables from subsidiaries by €5,616 million (thereof €4,744 million for financial receivables and €872 million for trade receivables) and ↱

receivables from companies in which an investment is held by €3 million.

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

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

## 06

### Marketable securities

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

BMW AG holds all of the shares of the special investment fund. The fund is not subject to any restrictions in terms of the daily redemption amount. The acquisition cost for the shares in the special investment fund ↱

amounted to €3,672 million (2018: €3,554 million). A profit distribution amounting to €122 million (2018: €9 million) was received during the financial year 2019.

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

in € million	Acquisition cost		Fair value	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Fixed-income securities	3,437	3,398	3,436	3,369
Shares	722	718	781	701
Other marketable securities	24	31	24	31
Receivables and payables	3	21	3	21
Cash and cash equivalents	8	4	8	4
Derivative instruments	-	-	1	-
<b>Special investment fund</b>	<b>4,194</b>	<b>4,172</b>	<b>4,253</b>	<b>4,126</b>

## 07

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, of which €0 million (2018: €5 million) relates to amounts held by subsidiaries, and to cash on hand.

## 08

### Prepaid expenses

Prepaid expenses include amounts paid in advance for services to be performed in future periods. As a result of the first-time presentation of prepayments for raw materials and supplies and for goods for resale within the balance sheet line item Inventories from the financial year 2019 onwards, the previous year's figure must be reduced by €487 million to ensure comparability.

## 09

### Surplus of pension and similar plan assets over liabilities

Assets held to secure obligations relating to pensions are offset against the related liabilities. The assets concerned comprise mainly holdings in investment fund assets. The surplus of designated plan assets over liabilities at the end of the reporting period amounts to €1,086 million (2018: €668 million). The reconciliation of the asset-side difference arising from offsetting assets and liabilities is shown under provisions (see → note 13).

→ see  
note 13

**10****Subscribed capital and capital reserves**

in € million	31.12.2019	31.12.2018
Subscribed capital	659	658
Capital reserves	2,210	2,177

BMW AG's issued share capital of €659 million comprises 601,995,196 shares of common stock, each with a par value of €1, and 56,867,304 shares of non-voting preferred stock, each with a par value of €1. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

In 2019, a total of 744,447 shares of preferred stock was sold to employees at a reduced price of €46.10 per share in conjunction with the Employee Share Programme. These shares are entitled to receive dividends for the first time with effect from the financial year 2020.

Issued share capital increased by €0.7 million as a result of the issue to employees of 740,400 new shares of non-voting preferred stock. The Authorised Capital of BMW AG at the end of the reporting period therefore amounted to nominal €4.3 million (corresponding to 4.3 million shares of non-voting preferred stock). The Company is authorised to issue shares of non-voting preferred stock amounting to nominal €5.0 million prior to 15 May 2024. The share premium of €33.4 million arising on the share capital increase was transferred to capital reserves.

In addition, 4,047 previously issued shares of preferred stock were acquired and re-issued to employees in conjunction with the Employee Share Programme.

**11****Revenue reserves**

in € million	31.12.2019	31.12.2018
Statutory reserves	1	1
Other revenue reserves	10,563	10,102
Balance brought forward	10,102	9,604
Transfer from net profit	461	498
<b>Revenue reserves</b>	<b>10,564</b>	<b>10,103</b>

The amount not available for distribution at 31 December 2019 was €3,315 million (2018: €2,822 million). This figure arises in conjunction with fair value gains

amounting to €2,004 million (2018: €1,373 million) on assets held to service obligations for pensions and the difference of €1,311 million (2018: €1,449 million) in the carrying amount of the pension provision based on using the relevant average market interest rate for the past ten rather than seven financial years.

**12****Registered profit-sharing certificates**

Employees are entitled to subscribe to shares of preferred stock as part of a wealth accumulation programme. These arrangements replaced the programme in place up to 1989, under which employees were entitled to subscribe to registered profit-sharing certificates, with the level of the profit share based on the level of the dividend. A total of 568,553 registered profit-sharing certificates remained in place at 31 December 2019 (2018: 583,904 registered profit-sharing certificates).

**13****Provisions**

in € million	31.12.2019	31.12.2018
Pension provisions	205	214
Other provisions	8,784	7,824
Tax provisions	459	437
Sundry other Provisions	8,325	7,387
thereof provisions for statutory and non-statutory warranty obligations and product guarantees	1,955	1,859
<b>Provisions</b>	<b>8,989</b>	<b>8,038</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 have been closed to new entrants since 2014.

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



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

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

in %	31.12.2019	31.12.2018
Discount factor for pension plans	2.71	3.21
Discount factor for pre-retirement part-time working arrangements	0.61	0.85
Future salary increases	3.04	3.06
Future pension increases	1.38	1.62

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

→ See  
note 11

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

The provision for pensions amounting to €205 million (2018: €214 million) can be summarised as follows:

in € million	31.12.2019	31.12.2018
Fair value of assets held to cover pension obligations	11,203	9,620
Present value of defined benefit obligations	10,322	9,166
Surplus of pension and similar plan assets over liabilities	1,086	668
<b>Pension provisions</b>	<b>205</b>	<b>214</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 9). Acquisition cost of the designated plan assets for pension obligations amounted to €8,911 million (2018: €8,248 million).

→ See  
note 9

Tax provisions comprise mainly expected income tax payments relating to prior years as well as back-payments for ancillary tax-related expenses. Tax provisions cover risks relating to transfer pricing (taking account of diverse tax legislation requirements) and potential non-compliance with guidelines issued by tax authorities in the relevant countries.

Other provisions comprise mainly obligations for personnel-related expenses, statutory and non-statutory warranty obligations and product guarantees, litigation and liability risks as well as selling activities.

In the financial year 2019, BMW AG was informed by the EU Commission of a “Statement of Objections” in conjunction with ongoing antitrust proceedings. The EU Commission alleges that the manufacturers colluded with the aim of restricting innovation and competition with regard to certain exhaust treatment systems for diesel- and petrol-driven passenger vehicles. The allegation concerns selective catalytic reduction (SCR) systems and the use of petrol particulate filters (OPF). The Commission’s preliminary view is that the conduct objected to may be in breach of EU competition rules. The Statement of Objections leads the BMW AG to believe that it is probable that the EU Commission will issue a significant fine. Accordingly, a provision amounting to €1,394 million was recognised in the financial year 2019.

BMW AG has examined the objections and gained access to the documents in the EU Commission’s investigation file. In December 2019, the Company submitted a detailed response to the EU Commission, which the latter will now examine before determining the next steps in the proceedings. Consequently, it is not yet possible to definitively assess the ultimate financial impact.

## 14 Liabilities

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

in € million	31.12.2018			
	Total	thereof with a remaining term of		
		up to one year	1 to 5 years	more than 5 years
Liabilities to banks	545	136	409	–
Trade payables	5,560	5,560	–	–
Liabilities to subsidiaries	12,670	12,670	–	–
<b>Other liabilities</b>	<b>285</b>	<b>278</b>	<b>4</b>	<b>3</b>
Advance payments received on orders	44	44	–	–
Payables to entities in which a participation is held	10	10	–	–
Liabilities to BMW Unterstützungsverein e. V.	3	–	–	3
Sundry other liabilities	228	224	4	–
thereof for social security	52	52	–	–
thereof for taxes	86	86	–	–
<b>Liabilities</b>	<b>19,060</b>	<b>18,644</b>	<b>413</b>	<b>3</b>

Payables to subsidiaries comprise financial liabilities amounting to €17,616 million (2018: €9,359 million) and trade receivables amounting to €4,161 million (2018: €3,311 million).

As a result of the change in the exercise of the option to offset receivables from and payables to subsidiaries and companies in which an investment is held with effect from the financial year 2019, the previous year's figures must be increased by the following amounts to ensure comparability: payables to subsidiaries by €5,616 million (thereof €4,744 million for financial liabilities and €872 million for trade liabilities) and payables to companies in which an investment is held by €3 million.

## 15 Deferred income

Deferred income includes revenue received for services to be performed in future accounting periods, including €3,132 million (2018: €2,750 million) deferred for work still to be performed in conjunction with service and maintenance contracts.

# NOTES TO THE INCOME STATEMENT

## 16 Revenues

in € million	2019	2018
Automobiles	71,149	65,490
Motorcycles	1,737	1,547
Other revenues	11,805	11,318
<b>Revenues</b>	<b>84,691</b>	<b>78,355</b>
<b>Information by region</b>		
Germany	15,041	13,820
China	16,225	13,907
USA	14,647	12,930
Rest of Europe	25,453	24,400
Rest of Asia	7,891	8,081
Rest of the Americas	2,951	2,917
Other regions	2,483	2,300
<b>Revenues</b>	<b>84,691</b>	<b>78,355</b>

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

## 17 Cost of sales

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

## 18 Other operating income

Other operating income totalling €1,295 million (2018: €2,184 million) includes mainly realised exchange gains, income from the reversal of provisions and other sundry items.

Other operating income relating to prior periods amounted to €614 million (2018: €539 million), mainly for the reversal of provisions. Gains resulting from the measurement of foreign currency items using closing exchange rates totalled €65 million (2018: €48 million).

## 19 Other operating expenses

Other operating expenses amounted to €2,526 million (2018: €1,158 million) and comprised mainly realised exchange losses and allocations to provisions, in particular for litigation and other legal risks.

The latter includes an allocation of €1,394 million relating to the provision recognised in connection with the EU Commission antitrust proceedings. Further information is provided (→ see note 13).

→ See note 13

Other operating expenses relating to prior periods amounted to €23 million (2018: €58 million). Losses resulting from the measurement of foreign currency items using closing exchange rates totalled €112 million (2018: €39 million).

## 20 Result on investments

in € million	2019	2018
Income from profit and loss transfer agreements	1,855	2,345
Income from investments	4	–
thereof from subsidiaries	3	–
Expense of assuming losses under profit and loss transfer agreements	–1	–1
<b>Result on investments</b>	<b>1,858</b>	<b>2,344</b>

Income from profit and loss transfer agreements related mainly to BMW INTEC Beteiligungs GmbH, Munich, amounting to €1,471 million (2018: €2,042 million) and BMW Bank GmbH, Munich, amounting to €261 million (2018: €201 million).

## 21 Financial result

in € million	2019	2018
Other interest and similar income	290	53
thereof from subsidiaries	47	34
thereof financial income from pension and long-term personnel- related provisions	102	–
Impairment losses on non-current financial assets	–31	–119
Interest and similar expenses	–220	–1,386
thereof to subsidiaries	–92	–70
thereof financial expense from unwind- ing the discounting of pension and long-term personnel-related provisions	–	–1,126
thereof expense from unwinding the discounting of liabilities and other provisions	–72	–117
<b>Financial result</b>	<b>39</b>	<b>–1,452</b>

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

in € million	2019	2018
Income/expense from fund assets offset against liabilities	1,142	–176
Expense from unwinding discounted pension and long-term personnel expense-related provisions and effect of changes in the discount factor	–1,040	–950
<b>Financial income/expense from pension and long-term personnel- related provisions</b>	<b>102</b>	<b>–1,126</b>

As a result of the uniform exercise of the option to recognise the income statement effects of changes in the fair value of designated plan assets held to meet securities-linked obligations as well as changes in the fair value of pension provisions in the line item Financial result from the 2019 financial year onwards, the previous year's figure must be reduced by €60 million to ensure comparability.

## 22 Taxes on income

The expense for income taxes relates primarily to current tax for the financial year 2019. This includes prior year tax income of €17 million (2018: €144 million) relating in particular to transfer pricing risks and ancillary tax-related expenses.

## 23 Transfer to revenue reserves

An amount of €461 million (2018: €498 million) was transferred from net profit for the year to other revenue reserves.

## 24 Unappropriated profit

A proposal will be made that the unappropriated profit of BMW AG amounting to €1,646,417,589.64 for the financial year 2019 be utilised as follows:

Payment of a dividend of €2.52 per share of non-voting preferred stock, each with a par value of €1, on the stock entitled to receive a dividend (56,122,857 shares of preferred stock), amounting to €141,429,599.64. Payment of a dividend of €2.50 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 €1,504,987,990.00.

## OTHER DISCLOSURES

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### Cost of materials

in € million	2019	2018
Cost of raw materials and goods for resale	60,850	54,555
Cost of purchased services	2,575	3,171
<b>Cost of materials</b>	<b>63,425</b>	<b>57,726</b>

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### Personnel expense

in € million	2019	2018
Wages and salaries	7,401	7,555
Social security, pension and welfare costs	1,230	1,042
thereof pension costs	142	40
<b>Personnel expense</b>	<b>8,631</b>	<b>8,597</b>

Personnel expense does not include financial income of €102 million (2018: financial expense of €1,126 million) relating to pension and long-term personnel provisions, as disclosed in (→ see note 21).

→ See  
note 21

Average workforce during the year	2019	2018
Head office and Munich plant	38,901	37,905
Dingolfing plant	18,158	18,195
Regensburg plant	9,240	9,347
Leipzig plant	5,119	5,071
Landshut plant	4,014	4,078
Berlin plant*	3,209	3,103
Branches	5,347	5,369
	<b>83,988</b>	<b>83,068</b>
Apprentices and students gaining work experience	5,411	6,024
	<b>89,399</b>	<b>89,092</b>

\*Including in Munich located workforce for BMW Group Segment Motorcycle.

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### Fee expense of the external auditor

Work performed during the financial year 2019 by the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, for BMW AG and subsidiaries under its control relate to the audit of the financial statements, other attestation services and other services.

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

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

Other services mainly include consulting services relating to production processes.

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

## 28

**Contingent liabilities**

in € million	31.12.2019	31.12.2018
Guarantees for bonds under the AMTN/EMTN programme	40,636	36,508
thereof in favour of subsidiaries	40,636	36,508
Guarantees for commercial paper	2,605	2,422
thereof in favour of subsidiaries	2,605	2,422
Guarantees for other debt capital transactions	23,732	19,203
thereof in favour of subsidiaries	23,732	19,203
Other	3,491	2,693
of which to subsidiaries	3,425	2,669
<b>Contingent liabilities</b>	<b>70,464</b>	<b>60,826</b>

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, Munich, is a member. The maximum liability per customer is capped at 20% of the equity capital of BMW Bank GmbH, Munich.

The Dutch entities BMW International Holding B.V., Rijswijk, 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.

The volume of commitments issued in favour of BMW Bank GmbH, Munich, BMW International Holding B.V., Rijswijk, and Alphabet Nederland B.V., Breda, is not disclosed due to the fact that amounts cannot be reliably quantified.

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

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

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

Other financial commitments totalled €2,922 million (2018: €3,055 million) and comprise mainly obligations arising from rental and leasing contracts.

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

in € million	31.12.2019	31.12.2018
due within one year	1,112	1,257
due between one and five years	800	834
due later than five years	1,010	964
<b>Other financial commitments</b>	<b>2,922</b>	<b>3,055</b>

Of these amounts, €1,210 million (2018: €1,415 million) relate to subsidiaries.

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

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

Buyback commitments amounting to €3,850 million (2018: €3,391 million) relate entirely to commitments given by BMW AG to financial services subsidiaries in conjunction with vehicle sales and vehicle leasing. Of this amount, €2,132 million (2018: €1,784 million) falls due within one year.

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**Related party transactions**

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

## 31

## Derivative financial instruments

in € million	Nominal volume		Fair values	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Currency-related contracts</b>				
Forward currency contracts	28,242	24,306	-523	287
thereof positive fair values			82	630
thereof negative fair values			-605	-343
<b>Interest rate-related instruments</b>				
Interest swaps	110	110	-	-
thereof positive fair values			-	-
thereof negative fair values			-	-
<b>Purchasing-related instruments</b>				
Commodity derivatives	3,626	3,718	48	-152
thereof positive fair values			267	190
thereof negative fair values			-219	-342
<b>Derivative financial instruments</b>	<b>31,978</b>	<b>28,134</b>	<b>-475</b>	<b>135</b>

Provisions amounting to €30 million (2018: €19 million) were recognised to cover negative fair values of derivative instruments and the ineffective portion of valuation units.

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 2019 on the basis of the following interest rates:

in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	-0.38	2.04	0.89	-0.21	2.77
Interest rate for one year	-0.32	1.75	0.82	0.01	2.96
Interest rate for five years	-0.13	1.70	0.88	0.03	3.42
Interest rate for ten years	0.19	1.87	1.02	0.13	3.74

## 32

## Valuation units

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

At 31 December 2019 BMW AG held currency derivative instruments with terms of up to 33 months (2018: 31 months). These currency derivatives hedge the exchange rates of highly probable forecast trading and financial transactions denominated in a foreign currency. Derivative financial instruments also include back-to-back contracts entered into with subsidiaries and banks.

Hedges for future purchases of commodities relate to highly probable forecast transactions that are not yet pending. Changes in prices of these raw materials have an impact on BMW AG's production costs. Hedging strategies have therefore been put in place for raw materials management purposes, based on forecast purchase volumes. Commodity derivative instruments with terms of up to 57 months were in place at the end of the reporting period (2018: 69 months).

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In addition, BMW AG held interest-rate derivative instruments at 31 December 2019 with terms of up to 51 months (2018: 63 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Currency risk hedges</b>				
Forecast transactions	25,039	23,316	566	341
Executory contracts	12	1	13	2
<b>Interest rate hedges</b>				
Assets	10	10	-	-
Liabilities	100	100	-	-
<b>Commodity hedges</b>				
Forecast transactions	3,571	3,667	215	334
<b>Valuation units</b>	<b>28,732</b>	<b>27,094</b>	<b>794</b>	<b>677</b>

The amounts disclosed for volumes 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 units. The figures disclosed for the amount of risk hedged refer to the non-recognition of a provision for onerous contracts with negative fair values.

### 33

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

The total compensation of the current members of the Board of Management for the financial year 2019 amounted to €21.4 million (2018: €24.0 million). This comprised fixed components of €8.1 million (2018: €8.2 million), variable components of €12.6 million (2018: €15.0 million) and a share-based compensation component totalling €0.7 million (2018: €0.8 million).

The grant of the share-based remuneration component related to 9,728 shares of common stock (2018: 9,087 shares of common stock) and a corresponding cash-based settlement, measured at the relevant market share price prevailing on grant date.

The expense of €8.6 million (2018: €5.2 million) relating to the Performance Cash Plan (PCP) for the financial year 2019 is not included in variable remuneration in accordance with the provisions of

German commercial law. In the financial year 2019, advance payments totalling €4.3 million were made to the members of the Board of Management – with the exception of Ilka Horstmeier, Dr. Milan Nedeljković and Dr.-Ing. Andreas Wendt – for the PCP 2018 – 2020. This figure includes advance payments to Harald Krüger, Caiña Carreiro-Andree and Peter Schwarzenbauer totalling €2.1 million.

The remuneration of former members of the Board of Management and their dependants amounted to €16.0 million (2018: €9.2 million).

Pension obligations to former members of the Board of Management and their surviving dependants are covered by pension provisions amounting to €80.5 million (2018: €79.3 million) computed in accordance with the requirements of German commercial law.

The compensation of the members of the Supervisory Board for the financial year 2019 amounted to €5.6 million (2018: €5.6 million). This comprised fixed components of €2.0 million (2018: €2.0 million) and variable components of €3.6 million (2018: €3.6 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 share-based compensation components. Apart from vehicle leasing and credit financing contracts entered into on customary market conditions and the



advance payments relating to the PCP 2018 – 2020 described above, no advances or loans were granted by BMW AG or its subsidiaries to members of the Board of Management or the Supervisory Board nor were any contingent liabilities entered into on their behalf during the financial year 2019.

Further details about the compensation system and remuneration of members of the Board of Management and of the Supervisory Board is provided in the Compensation Report included in the BMW Group Annual Report 2019. The Compensation Report is part of the Combined Group and Company 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 31 December 2019, which have been notified in accordance with § 33 (1) of the German Securities Trading Act (WpHG) and published with the following content in accordance with § 40 (1) WpHG:

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

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

**BlackRock, Inc., Wilmington, Delaware, USA**, informed us that its voting rights in BMW AG on 12 August 2019 amounted to 3.10 % (previously 3.06 %), corresponding to 18,650,941 voting rights. All of these shares are attributable to BlackRock, Inc. in accordance with § 34 WpHG.

After the end of the reporting period **Harris Associates L.P., Wilmington, Delaware, US**, informed us that its voting rights in BMW AG on 10 February 2020 amounted to 3.03 % (previously 2.96 %), corresponding to 18,235,037 voting rights. All of these shares are attributable indirectly to Harris Associates L.P. in accordance with § 34 WpHG.

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

Voluntary notifications at 31 December 2019 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**

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of coronavirus. Since 11 March the WHO has characterised the spread of the coronavirus as a pandemic.

The continuing spread of the coronavirus and the impact on the business development of the BMW AG is being continually monitored. Based on current developments, the BMW Group expects that the increasing spread of the coronavirus and the necessary containment measures will have a negative impact on BMW AG vehicle deliveries in all key sales markets. Risks also exist for upstream and downstream processes, for example, through possible bottlenecks due to supply shortages.

Current assessments and assumptions for the financial year 2020, to the extent already known to the BMW AG, have been taken into account and described in the outlook report. Apart from these assessments, no further significant negative effects are known or can be estimated at the present time. However, further negative effects could arise in the course of the year.

No other events have occurred since the end of the financial year that could have a major impact on the results of operations, financial position and 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 2019 of the BMW Group and is available to shareholders on the BMW Group's website → [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

# LIST OF INVESTMENTS AT 31 DECEMBER 2019

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

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## List of investments at 31 December 2019

The List of investments of BMW AG pursuant to § 285 and § 313 HGB is presented below. Disclosures

### Affiliated companies (subsidiaries) of BMW AG at 31 December 2019

Companies	Equity in € million	Profit/loss in € million	Capital invest- ment in %
<b>DOMESTIC<sup>1, 12</sup></b>			
BMW Beteiligungs GmbH & Co. KG, Munich <sup>6</sup>	4,594	-6	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	327	1	100
BMW Verwaltungs GmbH, Munich <sup>3, 6</sup>	153	-1	100
Parkhaus Oberwiesenfeld GmbH, Munich	-	-	100
BMW High Power Charging Beteiligungs GmbH, Munich <sup>4, 6</sup>	-	-	100
Alphabet Fuhrparkmanagement GmbH, Munich <sup>4</sup>	-	-	100
Alphabet International GmbH, Munich <sup>4, 5, 6</sup>	-	-	100
BMW Hams Hall Motoren GmbH, Munich <sup>4, 5, 6</sup>	-	-	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach <sup>3, 5, 6</sup>	-	-	100
BMW Anlagen Verwaltungs GmbH, Munich <sup>3, 6</sup>	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich <sup>3, 5, 6</sup>	-	-	100
Rolls-Royce Motor Cars GmbH, Munich <sup>4, 5, 6</sup>	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51
BMW M GmbH Gesellschaft für individuelle Automobile, Munich <sup>3, 5, 6</sup>	-	-	100
BMW Vermögensverwaltungs GmbH, Munich	-	-	100
Bürohaus Petuelring GmbH, Munich	-	-	100
LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich	-	-	100
<b>FOREIGN<sup>2</sup></b>			
<b>Europe<sup>12</sup></b>			
BMW Holding B.V., The Hague	21,702	3,941	100
BMW International Holding B.V., Rijswijk <sup>10</sup>	9,111	1,141	100
BMW Österreich Holding GmbH, Steyr	3,106	791	100
BMW (UK) Holdings Ltd., Farnborough	1,431	589	100
BMW International Investment B.V., The Hague	1,246	7	100
BMW España Finance S.L., Madrid	1,125	55	100
BMW Financial Services (GB) Ltd., Farnborough	1,085	219	100
BMW (Schweiz) AG, Dielsdorf	1,020	95	100
BMW Motoren GmbH, Steyr	968	193	100
BMW (UK) Manufacturing Ltd., Farnborough	578	97	100
BMW Finance S.N.C., Guyancourt	495	44	100
BMW Italia S.p.A., San Donato Milanese	380	43	100

BMW (UK) Ltd., Farnborough	373	90	100
BMW Russland Trading OOO, Moscow	291	189	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	288	20	100
ALPHABET (GB) Ltd., Farnborough	277	58	100
Rolls-Royce Motor Cars Ltd., Farnborough	233	91	100
BMW Iberica S.A., Madrid	228	34	100
BMW France S.A.S., Montigny-le-Bretonneux	225	35	100
BMW Finance N.V., The Hague	211	2	100
BMW Austria Leasing GmbH, Salzburg	176	22	100
BMW Financial Services Scandinavia AB, Sollentuna	165	22	100
BMW Austria Bank GmbH, Salzburg	138	11	100
Alphabet Nederland B.V., Breda <sup>10</sup>	129	29	100
BMW Vertriebs GmbH, Salzburg	121	30	100
Alphabet Belgium Long Term Rental NV, Aartselaar	100	10	100
BMW Bank OOO, Moscow	–	–	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	–	–	100
Bavaria Reinsurance Malta Ltd., Floriana	–	–	100
BMW Malta Ltd., Floriana	–	–	100
BMW Financial Services Belgium S.A./N.V., Bornem	–	–	100
BMW Belgium Luxembourg S.A./N.V., Bornem	–	–	100
BMW Northern Europe AB, Stockholm	–	–	100
BMW Financial Services B.V., Rijswijk <sup>10</sup>	–	–	100
BMW Norge AS, Fornebu	–	–	100
Alphabet Italia Fleet Management S.p.A., Rome	–	–	100
Alphabet España Fleet Management S.A.U., Madrid	–	–	100
Swindon Pressings Ltd., Farnborough	–	–	100
BMW Financial Services Polska Sp. z o.o., Warsaw	–	–	100
BMW Austria GmbH, Salzburg	–	–	100
BMW Services Ltd., Farnborough	–	–	100
Alphabet France Fleet Management S.N.C., Saint-Quentin-en-Yvelines	–	–	100
Alphabet Austria Fuhrparkmanagement GmbH, Salzburg	–	–	100
BMW Retail Nederland B.V., The Hague	–	–	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	–	–	100
BMW Portugal Lda., Porto Salvo	–	–	100
BMW Financial Services (Ireland) DAC, Dublin	–	–	100
BMW Financial Services Denmark A/S, Copenhagen	–	–	100
BMW Hellas Trade of Cars A.E., Kifissia	–	–	100
BMW Nederland B.V., Rijswijk	–	–	100
Oy BMW Suomi AB, Helsinki	–	–	100
BMW Distribution S.A.S., Vélizy-Villacoublay	–	–	100
BMW Amsterdam B.V., Amsterdam	–	–	100
Park Lane Ltd., Farnborough	–	–	100
BMW Renting (Portugal) Lda., Porto Salvo	–	–	100
BMW Romania S.R.L., Bucharest <sup>11</sup>	–	–	100
BMW Italia Retail S.r.l., Rome	–	–	100
BMW Automotive (Ireland) Ltd., Dublin	–	–	100
Alphabet France S.A.S., Saint-Quentin-en-Yvelines	–	–	100
BMW Danmark A/S, Copenhagen	–	–	100
BMW Czech Republic s.r.o., Prague	–	–	100
BMW Madrid S.L., Madrid	–	–	100
BMW Slovenská republika s.r.o., Bratislava	–	–	100
Alphabet UK Ltd., Glasgow	–	–	100
BMW Slovenia distribucija motornih vozil d.o.o., Ljubljana <sup>11</sup>	–	–	100
BMW Bulgaria EOOD, Sofia <sup>11</sup>	–	–	100

Alphabet Polska Fleet Management Sp. z o.o., Warsaw	–	–	100
Société Nouvelle WATT Automobiles S.A.R.L., Saint-Quentin-en-Yvelines	–	–	100
BMW (UK) Investments Ltd., Farnborough	–	–	100
BiV Carry I SCS, Senningerberg	–	–	100
BMW (UK) Capital plc, Farnborough	–	–	100
Alphabet Luxembourg S.A., Leudelange	–	–	100
Riley Motors Ltd., Farnborough	–	–	100
BMW Central Pension Trustees Ltd., Farnborough	–	–	100
Triumph Motor Company Ltd., Farnborough	–	–	100
BLMC Ltd., Farnborough	–	–	100
Sutum ROM GmbH, Salzburg <sup>11,14</sup>	–	–	100
Bavarian Sky S.A., Compartment German Auto Loans 6, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment German Auto Loans 7, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment German Auto Loans 8, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment German Auto Loans 9, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment German Auto Leases 5, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment A, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky S.A., Compartment B, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky Europe S.A. Compartment A, Luxembourg <sup>13</sup>	–	–	0
Bavarian Sky FTC, Compartment French Auto Leases 3, Paris <sup>13</sup>	–	–	0
Bavarian Sky UK 1 plc, London <sup>13</sup>	–	–	0
Bavarian Sky UK 2 plc, London <sup>13</sup>	–	–	0
Bavarian Sky UK A Ltd., London <sup>13</sup>	–	–	0
Bavarian Sky UK B Ltd., London <sup>13</sup>	–	–	0
Bavarian Sky UK C Ltd., London <sup>13</sup>	–	–	0
<b>The Americas</b>			
BMW (US) Holding Corp., Wilmington, Delaware	4,012	52	100
BMW Manufacturing Co. LLC, Wilmington, Delaware	2,281	452	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,480	160	100
Financial Services Vehicle Trust, Wilmington, Delaware	889	–670	100
BMW Financial Services NA LLC, Wilmington, Delaware	692	968	100
BMW Canada Inc., Richmond Hill, Ontario	586	174	100
BMW of North America LLC, Wilmington, Delaware	493	632	100
BMW do Brasil Ltda., Araquari	179	9	100
BMW US Capital LLC, Wilmington, Delaware	140	–97	100
BMW Financeira S.A. Credito, Financiamento e Investimento, São Paulo	–	–	100
BMW SLP, S.A. de C.V., Villa de Reyes	–	–	100
BMW de Mexico S.A. de C.V., Mexico City	–	–	100
BMW of Manhattan Inc., Wilmington, Delaware	–	–	100
Rolls-Royce Motor Cars NA LLC, Wilmington, Delaware	–	–	100
BMW Financial Services de Mexico S.A. de C.V. SOFOM, Mexico City	–	–	100
BMW Leasing de Mexico S.A. de C.V., Mexico City	–	–	100
BMW Insurance Agency Inc., Wilmington, Delaware	–	–	100
BMW de Argentina S.A., Buenos Aires	–	–	100
BMW Consolidation Services Co. LLC, Wilmington, Delaware	–	–	100
BMW Leasing do Brasil S.A., São Paulo	–	–	100
BMW Acquisitions Ltda., São Paulo	–	–	100
BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus	–	–	100
SB Acquisitions LLC, Wilmington, Delaware	–	–	100
BMW Auto Leasing LLC, Wilmington, Delaware	–	–	100
BMW FS Securities LLC, Wilmington, Delaware	–	–	100
BMW FS Funding Corp., Wilmington, Delaware	–	–	100
BMW Facility Partners LLC, Wilmington, Delaware	–	–	100

BMW Manufacturing LP, Woodcliff Lake, New Jersey	—	—	100
BMW FS Receivables Corp., Wilmington, Delaware	—	—	100
BMW Receivables 1 Inc., Richmond Hill, Ontario	—	—	100
BMW Receivables Ltd. Partnership, Richmond Hill, Ontario	—	—	100
BMW Receivables 2 Inc., Richmond Hill, Ontario	—	—	100
BMW Extended Service Corp., Wilmington, Delaware	—	—	100
BMW Vehicle Lease Trust 2017-2, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Vehicle Lease Trust 2018-1, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Vehicle Lease Trust 2019-1, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Vehicle Owner Trust 2016-A, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Vehicle Owner Trust 2018-A, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Vehicle Owner Trust 2019-A, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Floorplan Master Owner Trust Series 2018-1, Wilmington, Delaware <sup>13</sup>	—	—	0
BMW Canada 2018-A, Richmond Hill, Ontario <sup>13</sup>	—	—	0
BMW Canada Auto Trust 2017-1, Richmond Hill, Ontario <sup>13</sup>	—	—	0
BMW Canada Auto Trust 2018-1, Richmond Hill, Ontario <sup>13</sup>	—	—	0
BMW Canada Auto Trust 2019-1, Richmond Hill, Ontario <sup>13</sup>	—	—	0
<b>Africa</b>			
BMW (South Africa) (Pty) Ltd., Pretoria	861	109	100
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	167	11	100
SuperDrive Investments (RF) Ltd., Cape Town <sup>13</sup>	—	—	0
<b>Asia</b>			
BMW Automotive Finance (China) Co. Ltd., Beijing	2,441	321	58
BMW Financial Services Korea Co. Ltd., Seoul	568	49	100
BMW Japan Finance Corp., Tokyo	541	65	100
BMW China Automotive Trading Ltd., Beijing	502	456	100
BMW Japan Corp., Tokyo	232	64	100
Herald International Financial Leasing Co. Ltd., Tianjin	228	29	58
BMW (Thailand) Co. Ltd., Bangkok	205	83	100
BMW Korea Co. Ltd., Seoul	196	32	100
BMW Leasing (Thailand) Co. Ltd., Bangkok	174	18	100
BMW India Financial Services Private Ltd., Gurgaon	112	1	100
BMW Manufacturing (Thailand) Co. Ltd., Rayong	107	45	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	—	—	51
BMW China Services Ltd., Beijing	—	—	100
BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur	—	—	100
PT BMW Indonesia, Jakarta	—	—	100
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	—	—	100
BMW Asia Pte. Ltd., Singapore	—	—	100
BMW India Private Ltd., Gurgaon	—	—	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	—	—	100
BMW Asia Pacific Capital Pte Ltd., Singapore	—	—	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	—	—	100
BMW Tokio Corp., Tokyo	—	—	100
2015-2 ABL, Tokyo <sup>13</sup>	—	—	0
2016-1 ABL, Tokyo <sup>13</sup>	—	—	0
2016-2 ABL, Tokyo <sup>13</sup>	—	—	0
2017-1 ABL, Tokyo <sup>13</sup>	—	—	0
2017-2 ABL, Tokyo <sup>13</sup>	—	—	0
2017-3 ABL, Tokyo <sup>13</sup>	—	—	0
2018-1 ABL, Tokyo <sup>13</sup>	—	—	0
2018-2 ABL, Tokyo <sup>13</sup>	—	—	0

2018-3 ABL, Tokyo <sup>13</sup>	–	–	0
2019-1 ABL, Tokyo <sup>13</sup>	–	–	0
2019-2 ABL, Tokyo <sup>13</sup>	–	–	0
2019-3 ABL, Tokyo <sup>13</sup>	–	–	0
Bavarian Sky China 2018-1, Beijing <sup>13</sup>	–	–	0
Bavarian Sky China 2018-2, Beijing <sup>13</sup>	–	–	0
Bavarian Sky China 2019-1, Beijing <sup>13</sup>	–	–	0
Bavarian Sky China 2019-2, Beijing <sup>13</sup>	–	–	0
Bavarian Sky China 2019-3, Beijing <sup>13</sup>	–	–	0
<b>Oceania</b>			
BMW Australia Finance Ltd., Mulgrave	400	29	100
BMW Australia Ltd., Melbourne	169	12	100
BMW Financial Services New Zealand Ltd., Auckland	–	–	100
BMW New Zealand Ltd., Auckland	–	–	100
BMW Sydney Pty. Ltd., Sydney	–	–	100
BMW Melbourne Pty. Ltd., Melbourne	–	–	100
BMW Australia Trust 2011-2, Mulgrave <sup>13</sup>	–	–	0
Bavarian Sky Australia Trust A, Mulgrave <sup>13</sup>	–	–	0

## BMW AG's non-consolidated companies at 31 December 2019

Companies	Equity in € million	Profit/loss in € million	Capital invest- ment in %
<b>DOMESTIC<sup>7</sup></b>			
Alphabet Fleetservices GmbH, Munich <sup>4</sup>	–	–	100
Automag GmbH, Munich	–	–	100
BMW Car IT GmbH, Munich <sup>4</sup>	–	–	100
BMW i 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 (UK) Pensions Services Ltd., Hams Hall	–	–	100
BMW Car Club Ltd., Farnborough	–	–	100
BMW Drivers Club Ltd., Farnborough	–	–	100
BMW Financial Services Czech Republic s.r.o., Prague	–	–	100
BMW Group Benefit Trust Ltd., Farnborough	–	–	100
BMW Hungary Korlátolt Felelősségű Társaság, Vecsés	–	–	100
BMW i Ventures B.V., The Hague	–	–	100
BMW Manufacturing Hungary Kft., Vecsés	–	–	100
BMW Manufacturing Russland OOO, Kaliningrad	–	–	100
BMW Mobility Development Center s.r.o., Prague	–	–	100
BMW Motorsport Ltd., Farnborough	–	–	100
BMW Russland Automotive OOO, Kaliningrad	–	–	100
Cezwei HU GmbH, Salzburg	–	–	100
Cezwei PL GmbH, Salzburg	–	–	100
John Cooper Garages Ltd., Farnborough	–	–	100
John Cooper Works Ltd., Farnborough	–	–	100
OOO BMW Leasing, Moscow	–	–	100
U.T.E. Alphabet España-Bujarkay, Sevilla	–	–	90

**The Americas**

217-07 Northern Boulevard Corp., Wilmington, Delaware	-	-	100
BMW Experience Centre Inc., Richmond Hill, Ontario	-	-	100
BMW i Ventures Inc., Wilmington, Delaware	-	-	100
BMW i Ventures LLC, Wilmington, Delaware	-	-	100
BMW Leasing de Argentina S.A., Buenos Aires	-	-	100
BMW Operations Corp., Wilmington, Delaware	-	-	100
BMW Technology Corp., Wilmington, Delaware	-	-	100
Designworks / USA Inc., Newbury Park, California	-	-	100
MINI Business Innovation LLC, Wilmington, Delaware	-	-	100
Mini Urban X Accelerator SPV 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 China Investment Ltd., Beijing	-	-	100
BMW Finance (United Arab Emirates) Ltd., Dubai	-	-	100
BMW Financial Services Hong Kong Ltd., Hong Kong	-	-	51
BMW Financial Services Singapore Pte Ltd., Singapore	-	-	100
BMW Hong Kong Services Ltd., Hong Kong	-	-	100
BMW India Foundation, Gurgaon	-	-	100
BMW India Leasing Private Ltd., Gurgaon	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Middle East Retail Competency Centre DWC-LLC, Dubai	-	-	100
BMW Mobility Services Ltd., Sichuan Tianfu New Area (Chengdu Section)	-	-	100
BMW Philippines Corp., Manila	-	-	70
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100
Herald Hezhong (Peking) Automotive Trading Co. Ltd., Beijing	-	-	100
THEPSATRI Co. Ltd., Bangkok	-	-	100

**BMW AG's associated companies, joint ventures  
and joint operations at 31 December 2019**

Companies	Equity in € million	Profit/loss in € million	Capital invest- ment in %
<b>Joint ventures – equity accounted</b>			
<b>DOMESTIC</b>			
IONITY Holding GmbH & Co. KG, Munich <sup>8</sup>	205	–24	25
Blitz 18-353 GmbH, Munich <sup>8,11,14</sup>	2,106	–1,805	50
<b>FOREIGN</b>			
BMW Brilliance Automotive Ltd., Shenyang <sup>8</sup>	5,293	1,947	50
<b>Associated companies – equity accounted</b>			
<b>FOREIGN</b>			
THERE Holding B.V., Amsterdam <sup>8</sup>	1,597	–383	29.7
<b>Joint operations – proportionately consolidated entities</b>			
<b>FOREIGN</b>			
Spotlight Automotive Ltd., Zhangjiagang <sup>8,11</sup>	218	–	50
<b>Not equity accounted or proportionately consolidated entities</b>			
<b>DOMESTIC<sup>7</sup></b>			
Encory GmbH, Unterschleißheim	–	–	50
Digital Energy Solutions GmbH & Co. KG, Munich	–	–	50
The Retail Performance Company GmbH, Munich	–	–	50
PDB – Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	–	–	20
<b>FOREIGN<sup>7</sup></b>			
Bavarian & Co Co. Ltd., Incheon	–	–	20
BMW Albatha Finance PSC, Dubai	–	–	40
BMW Albatha Leasing LLC, Dubai	–	–	40
BMW AVTOTOR Holding B.V., Amsterdam	–	–	50
Critical TW S.A., Porto	–	–	51



## BMW AG's participations at 31 December 2019

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	–	–	15,6
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	–	–	20,4
Joblinge gemeinnützige AG Berlin, Berlin	–	–	9,8
Joblinge gemeinnützige AG Leipzig, Leipzig	–	–	16,7
Joblinge gemeinnützige AG München, Munich	–	–	6,2
Racer Benchmark Group GmbH, Landsberg am Lech	–	–	9,1
SGL Carbon SE, Wiesbaden	–	–	18,3
<b>FOREIGN<sup>7</sup></b>			
SGL Composites LLC, Dover, Delaware	–	–	49,0

<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> Exemption pursuant to Article 2:403 of the Civil Code of the Netherlands (Burgerlijk Wetboek).

<sup>11</sup> First-time consolidation.

<sup>12</sup> Deconsolidation in the financial year 2019: DriveNow GmbH & Co. KG, Munich, DriveNow Verwaltungen GmbH, Munich, DriveNow Austria GmbH, Vienna, DriveNow UK Ltd., London, DriveNow Sverige AB, Sollentuna, DriveNow Belgium S.p.a., Brussels, DriveNow Italy S.r.l., Milan, BMW Coordination Center V.o.F., Bornem, BMW Services Belgium N.V., Bornem, BMW Roma S.r.l., Rome (merger), APD Industries plc, Birmingham, BMW Den Haag B.V., The Hague

<sup>13</sup> Control on basis of economic dependence.

<sup>14</sup> Other: Blitz 18-353 GmbH, Munich, has been operating under the name YOUR NOW GmbH since 3 January 2020. Sutum ROM GmbH was merged with BMW Romania S.R.L., Bucharest, effective 14 January 2020.

# MEMBERS OF THE BOARD OF MANAGEMENT

## Oliver Zipse (b.1964)

Chairman (since 16 August 2019)

Production (until 15 August 2019)

### Mandates

- BMW (South Africa) (Pty) Ltd.♦, Chairman  
(until 31 October 2019)
- BMW Motoren GmbH♦, Chairman  
(until 7 October 2019)

## Harald Krüger (b.1965)

Chairman (until 15 August 2019)

### Mandates

- Deutsche Telekom AG

## Milagros Caiña Carreiro-Andree (b.1962)

Human Resources, Labour Relations Director

(until 31 October 2019)

### Mandates

- LOGISTRIAL Real Estate AG♦  
(23 September 2019 until 17 December 2019)

## Klaus Fröhlich (b.1960)

Development

### Mandates

- E.ON SE

## Ilka Horstmeier (b.1969)

Human Resources, Labour Relations Director

(since 1 November 2019)

## Dr. Milan Nedeljković (b.1969)

Production (since 1 October 2019)

### Mandates

- BMW (South Africa) (Pty) Ltd.♦, Chairman  
(since 1 November 2019)
- BMW Motoren GmbH♦, Chairman  
(Member since 7 October 2019,  
Chairman since 4 December)

## Pieter Nota (b.1964)

Customer, Brands, Sales (since 1 April 2019)

Sales and Brand BMW, Aftersales BMW Group  
(until 31 March 2019)

### Mandates

- Rolls-Royce Motor Cars Limited♦, Chairman  
(since 1 April 2019)

## Dr. Nicolas Peter (b.1962)

Finance

### Mandates

- BMW Brilliance Automotive Ltd.♦,  
Deputy Chairman

## Peter Schwarzenbauer (b.1959)

Transformation Electromobility

(1 April 2019 until 31 October 2019)

MINI, Rolls-Royce, BMW Motorrad,  
Customer Engagement and Digital Business  
Innovation BMW Group (until 31 March 2019)

### Mandates

- Scout24 AG
- Rolls-Royce Motor Cars Limited♦, Chairman  
(until 31 March 2019)

## Dr.-Ing. Andreas Wendt (b.1958)

Purchasing and Supplier Network

Production

(16 August 2019 until 30 September 2019)

General Counsel:

**Dr. Andreas Liepe**

♦ Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

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

# MEMBERS OF THE SUPERVISORY BOARD

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

Member since 2015, elected until the Annual General Meeting (AGM) 2020  
Chairman of the Supervisory Board  
Former Chairman of the Board of Management of BMW AG

### Mandates

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

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

Member since 1988, elected until the AGM 2024  
Deputy Chairman of the Supervisory Board  
Chairman of the European and General Works Council  
Industrial Engineer

## **Stefan Quandt** (b.1966)

Member since 1997, elected until the AGM 2024  
Deputy Chairman of the Supervisory Board  
Entrepreneur

### Mandates

- DELTON Health AG<sup>♦</sup>, Chairman
- DELTON Technology SE<sup>♦</sup>, Chairman
- Frankfurter Allgemeine Zeitung GmbH<sup>♦</sup>  
(since 24 June 2019)
- AQTON SE<sup>♦</sup>, Chairman
- Entrust Datacard Corp.<sup>♦</sup>

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

Member since 2007, elected until the AGM 2024  
Deputy Chairman of the Supervisory Board  
Chairman of the Works Council, Dingolfing

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

Member since 2008, elected until the AGM 2021  
Deputy Chairman of the Supervisory Board  
Chairman of the Supervisory Board of E.ON SE  
and of the Deutsche Lufthansa Aktiengesellschaft

### Mandates

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

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

Member since 2014, elected until the AGM 2024  
Second Chairwoman of IG Metall

### Mandates

- Continental AG, Deputy Chairwoman

## **Dr. rer. pol. Kurt Bock** (b.1958)

Member since 2018, elected until the AGM 2023  
Former Chairman of the Board of Management of BASF SE

### Mandates

- FUCHS PETROLUB SE, Chairman  
(since 7 May 2019)
- Fresenius Management SE<sup>♦</sup>
- Münchener Rückversicherungs-Gesellschaft  
Aktiengesellschaft in Munich

## **Verena zu Dohna-Jaeger**<sup>2</sup> (b.1975)

Member since 16 May 2019,  
elected until the AGM 2024  
Department head with the Executive Board of IG Metall

### Mandates

- ABB AG

## **Franz Haniel** (b.1955)

Member since 2004 until 16 May 2019  
Entrepreneur

### Mandates

- Franz Haniel & Cie. GmbH<sup>♦</sup>, Chairman
- DELTON Technology SE<sup>♦</sup>
- Heraeus Holding GmbH<sup>♦</sup>
- TBG AG<sup>♦</sup>

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

Member since 2017 until 16 May 2019  
Head of Purchasing Indirect Goods and Services,  
Raw Material, Production Partner

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

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

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

<sup>♦</sup> Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

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

**Dr.-Ing. Heinrich Hiesinger** (b.1960)

Member since 2017, elected until the AGM 2022  
Former Chairman of the Board of Management  
of thyssenkrupp AG

## Mandates

- Deutsche Post AG (since 15 May 2019)

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

Member since 2008, elected until the AGM 2023  
Chairman of the Executive Board  
of Helmholtz-Zentrum Potsdam  
Deutsches GeoForschungsZentrum – GFZ  
University Professor

**Susanne Klatten** (b.1962)

Member since 1997, elected until the AGM 2024  
Entrepreneur

## Mandates

- SGL Carbon SE, Chairwoman
- ALTANA AG<sup>♦</sup>, Deputy Chairwoman
- UnternehmerTUM GmbH<sup>♦</sup>, Chairwoman

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

Member since 2008, elected until the AGM 2022  
Director of Institut für Demoskopie  
Allensbach Gesellschaft zum Studium der  
öffentlichen Meinung mbH

## Mandates

- Infineon Technologies AG
- Nestlé Deutschland AG<sup>♦</sup>
- Robert Bosch GmbH<sup>♦</sup>

**Horst Lischka**<sup>2</sup> (b.1963)

Member since 2009, elected until the AGM 2024  
General Representative of IG Metall Munich

## Mandates

- KraussMaffei Group GmbH<sup>♦</sup>
- MAN Truck & Bus SE<sup>♦</sup>  
(since 19 March 2019, former MAN Truck & Bus AG)
- Städtisches Klinikum München GmbH<sup>♦</sup>

**Willibald Löw**<sup>1</sup> (b.1956)

Member since 1999, elected until the AGM 2024  
Chairman of the Works Council, Landshut

**Simone Menne** (b.1960)

Member since 2015, elected until the AGM 2021  
Member of supervisory boards

## Mandates

- Deutsche Post AG
- Springer Nature AG & Co. KGaA<sup>♦</sup>
- Johnson Controls International plc
- Russell Reynolds Associates Inc.<sup>♦</sup>  
(since 19 January 2019)

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

Member since 2012, elected until the AGM 2024  
Member of the Works Council, Munich

**Brigitte Rödiger**<sup>1</sup> (b.1963)

Member since 2013, elected until the AGM 2024  
Member of the Works Council, Dingolfing

**Dr. Vishal Sikka** (b.1967)

Member since 16 May 2019,  
elected until the AGM 2024  
CEO & Founder, Vianai Systems, Inc.

## Mandates

- Oracle Corporation (since 6 December 2019)

**Jürgen Wechsler**<sup>2</sup> (b.1955)

Member since 2011 until 16 May 2019  
Former Regional Head of IG Metall Bavaria

## Mandates

- Schaeffler AG, Deputy Chairman
- Siemens Healthcare GmbH<sup>♦</sup>, Deputy Chairman  
(until 18 March 2019)

**Dr. Thomas Wittig**<sup>3</sup> (b.1960)

Member since 16 May 2019,  
elected until the AGM 2024  
Senior Vice President Financial Services

## Mandates

- BMW Bank GmbH<sup>♦</sup>, Chairman
- BMW Automotive Finance (China) Co., Ltd.<sup>♦</sup>,  
Chairman

**Werner Zierer**<sup>1</sup> (b.1959)

Member since 2001, elected until the AGM 2024  
Chairman of the Works Council, Regensburg

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

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

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

♦ Not listed on the stock exchange.

— Membership of other statutory supervisory boards.

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

Munich, 16 March 2020

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Oliver Zipse

Klaus Fröhlich

Ilka Horstmeier

Dr. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Andreas Wendt

# BMWAG 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, 16 March 2020

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Oliver Zipse

Klaus Fröhlich

Ilka Horstmeier

Dr. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Andreas Wendt

# INDEPENDENT AUDITOR'S REPORT

To Bayerische Motoren Werke  
Aktiengesellschaft, Munich

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## Report on the Audit of the Annual Financial Statements and of the Management Report

### Audit Opinions

We have audited the annual financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich, which comprise the balance sheet as at December 31, 2019, and the statement of profit and loss for the financial year from January 1 to December 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bayerische Motoren Werke Aktiengesellschaft, which is combined with the group management report, for the financial year from January 1 to December 31, 2019. In accordance with German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, in compliance with German Generally Accepted Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

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

### Basis for the Audit Opinions

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

### Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

1. Valuation of residual value risks
2. Valuation of provisions for statutory and non-statutory warranty obligations and product guarantees
3. Measurement of provision for risks relating to an EU antitrust proceeding

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

- Matter and issue
- Audit approach and findings
- Reference to further information

Hereinafter we present the key audit matters:

### 1. Valuation of residual value risks

**1.1** BMW AG carries realization risks for leased products which are recognized by the affiliated companies of the segment "Financial Services" and partially assumes the residual value risks arising from this. Residual value risks are determined by comparing the contractually agreed residual value on a contract-by-contract basis with the expected residual value at the end of the customer contract. The other provisions recognized in the annual financial statements of BMW AG include provisions for residual value risks amounting to EUR 1,138 million (approximately 2.0% of total assets) as at December 31, 2019.

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

**1.2** As part of our audit we obtained an understanding of the development of the residual values of leased products, the underlying residual value risks as well as the business processes for the identification, management, monitoring and measurement of residual value risks, among other things by inquiries and inspection of documents related to the internal calculation methods. Furthermore we evaluated the appropriateness and effectiveness of the internal control system, particularly regarding the determination of expected residual values. This included the evaluation of the propriety of the relevant IT systems as well as the implemented interfaces therein by our IT specialists. In addition, we evaluated the appropriateness of the

forecasting methods, the model assumptions as well as the parameters used for the measurement of the residual values based on the validations carried out by BMW AG. For this purpose, we inquired with BMW AG's experts responsible for the management and monitoring of residual value risks and inspected the internal analysis on residual value developments and residual value forecasts as well as the validation results. We examined the mathematical correctness of the forecast values using the key calculation steps.

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

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

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

**2.1** Provisions for statutory and non-statutory warranty obligations as well as product guarantees are included in the annual financial statements of BMW AG as a material component in other provisions. The provisions for statutory and non-statutory warranty obligations and product guarantees amounted to EUR 1,955 million (approximately 3.5% of total assets) as at December 31, 2019. BMW AG is responsible for the legally required warranty and product guarantees in the respective sales market. In order to estimate the liabilities arising from statutory and non-statutory warranty obligations as well as product guarantees for vehicles sold, information on the type and volume of damages arising and on remedial measures is recorded and analyzed at vehicle model level. The expected amount of obligations is extrapolated from costs of the past and recognized as a provision in corresponding amount. For specific or anticipated individual circumstances, for example recalls, additional provisions are recognized.



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

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

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

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

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

**3.1** In April 2019, BMW AG was notified by the European Commission of complaints in a pending antitrust proceeding. The European Commission accuses various manufacturers of colluding to restrict competition in the field of innovation. In this connection, a EUR 1.4 billion provision for litigation and risk provisioning was recognized in

the annual financial statements under the balance sheet item "Other provisions". The risk assessment to be made on developments in the EU antitrust proceeding and the estimation of whether or not a provision must be recognized to cover the risks, and if so, in what amount the current obligation must be measured, is subject to a high degree of uncertainties and characterized by the estimates and assumptions made by the executive directors.

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

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

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

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

## Other Information

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

- the statement on corporate governance pursuant to § 289 f HGB and § 315 d HGB included in section “Statement on Corporate Governance (§ 289 f HGB) Corporate Governance Code” of the management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code
- the separate non-financial report pursuant to § 289 b Abs. 3 HGB and § 315 b Abs. 3 HGB

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

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

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

## Other Legal and Regulatory Requirements

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 16, 2019. We were engaged by the supervisory board on May 17, 2019. We have been the auditor of the Bayerische Motoren Werke Aktiengesellschaft, Munich, without interruption since the financial year 2019.

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

## Information on the Supplementary Audit

We issue this auditor's report on the amended annual financial statements and amended management report on the basis of our statutory audit completed on March 11, 2020 and our supplementary audit completed on March 16, 2020, which concerned the amendments to disclosures in the notes to the annual financial statements and the management report due to the updated reporting on expected developments and on risks and opportunities taking into account new information on the effects of the spread of coronavirus. Please refer to the presentation of the amendments by the executive directors in the sections entitled "Basis of preparation" and "Report on post-balance sheet date events" in the amended notes to the annual financial statements, and in the sections entitled "Organization and business model", "Report on economic position", "Report on expected developments" and "Report on risks and opportunities" in the amended management report.

## German Public Auditor Responsible for the Engagement

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

Munich, 16 March 2020

**PricewaterhouseCoopers GmbH**  
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven  
Wirtschaftsprüferin

Andreas Fell  
Wirtschaftsprüfer

# FINANCIAL CALENDAR

## 2020

**18 March 2020**

Annual Accounts Press Conference

**19 March 2020**

Analyst and Investor Conference

**6 May 2020**

Quarterly Statement to 31 March 2020

**14 May 2020**

Annual General Meeting

**5 August 2020**

Quarterly Report to 30 June 2020

**4 November 2020**

Quarterly Statement to 30 September 2020

## 2021

**17 March 2021**

Annual Report 2020

**17 March 2021**

Annual Accounts Press Conference

**18 March 2021**

Analyst and Investor Conference

**7 May 2021**

Quarterly Statement to 31 March 2021

**12 May 2021**

Annual General Meeting

**3 August 2021**

Quarterly Report to 30 June 2021

**3 November 2021**

Quarterly Statement to 30 September 2021

# BMW AG

## TEN-YEAR COMPARISON

→ BMW AG  
Ten-year Comparison

		2019	2018	2017	2016
Revenues <sup>1</sup>	€ million	<b>84,691</b>	78,355	79,215	75,350
Export ratio	%	<b>82.2</b>	82.4	82.8	82.4
Production					
Automobiles <sup>2</sup>	Units	<b>2,564,025</b>	2,541,534	2,505,741	2,359,756
Motorcycles	Units	<b>187,116</b>	162,687	185,682	145,555
Deliveries					
Automobiles <sup>2</sup>	Units	<b>2,555,795</b>	2,519,897	2,494,115	2,355,726
Motorcycles	Units	<b>180,941</b>	164,096	175,452	147,290
Capital expenditure	€ million	<b>3,233</b>	2,975	2,628	2,346
Depreciation, amortisation and impairment losses	€ million	<b>2,573</b>	2,470	2,350	2,233
Workforce at end of year		<b>88,303</b>	89,842	87,940	85,754
Tangible, intangible and investment assets <sup>3</sup>	€ million	<b>16,640</b>	15,787	15,419	14,711
Current assets, prepaid expenses and surplus of pension and similar plan assets over liabilities	€ million	<b>39,179</b>	29,748	26,053	21,588
Subscribed capital	€ million	<b>659</b>	658	658	657
Reserves	€ million	<b>12,774</b>	12,280	11,758	11,165
Equity	€ million	<b>15,079</b>	15,241	15,046	14,122
as % of tangible, intangible and investment assets	%	<b>90.6</b>	96.5	97.6	96.0
Balance sheet total	€ million	<b>55,819</b>	45,535	41,472	36,299
Cost of materials	€ million	<b>63,425</b>	57,726	56,065	53,862
Personnel expense	€ million	<b>8,631</b>	8,597	8,638	8,340
Taxes	€ million	<b>789</b>	891	1,579	1,327
Net profit	€ million	<b>2,107</b>	2,801	3,197	3,277
Dividend	€ million	<b>1,646<sup>4</sup></b>	2,303	2,630	2,300
per share of common stock with a par value of €1 each	€	<b>2.50<sup>4</sup></b>	3.50	4.00	3.50
per share of preferred stock with a par value of €1 each	€	<b>2.52<sup>4</sup></b>	3.52	4.02	3.52

<sup>1</sup> Financial Reporting Implementation Act (BiRUG) 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 2011 onward including property, plant and equipment transferred in conjunction with the merger of BMW Maschinenfabrik Spandau GmbH, Berlin.

From 2013 onward including tangible, intangible and investment assets transferred in conjunction with the merger of BMW Peugeot Citroën Electrification GmbH, Munich.

From 2015 onward including property, plant and equipment transferred in conjunction with the merger of BMW Forschung und Technik GmbH, Munich.

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

	2015	2014	2013	2012	2011	2010	
	72,384	66,599	60,474	58,805	55,007	45,773	Revenues <sup>1</sup>
	83.0	81.7	81.5	79.6	77.3	76.7	Export ratio
							Production
	2,279,503	2,165,566	2,006,366	1,861,826	1,738,160	1,481,253	Automobiles <sup>2</sup>
	151,004	133,615	110,127	113,811	110,360	99,236	Motorcycles
							Deliveries
	2,275,367	2,166,772	1,995,903	1,868,158	1,723,637	1,460,923	Automobiles <sup>2</sup>
	144,291	133,635	110,039	110,857	110,145	97,586	Motorcycles
	2,748	3,150	3,203	2,776	2,032	1,582	Capital expenditure
	2,072	1,890	1,732	1,613	1,578	1,540	Depreciation, amortisation and impairment losses
	84,860	80,675	77,110	74,571	71,630	69,518	Workforce at end of year
	14,619	13,945	12,833	11,078	9,663	8,273	Tangible, intangible and investment assets <sup>3</sup>
	20,358	20,291	20,932	20,887	17,845	16,073	Current assets, prepaid expenses and surplus of pension and similar plan assets over liabilities
	657	656	656	656	655	655	Subscribed capital
	10,168	9,506	8,166	7,568	6,059	5,581	Reserves
	12,927	12,066	10,529	9,864	8,222	7,088	Equity
	88.4	86.5	82.0	89.0	85.1	85.7	as % of tangible, intangible and investment assets
	34,977	34,236	33,765	31,965	27,508	24,346	Balance sheet total
	52,128	47,008	43,402	42,178	39,324	32,875	Cost of materials
	7,576	6,786	6,419	6,030	5,758	5,428	Personnel expense
	1,831	1,934	1,674	1,666	2,096	1,106	Taxes
	2,741	3,229	2,289	3,131	1,970	1,506	Net profit
	2,102	1,904	1,707	1,640	1,508	852	Dividend
	3.20	2.90	2.60	2.50	2.30	1.30	per share of common stock with a par value of €1 each
	3.22	2.92	2.62	2.52	2.32	1.32	per share of preferred stock with a par value of €1 each

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