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GROUP -  
FINANCIAL  
STATEMENTS



# STATEMENT OF COMPREHENSIVE INCOME FOR GROUP

in € million	Note	2021	2020
<b>Net profit / loss</b>		<b>12,463</b>	<b>3,857</b>
Remeasurement of the net liability for defined benefit pension plans	32	1,243	- 354
Deferred taxes		- 224	139
<b>Items not expected to be reclassified to the income statement in the future</b>		<b>1,019</b>	<b>- 215</b>
Marketable securities (at fair value through other comprehensive income)		- 45	7
Derivative financial instruments		14	991
Costs of hedging		72	201
Other comprehensive income from equity accounted investments		- 50	106
Deferred taxes*		163	- 423
Currency translation foreign operations		1,228	- 1,283
<b>Items that can be reclassified to the income statement in the future</b>		<b>1,382</b>	<b>- 401</b>
<b>Other comprehensive income for the period after tax</b>	19	<b>2,401</b>	<b>- 616</b>
<b>Total comprehensive income</b>		<b>14,864</b>	<b>3,241</b>
Total comprehensive income attributable to minority interests		81	82
<b>Total comprehensive income attributable to shareholders of BMW AG</b>	31	<b>14,783</b>	<b>3,159</b>

\* Prior year's figure adjusted.

Balance Sheet for Group and Segments  
at 31 December 2021

# BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2021

in € million	Note	Group		Automotive (unaudited supplementary information)		Motorcycles (unaudited supplementary information)		Financial Services (unaudited supplementary information)		Other Entities (unaudited supplementary information)		Eliminations (unaudited supplementary information)	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>													
Intangible assets	21	12,980	12,342	12,438	11,809	167	155	374	377	1	1	-	-
Property, plant and equipment	22	22,390	21,850	21,885	21,371	438	401	67	78	-	-	-	-
Leased products	23	44,700	41,995	-	-	-	-	52,017	48,759	-	-	-7,317	-6,764
Investments accounted for using the equity method	24	5,112	3,585	5,112	3,585	-	-	-	-	-	-	-	-
Other investments		1,241	735	6,061	4,711	-	-	21	20	6,899	6,938	-11,740	-10,934
Receivables from sales financing	25	51,712	48,025	-	-	-	-	51,808	48,082	-	-	-96	-57
Financial assets	26	1,715	2,644	577	559	-	-	159	161	997	1,939	-18	-15
Deferred tax	13	2,202	2,459	3,418	3,196	-	-	618	550	39	131	-1,873	-1,418
Other assets	28	1,302	1,216	2,057	2,861	30	33	2,649	2,929	38,882	41,860	-42,316	-46,467
<b>Non-current assets</b>		<b>143,354</b>	<b>134,851</b>	<b>51,548</b>	<b>48,092</b>	<b>635</b>	<b>589</b>	<b>107,713</b>	<b>100,956</b>	<b>46,818</b>	<b>50,869</b>	<b>-63,360</b>	<b>-65,655</b>
Inventories	29	15,928	14,896	14,868	13,391	656	687	404	818	-	-	-	-
Trade receivables	30	2,261	2,298	2,076	1,979	91	219	94	100	-	-	-	-
Receivables from sales financing	25	35,705	36,252	-	-	-	-	35,705	36,252	-	-	-	-
Financial assets	26	5,800	5,108	4,925	4,152	-	-	542	612	520	392	-187	-48
Current tax	27	1,529	606	300	342	-	-	83	64	1,146	200	-	-
Other assets	28	8,941	9,110	35,592	33,747	3	2	5,425	5,952	56,589	52,625	-88,668	-83,216
Cash and cash equivalents		16,009	13,537	12,009	9,522	9	5	3,471	2,863	520	1,147	-	-
<b>Current assets</b>		<b>86,173</b>	<b>81,807</b>	<b>69,770</b>	<b>63,133</b>	<b>759</b>	<b>913</b>	<b>45,724</b>	<b>46,661</b>	<b>58,775</b>	<b>54,364</b>	<b>-88,855</b>	<b>-83,264</b>
<b>Total assets</b>		<b>229,527</b>	<b>216,658</b>	<b>121,318</b>	<b>111,225</b>	<b>1,394</b>	<b>1,502</b>	<b>153,437</b>	<b>147,617</b>	<b>105,593</b>	<b>105,233</b>	<b>-152,215</b>	<b>-148,919</b>

Balance Sheet for Group and Segments  
at 31 December 2021

# BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2021

in € million	Note	Group		Automotive (unaudited supplementary information)		Motorcycles (unaudited supplementary information)		Financial Services (unaudited supplementary information)		Other Entities (unaudited supplementary information)		Eliminations (unaudited supplementary information)	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>EQUITY AND LIABILITIES</b>													
Subscribed capital	31	661	660	-	-	-	-	-	-	-	-	-	-
Capital reserves	31	2,325	2,199	-	-	-	-	-	-	-	-	-	-
Revenue reserves	31	71,705	59,550	-	-	-	-	-	-	-	-	-	-
Accumulated other equity	31	- 325	- 1,518	-	-	-	-	-	-	-	-	-	-
<b>Equity attributable to shareholders of BMW AG</b>	31	<b>74,366</b>	<b>60,891</b>	-	-	-	-	-	-	-	-	-	-
Minority interest		766	629	-	-	-	-	-	-	-	-	-	-
<b>Equity</b>		<b>75,132</b>	<b>61,520</b>	<b>50,296</b>	<b>41,117</b>	-	-	<b>17,324</b>	<b>15,555</b>	<b>25,264</b>	<b>21,389</b>	<b>- 17,752</b>	<b>- 16,541</b>
Pension provisions	32	1,247	3,693	1,073	3,197	31	109	35	49	108	338	-	-
Other provisions	33	7,206	6,488	6,944	6,268	110	74	152	146	-	-	-	-
Deferred tax	13	1,458	509	1,515	697	-	-	3,426	2,812	88	78	- 3,571	- 3,078
Financial liabilities	35	62,342	67,390	2,247	2,087	2	-	18,909	17,730	41,202	47,588	- 18	- 15
Other liabilities	36	5,676	5,095	6,739	7,270	524	522	40,003	42,506	475	1,011	- 42,065	- 46,214
<b>Non-current provisions and liabilities</b>		<b>77,929</b>	<b>83,175</b>	<b>18,518</b>	<b>19,519</b>	<b>667</b>	<b>705</b>	<b>62,525</b>	<b>63,243</b>	<b>41,873</b>	<b>49,015</b>	<b>- 45,654</b>	<b>- 49,307</b>
Other provisions	33	6,748	7,494	6,175	6,960	109	100	460	388	4	46	-	-
Current tax	34	921	747	700	537	-	-	140	192	81	18	-	-
Financial liabilities	35	41,121	38,986	1,462	897	-	-	24,428	25,178	15,418	12,959	- 187	- 48
Trade payables	37	10,932	8,644	9,650	7,365	378	378	894	892	10	9	-	-
Other liabilities	36	16,744	16,092	34,517	34,830	240	319	47,666	42,169	22,943	21,797	- 88,622	- 83,023
<b>Current provisions and liabilities</b>		<b>76,466</b>	<b>71,963</b>	<b>52,504</b>	<b>50,589</b>	<b>727</b>	<b>797</b>	<b>73,588</b>	<b>68,819</b>	<b>38,456</b>	<b>34,829</b>	<b>- 88,809</b>	<b>- 83,071</b>
<b>Total equity and liabilities</b>		<b>229,527</b>	<b>216,658</b>	<b>121,318</b>	<b>111,225</b>	<b>1,394</b>	<b>1,502</b>	<b>153,437</b>	<b>147,617</b>	<b>105,593</b>	<b>105,233</b>	<b>- 152,215</b>	<b>- 148,919</b>

Cash Flow Statement for Group  
and Segments

# CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2021	2020	2021	2020	2021	2020
Profit / loss before tax	16,060	5,222	11,805	2,722	3,753	1,725
Income taxes paid	-3,217	-1,605	-1,805	-382	-1,423	-1,513
Interest received <sup>1</sup>	130	163	220	283	2	3
Other interest and similar income / expenses <sup>1</sup>	78	104	115	152	1	1
Depreciation and amortisation of tangible and intangible assets	6,495	6,139	6,341	5,974	35	46
Other non-cash income and expense items	-713	99	-470	94	-	6
Result from equity accounted investments	-1,520	-920	-1,520	-920	-	-
Change in leased products	-1,282	-1,016	-	-	-1,602	-311
Change in receivables from sales financing	965	4,192	-	-	926	4,184
Changes in working capital	1,355	-996	762	-841	433	-76
Change in inventories	-563	370	-1,032	422	438	-43
Change in trade receivables	119	160	-16	191	6	1
Change in trade payables	1,799	-1,526	1,810	-1,454	-11	-34
Change in provisions	-1,256	1,115	-1,440	1,122	87	129
Change in other operating assets and liabilities	-1,192	754	-1,425	-26	1,047	-1,432
<b>Cash inflow / outflow from operating activities</b>	<b>15,903</b>	<b>13,251</b>	<b>12,583</b>	<b>8,178</b>	<b>3,259</b>	<b>2,762</b>

Cash Flow Statement for Group  
and Segments

# CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2021	2020	2021	2020	2021	2020
Total investment in intangible assets and property, plant and equipment	- 6,619	- 6,150	- 6,439	- 5,990	- 12	- 14
Proceeds from subsidiaries for intangible assets and property, plant and equipment	54	53	43	45	11	8
Proceeds from the disposal of intangible assets and property, plant and equipment	40	34	39	34	1	-
Expenditure for investment assets	- 158	- 176	- 132	- 199	- 1	-
Proceeds from the disposal of investment assets and other business units <sup>2</sup>	263	1,328	260	1,327	-	-
Investments in marketable securities and investment funds	- 271	- 925	- 16	- 829	- 185	- 91
Proceeds from the sale of marketable securities and investment funds	302	2,200	37	1,679	260	521
<b>Cash inflow / outflow from investing activities</b>	<b>- 6,389</b>	<b>- 3,636</b>	<b>- 6,208</b>	<b>- 3,933</b>	<b>74</b>	<b>424</b>
Payments into equity	103	28	103	28	-	-
Payment of dividends for the previous year	- 1,277	- 1,671	- 1,277	- 1,671	-	-
Intragroup financing and equity transactions	-	-	- 1,545	- 901	- 2,511	- 2,438
Interest paid <sup>1</sup>	- 217	- 275	- 367	- 447	- 27	- 18
Proceeds from issue of non-current financial liabilities	224,916	164,478	-	-	218,348	153,823
Repayment of non-current financial liabilities	- 232,089	- 171,532	- 659	- 982	- 219,488	- 156,657
Change in other financial liabilities	1,829	718	-	-	1,049	2,782
<b>Cash inflow / outflow from financing activities</b>	<b>- 6,735</b>	<b>- 8,254</b>	<b>- 3,745</b>	<b>- 3,973</b>	<b>- 2,629</b>	<b>- 2,508</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>- 307</b>	<b>180</b>	<b>- 143</b>	<b>130</b>	<b>- 96</b>	<b>110</b>
<b>Effect of changes in composition of Group on cash and cash equivalents</b>	<b>-</b>	<b>- 40</b>	<b>-</b>	<b>43</b>	<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>2,472</b>	<b>1,501</b>	<b>2,487</b>	<b>445</b>	<b>608</b>	<b>788</b>
Cash and cash equivalents as at 1 January	13,537	12,036	9,522	9,077	2,863	2,075
<b>Cash and cash equivalents as at 31 December</b>	<b>16,009</b>	<b>13,537</b>	<b>12,009</b>	<b>9,522</b>	<b>3,471</b>	<b>2,863</b>

<sup>1</sup> With the exception of interest for lease liabilities, interest relating to financial services business is classified as revenues / cost of sales.

<sup>2</sup> Includes dividends received from investment assets amounting to € - million (2020: € 1.020 million).

The reconciliation of liabilities from financing activities is presented in [Note \[35\]](#).

Statement of Changes  
in Equity for GroupSTATEMENT OF CHANGES  
IN EQUITY FOR GROUP

in € million	Note	Accumulated other equity							Equity attributable to shareholders of BMW AG	Minority interest	Total
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable securities	Derivative financial instruments	Costs of hedging			
<b>1 January 2021</b>	31	<b>660</b>	<b>2,199</b>	<b>59,550</b>	<b>-2,156</b>	<b>34</b>	<b>868</b>	<b>-264</b>	<b>60,891</b>	<b>629</b>	<b>61,520</b>
Net profit		-	-	12,382	-	-	-	-	12,382	81	12,463
Other comprehensive income for the period after tax		-	-	1,019	1,718	-32	-317	13	2,401	-	2,401
<b>Comprehensive income at 31 December 2021</b>		<b>-</b>	<b>-</b>	<b>13,401</b>	<b>1,718</b>	<b>-32</b>	<b>-317</b>	<b>13</b>	<b>14,783</b>	<b>81</b>	<b>14,864</b>
Dividend payments		-	-	-1,253	-	-	-	-	-1,253	-24	-1,277
Subscribed share capital increase out of Authorised Capital		1	-	-	-	-	-	-	1	-	1
Premium arising on capital increase relating to preferred stock		-	126	-	-	-	-	-	126	-	126
Other changes		-	-	7	-	-	-189	-	-182	80	-102
<b>31 December 2021</b>	<b>31</b>	<b>661</b>	<b>2,325</b>	<b>71,705</b>	<b>-438</b>	<b>2</b>	<b>362</b>	<b>-251</b>	<b>74,366</b>	<b>766</b>	<b>75,132</b>



Statement of Changes  
in Equity for Group

# STATEMENT OF CHANGES IN EQUITY FOR GROUP

in € million	Note	Accumulated other equity									Total
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable securities	Derivative financial instruments	Costs of hedging	Equity attributable to shareholders of BMW AG	Minority interest	
<b>1 January 2020</b>	31	<b>659</b>	<b>2,161</b>	<b>57,667</b>	<b>- 760</b>	<b>29</b>	<b>15</b>	<b>- 447</b>	<b>59,324</b>	<b>583</b>	<b>59,907</b>
Net profit		-	-	3,775	-	-	-	-	3,775	82	<b>3,857</b>
Other comprehensive income for the period after tax*		-	-	- 215	- 1,396	5	803	187	- 616	-	<b>- 616</b>
<b>Comprehensive income at 31 December 2020</b>		<b>-</b>	<b>-</b>	<b>3,560</b>	<b>- 1,396</b>	<b>5</b>	<b>803</b>	<b>187</b>	<b>3,159</b>	<b>82</b>	<b>3,241</b>
Dividend payments		-	-	- 1,646	-	-	-	-	- 1,646	- 25	<b>- 1,671</b>
Subscribed share capital increase out of Authorised Capital		1	-	-	-	-	-	-	1	-	<b>1</b>
Premium arising on capital increase relating to preferred stock		-	38	-	-	-	-	-	38	-	<b>38</b>
Other changes*		-	-	- 31	-	-	50	- 4	15	- 11	<b>4</b>
<b>31 December 2020</b>	31	<b>660</b>	<b>2,199</b>	<b>59,550</b>	<b>- 2,156</b>	<b>34</b>	<b>868</b>	<b>- 264</b>	<b>60,891</b>	<b>629</b>	<b>61,520</b>

\* Prior year's figures adjusted.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES AND POLICIES

### 01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2021 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315 e (1) of the German Commercial Code (HGB). The Group Financial Statements and Combined Management Report will be submitted electronically to the operator of the Federal Gazette and are accessible via the website of the Company Register. Bayerische Motoren Werke Aktiengesellschaft (BMW AG), which has its seat in Germany, Munich, Petuelring 130, is registered in the Commercial Register of the District Court of Munich under the number HRB 42243. BMW AG manufactures automobiles and motorcycles in the premium segment.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

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 for the BMW Group and segments is presented using the cost of sales method.

In order to provide a better insight into the results of operations, financial position and net assets of the BMW Group, and going beyond the requirements of IFRS 8 (Operating Segments), the Group Financial Statements also include an income statement and a balance sheet for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by a statement of cash flows for the Automotive and Financial Services segments. Inter-segment transactions relate primarily to internal sales of products, the provision of funds for Group companies and the related interest. A description of the nature of the business and the major operating activities of the BMW Group's segments is provided in [note 45](#) ("Explanatory notes to segment information").

Approval for the publication of the Group Financial Statements was granted by the Board of Management on 8 March 2022.

### 02 Group reporting entity and consolidation principles

The BMW Group Financial Statements include BMW AG and all material subsidiaries over which BMW AG – either directly or indirectly – exercises control. This also includes 59 structured entities, consisting of asset-backed financing arrangements and special purpose funds.

In relation to fully consolidated companies, the following changes took place in the Group reporting entity in the financial year 2021:

	Germany	Foreign	Total
<b>Included at 31 December 2020</b>	21	185	206
<b>Included for the first time in 2021</b>	–	16	16
<b>No longer included in 2021</b>	1	16	17
<b>Included at 31 December 2021</b>	<b>20</b>	<b>185</b>	<b>205</b>

All consolidated subsidiaries have the same year-end as BMW AG with the exception of BMW India Private Ltd. and BMW India Financial Services Private Ltd., whose year-ends are 31 March in accordance with local legal requirements. Interim financial statements are prepared as at 31 December for the two companies with divergent reporting dates.

When assessing whether an investment gives rise to a controlled entity, an associated company, a joint operation or a joint venture, the BMW Group considers contractual arrangements and other circumstances, as well as the structure and legal form of the entity. Discretionary decisions may also be required. If indications exist of a change in the judgement of

(joint) control, the BMW Group undertakes a new assessment.

An entity is deemed to be controlled if BMW AG – either directly or indirectly – has power over it, is exposed or has rights to variable returns from it and has the ability to influence those returns.

An entity is classified as an associated company if BMW AG – either directly or indirectly – has the ability to exercise significant influence over the entity's operating and financial policies. As a general rule, the Group is assumed to have significant influence if it holds 20 % or more of the entity's voting power.

Joint operations and joint ventures are forms of joint arrangements. Such an arrangement exists when a BMW Group entity jointly carries out activities with a third party on the basis of a contractual agreement.

In the case of a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Assets, liabilities, revenues and expenses of a joint operation are recognised proportionately in the Group Financial Statements on the basis of the BMW Group entity's rights and obligations (proportionate consolidation). The impact of joint operations on the Group Financial Statements are of minor significance.

The BMW Group's largest joint operation is Spotlight Automotive Limited (Spotlight), which has been operated jointly with the Chinese automobile manufacturer Great Wall Motor Company Limited (Great Wall) since 2019, jointly developing and manufacturing electric vehicles in China. The BMW Group and Great Wall each hold 50 % of the joint operation's equity. In addition to electric MINI vehicles, Spotlight will in future also develop and produce electric vehicles for Great Wall.

In the case of a joint venture, the parties which have joint control only have rights to the net assets of the arrangement.

Associated companies and joint ventures are accounted for using the equity method, with measurement on initial recognition based on acquisition cost.

On 30. September 2021, the BMW Group signed an agreement with the Huachen Group to acquire all of the shares of Brilliance Automobile Manufacturing Co, Ltd., a Huachen Group subsidiary. The acquisition includes land usage rights as well as buildings and production facilities of a Huachen Group vehicle plant at the Shenyang site. The transaction is expected to be completed in the first half of 2022 after all the necessary regulatory approvals have been obtained.

The other changes to the Group reporting entity do not have a material impact on the results of operations, financial position and net assets of the Group.

### **03 Increased shareholding in BMW Brilliance Automotive Ltd.**

On 11 February 2022, via the Group company BMW Holding B.V., the BMW Group increased its shareholding in the joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance) from 50 % to 75 % with the acquisition of a further 25 % of BMW Brilliance's shares. On 11 October 2018, the BMW Group signed an agreement with its joint venture partner, a wholly owned subsidiary of Brilliance China Automotive Holdings Ltd. (CBA), to acquire these shares. The agreement was approved at the CBA shareholders' meeting on 18 January 2019.

The previous joint venture requirement came to an end with effect from 1 January 2022. The amended joint venture agreement came into force and the formal transfer of shares was completed on 11 February 2022, following the issuance of an amended "business license". Since that date, the BMW Group has held a 75 % majority of the voting rights, as

a result of which it now has control over BMW Brilliance. BMW Brilliance will therefore be fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from 11 February 2022. The contractual term of the joint venture, which previously ran until 2028, has been extended to 2040.

BMW Brilliance manufactures BMW brand models primarily for the Chinese market at its two vehicle production plants as well as petrol engines and high-voltage batteries at a separate facility.

The strategic objective of the acquisition is to further strengthen the BMW Group's long-term collaboration with a partner in China, to expand production capacities at the existing locations in Shenyang and to systematically increase the local production of further models including New Energy Vehicles.

Since the acquisition took place prior to the date on which the financial statements were approved for publication, this report contains disclosures relating to the business combination, even though BMW Brilliance will not be fully consolidated until the financial year 2022.

The consideration paid for the additional 25 % stake totals € 3.7 billion, including hedging effects, and has been settled entirely in cash.

Cash and cash equivalents acquired totalled approximately € 8.7 billion.

As the BMW Group already held 50 % of the shares in BMW Brilliance prior to the acquisition, the transaction constitutes a business combination achieved in stages (step acquisition).

In this context, the Group's 50 % shareholding in BMW Brilliance at the acquisition date will be measured at fair value,

which has been provisionally calculated at € 11 to 12 billion. The expected remeasurement gain of € 7 to 8 billion will be recognised in the financial year 2022 on the line item "Result on investments" within the financial result.

The fair values of the assets acquired and liabilities assumed at the acquisition date are currently in the process of being measured. The balance sheet values at 31 December 2021 are included in [note 24](#). The remeasurement of acquired assets and liabilities will give rise primarily to the recognition of reacquired rights and dealership relationships as intangible assets. Other fair value adjustments will also be recognised, mainly for property, plant and equipment and inventories. Due to the proximity of the acquisition date and the date on which these financial statements were authorised for issue, further information is not yet available for disclosure and will be provided in the BMW Group's next quarterly statement. Adjustments to the fair value may also arise over the course of the financial year 2022 as the fair value measurement process is finalised.

Following the business combination, minority interests in the equity capital of BMW Automotive Finance (China) Co. Ltd. and in Herald International Financial Leasing Co., Ltd. will change to 10.5% in each case. As the two entities are already included in the Group Financial Statements as subsidiaries, the change will be recognised through Group equity without any impact on profit or loss.

#### 04 Foreign currency translation and measurement

The financial statements of consolidated companies which are presented in a foreign currency are translated using the modified closing rate method. Under this method, assets and liabilities are translated at the closing exchange rate, whilst income and expenses are translated at the average exchange rate. Differences arising on foreign currency translation are presented in "Accumulated other equity".

In the single entity accounts of BMW AG and its subsidiaries, foreign currency receivables and payables are measured on initial recognition using the exchange rate prevailing at the date of first-time recognition. Advance payments to suppliers or from customers in a foreign currency that result in the addition of non-monetary assets or liabilities are recorded at

the exchange rate prevailing at the date of payment. At the end of the reporting period, foreign currency receivables and payables are measured using the closing exchange rate. The resulting unrealised gains and losses, as well as realised gains and losses arising on settlement, are recognised in the income statement, in line with the underlying substance of the transaction. Non-monetary balance sheet items denominated in foreign currencies are rolled forward on the basis of historical exchange rates.

The exchange rates of currencies which have a material impact on the Group Financial Statements were as follows:

	Closing rate		Average rate	
1 Euro =	31. 12. 2021	31. 12. 2020	2021	2020
US Dollar	1.14	1.23	1.18	1.14
British Pound	0.84	0.90	0.86	0.89
Chinese Renminbi	7.22	8.00	7.63	7.87
Russian Rouble	85.23	90.54	87.18	82.71
Korean Won	1,351.64	1,329.79	1,353.58	1,345.42

Argentina has fulfilled the definition of a hyperinflationary economy since 1 July 2018. Since that date, IAS 29 (Financial Reporting in Hyperinflationary Economies) has therefore been applied for the BMW subsidiary in Argentina. The price indices published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) are used to adjust non-monetary assets and liabilities and items in the income statement. The resulting effects are not material for the BMW Group.

## 05 Financial reporting rules

### a Financial reporting standards applied for the first time in the financial year 2021:

Standard / Interpretation		Date of issue by IASB	Mandatory application IASB	Mandatory application EU
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	27.08.2020	01.01.2021	01.01.2021

In August 2020, the IASB published the Amendment Standard Interest Rate Benchmark Reform (IBOR) – Phase 2. The amendments contain a number of reliefs to mitigate the impact on the accounting treatment of hedge relationships, financial instruments and lease liabilities resulting from the reform of interest rate benchmarks.

The BMW Group is impacted by the reform of interest rate benchmarks primarily in the area of financial liabilities and related interest rate hedges. For a significant proportion of these instruments, the previous benchmark interest rate was replaced by an alternative interest rate in 2021.

The adoption of the rules contained in the amended Standard means that the existing hedging relationships can be continued and the contractual changes arising due to the

interest rate benchmark reform do not therefore have any direct impact on profit or loss.

Further explanatory comments on the impact of the interest rate benchmark reform are provided in [note 39](#).

The adoption of other financial reporting Standards or Revised Standards in the financial year 2021 did not have any significant impact on the BMW Group Financial Statements.

### b Financial reporting pronouncements issued by the IASB, but not yet applied

In May 2017, the IASB published IFRS 17 Insurance Contracts. The Standard replaces IFRS 4 and contains new rules relating to recognition, measurement, presentation and disclosure requirements for insurance contracts. The new rules are mandatory for financial years beginning on or after 1 January 2023. In a Group-wide project, the BMW Group is currently examining the impact of adopting IFRS 17 for existing agreements and, where applicable, the impact on financial reporting.

Based on current assessments, the application of the new rules is not expected to have a material impact on the Group Financial Statements of the BMW Group. Early adoption of IFRS 17 is not planned.

Similarly, other financial reporting standards issued by the IASB and not yet applied are not expected to have any significant impact on the BMW Group Financial Statements.

## 06 Accounting policies, assumptions, judgements and estimations

**Revenues** from customer contracts include in particular revenues from the sale of products (primarily new and pre-owned vehicles and related products) as well as revenues from services. Revenue is recognised when control is transferred to the dealership or retail customer. In the case of sales of products, this is usually at the point in time when the risks and rewards of ownership are transferred. Revenues are stated net of settlement discount, bonuses and rebates as well as interest and residual value subsidies. The consideration arising from these sales usually falls due for payment immediately or within 30 days. In exceptional cases, a longer payment may also be agreed. In the case of services, control is transferred over time. Consideration for the rendering of services to customers usually falls due for payment at the beginning of a contract and is therefore deferred as a contract liability. The deferred amount is released over the service period and recognised as revenue in the income statement. As a rule, amounts are released on the basis of the expected expense trend, as this best reflects the performance of the service. If the sale of products includes a determinable amount for services (multiple-component contracts), the related revenues are deferred and recognised as income in the same way. Variable consideration components, such as bonuses, are measured at the expected value, and in the case of multi-component contracts, allocated to all performance obligations unless directly attributable to the sale of a vehicle.

Revenues from the sale of products, for which repurchase arrangements are in place, are not recognised immediately in full. Instead, revenues are either recognised proportionately or the difference between the sales and repurchase price is recognised in instalments over the term of the contract depending on the nature of the agreement. In the case of vehicles sold to a dealership that are expected to be repurchased in a subsequent period as part of leasing operations, revenues are not recognised at Group level at the time of the sale of the vehicle. Instead, assets and liabilities relating to the right of return vehicles are recognised.

Revenues from leases of own-manufactured vehicles are recognised at Group level in accordance with the requirements for manufacturer or dealer leases. In the case of operating leases, revenues from lease payments are recognised on a straight-line basis over the lease term.

Finance leases, on the other hand, are accounted for as a sale. At the lease commencement date, revenues are recognised at the amount of the fair value of the leased asset and reduced by any unguaranteed residual value of vehicles that are expected to be returned to the Group at the end of the lease term. In addition, initial direct costs are recognised as cost of sales at the lease commencement date.

Revenues also include interest income from financial services. Interest income arising on finance leases as well as on retail customer and dealership financing is recognised using the effective interest method and reported as interest income on credit financing within revenues.

**Public sector grants** are not recognised until there is reasonable assurance that the conditions attaching to them have been complied with and the grants will be received. The resulting income is recognised in cost of sales over the periods in which the costs occur that they are intended to compensate.

**Earnings per share** are calculated as follows: Basic earnings per share are calculated for common and preferred stock by dividing the net profit for the year after minority interests and attributable to each category of stock, by the average number of outstanding shares. Net profit for the year is accordingly allocated to the different categories of stock. The portion of the net profit that is not being distributed is allocated to each category of stock based on the number of outstanding shares. Profits available for distribution are determined directly on the basis of the dividend proposals or resolutions for common and preferred stock. Diluted earnings per share are calculated and separately disclosed in accordance with IAS 33.

**Intangible assets** are measured on initial recognition at acquisition or manufacturing cost. Subsequently, intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives of between three and 20 years. Impairment losses are recognised where necessary. Intangible assets with indefinite useful lives are tested annually for impairment. Internally generated intangible assets mainly comprise development costs for vehicle, module and architecture projects.

**Development costs** are capitalised if all of the criteria specified by IAS 38 are met. They are measured on the basis of direct costs and directly attributable overhead costs. Project-related capitalised development costs are amortised on a straight-line basis following the start of production over the estimated product life (usually five to twelve years).

**Goodwill** arises when the cost of acquiring a business exceeds the Group's share of the net fair value of the assets, liabilities and contingent liabilities identified during the acquisition.

Intangible assets also include **emission allowances** and similar **rights arising from programmes aimed at reducing**

**carbon or other climate-damaging emissions** (for example in conjunction with the EU Emissions Trading System or vehicle-related emissions regulations in the USA or China). These allowances and rights are carried at cost and, in the event that they are allocated free of charge, recorded at a value of zero. Amounts are derecognised at the date of the return, sale or expiry of the allowances or rights. In parallel to the recognition of these allowances and rights as assets, provisions are recognised in accordance with IAS 37 corresponding to the amount of obligations expected to arise in conjunction with the related emission regulations. Provisions are measured on the basis of the expected value of the allowances or rights that are to be returned.

If there is any indication of **impairment of intangible assets**, or if an annual impairment test is required (i.e. intangible assets with an indefinite useful life, intangible assets during the development phase and goodwill), an impairment test is performed. Each individual asset is tested separately unless the cash flows generated by the asset are not sufficiently independent from the cash flows generated by other assets or other groups of assets. In these cases, impairment is tested at the level of a cash-generating unit, which is the norm for the BMW Group.

For the purpose of the impairment test, the carrying amount of an asset (or a cash-generating unit) is compared with the recoverable amount. The first step of the impairment test is to determine the value in use. If the value in use is lower than the carrying amount, the next step is to determine the fair value less costs to sell and compare the amount so determined with the asset's carrying amount. If the fair value is lower than the carrying amount, an impairment loss is recognised, reducing the carrying amount to the higher of the asset's value in use or fair value less costs to sell.

If the reason for a previously recognised impairment loss no longer exists, the impairment loss is reversed up to the level

of the recoverable amount, but no higher than the amortised acquisition or manufacturing cost. Impairment losses on goodwill are not reversed.

As part of the process of assessing recoverability, it is generally necessary to apply estimations and assumptions – in particular regarding future cash inflows and outflows and the length of the forecast period – which could differ from actual amounts. Actual amounts may differ from the assumptions and estimations used if business conditions develop differently to expectations.

The BMW Group determines the value in use on the basis of a present value computation. Cash flows used for this calculation are derived from long-term forecasts approved by management. These long-term forecasts are based on detailed forecasts drawn up at an operational level, covering a planning period of six years. For the purposes of calculating cash flows beyond the planning period, a perpetual annuity return is assumed which does not take growth into account. Forecasting assumptions are continually adjusted to current information and regularly compared with external sources. The assumptions used take account in particular of expectations of the profitability of the product portfolio, future market share development, macroeconomic developments (such as currency, interest rate and raw materials prices) as well as the legal environment and past experience. Assumptions also take into account the impact of climate change and the influence of other sustainability factors on business performance and the product portfolio, for example as a result of changes in demand patterns, regulatory requirements or changes in production conditions.

Amounts are discounted on the basis of a market-related cost of capital rate. Impairment tests are performed for accounting and financial reporting purposes for the Automotive and Motorcycles cash-generating units using a risk-adjusted pre-tax cost of capital (WACC). In the case of the Financial Services cash-generating unit, a pre-tax cost of

equity capital is used, as is customary in the sector. The following discount factors were applied:

in %	2021	2020
Automotive	10.1	10.2
Motorcycles	10.1	10.2
Financial Services	13.0	13.2

The risk-adjusted discount rate, calculated using a CAPM model, also takes into account specific peer-group information relating to beta-factors, capital structure data and borrowing costs. In conjunction with the impairment tests for cash-generating units, sensitivity analyses are performed for the main assumptions in order to rule out that possible changes to the assumptions used to determine the recoverable amount would result in the requirement to recognise an impairment loss. Even in the case of a 10 % deterioration in the individual measurement assumptions, the need to recognise an impairment loss did not arise.

All items of **property, plant and equipment** are measured at acquisition or manufacturing cost less accumulated depreciation and accumulated impairment losses.

The cost of internally constructed plant and equipment comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation as well as an appropriate proportion of administrative and social costs. Financing costs are not included in acquisition or manufacturing cost unless they are directly attributable to the asset. The carrying amount of items of depreciable property, plant and equipment is written down according to scheduled usage-based depreciation – as a general rule on a straight-line basis – over the useful lives of the assets. Depreciation is recorded as an expense in the income statement.

The following useful lives are applied throughout the BMW Group:

in years	
Factory and office buildings, residential buildings, fixed installations in buildings and outside facilities	8 to 50
Plant and machinery	3 to 21
Other facilities, factory and office equipment	2 to 25

The useful life of the plant and equipment is reviewed regularly and extended or shortened as necessary, based on the assumptions used for long-term corporate planning purposes and product-related decisions, as described above. For machinery used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation. If there is any indication of impairment of property, plant and equipment, an impairment test is performed as described above for intangible assets.

In the case of **leased items of property, plant and equipment**, a right-of-use asset and a liability for the outstanding lease payments are recognised with effect from the date on which the leased asset becomes available for use by the BMW Group. The cost of the right-of-use asset is the sum of the amount at which lease liability is initially measured, any lease payments made at or before the lease commencement date, any initial direct costs incurred by the lessee and the estimated costs of dismantling, removing or restoring the leased asset. Lease incentives granted by the lessor are deducted. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is depreciated on a straight-line basis over the expected useful life of the leased asset. Right-of-use assets are reported in the bal-

ance sheet within the relevant line items for property, plant and equipment. The depreciation expense on right-of-use assets is reported in the income statement in cost of sales as well as in selling and administrative expenses.

The lease liability is measured on initial recognition at the present value of the future lease payments. Subsequent to initial recognition, the carrying amount of the lease liability is increased to reflect interest on the lease liability and reduced, without income statement impact, by the lease payments made. Lease liabilities are reported within financial liabilities, while interest expense is reported as part of net interest result. In the cash flow statement, both the repayment portion and the interest portion of lease payments are shown as cash outflows from financing activities.

The lease payments to be taken into account to measure the right-of-use asset and the lease liability comprise fixed payments, variable lease payments that depend on an index or an interest rate as well as amounts expected to be payable under residual value guarantees. If it is reasonably certain that a purchase or lease extension option will be exercised, the relevant payments are also included. Payments for periods for which the lessee has an option to terminate a lease unilaterally are only included in the lease payments if it is reasonably certain that the termination option will not be exercised. For the purposes of assessing options, the BMW Group takes account of all facts and circumstances that create an economic incentive to exercise or not to exercise the option.

IFRS 16 requires that lease payments are discounted as a general rule using the interest rate implicit in the lease. However, since the interest rate in leases entered into by the BMW Group cannot readily be determined, amounts are discounted on the basis of the incremental borrowing rate, comprising the risk-free interest rate in the relevant currency for matching maturities plus a premium for the credit risk. Specific risks attached to an asset are generally not taken

into account, given that collateral received in the context of alternative financing arrangements is not relevant within the BMW Group.

Determining which items are to be counted as lease payments – including the issue of the lease term underlying those payments – and which discount rate to apply involves using estimates and assumptions that may differ from actual outcomes.

As lessee, the BMW Group makes use of the application exemptions available for short-term leases and leases of low-value assets.

The BMW Group has not applied the exemptions available to lessees to account for COVID-19-related rent concessions (amendments to IFRS 16 dated 28 May 2020 and 31 March 2021).

Group products recognised by BMW Group entities as **leased products** under operating leases are measured at manufacturing cost and all other leased products at acquisition cost, in each case including initial direct costs. All leased products are depreciated over the period of the lease using the straight-line method down to their expected residual value.

Where the recoverable amount of a lease exceeds the asset's carrying amount, changes in residual value expectations are recognised by adjusting scheduled depreciation prospectively over the remaining term of the lease. If the recoverable amount is lower than the asset's carrying amount, an impairment loss is recognised for the shortfall. A test is carried out at each balance sheet date to determine whether an impairment loss recognised in prior years no longer exists or has decreased. In such cases, the carrying amount of the asset is increased to the recoverable amount, at a maximum up to the amount of the asset's amortised cost.



Assumptions and estimations are required regarding future residual values, since these represent a significant part of future cash inflows. Relevant factors to be considered include the trend in market prices and demand on the pre-owned automobile market. The expected change in the drive-system mix going forward, which is subject to continuous analysis, is also taken into account. The BMW Group has developed and implemented methods and processes that enable the sustainability aspects of residual value risks, particularly climate-related factors, to be appropriately assessed and managed. Potential regulatory changes are also taken into account. For example, upward or downward adjustments can be made to residual values on the basis of a range of scenario analyses. The assumptions are based on internally available historical data and current market data as well as on forecasts of external institutions. Furthermore, assumptions are regularly validated by comparison with external data. Certain types of contracts require a high degree of judgement when deciding whether they give rise to operating leases or finance receivables.

**Investments accounted for using the equity method** are measured – provided no impairment has been recognised – at cost of investment adjusted for the Group's share of earnings and changes in equity capital. If there is any indication that an investment is impaired, an impairment test is performed on the basis of the discounted cash flow method. An indicator exists, for example, in the event of a serious shortfall compared to budget, the loss of an active market or if funds are required to avoid insolvency.

With the exception of lease receivables, **financial assets** are measured on initial recognition at their fair value. Financial assets include in particular other investments, receivables from sales financing, marketable securities and investment funds, derivative financial assets, trade receivables and cash and cash equivalents. As a general rule, initial recognition takes place as soon as the BMW Group becomes a party to a contract; in the case of standard purchases or sales of

non-derivative financial assets, initial recognition takes place at the settlement date.

Depending on the business model and the structure of contractual cash flows, financial assets are classified as measured at amortised cost, at fair value through comprehensive income or at fair value through profit or loss. The category "measured at fair value through comprehensive income" at the BMW Group comprises mainly marketable securities and investment funds used for liquidity management purposes. Selected marketable securities and investment funds, money market funds within cash and cash equivalents as well as convertible bonds are recognised at fair value through profit or loss, as their contractual cash flows do not solely represent payments of principal and interest.

The BMW Group does not make use of the option to measure equity instruments at fair value through other comprehensive income or debt instruments at fair value through profit or loss.

The market values of financial instruments measured at fair value are determined on the basis of market information available at the balance sheet date, such as quoted prices or using appropriate measurement methods, in particular the discounted cash flow method.

Items reported under **other investments** within the scope of IFRS 9 are measured at fair value through profit or loss. Investments in subsidiaries, joint arrangements and associated companies that are not material to the BMW Group are also included in other investments.

**Receivables from sales financing** are measured as a general rule at amortised cost using the effective interest rate method.

Receivables from sales financing also include finance lease receivables which are measured at the amount of the net

investment in the lease. This balance sheet line item also includes operating lease receivables due at the end of the reporting period, while the related vehicles are reported as leased products.

With the exception of receivables from operating leases and trade receivables, the BMW Group applies the general approach described in IFRS 9 to determine **impairment** of financial assets. Under the general approach, loss allowances are measured on initial recognition on the basis of the expected 12-month credit loss (stage 1). If the credit loss risk at the end of the reporting period has increased significantly since initial recognition, the impairment allowance is measured on the basis of lifetime expected credit losses (stage 2 – general approach). The measurement of the change in default risk is based on a comparison of the default risk at the date of initial recognition and at the end of the reporting period. The default risk at the end of each reporting period is determined on the basis of credit checks, current key performance indicators and any overdue payments.

The BMW Group applies the simplified approach described in IFRS 9 to operating lease and trade receivables, whereby the amount of the loss allowance is measured subsequent to the initial recognition of the receivable on the basis of lifetime expected credit losses (stage 2 – simplified approach). For the purposes of allocating an item to stage 2, it is irrelevant whether the credit risk of the assets concerned has increased significantly since initial recognition.

As a general rule, the BMW Group assumes that a receivable is in default if it is more than 90 days overdue or if there are objective indications of insolvency, such as the opening of insolvency proceedings. Credit-impaired assets are identified as such on the basis of this definition of default. In the case of credit-impaired assets which had not been credit-impaired at the time they were acquired or originated, an impairment allowance is recognised at an amount equal to lifetime expected credit losses (stage 3). This is the case

regardless of whether the general or simplified approach is applied. In the case of stage 3 assets, interest income is calculated on the asset's carrying amount less any impairment loss.

The BMW Group derecognises financial assets when it has no reasonable expectation of recovery. This may be the case, for instance, if the debtor is deemed not to have sufficient assets or other sources of income to service the debt.

Loss allowances relating to the balance sheet item "Receivables from sales financing" are determined primarily on the basis of past experience with credit losses, current data on overdue receivables, rating classes and scoring information.

Forward-looking information (for instance forecasts of key performance indicators) is also taken into account if, based on past experience, such indicators show a substantive correlation to actual credit losses.

Loss allowances on trade receivables are determined primarily on the basis of information relating to overdue amounts. Furthermore, both positive and negative economic scenarios are used alongside the latest forecasts of key performance indicators when determining the level of valuation allowances. These scenarios are based on local analyses and take into account, for example, anticipated political and economic developments as well as sustainability risks in the markets concerned.

Input factors available on the market, such as ratings and probabilities of default, are used to calculate valuation allowances for cash and cash equivalents, financial receivables, receivables from subsidiaries and receivables from companies in which an investment is held. In the case of marketable securities and investment funds, the BMW Group usually applies the option not to allocate financial assets with a low default risk to different stages. Accordingly, assets with an investment grade rating are always allocated to stage 1.

**Derivative financial instruments** are used within the BMW Group for hedging purposes in order to reduce currency, interest rate, fair value and market price risks. Derivative financial instruments are recognised as of the trade date, measured at their fair value. Depending on their market value at measurement date, these financial instruments are reported in the balance sheet as financial assets or financial liabilities.

Fair values are determined on the basis of valuation models. Observable market price, tenor and currency basis spreads are taken into account in the measurement of derivative financial instruments. Furthermore, the Group's own credit risk and that of counterparties is taken into account on the basis of credit default swap values for market contracts with matching terms.

The BMW Group applies the option to recognise the credit risks arising from the fair values of a group of derivative financial assets and liabilities on the basis of their total net amount. Portfolio-based valuation adjustments (credit valuation adjustments and debit valuation adjustments) to the individual derivative financial assets and financial liabilities are allocated using the relative fair value approach (net method).

Where hedge accounting is applied, changes in fair value of derivative financial instruments are presented as part of other financial result in the income statement or within other comprehensive income as a component of accumulated other equity, depending on whether the hedging relationship is classified as a fair value hedge or a cash flow hedge.

Fair value hedges are mainly used to hedge interest rate risks relating to financial liabilities. The currency basis is not designated as part of the hedging relationship in the case of cross currency interest rate hedges accounted for as fair value hedges. Accordingly, changes in the market value of such components are recorded as costs of hedging within

accumulated other equity. Amounts accumulated in equity are reclassified to other financial result within the income statement over the term of the hedging relationship.

In addition, for selected fixed-interest assets, a portion of the interest rate risk is hedged on a portfolio basis in accordance with IAS 39. The designated hedged items (underlying transactions) are reported in the balance sheet as receivables from sales financing or financial liabilities. Interest rate risks are hedged on the basis of the present value of net cash flows relating to fixed-income assets (on the asset side) less cash flows relating to variable-rate financing (on the liabilities side). The net cash flow determined in this way is hedged by purchasing corresponding interest rate swaps that have the effect of reducing the interest rate risk. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

Fair value hedge ineffectiveness is generally recognised in other financial result.

The time values of option transactions and the interest component – including the currency basis – of forward currency contracts are not designated as part of the hedging relationship in the case of currency hedges accounted for as cash flow hedges. Changes in the fair value of such components are recorded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity from currency hedges are reclassified to cost of sales when the related hedged item is recognised in profit or loss.

In the case of raw materials hedges that are accounted for as cash flow hedges, the hedging instruments are designated in full as part of the hedging relationship. As an exception to this general rule, the interest component of raw materials derivative instruments redesignated in conjunction with the first-time application IFRS 9 was not designated as part of the

hedging relationship. Changes in the fair value of this component are recorded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity are included in the carrying amount of inventories on initial recognition.

Ineffectiveness arising on cash flow hedges is recognised directly in cost of sales, whereas the impact of prematurely terminated hedging relationships is recognised in other operating income and expenses.

**Deferred income taxes** are recognised for all temporary differences between the tax and accounting bases of assets and liabilities, including differences arising on consolidation procedures, as well as on unused tax losses and unused tax credits, when it is probable that they can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The recoverability of deferred tax assets is assessed at each balance sheet date on the basis of planned taxable income in future financial years. If with a probability of more than 50 per cent future tax benefits will not be realised, either in part or in total, a valuation allowance is recognised on the deferred tax assets. The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets.

These assumptions take account of forecast operating results, future legislative changes in connection with climate change and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by the BMW Group, the measurement of deferred tax assets is subject to uncertainty.

Deferred tax liabilities on taxable temporary differences arising from investments in subsidiaries, branches and associated companies as well as interests in joint arrangements are not recognised if the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future. This is particularly the case if it is intended that profits will not be distributed, but rather will be used to maintain the substance and expand the volume of business of the entities concerned.

**Current income taxes** are calculated within the BMW Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgement was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

As a general rule, each income tax treatment is considered independently when accounting for **uncertainties in income taxes**. If it is not considered probable that an income tax treatment will be accepted by the local tax authorities, the BMW Group uses the most likely amount of the tax treatment when determining taxable profit and the tax base.

**Inventories** of raw materials, supplies and goods for resale are stated at the lower of average acquisition cost and net realisable value.

Work in progress and finished goods are stated at the lower of manufacturing cost and net realisable value. Manufacturing cost comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation and an appropriate proportion of administrative and social costs. Financing costs are not included in the acquisition or manufacturing cost of inventories.

Inventories also include vehicles held for sale in the financial services business, measured at their amortised cost or lower net realisable value.

**Cash and cash equivalents** comprise mainly cash on hand and cash at bank with an original term of up to three months. With the exception of money market funds, cash and cash equivalents are measured at amortised cost.

**Financial liabilities**, with the exception of lease liabilities, are measured on first-time recognition at their fair value. For these purposes, transaction costs are taken into account except in the case of financial liabilities allocated to the category "measured at fair value through profit or loss". Subsequent to initial recognition, liabilities are – with the exception of derivative financial instruments – measured at amortised cost using the effective interest method.

**Provisions for pensions** are measured using the projected unit credit method. Under this method, not only obligations relating to known vested benefits at the reporting date are recognised, but also the effect of future expected increases in pensions and salaries. The calculation is based on independent actuarial valuations which take into account the relevant biometric factors.

In the case of funded plans, the pension obligation is offset against plan assets measured at their fair value. If the plan assets exceed the pension obligation, the surplus is tested for recoverability.

In the event that the BMW Group has a right of reimbursement or a right to reduce future contributions, it reports an asset (within Other financial assets), measured on the basis of the present value of the future economic benefits attached to the plan assets. For funded plans, in cases where the obligation exceeds plan assets, a liability is recognised under pension provisions.

The calculation of the amount of the provision requires assumptions to be made with regard to discount rates, pension trends, employee fluctuation and the life expectancy of employees, among other things. Discount rates are determined by reference to market yields at the end of the reporting period on high quality fixed-interest corporate bonds.

In the financial year 2021, as part of a modernisation of the pension plan model in Germany, the previous pension entitlement trend (Festbetragstrend) was converted – with the exception of one remaining component – into a career trend.

Net interest expense on the net defined benefit liability or net interest income on the net defined benefit assets are presented separately within the financial result.

All other costs relating to allocations to pension provisions are allocated to costs by function in the income statement.

Past service cost arises where a BMW Group company introduces a defined benefit plan or changes the benefits payable under an existing plan. This cost is recognised immediately in the income statement.

Similarly, gains and losses arising on the settlement of a defined benefit plan are recognised immediately in the income statement.

Remeasurement of the net liability can result from changes in the present value of the defined benefit obligation, the fair value of the plan assets or the asset ceiling. Remeasurement can result, amongst others, from changes in financial and demographic parameters, as well as changes following the portfolio development. Remeasurements are recognised immediately through other comprehensive income and ultimately in equity (within revenue reserves).

**Other provisions** are recognised when the BMW Group has a present legal or factual obligation towards a third party arising from past events, the settlement of which is probable, and when the amount of the obligation can be reliably estimated. Provisions with a remaining period of more than one year are measured at their net present value.

The measurement of provisions for **statutory and non-statutory warranty obligations (statutory, contractual and voluntary)** involves estimations. In addition to manufacturer warranties prescribed by law, the BMW Group offers various further standard (assurance-type) warranties depending on the product and sales market. No provisions are recognised for additionally offered service packages that are treated as separate performance obligations.

Provisions for statutory and non-statutory warranties are recognised at the point in time when control over the goods is transferred to the dealership or retail customer or when it is decided to introduce new warranty measures. With respect to the level of the provision, estimations are made in particular based on past experience of damage claims and processes. Future potential repair costs and price increases per product and market are also taken into account. Provisions for warranties for all companies of the BMW Group are adjusted regularly to take account of new information, with the impact of any changes recognised in the income statement. Further information is provided in [note 33](#). Similar estimates are also made in conjunction with the measurement of expected reimbursement claims.

The recognition and measurements of provisions for **litigation and liability risks** necessitates making assumptions in order to determine the probability of liability, the amount of claim and the duration of the legal dispute. The assumptions made, especially the assumption about the outcome of legal proceedings, are subject to a high degree of uncertainty. The appropriateness of assumptions is regularly reviewed, based

on assessments undertaken both by management and external experts, such as lawyers. If new developments arise in the future that result in a different assessment, provisions are adjusted accordingly.

If the recognition criteria relevant for provisions are not fulfilled and the outflow of resources on fulfilment is not unlikely, the potential obligation is disclosed as a **contingent liability**.

**Related party disclosures** comprise information on associated companies, joint ventures and non-consolidated subsidiaries as well as individuals which have the ability to exercise a controlling or significant influence over the financial and operating policies of the BMW Group. This includes all persons in key positions of the Company, as well as close members of their families or intermediary entities.

In the case of the BMW Group, this also applies to members of the Board of Management and the Supervisory Board. Details relating to these individuals and entities are provided in [note 40](#) and in the list of investments disclosed in [note 46](#).

**Share-based remuneration programmes** which are expected to be settled in shares are measured at their fair value at grant date. The related expense is recognised as personnel expense in the income statement over the vesting period and offset against capital reserves.

Share-based remuneration 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 is recognised as personnel expense in the income statement over the vesting period and presented in the balance sheet as a provision.

The share-based remuneration programme for Board of Management members and senior heads of department entitles 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 share-based remuneration programmes for Board of Management members and senior heads of department are accounted for as cash-settled, share-based remuneration programmes. Further information on share-based remuneration programmes is provided in [note 41](#).

## NOTES TO THE INCOME STATEMENT

### 07 Revenues

Revenues by activity comprise the following:

in € million	2021	2020
Sales of products and related goods	77,042	67,548
Sales of products previously leased to customers	13,780	11,345
Income from lease instalments	11,526	11,322
Interest income on loan financing and finance leases	3,701	3,677
Revenues from service contracts, telematics and roadside assistance	2,766	2,763
Other income	2,424	2,335
<b>Revenues</b>	<b>111,239</b>	<b>98,990</b>

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 95,795 million (2020: € 83,814 million).

An analysis of revenues by segment is shown in the explanatory comments on segment information provided in [note 45](#).

Revenues from the sale of products and related goods are generated primarily in the Automotive segment and, to a lesser extent, in the Motorcycles segment. Revenues from the sales of products previously leased to customers, income

from lease instalments and interest income on loan financing and finance leases are allocated to the Financial Services segment.

Sundry other income relates mainly to the Automotive segment and the Financial Services segment.

The major part of revenues expected to arise from the Group's order book at the end of the reporting period relates to the sale of vehicles. Revenues resulting from those sales will be recognised in the next financial year.

The services included in vehicle sale contracts that will be recognised as revenues in subsequent years represent only an insignificant portion of expected revenues. Accordingly, use has been made of the practical expedient contained in IFRS 15, permitting an entity not to disclose information on a quantitative basis due to the short-term nature of items and the lack of informational value of such disclosures.

Interest income on loan financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 3,379 million (2020: € 3,424 million). This interest income is not reported separately in the income statement as it is not significant compared to total Group revenues.

### 08 Cost of sales

Cost of sales comprises:

in € million	2021	2020
Manufacturing costs	51,361	46,878
Cost of sales relating to financial services business	26,409	27,114
thereof: interest expense relating to financial services business	1,643	1,960
Research and development expenses	6,299	5,689
Expenses for service contracts, telematics and roadside assistance	1,591	1,411
Warranty expenditure	2,192	2,971
Other cost of sales	1,401	1,345
<b>Cost of sales</b>	<b>89,253</b>	<b>85,408</b>

Cost of sales is reduced by public-sector subsidies in the form of reduced taxes on assets and reduced consumption-based taxes amounting to € 118 million (2020: € 105 million).

Impairment losses recognised in the income statement 2021 in connection with receivables from sales financing amounted to € 103 million (2020: € 646 million). In view of the fact that the impairment losses are of minor importance

compared to total Group cost of sales, they have not been disclosed separately in the income statement.

Research and development expenses are as follows:

in € million	2021	2020
Research and development expenditure	6,870	6,279
New expenditure for capitalised development costs	- 2,506	- 2,300
Amortisation	1,935	1,710
<b>Research and development expenses</b>	<b>6,299</b>	<b>5,689</b>

### 09 Selling and administrative expenses

Selling and administrative expenses relate mainly to expenses for marketing and communication, personnel and IT.

in € million	2021	2020
Selling expenses	5,324	5,300
Administrative expenses	3,909	3,495
<b>Total selling and administrative expenses</b>	<b>9,233</b>	<b>8,795</b>

### 10 Other operating income and expenses

Other operating income and expenses comprise the following items:

in € million	2021	2020
Exchange gains	232	326
Income from the reversal of provisions	1,162	114
Income from the reversal of impairment losses and write-downs	10	164
Gains on the disposal of assets	13	30
Sundry operating income	285	282
<b>Other operating income</b>	<b>1,702</b>	<b>916</b>
Exchange losses	- 204	- 286
Expense for additions to provisions	- 474	- 157
Expense for impairment losses and write-downs	- 7	- 47
Loss on the disposal of assets	- 98	- 117
Sundry operating expenses	- 272	- 266
<b>Other operating expenses</b>	<b>- 1,055</b>	<b>- 873</b>
<b>Other operating income and expenses</b>	<b>647</b>	<b>43</b>

Income from the reversal of and expenses for the recognition of impairment allowances and write-downs relate mainly to impairment allowances on receivables.

Impairment losses recognised on receivables from contracts with customers amounted to € 7 million (2020: € 47 million).

The expense for additions to provisions includes litigation and other legal risks. Income from the reversal of provisions includes income arising on the reassessment of risks from legal disputes.

In 2019, a provision of approximately € 1.4 billion was recognised in connection with EU Commission anti-trust proceedings which resulted in an increase in other operating expenses in the financial year 2019 (see also [note 10](#) to the BMW Group Financial Statements for the financial year 2019). In this antitrust investigation, the EU Commission had alleged that five German car manufacturers colluded with the aim of restricting competition for innovation with regards to certain exhaust treatment systems for petrol- and diesel-driven passenger vehicles. The investigation was solely concerned with possible infringements of competition law. There were no allegations that the BMW Group conducted a deliberate and unlawful manipulation of the emissions control system. On the basis of BMW AG's detailed submissions, the EU Commission dropped most of its charges. The proceedings were settled on 8 July 2021, and a fine amounting to approximately € 373 million was issued.

In the opinion of the EU Commission, the carmakers concerned – within the framework of what was actually legitimate technical cooperation in the development of SCR technology (SCR: selective catalytic reduction) – created an undue degree of transparency with regard to the sizes of their AdBlue tanks, the range that can be achieved with a full tank and the assumed average AdBlue consumption, thereby violating EU competition law. The amount of the provision exceeding the fine was reversed with income statement effect in the year under report. The fine was paid in July 2021, thereby concluding the EU Commission's proceedings.

**11 Net interest result**

in € million	2021	2020
Other interest and similar income	135	116
thereof from subsidiaries:	12	8
<b>Interest and similar income</b>	<b>135</b>	<b>116</b>
Net interest impact on other long-term provisions	71	-199
Net interest expense on the net defined benefit liability for pension plans	-22	-34
Other interest and similar expenses	-214	-225
thereof subsidiaries:	-	-1
<b>Interest and similar expenses</b>	<b>-165</b>	<b>-458</b>
<b>Net interest result</b>	<b>-30</b>	<b>-342</b>

**12 Other financial result**

in € million	2021	2020
Income from investments in subsidiaries and participations	612	135
thereof from subsidiaries:	14	12
Expenses from investments in subsidiaries and participations	-28	-87
<b>Result on investments</b>	<b>584</b>	<b>48</b>
Income (+) and expenses (-) from financial instruments	586	-234
<b>Sundry other financial result</b>	<b>586</b>	<b>-234</b>
<b>Other financial result</b>	<b>1,170</b>	<b>-186</b>

Sundry other financial result comprises mainly income and expenses arising on the measurement of stand-alone derivatives and fair value hedge relationships, as well as income and expenses from the measurement and sale of marketable securities and shares in investment funds.

Sundry other financial result benefited in 2021 from the favourable fair value development of interest rate hedges resulting from the rise in yield curves in the USA, whereas in the previous year, the downward trend in interest rates gave rise to fair value measurement losses on interest rate hedges.

**13 Income taxes**

Taxes on income of the BMW group comprise the following:

in € million	2021	2020
Current tax expense	2,512	2,023
Deferred tax expense (+) / deferred tax income (-)	1,085	-658
thereof relating to temporary differences	1,668	-450
thereof relating to tax loss carryforwards and tax credits	-583	-208
<b>Income taxes</b>	<b>3,597</b>	<b>1,365</b>

The tax expense was reduced by € 28 million (2020: € 4 million) as a result of utilising tax loss carryforwards, for which deferred assets had not previously been recognised and in conjunction with previously unrecognised tax credits and temporary differences.

The tax expense resulting from the change in the valuation allowance on deferred tax assets relating to tax losses available for carryforward and temporary differences amounted to € 3 million (2020: € 10 million).

Deferred taxes are determined on the basis of tax rates which are currently applicable or expected to apply in the relevant national jurisdictions when the amounts are recovered. After taking account of an average municipal trade tax multiplier rate (Hebesatz) of 428.0 (2020: 428.0), the underlying income tax rate for Germany was as follows:

in %	2021	2020
Corporate tax rate	15.0	15.0
Solidarity surcharge	5.5	5.5
Corporate tax rate including solidarity surcharge	15.8	15.8
Municipal trade tax rate	15.0	15.0
<b>German income tax rate</b>	<b>30.8</b>	<b>30.8</b>

Deferred taxes for non-German entities are calculated on the basis of the relevant country-specific tax rates. These ranged in the financial year 2021 between 9.0 % and 40.0 % (2020: between 9.0 % and 40.0 %).



The difference between the expected tax expense based on the underlying tax rate for Germany and actual tax expense is explained in the following **reconciliation**:

in € million	2021	2020
Profit before tax	16,060	5,222
Tax rate applicable in Germany	30.8 %	30.8 %
<b>Expected tax expense</b>	<b>4,946</b>	<b>1,608</b>
Variations due to different tax rates	- 596	- 397
Tax increases (+) / tax reductions (-) due to:		
Tax-exempt income	- 597	- 97
Non-deductible expenses	314	398
Equity accounted	- 370	- 210
Tax expense (+) / benefits (-) for prior years	- 54	61
Effects from tax rate changes	25	17
Other variances	- 71	- 15
<b>Actual tax expense</b>	<b>3,597</b>	<b>1,365</b>
Effective tax rate	22.4 %	26.1 %

The tax reductions due to tax-exempt income related primarily to the partial release of the provision for the EU anti-trust proceedings as well as to the tax-exempt impact of the mark-to-market valuation of participations.

Tax benefits for prior years resulted primarily from adjustments to income tax receivables and provisions for prior years, among other things due to transfer pricing issues in connection with uncompleted and ongoing transfer pricing proceedings.

The allocation of deferred tax assets and liabilities to **balance sheet line items** at 31 December is shown in the following table:

in € million	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Intangible assets	4	17	3,494	3,354
Property, plant and equipment	74	49	665	673
Leased products	300	282	4,493	3,203
Other investments	5	6	1	1
Sundry other assets	886	1,013	4,646	3,966
Tax loss carryforwards	1,061	476	-	-
Capital Losses	490	348	-	-
Provisions	6,070	6,655	29	33
Liabilities	4,303	3,717	601	852
Eliminations	3,936	3,721	1,826	1,766
	<b>17,129</b>	<b>16,284</b>	<b>15,755</b>	<b>13,848</b>
Valuation allowances on tax loss carryforwards	- 140	- 138	-	-
Valuation allowances on capital losses	- 490	- 348	-	-
Netting	- 14,297	- 13,339	- 14,297	- 13,339
<b>Deferred taxes</b>	<b>2,202</b>	<b>2,459</b>	<b>1,458</b>	<b>509</b>
Net	744	1,950	-	-

Tax **loss carryforwards** relating to Germany and foreign operations amounted to € 4,138 million (2020: € 1,568 million). This includes one tax-loss carryforward amounting to € 413 million (2020: € 406 million), on which a valuation allowance of € 140 million (2020: € 138 million) was recognised on the related deferred tax asset.

For entities with tax losses available for carryforward, a net surplus of deferred tax assets over deferred tax liabilities is reported amounting to € 2,487 million (2020: € 392 million). The basis for the recognition of deferred taxes is the BMW Group business model or management's assessment that there is material evidence that the entities will generate future taxable profit, against which deductible temporary differences can be offset. The increase in tax loss carryforwards was mainly attributable to the exercise of a tax option by the BMW Group's US companies. Furthermore, it is assumed that tax start-up losses relating to the San Luis Potosí plant in Mexico, opened in 2019, can be utilised by offset against planned future profits.

Loss carryforwards amounting to € 3,834 million (2020: € 1,129 million) can be used indefinitely, while € 304 million (2020: € 439 million) expire after more than 3 years.

**Capital losses** available for carryforward in the United Kingdom which do not relate to ongoing operations increased to € 1,959 million (2020: € 1,832 million) due to currency factors. As in previous years, deferred tax assets recognised on these tax losses – which increased to € 490 million due to a tax rate change in the UK (2020: € 348 million) – were fully written down since they can only be utilised against future capital gains.

Deferred tax assets and deferred tax liabilities are **netted** for each relevant tax entity if they relate to the same tax authorities.

Deferred taxes recognised directly in equity amounted to € 1,733 million (2020: € 1,710 million).

in € million	2021	2020
Deferred taxes at 1 January (assets (+) / liabilities (-))	1,950	1,562
Deferred tax expense (-) / income (+) recognised through income statement	- 1,085	658
Change in deferred taxes recognised directly in equity	23	- 305
thereof relating to fair value gains and losses on financial instruments and marketable securities recognised directly in equity	247	- 443
thereof relating to the remeasurements of net liabilities for defined benefit pension plans	- 250	161
thereof from currency translation	26	- 23
Exchange rate impact and other changes	- 144	35
<b>Deferred taxes at 31 December (assets (+) / liabilities (-))</b>	<b>744</b>	<b>1,950</b>

Taxable temporary differences relating to investments in subsidiaries, associated companies and joint ventures amount to € 25,526 million (2020: € 22,174 million). No deferred taxes are recognised on these taxable temporary differences because the BMW Group is able to determine the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, in particular in view of the fact that there is no intention to distribute the profits, but rather to use them to maintain their substance and reinvest in the companies concerned. No computation was made of the potential impact of income taxes on the grounds of proportionality. Deferred tax liabilities on expected dividends amount to € 79 million (2020: € 76 million) and relate primarily to dividends from foreign subsidiaries and joint ventures.

The tax returns of BMW Group entities are checked regularly by German and foreign tax authorities. Taking account of numerous factors – including interpretations, commentaries and legal decisions relating to the various tax jurisdictions as well as past experience – adequate provision has been made, to the extent identifiable and probable, for potential future tax obligations.

## 14 Earnings per share

		2021	2020
Net profit attributable to the shareholders of BMW AG	€ million	12,382.2	3,775.0
Profit attributable to common stock	€ million	11,298.4	3,448.1
Profit attributable to preferred stock	€ million	1,083.8	326.9
Average number of common stock shares in circulation	number	601,995,196	601,995,196
Average number of preferred stock shares in circulation	number	57,686,234	56,867,180
<b>Basic / diluted earnings per share of common stock</b>	€	<b>18.77</b>	<b>5.73</b>
<b>Basic / diluted earnings per share of preferred stock</b>	€	<b>18.79</b>	<b>5.75</b>
<b>Dividend per share of common stock</b>	€	<b>5.80*</b>	<b>1.90</b>
<b>Dividend per share of preferred stock</b>	€	<b>5.82*</b>	<b>1.92</b>

\* Proposal by the Board of Management

Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to basic earnings per share.

## 15 Personnel expenses

The income statement includes personnel expenses as follows:

in € million	2021	2020
Wages and salaries	10,598	10,081
Pension and welfare expenses	720	1,252
Social insurance expenses	968	911
<b>Personnel expenses</b>	<b>12,286</b>	<b>12,244</b>

Personnel expenses include € 223 million (2020: € 602 million) of costs relating to workforce measures.

The decrease in pension and welfare expenses was mainly attributable to positive changeover effects resulting from the modernisation of the pension plan model in Germany amounting to € 562 million. The total pension expense for defined contribution plans of the BMW Group amounted to € 160 million (2020: € 150 million). Employer contributions paid to state pension insurance schemes totalled € 654 million (2020: € 634 million).

The average number of employees during the year was:

	2021	2020
<b>Average number of employees</b>	<b>118,626</b>	<b>122,874</b>
thereof at proportionately-consolidated entities	304	139

## 16 Leases

### As lessee

In terms of accounting for leases as a lessee, the following amounts are included in the income statement:

in € million	2021	2020
Expenses for leases of low-value assets and short-term leases	- 74	- 91
Expenses relating to variable lease payments not included in the measurement of lease liabilities	- 14	- 13
Interest expense arising on the measurement of lease liabilities	- 48	- 55

Most of the expenses for leases of low-value assets and short-term leases relate to low-value assets.

The BMW Group is party to leases at the end of the reporting period which have not yet commenced. These leases could give rise to future cash outflows amounting to € 530 million (2020: € 225 million).

Total cash outflows for leases in 2021 amounted to € 600 million (2020: € 653 million).

Information on right-of-use assets, lease liabilities as well as further explanatory comments are provided in [note 6](#) (Accounting policies, assumptions, judgements and estimations), [note 20](#) (Analysis of changes in Group tangible, intangible and investment assets 2021), [note 22](#) (Property, plant and equipment (including right-of-use assets arising from leasing)) and [note 35](#) (Financial liabilities).

**As lessor**

in € million	2021	2020
Income from variable lease payments for operating leases	109	148
Income from variable lease payments for finance leases	13	17
Financial income on the net investment in finance leases	964	890
Selling profit on the sale of vehicles previously leased to retail customers under finance leases	1,557	1,167

Variable lease payments are based on distance driven. The agreements have, in part, extension and purchase options.

**17 Fee expense for the Group auditor**

The fee expense pursuant to § 314 (1) no. 9 HGB recognised in the financial year 2021 for the Group auditor and the PwC network of audit firms amounted to € 19 million (2020: € 18 million) and consists of the following:

in € million	PwC International		thereof: PwC GmbH	
	2021	2020	2021	2020
Audit of financial statements	16	14	5	4
Other attestation services	2	1	2	0
Tax advisory services	0	0	0	0
Other services	1	3	1	0
<b>Fee expense</b>	<b>19</b>	<b>18</b>	<b>8</b>	<b>4</b>

Services provided during the financial year 2021 by the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, on behalf of BMW AG and subsidiaries under its control relate to the audit of the financial statements, other attestation services, tax advisory services and other services.

The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and its subsidiaries, and all work related thereto, 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.

Tax advisory services include primarily services related to transfer pricing and tax compliance.

Other services mainly include consulting services relating to production processes.

**18 Government grants and government assistance**

Income from asset-related and performance-related grants, amounting to € 94 million (2020: € 67 million) and € 152 million (2020: € 210 million) respectively, was recognised in the income statement in 2021.

These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions.

# NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## 19 Disclosures relating to the statement of comprehensive income

Other comprehensive income for the period after tax comprises the following:

in € million	2021	2020
Remeasurement of the net liability for defined benefit pension plans	1,243	- 354
Deferred taxes	- 224	139
<b>Items not expected to be reclassified to the income statement in the future</b>	<b>1,019</b>	<b>- 215</b>
<b>Marketable securities (at fair value through other comprehensive income)</b>	<b>- 45</b>	<b>7</b>
thereof gains / losses arising in the period under report	- 38	20
thereof reclassifications to the income statement	- 7	- 13
<b>Derivative financial instruments</b>	<b>14</b>	<b>991</b>
thereof gains / losses arising in the period under report	25	1,636
thereof reclassifications to the income statement	- 11	- 645
<b>Costs of hedging</b>	<b>72</b>	<b>201</b>
thereof gains / losses arising in the period under report	- 287	- 437
thereof reclassifications to the income statement	359	638
<b>Other comprehensive income from equity accounted investments</b>	<b>- 50</b>	<b>106</b>
<b>Deferred taxes*</b>	<b>163</b>	<b>- 423</b>
<b>Currency translation foreign operations</b>	<b>1,228</b>	<b>- 1,283</b>
<b>Items that can be reclassified to the income statement in the future</b>	<b>1,382</b>	<b>- 401</b>
<b>Other comprehensive income for the period after tax</b>	<b>2,401</b>	<b>- 616</b>

\* Prior year's figure adjusted.

Deferred taxes on components of other comprehensive income are as follows:

in € million	2021			2020		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	1,243	- 224	1,019	- 354	139	- 215
Marketable securities (at fair value through other comprehensive income)	- 45	13	- 32	7	- 2	5
Derivative financial instruments*	14	37	51	991	- 306	685
Costs of hedging*	72	- 22	50	201	- 60	141
Other comprehensive income from equity accounted investments	- 50	135	85	106	- 55	51
Currency translation foreign operations	1,228	-	1,228	- 1,283	-	- 1,283
<b>Other comprehensive income</b>	<b>2,462</b>	<b>- 61</b>	<b>2,401</b>	<b>- 332</b>	<b>- 284</b>	<b>- 616</b>

\* Prior year's figures adjusted.

Other comprehensive income relating to equity accounted investments is reported in the Group Statement of Changes in Equity within currency translation differences with a positive amount of € 490 million (2020: negative amount of € 113 million), within derivative financial instruments with a negative amount of € 368 million (2020: positive amount of € 118 million) and within costs of hedging with a negative amount of € 37 million (2020: positive amount of € 46 million).

Gains or losses realised on derivative financial instruments which have been reclassified to acquisition costs for inventories are not recognised through other comprehensive income after tax.

# NOTES TO THE BALANCE SHEET

## 20 Analysis of changes in Group tangible, intangible and investment assets 2021

in € million	Acquisition and manufacturing cost						Depreciation, amortisation and impairment losses						Carrying amount		
	1.1.2021	Translation differences	Additions	Reclassifications	Disposals	31.12.2021	1.1.2021	Translation differences	Current year	Reclassifications	Value adjustments <sup>1</sup>	Disposals	31.12.2021	31.12.2021	31.12.2020
Development costs	16,976	-	2,506	-	195	19,287	5,969	-	1,935	-	-	190	7,714	11,573	11,007
Goodwill	384	1	-	-	-	385	5	-	-	-	-	-	5	380	379
Other intangible assets	1,751	45	289	2	112	1,975	795	12	202	-	-	61	948	1,027	956
<b>Intangible assets</b>	<b>19,111</b>	<b>46</b>	<b>2,795</b>	<b>2</b>	<b>307</b>	<b>21,647</b>	<b>6,769</b>	<b>12</b>	<b>2,137</b>	<b>-</b>	<b>-</b>	<b>251</b>	<b>8,667</b>	<b>12,980</b>	<b>12,342</b>
Land, titles to land, buildings, including buildings on third party land	15,935	285	789	221	344	16,886	6,691	124	843	-	-	206	7,452	9,434	9,244
thereof right-of-use assets from leases	3,108	59	416	-	220	3,363	796	20	433	-	-	115	1,134	2,229	2,312
Plant and machinery	40,299	634	2,292	864	2,350	41,739	30,239	468	3,180	-2	-	2,311	31,574	10,165	10,060
thereof right-of-use assets from leases	58	-	125	-	38	145	18	-	15	-	-	19	14	131	40
Other facilities, factory and office equipment	3,138	67	235	73	262	3,251	2,211	45	335	2	-	249	2,344	907	927
thereof right-of-use assets from leases	121	4	25	-	19	131	51	2	36	-	-	20	69	62	70
Advance payments made and construction in progress	1,619	23	1,407	-1,160	5	1,884	-	-	-	-	-	-	-	1,884 <sup>2</sup>	1,619
<b>Property, plant and equipment</b>	<b>60,991</b>	<b>1,009</b>	<b>4,723</b>	<b>-2</b>	<b>2,961</b>	<b>63,760</b>	<b>39,141</b>	<b>637</b>	<b>4,358</b>	<b>-</b>	<b>-</b>	<b>2,766</b>	<b>41,370</b>	<b>22,390</b>	<b>21,850</b>
<b>Leased products</b>	<b>50,120</b>	<b>1,725</b>	<b>18,465</b>	<b>-</b>	<b>16,463</b>	<b>53,847</b>	<b>8,125</b>	<b>301</b>	<b>5,263</b>	<b>-</b>	<b>-</b>	<b>4,542</b>	<b>9,147</b>	<b>44,700</b>	<b>41,995</b>
<b>Investments accounted for using the equity method</b>	<b>3,825</b>	<b>-</b>	<b>1,736</b>	<b>-</b>	<b>209</b>	<b>5,352</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>5,112</b>	<b>3,585</b>
Investments in non-consolidated subsidiaries	301	11	47	-	19	340	85	2	-	-	-	-	87	253	216
Participations	963	28	75	-	46	1,020	444	-17	-	-	-434	-39	32	988	519
Non-current marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other investments</b>	<b>1,264</b>	<b>39</b>	<b>122</b>	<b>-</b>	<b>65</b>	<b>1,360</b>	<b>529</b>	<b>-15</b>	<b>-</b>	<b>-</b>	<b>-434</b>	<b>-39</b>	<b>119</b>	<b>1,241</b>	<b>735</b>

<sup>1</sup> Including € 434 million recognised through the income statement

<sup>2</sup> Including assets under construction of € 1,354 million.

## Analysis of changes in Group tangible, intangible and investment assets 2020

in € million	Acquisition and manufacturing cost						Depreciation, amortisation and impairment losses						Carrying amount		
	1.1.2020	Translation differences	Additions	Reclassifications	Disposals	31.12.2020	1.1.2020	Translation differences	Current year	Reclassifications	Value adjustments <sup>1</sup>	Disposals	31.12.2020	31.12.2020	31.12.2019
Development costs	15,391	-	2,300	-	715	16,976	4,948	-	1,710	-	-	689	5,969	11,007	10,443
Goodwill	385	-1	-	-	-	384	5	-	-	-	-	-	5	379	380
Other intangible assets	2,075	-52	271	2	545	1,751	1,169	-16	183	2	-	543	795	956	906
<b>Intangible assets</b>	<b>17,851</b>	<b>-53</b>	<b>2,571</b>	<b>2</b>	<b>1,260</b>	<b>19,111</b>	<b>6,122</b>	<b>-16</b>	<b>1,893</b>	<b>2</b>	<b>-</b>	<b>1,232</b>	<b>6,769</b>	<b>12,342</b>	<b>11,729</b>
Land, titles to land, buildings, including buildings on third party land	15,449	-380	621	538	293	15,935	6,104	-135	846	-	-	124	6,691	9,244	9,345
thereof right-of-use assets from leases	3,107	-72	280	12	219	3,108	426	-14	452	5	-	73	796	2,312	2,681
Plant and machinery	40,061	-765	1,841	710	1,548	40,299	29,177	-511	3,071	2	-	1,500	30,239	10,060	10,884
thereof right-of-use assets from leases	82	-1	8	-	31	58	6	-1	15	-	-	2	18	40	76
Other facilities, factory and office equipment	3,172	-100	248	44	226	3,138	2,147	-59	333	-4	-	206	2,211	927	1,025
thereof right-of-use assets from leases	104	-4	41	-	20	121	31	-1	37	-	-	16	51	70	73
Advance payments made and construction in progress	1,991	-19	941	-1,294	-	1,619	-	-	-	-	-	-	-	1,619 <sup>2</sup>	1,991
<b>Property, plant and equipment</b>	<b>60,673</b>	<b>-1,264</b>	<b>3,651</b>	<b>-2</b>	<b>2,067</b>	<b>60,991</b>	<b>37,428</b>	<b>-705</b>	<b>4,250</b>	<b>-2</b>	<b>-</b>	<b>1,830</b>	<b>39,141</b>	<b>21,850</b>	<b>23,245</b>
<b>Leased products</b>	<b>49,942</b>	<b>-1,930</b>	<b>17,820</b>	<b>-</b>	<b>15,712</b>	<b>50,120</b>	<b>7,333</b>	<b>-300</b>	<b>5,833</b>	<b>-</b>	<b>-</b>	<b>4,741</b>	<b>8,125</b>	<b>41,995</b>	<b>42,609</b>
<b>Investments accounted for using the equity method</b>	<b>3,439</b>	<b>-</b>	<b>1,440</b>	<b>-</b>	<b>1,054</b>	<b>3,825</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>3,585</b>	<b>3,199</b>
Investments in non-consolidated subsidiaries	292	-11	72	-	52	301	88	-3	-	-	-	-	85	216	204
Participations	1,000	-24	84	-	97	963	501	10	-	-	-57	10	444	519	499
Non-current marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other investments</b>	<b>1,292</b>	<b>-35</b>	<b>156</b>	<b>-</b>	<b>149</b>	<b>1,264</b>	<b>589</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-57</b>	<b>10</b>	<b>529</b>	<b>735</b>	<b>703</b>

<sup>1</sup> Including € 57 million recognised through the income statement<sup>2</sup> Including assets under construction of € 1,297 million.



## 21 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as subsidies for tool costs, licences, purchased development projects, emission allowances, software and purchased customer lists.

Other intangible assets include a brand-name right amounting to € 43 million (2020: € 40 million) which is allocated to the Automotive segment and is not subject to scheduled amortisation since its useful life is deemed to be indefinite. The asset is subject to a limited right of ownership. Intangible assets also include goodwill of € 33 million (2020: € 33 million) allocated to the Automotive cash-generating unit (CGU) and goodwill of € 347 million (2020: € 346 million) allocated to the Financial Services CGU. The changes in these items compared to the previous year are exclusively currency-related.

As in the previous year, there was no requirement to recognise impairment losses or reversals of impairment losses on intangible assets in 2021.

As in the previous year, no financing costs were recognised as a cost component of intangible assets in 2021.

## 22 Property, plant and equipment (including right-of-use assets arising from leasing)

No impairment losses were recognised in 2021, as in the previous year.

As in the previous year, no financing costs were recognised as a cost component of property, plant and equipment in 2021.

Right-of-use assets arising from leases of land and buildings relate primarily to logistics and office premises and, to a lesser extent, to selling and production premises. In order to secure these premises and, in the interests of flexibility, the

property rental agreements concerned often contain extension and termination options.

## 23 Leased products

Minimum lease payments of non-cancellable operating leases amounting to € 23,026 million (2020: € 20,872 million) fall due as follows:

in € million	31.12.2021	31.12.2020
within one year	10,123	9,285
between one and two years	7,052	6,327
between two and three years	3,812	3,416
between three and four years	1,702	1,534
between four and five years	302	275
later than five years	35	35
<b>Minimum lease payments</b>	<b>23,026</b>	<b>20,872</b>

Impairment losses amounting to € 338 million (2020: € 312 million) were recognised on leased products in 2021 as a consequence of changes in residual value expectations. Income from the reversal of impairment losses amounted to € 111 million (2020: € 110 million).

## 24 Investments accounted for using the equity method

Investments accounted for using the equity method comprise the joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance), Shenyang, the joint venture YOUR NOW Holding GmbH, Munich, the joint venture IONITY Holding GmbH & Co. KG (IONITY), Munich, and interests in the associated company THERE Holding B.V. (THERE), Rijswijk, and the associated company Solid Power Inc., Wilmington, Delaware.

### BMW Brilliance

BMW Brilliance produces BMW brand models primarily for the Chinese market at its two vehicle production plants as

well as petrol engines and high-voltage batteries at a separate facility.

The BMW Group acquired a further 25 % of the shares in the BMW Brilliance joint venture on 11 February 2022. The transaction is described in detail in [note 3](#).

### YOUR NOW

The at-equity loss reported for YOUR NOW for 2021 amounted to € 171 million (2020: loss of € 349 million). On 29 March 2021 YOUR NOW Holding GmbH signed an agreement with the bp Group for the latter to acquire a 33.3 % stake in Digital Charging Solutions GmbH (DCS) (Charge-Now). The transaction was completed on 1 October 2021. In addition, on 8 March 2021, YOUR NOW Holding GmbH signed an agreement to sell PARK NOW Group to EasyPark Group. Following receipt of regulatory approval, the transaction was completed on 27 May 2021. The impact of the two transactions is not material.

### IONITY

In collaboration with Mercedes-Benz Group AG, the Ford Motor Company, the Volkswagen Group, Kia Motors Corporation and Hyundai Motor Corporation, the BMW Group operates the joint venture IONITY, whereby each of the parties has an equal shareholding. IONITY's business model envisages the construction and operation of high-performance charging stations for battery-powered vehicles in Europe. On 1 November 2021, IONITY Holding GmbH & Co. KG signed a contract with GRP III HPC Lux S.à.r.l. (Black-rock) for the provision of financing amounting to € 500 million to expand the charging network. The existing shareholders are also investing an additional € 200 million in the business. The transaction is due to be completed in the first half of 2022.

## THERE

Together with AUDI AG, Mercedes-Benz Group AG and other companies, the BMW Group holds shares in THERE. HERE International B.V. (HERE) is an associated company of THERE. HERE's digital maps are laying the foundations for the next generation of mobility and location-based services, providing the basis for new assistance systems and, ultimately, fully automated driving.

## Solid Power

In May 2021, the BMW Group, together with the Ford Motor Company and Volta Energy Technologies, participated in an investment round relating to Solid Power, an industry-leading producer of solid-state batteries for electric vehicles. In this context, some existing joint development partnerships with Solid Power have also been expanded with a view to securing the supply of solid-state batteries for future generations of electric vehicles. The investment meets the criteria of an associated company and is accounted for using the equity method.

in € million	2021	2020
<b>Disclosures relating to the Income Statement</b>		
Profit / loss after tax	- 26	-
thereof from continuing operations	- 26	-
thereof from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	- 26	-

Financial information relating to equity accounted investments is summarised in the following tables (from a 100 % perspective):

in € million	BMW Brilliance		THERE		YOUR NOW		IONITY	
	31. 12. 2021	31. 12. 2020	31. 12. 2021	31. 12. 2020	31. 12. 2021	31. 12. 2020	31. 12. 2021	31. 12. 2020
<b>DISCLOSURES RELATING TO THE BALANCE SHEET</b>								
Non-current assets	8,950	7,292	1,175	1,190	666	945	287	244
Current assets	15,062	9,859	2	24	528	767	49	55
thereof cash and cash equivalents	8,493	5,137	2	24	444	341	19	17
Equity	11,176	7,388	1,090	1,214	897	1,226	209	244
Non-current financial liabilities, provisions and liabilities	2,027	1,546	87	-	84	113	16	13
Current financial liabilities, provisions and liabilities	10,809	8,217	-	-	213	373	111	42
<b>RECONCILIATION OF AGGREGATED FINANCIAL INFORMATION</b>								
Assets	24,012	17,151	1,177	1,214	1,194	1,712	336	299
Provisions and liabilities	12,836	9,763	87	-	297	486	127	55
Net assets	11,176	7,388	1,090	1,214	897	1,226	209	244
Group's interest in net assets	5,588	3,694	298	335	424	591	42	49
Eliminations	- 1,283	- 1,084	-	-	-	-	-	-
Carrying amount	4,305	2,610	298	335	424	591	42	49

in € million	BMW Brilliance		THERE		YOUR NOW		IONITY	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>DISCLOSURES RELATING TO THE INCOME STATEMENT</b>								
Revenues	28,001	23,913	-	-	248	234	30	8
Scheduled depreciation	729	707	-	-	263	127	26	19
Profit / loss before financial result	4,457	3,174	-1	-1	-309	-693	-39	-43
Interest income	185	80	9	4	-	-	-	-
Interest expense	38	5	-	-	2	3	2	1
Income taxes	1,150	822	-	-	8	6	-6	-8
Profit / loss after tax	3,596	2,560	-108	206	-337	-749	-35	-37
thereof from continuing operations	3,596	2,560	-108	206	-536	-701	-35	-37
thereof from discontinued operations	-	-	-	-	199	-48	-	-
Other comprehensive income	174	169	-17	10	-	-81	-	-
Total comprehensive income	3,770	2,729	-125	216	-337	-830	-35	-37
Group dividend income	-	379	-	-	-	-	-	-

## 25 Receivables from sales financing

Receivables from sales financing comprise the following:

in € million	31.12.2021	31.12.2020
Credit financing for retail customers and dealerships*	65,258	63,584
Finance lease receivables	22,159	20,693
<b>Receivables from sales financing</b>	<b>87,417</b>	<b>84,277</b>

\* Figure includes operating leases

Impairment allowances on receivables from sales financing in accordance with IFRS 9, which only arise within the Financial Services segment, developed as follows:

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2021	483	474	39	643	1,639
Reclassification to Stage 1	4	-31	-	-7	-34
Reclassification to Stage 2	-15	159	-	-25	119
Reclassification to Stage 3	-3	-37	-1	170	129
Derecognition and origination of receivables	34	11	1	-55	-9
Write-off of receivables	-1	-11	-	-131	-143
Changes in risk parameters	10	-46	-	-31	-67
Other changes	-65	31	-4	3	-35
<b>Impairment allowances at 31 December 2021</b>	<b>447</b>	<b>550</b>	<b>35</b>	<b>567</b>	<b>1,599</b>

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2020	361	209	12	517	1,099
Reclassification to Stage 1	1	-6	-	-4	-9
Reclassification to Stage 2	-15	153	-	-15	123
Reclassification to Stage 3	-4	-30	-1	195	160
Derecognition and origination of receivables	12	21	1	-33	1
Write-off of receivables	-1	-14	-1	-90	-106
Changes in risk parameters	60	66	1	49	176
Other changes	69	75	27	24	195
<b>Impairment allowances at 31 December 2020</b>	<b>483</b>	<b>474</b>	<b>39</b>	<b>643</b>	<b>1,639</b>

In connection with the coronavirus pandemic, allowances for expected credit losses were increased in 2020 to take account of the negative impact on retail customer and dealership business, to the extent not covered by the BMW Group's standard loss provisioning models (post-model adjustments) and their level reviewed on a regular basis. Although the level of expected credit losses decreased significantly during 2021, a large proportion of the additional allowance recorded one year earlier was retained due to ongoing uncertainty about the further course of the pandemic.

Impairment allowances include € 102 million (2020: € 95 million) on credit-impaired receivables relating to finance leases.

The estimated fair value of vehicles held as collateral for credit-impaired receivables at the end of the reporting period totalled € 569 million (2020: € 517 million). The carrying amount of assets held as collateral and taken back as a result of payment default amounted to € 21 million (2020: € 33 million).

Finance leases are analysed as follows:

in € million	31. 12. 2021	31. 12. 2020
due within one year	7,147	6,970
due between one and two years	6,528	6,293
due between two and three years	5,590	5,190
due between three and four years	4,435	3,695
due between four and five years	669	558
due later than five years	44	48
<b>Gross investment in finance leases</b>	<b>24,413</b>	<b>22,754</b>
due within one year	6,625	6,426
due between one and two years	6,001	5,809
due between two and three years	5,158	4,770
due between three and four years	4,080	3,395
due between four and five years	604	503
due later than five years	42	45
<b>Net investment in finance leases without loss allowances</b>	<b>22,510</b>	<b>20,948</b>
<b>Unrealised interest income</b>	<b>1,903</b>	<b>1,806</b>
Loss allowances	351	255
<b>Net investment in finance leases</b>	<b>22,159</b>	<b>20,693</b>

## 26 Financial assets

Financial assets comprise:

in € million	31. 12. 2021	31. 12. 2020
Marketable securities and investment funds	4,243	4,226
Derivative instruments	2,998	3,256
Loans to third parties	58	71
Other	216	199
<b>Financial assets</b>	<b>7,515</b>	<b>7,752</b>
thereof non-current	1,715	2,644
thereof current	5,800	5,108

## 27 Income tax assets

Income tax assets totalling € 1,529 million (2020: € 606 million) include claims amounting to € 19 million (2020: € 43 million), which are expected to be settled after more than one year. Claims may be settled earlier than this depending on the timing of the underlying proceedings. The increase in income tax assets was mainly attributable to the exercise of a tax option by the BMW Group's US companies.

## 28 Other assets

Other assets comprise:

in € million	31. 12. 2021	31. 12. 2020
Return right assets for future leased products	2,405	3,041
Receivables from companies in which an investment is held	2,190	2,048
Other taxes	1,950	1,581
Expected reimbursement claims	1,112	1,046
Receivables from subsidiaries	694	546
Collateral assets	397	364
Prepaid expenses	295	454
Sundry other assets	1,200	1,246
<b>Other assets</b>	<b>10,243</b>	<b>10,326</b>
thereof non-current	1,302	1,216
thereof current	8,941	9,110

Collateral assets comprise mainly customary collateral (banking deposits) arising on the sale of asset-backed financing instruments.

## 29 Inventories

Inventories comprise the following:

in € million	31.12.2021	31.12.2020
Finished goods and goods for resale	9,683	10,542
Work in progress, unbilled contracts	3,175	1,373
Raw materials and supplies	2,277	1,660
Vehicles held for sale in the financial services business	404	818
Advance payments to suppliers	389	503
<b>Inventories</b>	<b>15,928</b>	<b>14,896</b>

Out of the total amount recognised for inventories at 31 December 2021, inventories measured at net realisable value amounted to € 1,457 million (2020: € 899 million). Write-downs to net realisable value in the financial year 2021 amounted to € 41 million (2020: € 59 million), while reversals of write-downs amounted to € 5 million (2020: € 2 million).

The expense recorded in conjunction with inventories during the financial year 2021 amounted € 54,484 million (2020: € 48,128 million).

At 31 December 2021, the carrying amounts of inventories expected to be realised after more than twelve months amount to € 405 million (2020: € 359 million).

At 31 December 2021 work in progress included unfinished vehicles still held in inventories due to production programme changes necessitated by semiconductor component shortages.

## 30 Trade receivables

Trade receivables comprise the following:

in € million	31.12.2021	31.12.2020
Gross carrying amount	2,293	2,345
Allowances for impairment of stage 2 – simplified approach	- 18	- 24
Allowances for impairment of stage 3	- 14	- 23
<b>Net carrying amount</b>	<b>2,261</b>	<b>2,298</b>

Impairment allowances on trade receivables in accordance with IFRS 9 developed as follows:

in € million	2021	2020
Balance at 1 January	47	72
Allocated	8	16
Reversed	- 20	- 36
Utilised	- 4	- 1
Exchange rate impact and other changes	1	- 4
<b>Balance at 31 December</b>	<b>32</b>	<b>47</b>

In the case of trade receivables, collateral is generally held in the form of vehicle documents and bank guarantees so that the risk of bad debt loss is very limited. Expenses for impairment losses and income from the reversal of impairment losses is not significant for the BMW Group and is therefore not reported separately in the income statement.

## 31 Equity

### Number of shares issued

	Preferred stock		Common stock	
	2021	2020	2021	2020
Shares issued / in circulation at 1 January	57,689,304	56,867,304	601,995,196	601,995,196
Shares issued in conjunction with Employee Share Programme	1,718,070	822,124	-	-
Less: shares repurchased and re-issued	3,070	124	-	-
Shares issued / in circulation at 31 December	59,404,304	57,689,304	601,995,196	601,995,196

All Company stock is issued to bearer and each share has a par value of € 1.00. Preferred stock, to which no voting rights are attached, bear an additional dividend of € 0.02 per share.

In 2021, a total of 1,718,070 shares of preferred stock was sold to employees at a reduced price of € 60.78 per share in conjunction with an Employee Share Programme. These shares are entitled to receive dividends for the first time with effect from the financial year 2022.

Issued share capital increased by € 1.7 million as a result of the issue to employees of 1,715,000 new shares of non-voting preferred stock. BMW AG is authorised up to 15 May 2024 to issue 5 million shares of non-voting preferred stock amounting to nominal € 5.0 million. At the end of the reporting period, 1.7 million of these amounting to nominal € 1.7 million remained available for issue.

In addition, 3,070 previously issued shares of preferred stock were acquired and re-issued to employees.

### Capital reserves

Capital reserves include premiums arising from the issue of shares and totalled € 2,325 million (2020: € 2,199 million). The change amounting to € 126 million related to the share capital increase in conjunction with the issue of shares of preferred stock to employees.

### Revenue reserves

Revenue reserves comprise the non-distributed earnings of companies consolidated in the Group Financial Statements. In addition, remeasurements of the net defined benefit obligation for pension plans are also presented in revenue reserves.

It is proposed that the unappropriated profit of BMW AG for the financial year 2021 amounting to € 3,827 million be utilised as follows:

- Distribution of a dividend of € 5.82 per share of preferred stock (€ 336 million)
- Distribution of a dividend of € 5.80 per share of common stock (€ 3,491 million)

The proposed distribution was not recognised as a liability in the Group Financial Statements.

### Accumulated other equity

Accumulated other equity comprises amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, changes in the fair value of derivative financial instruments and marketable securities, costs of hedging recognised directly in equity as well the related deferred taxes.

### Capital management disclosures

The BMW Group's objectives with regard to capital management are to safeguard over the long-term the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The capital structure is managed in order to meet needs arising from changes in economic conditions and the risks of the underlying assets.

The BMW Group is not subject to any unified external minimum equity capital requirements. Within the Financial Services segment, however, there are a number of individual entities which are subject to equity capital requirements of relevant regulatory banking authorities.

In order to manage its capital structure, the BMW Group uses various instruments, including the amount of dividends paid to shareholders and share buybacks. Moreover, the BMW Group actively manages debt capital, carrying out funding activities with a target debt structure in mind. A key aspect in the selection of financial instruments is the objective to achieve matching maturities for the Group's financing requirements. In order to reduce non-systematic risk, the BMW Group uses a variety of financial instruments available on the world's capital markets to achieve diversification.



The capital structure at the end of the reporting period was as follows:

in € million	31. 12. 2021	31. 12. 2020
Equity attributable to shareholders of BMW AG	74,366	60,891
Proportion of total capital	41.8 %	36.4 %
Non-current financial liabilities	62,342	67,390
Current financial liabilities	41,121	38,986
Total financial liabilities	103,463	106,376
Proportion of total capital	58.2 %	63.6 %
<b>Total capital</b>	<b>177,829</b>	<b>167,267</b>

Equity attributable to shareholders of BMW AG increased during the financial year by 22.1%, primarily reflecting the increase in revenue reserves.

### 32 Pension provisions

In the case of defined benefit plans, the BMW Group is required to pay the benefits it has granted to present and past employees. Defined benefit plans may be covered by provisions or pension assets. In Germany, pension obligations of the BMW Group are mostly covered by assets transferred to BMW Trust e.V., Munich, in conjunction with a Contractual Trust Arrangement (CTA) (funded plan). Funded plans also exist in the UK, the USA, Switzerland, Belgium and Japan. In the meantime, most of the defined benefit plans have been closed to new entrants.

The assumptions stated below, which depend on the economic situation in the relevant country, are used to measure the defined benefit obligation of each pension plan. The following weighted average values have been used for Germany, the UK and other countries:

	Germany		United Kingdom		Other	
in %	31. 12. 2021	31. 12. 2020	31. 12. 2021	31. 12. 2020	31. 12. 2021	31. 12. 2020
Discount rate	1.04	0.55	1.83	1.19	2.27	1.88
Pension level trend	2.10	1.33	2.36	2.19	-	-
Weighted duration of all pension obligations in years	17.5	21.6	17.8	19.8	15.4	15.9

The following mortality tables are applied in countries, in which the BMW Group has significant defined benefit plans:

Germany	Mortality Table 2018 G issued by Prof. K. Heubeck (with invalidity rates reduced by 70 %)
United Kingdom	S3PA Tables and CMI_2020 model with improvement factor of 1.25 %

In addition, the career trend component, which is plan-dependent and lies within a range of 0.25 % to 0.50 %, is now part of the measurement of pension obligations in Germany (2020: pension entitlement trend of 2.0 %).

Based on the measurement principles contained in IAS 19, the following balance sheet carrying amounts apply to the Group's pension plans:

in € million	Germany		United Kingdom		Other		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Present value of defined benefit obligations	15,045	15,535	8,844	9,944	1,100	1,108	24,989	26,587
Fair value of plan assets	14,105	12,451	9,968	9,589	938	870	25,011	22,910
Effect of limiting net defined benefit asset to asset ceiling	-	-	1,184	-	3	3	1,187	3
<b>Carrying amounts</b>	<b>940</b>	<b>3,084</b>	<b>60</b>	<b>355</b>	<b>165</b>	<b>241</b>	<b>1,165</b>	<b>3,680</b>
thereof pension provisions	947	3,084	106	355	194	254	1,247	3,693
thereof assets	-7	-	-46	-	-29	-13	-82	-13

The most significant of the BMW Group's pension plans are described below.

#### Germany

Both employer- and employee-funded benefit plans exist in Germany. Benefits paid in conjunction with these plans comprise old-age retirement pensions as well as invalidity and surviving dependants' benefits. The level of ongoing pension payments is adjusted in accordance with §16 of the Company Pensions Act (Betriebsrentengesetz).

The defined benefit plans have been closed to new entrants since 2014. Defined contribution plans with a minimum rate of return, comprising employer- and employee-funded components, continue to exist. The fact that the plan involves a minimum rate of return means that the defined contribution entitlements are classified in accordance with IAS 19 as defined benefit plans. In the financial year 2021, employees in the defined benefit plan were given the option to switch to the defined contribution plan.

In the case of defined benefit plans involving the payment of a pension, the amount of benefits to be paid is determined by multiplying a fixed amount by the number of years of service.

The assets of the German pension plans are invested by BMW Trust e. V., Munich, in accordance with a CTA. The representative bodies of this entity are the Board of Directors and the Members' General Meeting. BMW Trust e. V., Munich, currently has seven members and three members of the Board of Directors elected by the Members' General Meeting. The Board of Directors is responsible for investments, drawing up and deciding on investment guidelines as well as monitoring compliance with those guidelines. The members of the association can be employees, employee representatives, senior executives and members of the Board of Management of BMW AG. An ordinary Members' General Meeting takes place once every calendar year, and deals with a range of matters, including receiving and approving the association's annual report, ratifying the activities of the

Board of Directors and adopting changes to the association's statutes.

#### United Kingdom

Defined benefit plans exist in the United Kingdom which are closed for all plan participants. Vested benefits remain in place. New benefits are covered by contributions made to a defined contribution plan.

The defined benefit pension plans are administered by BMW Pension Trustees Limited, Farnborough, and BMW (UK) Trustees Limited, Farnborough, both trustee companies which act independently of the BMW Group. BMW (UK) Trustees Limited, Farnborough, is represented by ten trustees and BMW Pension Trustees Limited, Farnborough, by five trustees. A minimum of one third of the trustees must be elected by plan participants. The trustees represent the interests of plan participants and decide on investment strategies. Funding contributions to the funds are determined in agreement with the BMW Group.

The change in the **net defined benefit liability for pension plans** can be derived as follows:

in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2021	26,587	- 22,910	3,677	3	3,680
<b>EXPENSE / INCOME</b>					
Current service cost	411	-	411	-	411
Interest expense (+) / income (-)	257	- 235	22	-	22
Past service cost	- 527	-	- 527	-	- 527
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
<b>REMEASUREMENTS</b>					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 652	- 652	-	- 652
Gains (-) or losses (+) arising from changes in financial assumptions	- 1,341	-	- 1,341	-	- 1,341
Gains (-) or losses (+) arising from changes in demographic assumptions	- 616	-	- 616	-	- 616
Gains (-) or losses (+) arising from experience adjustments	97	-	97	-	97
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	1,157	1,157
Transfers to fund	-	- 1,082	- 1,082	-	- 1,082
Employee contributions	90	- 90	-	-	-
Pensions and other benefits paid	- 680	675	- 5	-	- 5
Translation differences and other changes	711	- 717	- 6	27	21
<b>31 December 2021</b>	<b>24,989</b>	<b>- 25,011</b>	<b>- 22</b>	<b>1,187</b>	<b>1,165</b>
thereof pension provisions					1,247
thereof assets					- 82

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in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2020	24,652	- 21,340	3,312	2	3,314
<b>EXPENSE / INCOME</b>					
Current service cost	488	-	488	-	488
Interest expense (+) / income (-)	337	- 303	34	-	34
Past service cost	- 54	-	- 54	-	- 54
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
<b>REMEASUREMENTS</b>					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 1,880	- 1,880	-	- 1,880
Gains (-) or losses (+) arising from changes in financial assumptions	2,726	-	2,726	-	2,726
Gains (-) or losses (+) arising from changes in demographic assumptions	- 239	-	- 239	-	- 239
Gains (-) or losses (+) arising from experience adjustments	- 144	-	- 144	-	- 144
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	1	1
Transfers to fund	-	- 524	- 524	-	- 524
Employee contributions	84	- 84	-	-	-
Pensions and other benefits paid	- 645	639	- 6	-	- 6
Translation differences and other changes	- 618	582	- 36	-	- 36
<b>31 December 2020</b>	<b>26,587</b>	<b>- 22,910</b>	<b>3,677</b>	<b>3</b>	<b>3,680</b>
thereof pension provisions					3,693
thereof assets					- 13

In conjunction with a measure aimed at modernising the pension model in Germany, employees were given the choice of remaining in the previous defined benefit plan or switching to the defined contribution plan. The fixed amounts to which employees were previously entitled in the defined benefit plan remain unchanged going forward and therefore this is one factor which results in a plan amendment in accordance with IAS 19. The previous pension entitlement trend (Festbetragstrend) was converted – with the exception of one remaining component – into a career trend. Furthermore, an employee switching to the defined contribution plan received an entitlement deemed to be equivalent in legal terms to their previous rights.

This gave rise to an overall positive impact of € 562 million on past service cost, which was recognised in the income statement, primarily in the form of reductions to cost of sales as well as to selling and administrative expenses.

Actuarial gains arising in the financial year 2021 resulted in a surplus of plan assets over liabilities for one of the pension plans in the United Kingdom. However, because there is no right of reimbursement or right to reduce future contributions to the fund, the amount of plan assets recognised has been limited to the amount of the obligations.

In the previous financial year, employment contract termination agreements were agreed with employees, resulting in the persons concerned leaving the BMW Group with vested pension benefits. Past service cost resulted mainly from differing assumptions used to calculate statutory pension entitlements on the one hand and for the ongoing accounting for active employees on the other.

Depending on the cash flow profile and risk structure of the pension obligations involved, plan assets relating to defined benefit plans are invested in a diversified portfolio.

**Plan assets** in Germany, the UK and other countries comprised the following:

in € million	Germany		United Kingdom		Other		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Equity instruments	2,875	2,166	342	348	85	74	3,302	2,588
Debt instruments	7,742	7,326	7,081	6,940	660	632	15,483	14,898
thereof investment grade	5,302	5,041	6,377	6,316	653	625	12,332	11,982
thereof mixed funds (funds without a rating)	-	-	-	-	-	-	-	-
thereof non-investment grade	2,440	2,285	704	624	7	7	3,151	2,916
Real estate funds	-	-	-	-	20	19	20	19
Money market funds	-	-	157	85	37	2	194	87
Absolute return funds	-	-	-	-	-	-	-	-
Other	223	128	-	-	4	6	227	134
<b>Total with quoted market price</b>	<b>10,840</b>	<b>9,620</b>	<b>7,580</b>	<b>7,373</b>	<b>806</b>	<b>733</b>	<b>19,226</b>	<b>17,726</b>
Debt instruments	800	779	646	673	5	1	1,451	1,453
thereof investment grade	328	324	-	-	-	-	328	324
thereof mixed funds (funds without a rating)	472	455	646	673	-	-	1,118	1,128
thereof non-investment grade	-	-	-	-	5	1	5	1
Real estate	494	428	786	656	-	-	1,280	1,084
Cash and cash equivalents	55	159	-	-	1	-	56	159
Absolute return funds	709	645	742	643	10	23	1,461	1,311
Other	1,207	820	214	244	116	113	1,537	1,177
<b>Total without quoted market price</b>	<b>3,265</b>	<b>2,831</b>	<b>2,388</b>	<b>2,216</b>	<b>132</b>	<b>137</b>	<b>5,785</b>	<b>5,184</b>
<b>Total plan assets</b>	<b>14,105</b>	<b>12,451</b>	<b>9,968</b>	<b>9,589</b>	<b>938</b>	<b>870</b>	<b>25,011</b>	<b>22,910</b>

In the financial year 2021, disbursements out of the plan assets are expected to exceed the employer's contributions to plan assets by € 225 million. Plan assets of the BMW Group include own transferable financial instruments amounting to € 2 million (2020: € 1 million).



The sensitivity analysis provided below shows the extent to which changes in individual factors – independently of each other – could influence the defined benefit obligation at the end of the reporting period.

It is only possible to aggregate sensitivities to a limited extent. Since the change in obligation follows a non-linear pattern, estimates made on the basis of the specified sensitivities are only possible with this restriction. The calculation of sensitivities using ranges other than those specified could result in a disproportional change in the defined benefit obligation.

In the UK, the sensitivity analysis for the pension level trend also takes account of restrictions due to caps and floors.

		Change in defined benefit obligation			
		31. 12. 2021		31. 12. 2020	
		in € million	in %	in € million	in %
	increase of 0.75 %	-2,650	-10.6	-3,514	-13.2
Discount rate	decrease of 0.75 %	3,311	13.2	4,585	17.2
	increase of 0.25 %	610	2.4	766	2.9
Pension level trend	decrease of 0.25 %	-586	-2.3	-721	-2.7
	increase of 1 year	896	3.6	1,078	4.1
Average life expectancy	decrease of 1 year	-910	-3.6	-1,081	-4.1
	increase of 0.25 %	3	-	218	0.8
Pension entitlement trend	decrease of 0.25 %	-3	-	-210	-0.8
	increase of 0.10 %	63	-	-	-
Career trend	decrease of 0.10 %	-62	-	-	-



### 33 Other provisions

Other provisions changed during the year as follows:

in € million	1.1. 2021*	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31. 12. 2021	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,131	241	2,714	- 54	- 2,220	- 212	6,600	1,798
Obligations for personnel and social expenses	2,582	14	2,083	- 23	- 1,299	- 40	3,317	2,196
Other obligations	3,666	41	1,219	- 9	- 994	- 1,334	2,589	1,421
Other obligations for ongoing operational expenses	1,603	56	1,111	-	- 1,108	- 214	1,448	1,333
<b>Other provisions</b>	<b>13,982</b>	<b>352</b>	<b>7,127</b>	<b>- 86</b>	<b>- 5,621</b>	<b>- 1,800</b>	<b>13,954</b>	<b>6,748</b>

\* Prior year's figures adjusted.

in € million	1.1. 2020	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31. 12. 2020	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	5,550	- 277	3,178	158	- 2,354	- 124	6,131	1,731
Obligations for personnel and social expenses	2,496	- 19	1,405	19	- 1,288	- 31	2,582	1,483
Other obligations	3,271	- 43	1,361	9	- 508	- 337	3,753	2,794
Other obligations for ongoing operational expenses	1,892	- 94	1,288	-	- 1,399	- 171	1,516	1,486
<b>Other provisions</b>	<b>13,209</b>	<b>- 433</b>	<b>7,232</b>	<b>186</b>	<b>- 5,549</b>	<b>- 663</b>	<b>13,982</b>	<b>7,494</b>

Depending on when claims occur, it is possible that the BMW Group may be called upon to fulfil the warranty or guarantee obligations over the whole period of the warranty or guarantee. Warranty provisions include amounts recognised in connection with the exhaust gas recirculation cooler. Expected reimbursement claims at 31 December 2021 amounted to € 1,112 million (2020: € 1,046 million) and are disclosed within other assets (see [note 28](#)).

Provisions for obligations for personnel and social expenses comprise mainly obligations relating to performance-related remuneration components, workforce measures as well as

pre-retirement part-time working arrangements and long-service awards.

The provisions for other obligations cover numerous specific risks and uncertain obligations, in particular for litigation and liability risks. Further information on the reversal of the provision relating to EU Commission antitrust proceedings is provided in [note 10](#).

Other obligations for ongoing operational expenses include in particular expected payments for bonuses and other price deductions.

### 34 Income tax liabilities

Current income tax liabilities totalling € 921 million (2020: € 747 million) include € 44 million (2020: € 40 million) which are expected to be settled after more than twelve months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

**35 Financial liabilities**

Financial liabilities of the BMW Group comprise the following:

in € million	31. 12. 2021				31. 12. 2020			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
Bonds	12,406	28,675	10,417	51,498	12,642	32,001	12,022	56,665
Asset-backed financing transactions	6,891	12,471	-	19,362	6,863	11,956	-	18,819
Liabilities from customer deposits (banking)	13,175	3,507	20	16,702	12,735	3,709	22	16,466
Liabilities to banks	4,918	3,186	975	9,079	4,578	3,159	1,300	9,037
Lease liabilities	475	1,131	814	2,420	492	1,181	838	2,511
Derivative instruments	1,146	581	148	1,875	593	517	38	1,148
Commercial paper	1,374	-	-	1,374	550	-	-	550
Other	736	75	342	1,153	533	248	399	1,180
<b>Financial liabilities</b>	<b>41,121</b>	<b>49,626</b>	<b>12,716</b>	<b>103,463</b>	<b>38,986</b>	<b>52,771</b>	<b>14,619</b>	<b>106,376</b>

Planned future cash outflows from variable lease payments, which are not taken into account in the measurement of lease liabilities, are expected to amount to € 48 million (2020: € 57 million).

Similarly, potential future cash outflows amounting to € 1,262 million (2020: € 1,252 million) (undiscounted) have not been taken into account in the measurement of lease liabilities as it is not reasonably certain that the leases will be renewed (or not terminated). These cash outflows relate to periods of up to 62 years (2020: up to 74 years). The decrease in the period under report was due to a contractual adjustment.

Liabilities related to financing activities can be reconciled as follows:

in € million	1. 1. 2021	Cash inflows / outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Changes in fair values	Other changes	31. 12. 2021
Bonds	56,665	- 6,021	-	1,647	- 787	- 6	51,498
Asset-backed financing transactions	18,819	- 331	-	874	-	-	19,362
Liabilities from customer deposits (banking)	16,466	- 229	-	465	-	-	16,702
Liabilities to banks	9,037	- 357	-	458	- 59	-	9,079
Lease liabilities	2,511	- 464	-	42	-	331	2,420
Commercial paper	550	781	-	43	-	-	1,374
Financial liabilities towards companies in which an investment is held	740	1,295	-	153	-	-	2,188
Other (excluding interest payable)	752	- 18	-	- 10	-	-	724
<b>Liabilities relating to financing activities</b>	<b>105,540</b>	<b>- 5,344</b>	<b>-</b>	<b>3,672</b>	<b>- 846</b>	<b>325</b>	<b>103,347</b>

  

in € million	1. 1. 2020	Cash inflows / outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Changes in fair values	Other changes	31. 12. 2020
Bonds	62,165	- 4,306	-	- 1,972	766	12	56,665
Asset-backed financing transactions	19,549	- 82	-	- 648	-	-	18,819
Liabilities from customer deposits (banking)	14,657	2,329	-	- 520	-	-	16,466
Liabilities to banks	11,436	- 2,172	-	- 248	21	-	9,037
Lease liabilities	2,895	- 494	-	- 63	-	173	2,511
Commercial paper	2,615	- 2,025	-	- 40	-	-	550
Financial liabilities towards companies in which an investment is held	296	492	-	- 48	-	-	740
Other (excluding interest payable)	864	- 78	-	- 34	-	-	752
<b>Liabilities relating to financing activities</b>	<b>114,477</b>	<b>- 6,336</b>	<b>-</b>	<b>- 3,573</b>	<b>787</b>	<b>185</b>	<b>105,540</b>

Bonds comprise:

Issuer	Interest	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in years)	Weighted average nominal interest rate (in %)
BMW Finance N. V.	variable	EUR 2,000 million	2.2	0.0
	variable	NOK 1,730 million	3.0	2.3
	variable	SEK 1,500 million	4.0	0.5
	variable	USD 500 million	3.0	0.9
	fixed	EUR 22,900 million	6.9	0.8
	fixed	CNY 17,000 million	2.6	3.4
	fixed	JPY 13,400 million	5.6	0.6
	fixed	HKD 1,759 million	6.1	2.7
	fixed	USD 1,750 million	5.6	2.5
	fixed	NOK 750 million	4.0	2.3
	fixed	GBP 600 million	6.0	0.9
	fixed	AUD 273 million	10.0	3.2
	BMW US Capital, LLC	variable	USD 2,138 million	3.4
fixed		USD 15,400 million	6.7	3.0
fixed		EUR 1,500 million	8.7	0.8
BMW International Investment B. V.	variable	GBP 200 million	2.0	0.0
	fixed	GBP 1,550 million	4.1	1.4
	fixed	NOK 1,000 million	10.0	3.3
	fixed	CHF 600 million	6.8	0.5
Other	fixed	JPY 10,000 million	3.0	0.2
	fixed	CAD 800 million	3.3	1.4

The following details apply to commercial paper:

Issuer	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in days)	Weighted average nominal interest rate (in %)
BMW US Capital, LLC	USD 1,220 million	16	0.1
BMW Finance N. V.	EUR 300 million	26	-0.6

**36 Other liabilities**

Other liabilities comprise the following items:

in € million	31. 12. 2021	31. 12. 2020
Contract liabilities	5,955	5,485
Deferred income	3,820	3,546
Bonuses and sales aides	3,123	2,911
Refund liabilities for future leased products	3,108	3,926
Payables to other companies in which an investment is held	2,367	814
Other taxes	1,143	1,484
Deposits received	895	1,019
Payables to subsidiaries	180	180
Other advance payments received for orders	160	139
Social security	123	133
Sundry	1,546	1,550
<b>Other liabilities</b>	<b>22,420</b>	<b>21,187</b>

Contract liabilities relate to obligations for service and repair work as well as telematics services and roadside assistance agreed to be part of the sale of a vehicle (in some cases multi-component arrangements). An amount of € 3,035 million (2020: € 2,604 million) was released from contract liabilities in the financial year and recognised as revenues from contracts with customers.

Deferred income includes down payments received on leases with customers as well as deferred grants.

Grants comprise mainly public sector funds to promote regional structures and which have been invested in the production plants in Brazil, China, Germany, Mexico, Austria and South Africa amongst others. The grants are partly subject to holding periods for the assets concerned of up to five years and/or minimum employment figures or minimum production figures. Grant income is recognised in the income statement over the useful lives of the assets to which it relates.

**37 Trade payables**

As in the previous year, trade payables are due within one year.

## OTHER DISCLOSURES

### 38 Contingent liabilities and other financial commitments

#### Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	31. 12. 2021	31. 12. 2020
Investment subsidies	56	77
Litigation	131	105
Guarantees	77	43
Other	1,202	1,067
<b>Contingent liabilities</b>	<b>1,466</b>	<b>1,292</b>

Other contingent liabilities mainly comprise risks relating to taxes and customs duties.

The BMW Group determines its best estimate of contingent liabilities based on the information available at the date of preparing the Group Financial Statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances. A part of the risks is covered by insurance.

The EU Commission's antitrust proceedings (see [note 10](#) for additional information) was settled on 8 July 2021. In relation to these allegations, numerous class action lawsuits have

been brought in the USA and Canada as well as several private lawsuits in South Korea. In the USA, the customer class actions were withdrawn and the dealer class action was dismissed.

The class action lawsuits in Canada and the private lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward.

In addition, the Chinese State Administration for Market Regulation opened antitrust proceedings against BMW AG in March 2019, followed by the Korea Fair Trade Commission in May 2020 and the Turkish Competition Authority in July 2020.

With respect to the Korean investigation, BMW AG recognised a provision during the financial year. The Turkish antitrust authority issued its decision in January 2022, abstaining from issuing a fine. Possible risks for the BMW Group in connection with the antitrust proceedings in China cannot be currently foreseen, either in terms of their outcome nor the amounts involved. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Regulatory authorities have ordered the BMW Group to recall various vehicle models in conjunction with airbags supplied by the Takata group of companies. Provision for the costs involved has been recognised within warranty provisions. In addition to the risks already covered by warranty provisions, further BMW Group vehicles may possibly be affected by

future recall actions going forward. Further disclosures pursuant to IAS 37.86 cannot be provided at the present time.

On 22 January 2020, the U. S. Securities and Exchange Commission (SEC) opened an investigation into possible violations of U. S. securities laws by the BMW Group relating to disclosures regarding the BMW Group's unit sales of new vehicles. This matter was settled with the SEC, without admitting or denying the allegations, and the BMW Group consented to the entry of an Order finding violations of the U. S. Securities Act and agreed to pay a penalty of US \$ 18 million. Certain BMW Group entities and their officers are defendants in private securities litigation following the SEC Order. Possible risks for the BMW Group cannot be quantified at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

#### Other financial commitments

In addition to liabilities, provisions and contingent liabilities, the following commitments exist for the BMW Group at the end of the reporting period:

in € million	31. 12. 2021	31. 12. 2020
Purchase commitments for property, plant and equipment	3,350	3,264
Purchase commitments for intangible assets	2,190	2,787

**39 Financial instruments**

The carrying amounts of financial instruments are assigned to IFRS 9 categories in the following table:

in € million	31. 12. 2021				31. 12. 2020			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
<b>ASSETS</b>								
Other investments	-	-	947	294	-	-	477	258
Receivables from sales financing	64,795	-	-	22,622	63,104	-	-	21,173
Financial assets								
Derivative instruments								
Cash flow hedges	-	-	-	1,596	-	-	-	851
Fair value hedges	-	-	-	1,012	-	-	-	1,992
Other derivative instruments	-	-	390	-	-	-	413	-
Marketable securities and investment funds	20	3,238	985	-	115	3,245	866	-
Loans to third parties	35	-	23	-	49	-	22	-
Other	216	-	-	-	199	-	-	-
Cash and cash equivalents	15,983	-	26	-	12,622	-	915	-
Trade receivables	2,261	-	-	-	2,298	-	-	-
Other assets								
Receivables from subsidiaries	694	-	-	-	546	-	-	-
Receivables from companies in which an investment is held	2,190	-	-	-	2,048	-	-	-
Collateral assets	295	-	-	-	454	-	-	-
Remaining other assets	1,547	-	-	5,517	1,504	-	-	5,774
<b>Total</b>	<b>88,036</b>	<b>3,238</b>	<b>2,371</b>	<b>31,041</b>	<b>82,939</b>	<b>3,245</b>	<b>2,693</b>	<b>30,048</b>

in € million	31. 12. 2021				31. 12. 2020			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
<b>LIABILITIES</b>								
Financial liabilities								
Bonds	51,498	-	-	-	56,665	-	-	-
Liabilities to banks	9,079	-	-	-	9,037	-	-	-
Liabilities from customer deposits (banking)	16,702	-	-	-	16,466	-	-	-
Commercial paper	1,374	-	-	-	550	-	-	-
Asset-backed financing transactions	19,362	-	-	-	18,819	-	-	-
Derivative instruments								
Cash flow hedges	-	-	-	1,006	-	-	-	112
Fair value hedges	-	-	-	250	-	-	-	248
Other derivative instruments	-	-	619	-	-	-	788	-
Lease liabilities	-	-	-	2,420	-	-	-	2,511
Other	1,153	-	-	-	1,180	-	-	-
Trade payables	10,932	-	-	-	8,644	-	-	-
Other liabilities								
Payables to subsidiaries	180	-	-	-	180	-	-	-
Payables to other companies in which an investment is held	2,367	-	-	-	814	-	-	-
Remaining other liabilities *	4,856	-	-	15,017	4,621	-	-	15,572
<b>Total</b>	<b>117,503</b>	<b>-</b>	<b>619</b>	<b>18,693</b>	<b>116,976</b>	<b>-</b>	<b>788</b>	<b>18,443</b>

\* Prior year's figures adjusted.



**Disclosures relating to financial instruments measured at amortised cost**

The following table shows the fair values and carrying amounts of financial assets and liabilities that are measured at amortised cost and whose carrying amounts differ from their fair value.

The fair values are generally determined using the discounted cash flow method, taking into account the relevant risk of default. For the purposes of fair value measurement using the discounted cash flow method, expected future cash flows are discounted on the basis of up-to-date interest curves observable on the market.

The fair values of receivables from sales financing are measured using the discounted cash flow method, taking into account customer-specific credit risk. In view of the fact that these allowances are calculated in part on the basis of internal information, receivables from sales financing are allocated to Level 3 in the level hierarchy in accordance with

IFRS 13. The fair values of the financial assets shown in the table exist with financial institutions and are also measured using the discounted cash flow method, taking into account the risk of default. Given that these financial institutions all have excellent credit ratings, the risk of default is low and can be observed on the market. The fair values of these items are therefore allocated to Level 2.

In the case of financial liabilities, own credit risk is taken into account based on credit default swaps available on the market, so that the fair values of these items are also allocated to Level 2.

For all other financial instruments not listed here that are measured at amortised cost, the carrying amount corresponds to the fair value. For this reason, they are not presented separately.

in € million	31. 12. 2021		31. 12. 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing – credit financing	67,158	64,795	65,326	63,104
Receivables from sales financing – finance and operating leases	24,675	22,622	23,116	21,173
Financial assets – Marketable securities and investment funds	20	20	116	115
<b>Financial liabilities</b>				
Bonds	53,022	51,498	58,136	56,665
Asset-backed financing transactions	19,602	19,362	18,818	18,819
Liabilities from customer deposits (banking)	16,732	16,702	16,599	16,466
Liabilities to banks	9,177	9,079	9,209	9,037

**Disclosures relating to financial instruments measured at fair value**

The carrying amounts of financial instruments measured at fair value are allocated to the measurement levels pursuant to IFRS 13 as described below:

in € million	31. 12. 2021			31. 12. 2020		
	Level hierarchy in accordance with IFRS 13			Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities, investment funds and collateral assets	3,675	548	-	3,608	503	-
Other investments	223	-	724	80	-	397
Cash equivalents	26	-	-	915	-	-
Loans to third parties	-	-	23	-	-	22
Derivative instruments (assets)						
Interest rate risks	-	1,373	-	-	2,344	-
Currency risks	-	466	-	-	335	-
Raw material market price risks	-	1,092	67	-	573	1
Other risks	-	-	-	-	-	3
Derivative instruments (liabilities)						
Interest rate risks	-	729	-	-	919	-
Currency risks	-	1,045	-	-	171	-
Raw material market price risks	-	101	-	-	52	6

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period.

At 31 December 2021, equity instruments amounting to € 49 million were reclassified from Level 3 to Level 1, due to the fact that quoted market prices became available for the instruments concerned for the first time.

In the previous year, an amount of € 275 million relating to marketable securities, investment funds and collateral was reclassified from Level 1 to Level 2, in view of the fact that the fair values of the marketable securities concerned were derived on the basis of comparable instruments in the form of a theoretical price. Furthermore, money market funds amounting to € 915 million were reclassified from Level 2 to Level 1 due to the fact that corresponding market or stock exchange prices became available.

Financial instruments measured at fair value using input factors not based on observable market prices are allocated to Level 3. The fair values of these financial instruments are shown in the following table:

in € million	31.12.2021 Fair value	31.12.2020 Fair value
Unquoted equity instruments	724	397
Convertible bonds	23	22
Options on unquoted equity instruments	-	3
Derivative instruments	67	-5

Financial instruments allocated to Level 3 relate mainly to investments in a private-equity fund. The valuation of unlisted equity instruments is determined primarily using the market-based approach. In particular, the financing rounds that take place within the private equity sector – usually on a regular basis at intervals of approximately 12 to 24 months – represent a significant input factor for these purposes. In addition, the investment advisor provides the external fund manager with relevant, investment-specific information on an ongoing basis (at least quarterly). The latter subsequently assesses the underlying individual companies in accordance with the guidelines for International Private Equity and Venture Capital Valuations (IPEV).

As part of the process of analysing valuations, the external fund manager reviews the investment-specific milestones, including an analysis of financial, technical and liquidity-specific performance indicators. Based on this analysis, it is considered whether the price of the most recent financing round is acceptable as a reasonable market valuation, in particular for early-stage or growth-phase investments. Key performance indicators used for the purpose of milestone analysis are highly dependent on the business model underlying the investment. Typical technical key performance indicators relate to licenses and patents held, the stage of technology development such as evidence of feasibility and prototypes, market entries, customer and user growth and appointments to key management positions. Key financial performance indicators used are revenues, EBITDA and the corresponding growth rate and/or development of specific contribution margins. Key liquidity-specific performance indicators are cash on hand, cash burn rates and prospects for future financing rounds.

Since the pricing from the financing rounds is considered to be the decisive input factor for the valuation, increases or decreases in valuation give rise to a similar change in the equity instrument that is recognised in the income statement.

In addition, equity instruments that are held outside the private equity fund are measured using the income approach. This involves discounting cash flows on the basis of current business cases using the weighted average cost of capital to determine the fair value of the financial instrument. Changes in fair values determined in connection with adjustments to significant input factors are not material for the BMW Group.

The convertible bonds that have been classified to Level 3 are primarily used as instruments in advance of future financing rounds relating to private equity investments. Valuations are therefore performed in accordance with the IPEV guidelines.

Mandatory conversions are usually structured in such a way that the number of shares to be received depends on the future share price. Due to the generally short maturities, the instruments are subject to only insignificant fluctuations in value. Irrespective of this fact, impairment tests are performed at regular intervals.

The exercise price for share options in such companies is generally low, verging towards zero. Consequently, financing rounds have a direct impact on the fair value of the options. In this respect, the valuation of options and assessment of their impact on sensitivity is similar to the approach taken to unquoted equity instruments, as described above.

For selected derivatives, a complete set of data relevant for valuation purposes is not available due to their limited market maturity. In order to model forward curves, data are collected and updated on the basis of regular bank and trader inquiries. The valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group. Changes in fair values resulting from shifts in forward curves within a range of +/-10% are not material for the BMW Group.

The balance sheet carrying amount of Level 3 financial instruments developed as follows:

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2021	397	22	3	- 5	417
Additions	76	24	-	-	100
Disposals	- 220	- 30	-	- 4	- 254
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	75	75
Gains (+)/losses (-) recognised in the income statement	488	5	- 3	1	491
Currency translation differences	32	2	-	-	34
Level transfer	- 49	-	-	-	- 49
<b>31 December 2021</b>	<b>724</b>	<b>23</b>	<b>-</b>	<b>67</b>	<b>814</b>

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2020	355	14	5	-	374
Additions	73	17	-	-	90
Disposals	- 87	- 7	- 2	2	- 94
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	- 7	- 7
Gains (+)/losses (-) recognised in the income statement	85	-	-	-	85
Currency translation differences	- 29	- 2	-	-	- 31
<b>31 December 2020</b>	<b>397</b>	<b>22</b>	<b>3</b>	<b>- 5</b>	<b>417</b>

Gains and losses recognised in the income statement are reported within the line item "Other financial result". Gains and losses recognised in the income statement in the financial year 2021 included an unrealised net positive amount of € 352 million (2020: € 84 million).

**Offsetting of financial instruments**

Derivative financial instruments of the BMW Group are subject to legally enforceable master netting agreements or similar contracts. However, receivables and payables relating to derivative financial instruments are not netted due to non-fulfilment of the stipulated criteria. Offsetting would have the following impact on the carrying amounts of derivatives:

in € million	31. 12. 2021		31. 12. 2020	
	Reported on assets side	Reported on equity and liabilities side	Reported on assets side	Reported on equity and liabilities side
Balance sheet amounts as reported	2,998	1,875	3,256	1,148
Gross amount of derivatives which can be offset in case of insolvency	- 1,118	- 1,118	- 790	- 790
Net amount after offsetting	1,880	757	2,466	358

Non-derivative financial assets and liabilities are only offset if a legally enforceable right currently exists and it is actually intended to offset the relevant amounts. No financial assets and liabilities have been netted in the BMW Group due to the fact that the necessary requirements for netting have not been met.

**Gains and losses on financial instruments**

The following table shows the net gains and losses arising on financial instruments in accordance with IFRS 9:

in € million	2021	2020
Financial instruments measured at fair value through other comprehensive income	- 45	7
Financial instruments measured at fair value through profit or loss	- 35	310
Financial assets measured at amortised cost	803	- 1,050
Financial liabilities measured at amortised cost	818	- 350

Net gains and losses arising on financial instruments measured at fair value through other comprehensive income mainly relate to changes in the fair value of marketable securities. Further details are provided in the disclosures relating to the statement of comprehensive income ([↗ note 19](#)). Total interest income arising on financial assets measured at fair value through other comprehensive income amounted to € 31 million (2020: € 37 million) and total interest expense to € 18 million (2020: € 30 million).

Net gains and losses arising on financial instruments measured at fair value through profit and loss mainly include results from the fair value measurement of stand-alone derivatives, marketable securities and shares in investment funds, as well as other financial assets.

Net gains and losses arising on financial assets measured at amortised cost comprise mainly exchange rate gains / losses and impairment losses / reversals.

Net gains and losses arising on financial liabilities measured at amortised cost comprise mainly exchange rate gains / losses as well as fair value gains / losses on hedged items in designated hedging relationships that are recognised in the income statement.

Total interest income arising on financial assets measured at amortised cost relates mainly to the interest income earned on credit financing and reported within revenues. Total interest expenses arising on financial instruments measured at amortised cost amounted to € 1.6 billion (2020: € 1.8 billion).

**Credit risk**

The BMW Group is exposed to counterparty credit risks if contractual partners, for example a retail customer or a dealership, are unable or only partially able to meet their contractual obligations. Information on the management of credit risk for receivables from financial services is provided in the Combined Management Report (see section Outlook, Risk and Opportunity Management).

Notwithstanding the existence of collateral accepted, the carrying amount of financial assets (with the exception of derivative financial instruments) generally represents the maximum credit risk. In addition, the credit risk is increased by additional unutilised loan commitments in the dealership financing line of business. Total dealership financing credit risk at the end of the reporting period therefore amounted to € 31,508 million (2020: € 30,682 million).

In the case of all relationships underlying non-derivative financial instruments, in order to minimise the credit risk and depending on the nature and amount of exposure, collateral is required, credit information and references obtained or historical data based on the existing business relationship, in particular payment behaviour, reviewed.

In the case of trade receivables, customers are regularly assessed with regard to their credit risk. Depending on contractual status, necessary measures, such as dunning procedures, are initiated in good time.

The credit risk relating to cash deposits and derivative financial instruments is minimised by the fact that the Group only enters into such contracts with parties of first-class credit standing.

Within the financial services business, items financed for retail customers and dealerships (such as vehicles, facilities and property) serve as first-ranking collateral with a recoverable value. Security is also put up by customers in the form of collateral asset pledges, asset assignment and first-ranking mortgages, supplemented where appropriate by warranties and guarantees. Items previously held as collateral that are subsequently acquired relate mainly to vehicles. As a rule, these assets can be converted into cash at short notice through the dealership organisation. Creditworthiness testing is an important aspect of the BMW Group's credit risk management. Every borrower's creditworthiness is tested for all credit financing and lease contracts entered into by the BMW Group. In the case of retail customer financing, creditworthiness is assessed using validated scoring systems integrated in the purchasing process. In the area of dealership financing, creditworthiness is assessed by means of ongoing credit monitoring and an internal rating system that takes account not only of the material credit standing of the borrower, but also of qualitative factors, such as past reliability in business relations.

The credit risk on trade receivables is assessed mainly on the basis of information relating to overdue amounts. The gross carrying amounts of these receivables are allocated in accordance with IFRS 9 to overdue ranges used for management purposes as follows:

in € million	31. 12. 2021	31. 12. 2020
Not overdue	2,113	2,002
1 – 30 days overdue	120	229
31 – 60 days overdue	12	31
61 – 90 days overdue	14	23
More than 90 days overdue	34	60
<b>Total</b>	<b>2,293</b>	<b>2,345</b>

Receivables from sales financing are allocated to internally defined rating categories based on credit risk.

The classification into creditworthiness levels is based on default probabilities. The related gross carrying amounts in accordance with IFRS 9 are allocated as follows:

in € million	31. 12. 2021						31. 12. 2020					
	Stage 1	Stage 2		Stage 3	Total	Expected credit loss	Stage 1	Stage 2		Stage 3	Total	Expected credit loss
		General	Simplified				General	Simplified				
Gross carrying amount of financial assets with good credit ratings	79,639	1,071	374	-	81,084	377	76,356	1,633	367	-	78,356	406
Gross carrying amount of financial assets with medium credit ratings	3,310	2,671	44	-	6,025	517	3,778	1,653	38	-	5,469	431
Gross carrying amount of financial assets with poor credit ratings	71	769	13	1,054	1,907	705	118	937	17	1,019	2,091	802
<b>Total</b>	<b>83,020</b>	<b>4,511</b>	<b>431</b>	<b>1,054</b>	<b>89,016</b>	<b>1,599</b>	<b>80,252</b>	<b>4,223</b>	<b>422</b>	<b>1,019</b>	<b>85,916</b>	<b>1,639</b>

Further disclosures relating to credit risk – in particular with regard to the amounts of impairment losses recognised – are provided in the explanatory notes to the relevant categories of receivables in [notes 25](#) and [note 30](#).

**Liquidity risk**

The following table shows the maturity structure of expected contractual cash flows (undiscounted) for financial liabilities:

in € million	31. 12. 2021				31. 12. 2020			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>								
Bonds	13,266	30,071	10,821	54,158	13,456	33,224	11,930	58,610
Asset-backed financing transactions	6,964	12,622	-	19,586	7,067	12,369	-	19,436
Liabilities to banks	5,130	3,350	1,027	9,507	5,295	3,317	1,388	10,000
Liabilities from customer deposits (banking)	13,211	3,574	20	16,805	12,808	3,781	22	16,611
Trade payables	10,932	-	-	10,932	8,644	-	-	8,644
Lease liabilities	483	1,167	990	2,640	512	1,227	1,028	2,767
Commercial paper	1,374	-	-	1,374	550	-	-	550
Other financial liabilities	321	116	301	738	120	288	357	765
<b>DERIVATIVE FINANCIAL LIABILITIES</b>								
With gross settlement	1,434	937	9	2,380	432	248	14	694
Cash outflows	29,300	15,117	166	44,583	14,910	5,544	631	21,085
Cash inflows	-27,866	-14,180	-157	-42,203	-14,478	-5,296	-617	-20,391
With net settlement	219	216	88	523	380	144	28	552
Cash outflows	219	216	88	523	380	144	28	552
<b>Total financial liabilities</b>	<b>53,334</b>	<b>52,053</b>	<b>13,256</b>	<b>118,643</b>	<b>49,264</b>	<b>54,598</b>	<b>14,767</b>	<b>118,629</b>

The cash flows from non-derivative liabilities comprise principal repayments and the related interest. The amounts disclosed for derivative instruments comprise only cash flows relating to derivatives that have a negative fair value at the balance sheet date. In the case of derivatives with a negative

fair value, an overall positive cash flow can arise due to the various yield curves used. At 31 December 2021 credit commitments available at short notice to dealerships which had not been called upon at the end of the reporting period amounted to € 18,334 million (2020: € 14,367 million).

Solvency is assured at all times by managing and monitoring the liquidity situation on the basis of a rolling cash flow forecast.



The resulting funding requirements are covered by a variety of instruments placed on the world's financial markets, with the aim to minimise risk by matching maturities with financing requirements and in alignment with a dynamic target debt structure.

As a further reduction of risk, a syndicated credit line totalling € 8 billion (2020: € 8 billion) from a consortium of international banks is available to the BMW Group. Intra-group cash flow fluctuations are balanced out by the use of daily cash pooling arrangements.

Further information is provided in the Combined Management Report.

#### Market risks

The principal market risks to which the BMW Group is exposed are currency risk, interest rate risk and raw materials market price risk.

Protection against such risks is provided in the first instance though natural hedging which arises when the values of non-derivative financial instruments have matching maturities and amounts (netting). Derivative financial instruments are used to reduce the risk remaining after netting.

Currency, interest rate and raw materials market price risks of the BMW Group are managed at a corporate level.

Further information is provided in the "Outlook, Risk and Opportunity Management" section of the Combined Management Report.

#### Currency risk

As an enterprise with worldwide operations, the BMW Group conducts business in a variety of currencies, from which currency risks arise. In order to hedge currency risks, the BMW Group holds, as at 31 December 2021, derivative finan-

cial instruments mostly in the form of forward currency contracts and currency swaps.

As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals.

The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they are denominated in the same currency and have the same maturities. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The BMW Group measures currency risk using a cash-flow-at-risk model. The analysis of currency risk is based on forecast foreign currency transactions which could result in exposures to surpluses of foreign currency cash inflows and cash outflows. At the end of the reporting period, the overall currency exposure – in each case for the following year and determined by aggregating the individual currency exposures based on their absolute amount – was as follows:

in € million	31.12.2021	31.12.2020
Currency exposure	38,134	33,975

Currency exposures include short positions amounting to € 2,715 million (2020: € 5,222 million). In addition, a currency risk exposure existed at the reporting date on the purchase price payable arising in connection with the increase in the BMW Group's stake in the BMW Brilliance joint venture for a euro-equivalent amount of € 3,857 million. The transaction was completed in February 2022. Further information is provided in [note 3](#) Increased shareholding in BMW Brilliance Automotive Ltd.

This exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position. The cash-flow-at-risk approach involves showing the impact of potential exchange rate fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as the main input factors to determine the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each currency for the following financial year on the basis of current market prices and exposures with a confidence level of 95%. The risk mitigating effect of correlations between the various currencies is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group for the following year resulting from unfavourable changes in exchange rates, measured on the basis of the cash-flow-at-risk approach.

in € million	31.12.2021	31.12.2020
Cash flow at risk	564	531

**Interest rate risk**

Interest rate risks arise when funds are borrowed and invested with differing fixed-rate periods or differing terms. At the BMW Group, all items subject to, or bearing, interest are exposed to interest rate risk and can therefore affect both the assets and liabilities side of the balance sheet.

The fair value of the Group's interest rate portfolios was as follows at the end of the reporting period:

in € million	31. 12. 2021	31. 12. 2020
Fair values of interest rate portfolios	63,835	58,545

Interest rate risk is managed through the use of interest rate derivatives. As part of the implementation of the risk management strategy, interest rate risks are monitored and managed at regular intervals. The interest rate contracts used for hedging purposes comprise mainly swaps, which, if hedge accounting is applied, are accounted for as fair value hedges. The economic relationship between the hedged item and the hedging instrument is based on the fact that the main parameters of the hedged item and the related hedging instrument, for example start date, term and currency, are the same. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

In view of the fact that own credit risk is excluded from the hedging relationship, ineffectiveness is expected to be low.

For selected fixed-interest assets, part of the interest rate risk is hedged on a portfolio basis.

In this case, swaps are used as the hedging instrument. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

In light of the reform and replacement of certain benchmark interest rates, some of the BMW Group's hedging relationships have been redesignated to take account of alternative benchmark interest rates.

The transition to the newly created or revised benchmark interest rates is being managed, monitored and assessed with regard to risk management implications as part of a multidisciplinary project. The tasks of the conversion project includes the continual monitoring of regulatory developments, the initiation of necessary changes to systems, processes, risk and measurement models as well as the clarification of the associated accounting and financial reporting implications. The uncertainty triggered by the benchmark interest rate reform, in the meantime relating primarily to the USD and CAD, is expected to be eliminated during the financial year 2022.

The BMW Group's fair value hedges affected by the reform are mainly based on the benchmark interest rates relating to the British pound (GBP), the US dollar (USD) and the Japan yen (JPY). Fair value hedges for which GBP LIBOR and JPY LIBOR were previously designated as the hedged risk were converted during the financial year 2021, with GBP LIBOR replaced by the SONIA benchmark interest rate and JPY LIBOR replaced by the TONA benchmark interest rate. The BMW Group continues to see the economic link and has therefore continued to account the pertinent items as fair value hedges. The notional amount of financial derivatives

that have been transferred with effect from 31 December 2021 to an alternative benchmark interest rate in accordance with the IBOR Fallbacks Protocol totals € 6,890 million (mainly GBP LIBOR € 4,229 million and JPY LIBOR € 2,279 million).

In the case of USD LIBOR and CAD CDOR, uncertainty remains as to the exact timing and nature of the changes. The notional amount of financial derivatives not yet converted to an alternative interest rate at 31 December 2021 is € 12,522 million (USD LIBOR € 12,522 million). The nominal amount of non-derivative financial liabilities not yet converted to an alternative interest rate is € 700 million (thereof USD LIBOR € 387 million and CAD CDOR € 313 million).

The BMW Group applies a value-at-risk approach throughout the Group for internal reporting purposes and to manage interest rate risk. This approach is based on a historical simulation in which the potential future fair value losses of the interest rate portfolios are compared across the Group with expected amounts on the basis of a holding period of 250 days and a confidence level of 99.98 %. The risk mitigating effect of correlations between the various portfolios is taken into account when the risks are aggregated.

In the following table the potential volumes of fair value fluctuations – measured on the basis of the value-at-risk approach – are compared with the expected value for the interest-rate-sensitive exposures of the BMW Group:

in € million	31. 12. 2021	31. 12. 2020
Value at risk	1,237	1,160

**Raw materials price risk**

The BMW Group is exposed to market price risks on raw materials. In order to hedge these risks, the Group mainly uses forward commodity contracts. As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals and the corresponding hedging ratio defined. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they have the same basis and term. The BMW Group designates only the commodity price index-linked raw material surcharge, which is specified in the purchase contracts of vehicle components, as a hedged item. The proportion of the hedged risk component as a percentage of the total fair value depends on the specific types of vehicle component involved. Other price components contained in the contract are not designated as being part of the hedge relationship as no effective hedging instruments exist for these components.

The starting point for analysing raw materials price risk is to identify planned purchases of raw materials or components containing raw materials, the so-called "exposure". At each reporting date, the exposure for the following financial year amounted to:

in € million	31. 12. 2021	31. 12. 2020
Raw material price exposures	6,872	4,204

This exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position.

The cash-flow-at-risk approach involves showing the impact of potential raw materials market price fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as input factors to assess the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each raw materials category for the following financial year on the basis of current market prices and exposure with a confidence level of 95%. The risk mitigating effect of correlations between the various categories of raw materials is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group resulting from fluctuations in prices across all categories of raw materials, measured on the basis of the cash-flow-at-risk approach. The risk at each reporting date for the following financial year was as follows:

in € million	31. 12. 2021	31. 12. 2020
Cash flow at risk	597	310

**Disclosures on hedging measures**

The following disclosures on hedging measures include derivatives of fully consolidated companies that are designated as a hedging instrument. The amounts shown in the table are stated before deferred taxes and take account of additional effects arising from the application of the modified closing rate method.

The nominal amounts of hedging instruments were as follows:

in € million	31. 12. 2021		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	21,670	11,996	-
Interest rate risks	9,474	25,145	11,251
Raw material price risks	2,669	2,442	-
<b>Nominal amounts of hedging instruments</b>	<b>33,813</b>	<b>39,583</b>	<b>11,251</b>

  

in € million	31. 12. 2020		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	11,939	4,530	-
Interest rate risks	8,082	28,213	12,373
Raw material price risks	1,449	1,792	-
<b>Nominal amounts of hedging instruments</b>	<b>21,470</b>	<b>34,535</b>	<b>12,373</b>

The following table shows the most significant average hedging rates of hedging transactions used by the BMW Group:

Currency risks	31. 12. 2021	31. 12. 2020
EUR / CNY	7.99	8.05
EUR / USD	1.23	-
EUR / GBP	0.87	0.87
EUR / KRW	1,341.73	1,334.86
EUR / JPY	-	124.20

in this context relate to variable yield curves relating to the euro, US dollar and British pound currency areas.

A cash-flow-at-risk approach to risk management involves making use of portfolio effects. No JPY-denominated hedging transactions were in hedging relationships at the end of the year under report (2020: no USD-denominated hedging transactions).

Raw material price risks	31. 12. 2021	31. 12. 2020
Aluminium (EUR / t)	1,730	1,573
Copper (EUR / t)	5,389	4,568
Nickel (EUR / t)	14,475	11,188
Palladium (EUR / oz)	1,822	1,350
Platinum (EUR / oz)	676	701

Information on average interest hedge rates is not provided, since interest rate derivatives designated as hedging instruments are used exclusively to hedge items in fair value hedges. The hedge rates therefore correspond in each case to current market interest rate level. Most of the hedges used

The following table provides information on the nominal amounts, carrying amounts and fair value changes of contracts designated as hedging instruments:

in € million	31. 12. 2021				31. 12. 2020			
	Nominal amounts	Carrying amounts		Change in fair value of designated components	Nominal amounts	Carrying amounts		Change in fair value of designated components
		Assets	Liabilities			Assets	Liabilities	
<b>Cash Flow Hedges</b>								
Currency risks	33,666	437	905	- 795	16,469	277	54	1,169
Raw material price risks	5,111	1,159	101	820	3,241	574	58	466
<b>Fair Value Hedges</b>								
Interest rate risks	57,920	1,012	250	- 1,138	59,774	1,992	248	723

The following table shows key information on hedged items for each risk category as well as the balances of designated components within accumulated other equity:

in € million	31. 12. 2021					31. 12. 2020				
	Carrying amounts		Change in value of hedged items	Balances in accumulated other equity		Carrying amounts		Change in value of hedged items	Balances in accumulated other equity	
	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships
<b>Cash Flow Hedges</b>										
Currency risks	-	-	795	- 274	-	-	-	- 1,169	532	-
Raw material price risks	-	-	- 820	1,057	-	-	-	- 467	510	-
<b>Fair Value Hedges</b>										
Interest rate risks	10,611	56,985	1,141	-	-	8,483	58,714	- 720	-	-

The accumulated amount of hedge-related fair value adjustments is a negative amount of € 9 million (2020: positive amount of € 10 million) for assets and a positive amount of € 577 million (2020: positive amount of € 1,680 million) for liabilities.

Hedge relationships give rise to following effects:

in € million	2021			2020		
	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement
<b>Cash Flow Hedges</b>						
Currency risks	- 806	55	-	554	198	-
Raw material price risks	547	-	-	509	- 5	-
<b>Fair Value Hedges</b>						
Interest rate risks	-	17	3	-	2	3

Designated components and costs of hedging within accumulated other equity changed as follows:

in € million	2021						2020					
	Currency risks		Interest rate risk		Raw material price risk		Currency risks		Interest rate risk		Raw material price risk	
	Designated component	Costs of hedging	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Costs of hedging	Designated component	Costs of hedging		
Opening balance at 1 January	532	- 299	- 2	510	-	- 22	- 497	- 4	1	5		
Change in fair value during the reporting period	- 795	- 307	20	820	-	1,170	- 443	5	466	1		
Reclassification to profit or loss												
for continuing hedge relationships	- 4	355	- 3	-	-	- 512	557	- 3	-	-		
for terminated hedge relationships	- 7	7	-	-	-	- 104	84	-	- 29	-		
Reclassification to acquisition costs for inventories	-	-	-	- 273	-	-	-	-	72	- 6		
<b>Closing balance at 31 December</b>	<b>- 274</b>	<b>- 244</b>	<b>15</b>	<b>1,057</b>	<b>-</b>	<b>532</b>	<b>- 299</b>	<b>- 2</b>	<b>510</b>	<b>-</b>		

The nominal amount of hedging instruments that continue to be directly affected by the reform of the benchmark interest rates and USD LIBOR totals € 7,257 million.

**40 Related party relationships**

The following individuals and entities are related parties in accordance with IAS 24:

- Stefan Quandt and Susanne Klatten, as well as companies controlled by them
- The Board of Management and the Supervisory Board of the BMW Group
- Associated companies, joint ventures, non-consolidated subsidiaries, BMW Trust e.V. and BMW Foundation Herbert Quandt

Transactions of Group entities with related parties were carried out, without exception, in the normal course of business of each of the parties concerned and conducted at market conditions, i.e. conditions that are also granted to other third-party manufacturers.

During the year under report, members of the Board of Management and the Supervisory Board concluded vehicle purchase contracts and related service contracts as well as vehicle rental, vehicle leasing and vehicle financing contracts with BMW Group entities at market conditions.

Stefan Quandt, Germany, is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Boards of DELTON Health AG, Bad Homburg v.d.H., and DELTON Technology SE, Bad Homburg v.d.H., as well as the sole shareholder of DELTON Logistics S.à.r.l., Grevenmacher, which via its subsidiaries, performed logistic-related services for the BMW Group during the financial year 2021. In addition, the DELTON companies held by Stefan Quandt acquired vehicles from the BMW Group by way of leasing.

Stefan Quandt, Germany, is also the indirect majority shareholder of SOLARWATT GmbH, Dresden. Cooperation arrangements are in place between BMW Group and SOLARWATT GmbH, Dresden, within the field of electric mobility. The focus of this collaboration is on the provision of complete photovoltaic solutions for rooftop systems and carports to BMW i customers. In addition, SOLARWATT GmbH purchases battery cells and related components for home battery storage applications as part of a supply project. In addition to the deliveries of goods described above, SOLARWATT GmbH, Dresden, also purchased vehicles from the BMW Group by way of leasing during the financial year 2021.

Susanne Klatten, Germany, is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairwoman of the Supervisory Board of ALTANA AG, Wesel. In 2021, ALTANA AG, Wesel, acquired vehicles from the BMW Group, mainly by way of leasing.

Susanne Klatten, Germany, is also the sole shareholder and Chairwoman of the Supervisory Board of UnternehmerTUM GmbH, Garching. In 2021, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

Seen from the perspective of BMW Group entities, the volume of transactions with the above-mentioned entities was as follows:

in € thousand	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
DELTON Health AG (formerly DELTON AG)	1,821	1,950	-	-	-	1	-	-
DELTON Logistics S.à r.l.	1,090	1,235	19,450	19,068	65	5	3,362	1,574
SOLARWATT GmbH	8,827	2,363	49	-	1,369	287	-	-
ALTANA AG	2,572	2,425	251	273	315	243	49	80
UnternehmerTUM GmbH	-	37	809	1,310	-	-	337	510

A significant proportion of the BMW Group's transactions with related parties relates to the joint venture BMW Brilliance Automotive Ltd.

in € million	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
BMW Brilliance Automotive Ltd.	11,500	9,701	1,030	155	2,158	2,045	2,345	804

For the most part, this involves the sale of vehicle components to BMW Brilliance Automotive Ltd. for further processing. BMW Brilliance Automotive Ltd. also provides services and vehicles to BMW Group entities.



In total, the following amounts of goods and services were supplied to or received from other joint ventures and associated companies:

in € million	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
Other joint ventures and associated companies	27	32	70	64	5	8	15	9

Business relationships with non-consolidated companies are small in scale.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity has no assets of its own. It had no income or expenses during the period under report. BMWAG bears expenses on an immaterial scale and performs services for BMW Trust e.V., Munich.

The BMW Foundation Herbert Quandt, Munich, is an independent corporate foundation and due to the BMW Group's significant influence, qualifies as a related party according to IAS 24. The BMW Group made donations to the BMW Foundation Herbert Quandt during the financial year 2021 totalling € 5.9 million (2020: € 6.4 million). No other significant transactions arose.

For disclosures relating to key management personnel, please see [note 43](#) and the Remuneration Report.

#### 41 Share-based remuneration

The BMW Group provides three share-based programmes: one for eligible employees, one for senior heads of department and one for members of the Board of Management.

##### Employee Share Programme

In connection with the Employee Share Programme Share Programme, non-voting shares of preferred stock in BMW AG were granted in 2021 to qualifying employees at favourable conditions (see [note 31](#) Equity for the number and price of issued shares). Participants in the programme were entitled in 2021 to acquire packages of 10, 20, 30, 40 or 90 shares of preferred stock (2020: 8, 18 or 28) with a discount in each case of € 13.50 (2020: € 11.50) per share compared to the market price (average closing price in Xetra trading in the period from 28 October to 3 November 2021: € 74.28). The programme was open to employees who have been in an employment relationship with BMW AG or a wholly-owned BMW AG subsidiary in Germany, provided that the management of the subsidiary concerned has decided to participate in the programme. At the date of the announcement of the programme, there was a requirement for the employment relationship to have existed without interruption for at least one year and for it to continue until the transfer of the shares of preferred stock. Shares of preferred stock acquired in conjunction with the Employee Share Programme are subject to a vesting period of four years, starting from 1 January of the year in which the shares were acquired.

In the financial year under report, 1,718,070 (2020: 822,124) shares of preferred stock were acquired by employees. This figure includes 1,715,000 (2020: 822,000) shares out of Authorised Capital 2019, with the remainder bought back via the stock exchange. Every year the Board of Management of BMW AG decides whether the scheme is to be continued.

In the financial year 2021, the BMW Group recorded a personnel expense of € 23 million (2020: € 9 million) for the Employee Share Programme, corresponding to the difference between the market price and the reduced price of the shares of preferred stock purchased by employees.

##### Programme for senior heads of department and members of the Board of Management

The share-based remuneration programme in place in 2021 for qualifying departmental heads is aimed at rewarding a long-term, entrepreneurial approach to running the business on a sustainable basis. Under the terms of the programme, participants give a commitment to invest an amount equivalent to 26 % of their performance-based bonus in BMW common stock and to hold the shares so acquired for a minimum of four years. In return for the investment requirement, BMW AG pays 100 % of the investment amount as a net subsidy. Once the four-year holding period requirement has been fulfilled, the participants receive – for each three common stock shares held and at the Company's option – one additional share of common stock or the cash equivalent, to be decided at BMW AG's discretion.

With effect from the financial year 2021, the members of the Board of Management receive an earmarked cash amount (personal investment cash amount), net of taxes and deductions to be invested in BMW AG common stock. The personal investment cash amount is paid after the end of the Annual General Meeting, at which the separate financial statements of BMW AG for the relevant financial year are presented. The shares of common stock are purchased immediately after the personal investment cash amount has been paid out, and, with effect from the date of purchase, are subject to a holding period of four years. The target amount for the personal investment cash amount comprises a RoCE component (50 %) and a strategic focus targets component (50 %). The RoCE component is determined on the basis of a RoCE factor that depends on the RoCE achieved in the Automotive segment in the grant year. The strategic focus targets com-

ponent is determined on the basis of at least two strategic focus targets that are required to be defined before the start of the financial year. Minimum, target and maximum values are defined and factors stipulated for the Automotive segment's RoCE as well as for each strategic focus target. After the end of the financial year, the relevant factors are determined on the basis of target achievement.

Up to and including 2020, the members of the Board of Management received an earmarked cash amount (investment component) amounting to 45 % of the gross amount of the bonus, which, net of taxes and deductions, was required to be invested in BMW common stock, also subject to a four-year holding period, after which the member of the Board of Management received, at BMW AG's discretion, one additional share of common stock for every three shares held or, alternatively, the equivalent value in cash (matching component).

In the event of death or invalidity, special rules apply for early payment of share-based remuneration components based on the target amounts. Insofar the service contract is prematurely terminated and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to share-based remuneration are forfeited.

The members of the Board of Management in office at the end of the reporting period hold 58,560 shares of BMW common stock based on holding requirements arising from share-based remuneration for the financial years 2017 to 2020 (2020: 44,037).

The share-based remuneration component is measured at its fair value at each balance sheet date between grant and settlement date, and on the settlement date. The amounts are recognised as personnel expense on a straight-line basis over the vesting period and reported in the balance sheet as a provision.

The remuneration system for Board of Management members no longer provides for a matching component for financial years from 2021 onwards.

The cash-settlement obligation for the share-based remuneration component is measured at its fair value at the balance sheet date (based on the closing price of BMWAG common stock in Xetra trading at 31 December 2021).

The total carrying amount of the provision for the share-based remuneration component of current and former Board of Management members and senior heads of department at 31 December 2021 was € 8,347,245 (2020: € 6,383,766).

The total expense recognised in 2021 for the share-based remuneration component of current and former Board of Management members and senior heads of department was € 2,743,398 (2020: € 1,820,265 ).

The fair value of the programmes for senior heads of department at the date of grant of the share-based remuneration components was € 1,317,984 (2020: € 987,759), based on a total of 18,341 shares (2020: 13,444 shares) of BMWAG common stock or a corresponding cash-based settlement measured at the relevant market share price prevailing on the grant date.

The previous year's value includes the fair value of the programmes at grant date as well as the shares granted to members of the Board of Management.

#### **42 Declaration with respect to the Corporate Governance Code**

The Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft have issued the prescribed Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act. It is included in the Corporate Governance Statement, which is on BMW Group website at [www.bmwgroup.com/entsprechenserklaerung](https://www.bmwgroup.com/entsprechenserklaerung).

### 43 Remuneration of members of the Board of Management and Supervisory Board

The total remuneration of the current members of the Board of Management and the Supervisory Board of BMWAG expensed for the financial year 2021 in accordance with IFRS comprised the following:

in € million	2021	2020
<b>Compensation to members of the Board of Management</b>		
Short-term benefits	35.3	16.9
Other long-term benefits	8.5	3.9
Benefits in conjunction with the termination of board activity	1.1	0.6
Share-based remuneration component	0.5	0.6
<b>Compensation to members of the Supervisory Board</b>		
Current compensation	5.5	5.6
<b>Total expense</b>	<b>50.9</b>	<b>27.6</b>

For the financial years 2018 up to and including the financial year 2020, variable cash remuneration was supplemented by a multi-year and future-oriented Performance Cash Plan (PCP). The PCP assessment period comprises three years, the grant year and the two subsequent years. The PCP is paid out after the end of the three-year assessment period.

No further shares were granted to active current members of the Board of Management during the financial year under report (2020: 7,001 shares). In the previous year, the fair value of the shares granted amounted to € 0.5 million.

The expense recognised for the current members of the Board of Management for the share-based remuneration arrangements in place up to and including 2020 amounted to € 0.5 million (2020: € 0.6 million). At 31 December 2021, the provision for the share-based remuneration component amounted to € 1.6 million (2020: € 1.6 million).

The total remuneration of former members of the Board of Management and their dependants amounted to € 14.2 million (2020: € 13.1 million).

Pension obligations to current members of the Board of Management are covered by provisions amounting to € 18.9 million (2020: € 14.7 million), determined in accordance with IAS 19.

Pension obligations to former members of the Board of Management and their surviving dependants, also determined in accordance with IAS 19, amounted to € 114.3 million (2020: € 118.8 million).

The remuneration arrangements applicable for members of the Supervisory Board do not include any stock options, value appreciation rights comparable to stock options or any other share-based remuneration components.

In accordance with the Articles of Incorporation, each member of the Supervisory Board of BMWAG who does not perform any additional remuneration-relevant functions receives a fixed remuneration of € 200,000 p. a. plus an attendance fee of € 2,000 per plenary meeting in addition to the reimbursement of reasonable expenses.

Supervisory Board members who perform remuneration-relevant functions, such as the Chairman or Deputy Chairman of the Supervisory Board, as well as chairs and members of committees (provided the committee has met on at least three days of the financial year) receive higher remuneration due to the additional requirements.

#### REMUNERATION SUPERVISORY BOARD\*

	Factor	Amount in € p. a.
Member of the Supervisory Board	1.00	200,000
Chairman of the Supervisory Board	3.00	600,000
Deputy Chairman of the Supervisory Board	2.00	400,000
Chairman of the Audit Committee	2.25	450,000
Chairman of another committee	2.00	400,000
Member of the Audit Committee	2.00	400,000
Member of another committee	1.50	300,000

\* If a Supervisory Board member performs several additional remuneration-relevant functions, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

No loans or advances were granted to members of the Board of Management and the Supervisory Board by BMWAG or its subsidiaries in the financial year 2021, nor were any contingent liabilities entered into in their favour. During the year under report, members of the Board of Management and the Supervisory Board concluded vehicle leasing contracts and related service contracts (service and repair) with BMW Group entities at market conditions.

The remuneration of members of the Board of Management and the Supervisory Board is structured as follows:

#### REMUNERATION BOARD OF MANAGEMENT AND SUPERVISORY BOARD

COMPONENT	Parameters / measurement base, applicable amounts
<b>FIXED REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)</b>	
Base remuneration	Member of the Board of Management: — € 0.90 million p. a. (first period of office) — € 1.05 million p. a. (from second period of office or fourth year of mandate) Chairman of the Board of Management: — € 1.95 million p. a. — Monthly payment on time-apportioned basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits (other long-term benefits)	Defined contribution system with a guaranteed minimum return Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement Pension contribution p. a.: Member of the Board of Management: € 400,000 Chairman of the Board of Management: € 700,000

#### Remuneration linked to corporate strategy

- Base remuneration has the effect of discouraging unduly high levels of risk being taken to achieve short-term targets, thus contributing to the long-term development of the Company
- Fixed remuneration components are a prerequisite for competitive levels of remuneration to attract and retain Board of Management members with the right qualifications

#### VARIABLE REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)

<b>Bonus</b>	
Bonus (sum of earnings component and performance component)	— Target amount p. a. (at 100 % target achievement): — € 0.95 million (first period of office) — € 1.15 million (from second period of office or fourth year of mandate) — € 2.10 million (Chairman of the Board of Management) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant financial year

COMPONENT	Parameters / measurement base, applicable amounts
<b>VARIABLE REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)</b>	
<b>Bonus</b>	
Earnings component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> <li>— Assessment period one year</li> <li>— Base amount p. a. (50 % of target bonus amount):               <ul style="list-style-type: none"> <li>— € 0.475 million (first period of office)</li> <li>— € 0.575 million (from second period of office or fourth year of mandate)</li> <li>— € 1.050 million (Chairman of the Board of Management)</li> </ul> </li> <li>— Formula: 50 % of target amount x performance factor</li> <li>— Earnings factor is derived from a predefined allocation based on the parameters               <ul style="list-style-type: none"> <li>— Profit attributable to shareholders of BMW AG and Group post-tax return on sales in grant year</li> <li>— The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6 %</li> <li>— The earnings factor is 1.5 in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3 %</li> <li>— The earnings factor is 0 in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0 %</li> </ul> </li> <li>— Earnings factor may not exceed 1.8</li> <li>— Maximum amount of earnings component p. a.:               <ul style="list-style-type: none"> <li>— € 0.855 million (first period of office)</li> <li>— € 1.035 million (from second period of office or fourth year of mandate)</li> <li>— € 1.890 million (Chairman of the Board of Management)</li> </ul> </li> </ul>
Performance component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> <li>— Assessment period one year</li> <li>— Base amount p. a. (50 % of target bonus amount):               <ul style="list-style-type: none"> <li>— € 0.475 million (first period of office)</li> <li>— € 0.575 million (from second period of office or fourth year of mandate)</li> <li>— € 1.050 million (Chairman of the Board of Management)</li> </ul> </li> <li>— Formula: 50 % of target amount x performance factor</li> <li>— Primarily qualitative, non-financial criteria, expressed in terms of a performance factor aimed at measuring the Board member's contribution to sustainable and long-term performance and corporate orientation</li> <li>— Relevant period is the vesting year</li> <li>— Additional trend analysis over at least three financial years</li> <li>— Composition of performance factor:               <ul style="list-style-type: none"> <li>— 50 % cross-divisional targets with ESG criteria</li> <li>— 40 % other cross-divisional targets</li> <li>— 10 % individual targets</li> </ul> </li> <li>— Criteria for the cross-divisional targets with ESG criteria include in particular: innovation performance (environmental, e. g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e. g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance</li> <li>— Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e. g. perception on capital markets, brand strength), customer orientation</li> <li>— Measurement parameters and target values are determined before the start of the financial year</li> <li>— Performance factor may not exceed 1.8</li> <li>— Maximum amount of performance component p. a.:               <ul style="list-style-type: none"> <li>— € 0.855 million (first period of office)</li> <li>— € 1.035 million (from second period of office or fourth year of mandate)</li> <li>— € 1.890 million (Chairman of the Board of Management)</li> </ul> </li> </ul>

Remuneration linked to corporate strategy

— Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy  
 — Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group

COMPONENT	Parameters / measurement base, applicable amounts
<b>SHARE-BASED REMUNERATION (SHORT-TERM BENEFITS)</b>	
Personal investment cash amount	<ul style="list-style-type: none"> <li>— Requirement for Board of Management members to invest an earmarked cash amount (personal investment cash amount), net of tax and deductions, in shares of BMW common stock</li> <li>— Requirement for Board of Management members to hold the acquired shares of BMW common stock for at least four years (share ownership)</li> <li>— Assessment period of five years in total (one year for determining the personal investment cash amount, four years holding requirement)</li> </ul>
Basis of computation	<ul style="list-style-type: none"> <li>— Target amount p. a. (at 100 % target achievement):               <ul style="list-style-type: none"> <li>— € 1.10 million (first period of office)</li> <li>— € 1.28 million (from second period of office or fourth year of mandate)</li> <li>— € 2.35 million (Chairman of the Board of Management)</li> </ul> </li> <li>— 50 % of target amount depends on RoCE achieved in the Automotive segment (RoCE component)</li> <li>— 50 % of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component)</li> <li>— Capped at 180 % of target amount</li> <li>— Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant financial year</li> </ul>
RoCE component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> <li>— Target amount RoCE component p. a. (50 % of target amount of the personal investment cash amount):               <ul style="list-style-type: none"> <li>— € 0.55 million (first period of office)</li> <li>— € 0.264 million (from second period of office or fourth year of mandate)</li> <li>— € 1.175 million (Chairman of the Board of Management)</li> </ul> </li> <li>— Formula: 50 % of target amount x RoCE factor</li> <li>— RoCE factor is derived from the RoCE achieved in the Automotive segment for the grant year</li> <li>— Minimum, target and maximum values for RoCE are defined before the start of the financial year</li> <li>— RoCE factor may not exceed 1.8</li> <li>— Maximum amount of RoCE component p. a.:               <ul style="list-style-type: none"> <li>— € 0.990 million (first period of office)</li> <li>— € 1.152 million (from second period of office or fourth year of mandate)</li> <li>— € 2.115 million (Chairman of the Board of Management)</li> </ul> </li> </ul>
Strategic focus target component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> <li>— Target amount strategic focus target component p. a. (50 % of target amount of personal investment cash amount):               <ul style="list-style-type: none"> <li>— € 0.55 million (first period of office)</li> <li>— € 0.64 million (from second period of office or fourth year of mandate)</li> <li>— € 1.175 million (Chairman of the Board of Management)</li> </ul> </li> <li>— At least two strategic focus targets derived from the strategic plan</li> <li>— Weighting of the strategic focus targets is decided before the start of the financial year</li> <li>— Formula in event of two strategic focus targets with equal weighting p. a.:               <ul style="list-style-type: none"> <li>25 % of target amount for personal investment cash amount x factor for strategic focus target 1 + 25 % of target amount for personal investment cash amount x factor for strategic focus target 2</li> </ul> </li> <li>— Minimum, target and maximum values are defined before the start of the financial year</li> <li>— Factor for each strategic focus target may not exceed 1.8</li> <li>— Maximum amount of strategic focus target component p. a.:               <ul style="list-style-type: none"> <li>— € 0.990 million (first period of office)</li> <li>— € 1.152 million (from second period of office or fourth year of mandate)</li> <li>— € 2.115 million (Chairman of the Board of Management)</li> </ul> </li> </ul>

## Remuneration linked to corporate strategy

- personal investment cash amount is 50 % dependent on key performance indicator RoCE and is therefore directly linked to a key measure of corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital
- The remaining 50 % of the personal investment cash amount is beneficial for the attainment of strategic focus targets and therefore contributes to the BMW Group's operational success in strategically important areas
- Commitment to purchase shares of BMW AG common stock and four-years holding requirement is beneficial for the long-term development of the BMW Group

COMPONENT	Parameters / measurement base, applicable amounts
<b>MALUS AND CLAWBACK RULES</b>	
Malus	<ul style="list-style-type: none"> <li>— Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such</li> <li>— Amounts may also be withheld in principle after a member has left the Board</li> </ul>
Clawback	<ul style="list-style-type: none"> <li>— Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified incidences of non-compliance, incorrect calculation bases or incorrect financial statements</li> <li>— Amounts may also be clawed back in principle after a member has left the Board</li> </ul>

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

On 11 February 2022, the BMW Group acquired a further 25 % of the shares in the previous joint venture BMW Brilliance Automotive Ltd. Further information is provided in [note 3](#) Increased shareholding in BMW Brilliance Automotive Ltd.

The war in Ukraine had no impact on the Consolidated Financial Statements for the year ended 31 December 2021. Any potential effects on the BMW Group's business performance are being monitored on an ongoing basis. Due to the current situation, local production in Russia as well as the export of automobiles and motorcycles to the Russian market have been discontinued for the foreseeable future. The war in Ukraine is having a substantial negative effect on the country's automotive suppliers. The resulting supply restrictions have led to production schedule adjustments and interruptions at a number of BMW Group plants, which in turn is likely to have a negative impact on automobile sales figures. For this reason, the corresponding key performance indicators reported by the Automotive segment are now forecast to be down on the previous year. The war in Ukraine is not currently expected to have a significant impact on the business performance of the Motorcycles and Financial Services segments.

Current estimates and assumptions for the financial year 2022, to the extent already known, have been taken into account and described in the outlook. However, the outlook does not factor in a significant tightening of sanctions against Russia and/or an escalation of the conflict outside Ukraine. Similarly, additional major price hikes for energy and raw materials, including rises triggered by the war in Ukraine and/or the related sanctions, have not been taken into account.

Apart from this, no other events have occurred since the end of the financial year which could have a major impact on the results of operations, financial position and net assets of BMW AG and the BMW Group.



## SEGMENT INFORMATION

### 45 Explanatory notes to segment information

#### Information on reportable segments

For the purposes of presenting segment information, the activities of the BMW Group are divided into operating segments in accordance with IFRS 8. The segmentation follows the internal management and reporting system and takes account of the organisational structure of the BMW Group based on the various products and services of the reportable segments.

The activities of the BMW Group are broken down into the operating segments Automotive, Motorcycles, Financial Services and Other Entities.

Within the Automotive segment, the BMW Group develops, manufactures, assembles and sells automobiles powered with all-electric drive systems, plug-in hybrid systems and highly efficient combustion engines, as well as spare parts, accessories and mobility services under the BMW, MINI and Rolls-Royce brands. BMW and MINI brand products are sold in Germany through branches of BMW AG and by independent, authorised dealers. Sales outside Germany are handled mainly by subsidiary companies and by independent import companies in some markets. Rolls-Royce brand vehicles are sold in selected markets via subsidiary companies and elsewhere by independent, authorised dealers.

Activities relating to the development, manufacture, assembly and sale of motorcycles as well as spare parts and accessories are reported in the Motorcycles segment.

Automobile leasing, retail and dealership financing, multi-brand fleet business, customer deposit business and insurance activities are the main activities allocated to the Financial Services segment.

Holding and Group financing companies are reported in the Other Entities segment. This segment also includes the operating companies BMW (UK) Investments Ltd. and Bavaria Lloyd Reisebüro GmbH, which are not allocated to one of the other segments.

#### Internal management and reporting

Segment information is prepared as a general rule in conformity with the accounting policies adopted for preparing and presenting the Group Financial Statements. Exceptions to this general principle include the treatment of inter-segment warranties, the earnings impact of which is allocated to the Automotive and Financial Services segments on the basis used internally to manage the business. In addition, intragroup repurchase agreements between the Automotive and Financial Services segments pursuant to IFRS 15, impairment allowances on intragroup receivables and changes in the value of consolidated other investments pursuant to IFRS 9 are also excluded. Intragroup leasing arrangements are not reflected in the internal management and reporting system on an IFRS 16 basis and therefore, in

accordance with IFRS 8, do not give rise to any changes in the presentation of segment information. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated upon consolidation. Inter-segment revenues are based on market prices. Centralised cost components are included in the respective segments, without resulting in cash settlement.

The role of "chief operating decision maker" with respect to resource allocation and performance assessment of the reportable segment is embodied in the full Board of Management. For this purpose, different measures of segment performance as well as segment assets are taken into account in the operating segments.

The Automotive and Motorcycles segments are managed on the basis of return on capital employed (RoCE). The relevant measure of segment results used is therefore profit before financial result. Capital employed is the corresponding measure of segment assets used to determine how to allocate resources and comprises all current and non-current operational assets after deduction of liabilities used operationally which are generally not subject to interest (e.g. trade payables).

With effect from the reporting year 2022, a simplified definition of capital employed will be applied to make the RoCE calculation more comprehensible and transparent for users. Further information is provided in the section "Managing operational performance at segment level" within the Combined Management Report.

The success of the Financial Services segment is measured on the basis of return on equity (RoE). Profit before tax therefore represents the relevant measure of segment earnings. The measure of segment assets in the Financial Services segment corresponds to net assets, defined as total assets less total liabilities.

Write-downs on inventories to their net realisable value amounting to € 41 million (2020: € 59 million) were recognised by the Automotive segment in the financial year 2021. The reversal of impairment losses had a positive impact of € 5 million (2020: € 2 million) on the segment result of the Automotive segment.

The result of the Financial Services segment was negatively impacted by impairment losses totalling € 390 million (2020: € 362 million) recognised on leased products. Income from the reversal of impairment losses on leased products amounted to € 134 million (2020: € 126 million).

The success of the Other Entities segment is assessed on the basis of profit or loss before tax. The corresponding measure of segment assets used to manage the Other Entities segment is total assets less asset-side income tax items and intragroup investments.

Segment information by operating segment is as follows:

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External revenues	77,173	68,106	2,761	2,293	31,304	28,590	1	1	-	-	111,239	98,990
Inter-segment revenues	18,303	12,747	-13	-9	1,563	1,454	4	2	-19,857	-14,194	-	-
<b>Total revenues</b>	<b>95,476</b>	<b>80,853</b>	<b>2,748</b>	<b>2,284</b>	<b>32,867</b>	<b>30,044</b>	<b>5</b>	<b>3</b>	<b>-19,857</b>	<b>-14,194</b>	<b>111,239</b>	<b>98,990</b>
Segment result	9,870	2,162	227	103	3,753	1,725	531	-235	1,679	1,467	16,060	5,222
Result from equity accounted investments	1,520	920	-	-	-	-	-	-	-	-	1,520	920
Capital expenditure on non-current assets	7,329	6,041	169	146	24,936	24,146	-	-	-6,451	-6,291	25,983	24,042
Depreciation and amortisation on non-current assets	6,341	5,978	119	119	10,567	12,054	-	-	-5,269	-6,175	11,758	11,976

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Segment assets	17,466	15,779	619	681	17,324	15,555	97,917	98,226	96,201	86,417	229,527	216,658
Investments accounted for using the equity method	5,112	3,585	-	-	-	-	-	-	-	-	5,112	3,585

The Other Entities' segment result includes interest and similar income amounting to € 875 million (2020: € 1,169 million) and interest and similar expenses amounting to € 974 million (2020: € 1,232 million).

The information disclosed for capital expenditure and depreciation and amortisation relates to non-current property, plant and equipment, intangible assets and leased products.

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	2021	2020
<b>Reconciliation of segment result</b>		
Total for reportable segments	14,381	3,755
Financial result of Automotive segment	1,935	560
Financial result of Motorcycles segment	1	- 3
Elimination of inter-segment items	- 257	910
<b>Group profit before tax</b>	<b>16,060</b>	<b>5,222</b>
<b>Reconciliation of capital expenditure on non-current assets</b>		
Total for reportable segments	32,434	30,333
Elimination of inter-segment items	- 6,451	- 6,291
<b>Total Group capital expenditure on non-current assets</b>	<b>25,983</b>	<b>24,042</b>
<b>Reconciliation of depreciation and amortisation on non-current assets</b>		
Total for reportable segments	17,027	18,151
Elimination of inter-segment items	- 5,269	- 6,175
<b>Total Group depreciation and amortisation on non-current assets</b>	<b>11,758</b>	<b>11,976</b>

in € million	31. 12. 2021	31. 12. 2020
<b>Reconciliation of segment assets</b>		
Total for reportable segments	133,326	130,241
Non-operating assets – Automotive	66,942	59,677
Liabilities of Automotive segment not subject to interest	36,910	35,769
Non-operating assets – Motorcycles	40	39
Liabilities of Motorcycles segment not subject to interest	735	782
Total liabilities – Financial Services segment	136,113	132,062
Non-operating assets – Other Entities segment	7,676	7,007
Elimination of inter-segment items	- 152,215	- 148,919
<b>Total Group assets</b>	<b>229,527</b>	<b>216,658</b>

The reconciliation of segment figures to the corresponding total Group figures shows the inter-segment items. Revenues with other segments result mainly from the sale of vehicles, for which the Financial Services segment has concluded a financing or lease contract. Eliminations of inter-segment items in the reconciliation to the Group profit before tax, capital expenditure and depreciation and amortisation mainly result from the sale of vehicles in the Automotive segment, which are subsequently accounted for as leased products in the Financial Services segment. In the reconciliation of segment assets to Group assets, eliminations relate mainly to intragroup financing balances.

In the information by region, external revenues are based on the location of the customer. The information disclosed for non-current assets relates to property, plant and equipment, intangible assets and leased products. Eliminations disclosed for non-current assets relate to leased products.

Information by region in € million	External revenues		Non-current assets	
	2021	2020	2021	2020*
Germany	14,206	13,638	41,202	40,254
China	25,333	21,315	308	213
USA	21,522	17,837	20,878	19,487
Rest of Europe	32,920	30,258	19,134	17,630
Rest of Asia	10,875	10,433	2,315	1,821
Rest of the Americas	3,821	3,379	3,222	3,192
Other regions	2,562	2,130	328	354
Eliminations	-	-	- 7,317	- 6,764
<b>Group</b>	<b>111,239</b>	<b>98,990</b>	<b>80,070</b>	<b>76,187</b>

\* Prior year's figures adjusted

## LIST OF INVESTMENTS AT 31 DECEMBER 2021

### 46 List of investments at 31 December 2021

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

### AFFILIATED COMPANIES (SUBSIDIARIES) OF BMW AG AT 31 DECEMBER 2021

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
<b>DOMESTIC</b> <sup>1,10</sup>			
BMW Beteiligungs GmbH & Co. KG, Munich <sup>6</sup>	8,390	1,494	100
BMW INTEC Beteiligungs GmbH, Munich <sup>3,6</sup>	4,515	-	100
BMW Bank GmbH, Munich <sup>3</sup>	2,075	251	100
BMW Finanz Verwaltungs GmbH, Munich	213	3	100
BMW Anlagen Verwaltungs GmbH, Munich <sup>3,6</sup>	179	-	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	173	4	100
Parkhaus Oberwiesefeld GmbH, Munich	106	27	100
Alphabet Fuhrparkmanagement GmbH, Munich <sup>4</sup>	-	-	100
Alphabet International GmbH, Munich <sup>4,5,6</sup>	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich <sup>3,5,6</sup>	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach <sup>3,5,6</sup>	-	-	100
BMW Hams Hall Motoren GmbH, Munich <sup>4,5,6</sup>	-	-	100
BMW High Power Charging Beteiligungs GmbH, Munich <sup>4,6</sup>	-	-	100
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
Rolls-Royce Motor Cars GmbH, Munich <sup>4,5,6</sup>	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51

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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
<b>FOREIGN<sup>2</sup></b>			
<b>Europe</b>			
BMW Holding B. V., The Hague	17,535	2,049	100
BMW International Holding B. V., The Hague	4,055	2,185	100
BMW Österreich Holding GmbH, Steyr	3,286	1,167	100
BMW Financial Services (GB) Ltd., Farnborough	1,116	488	100
BMW Motoren GmbH, Steyr	937	192	100
BMW (Schweiz) AG, Dielsdorf	879	8	100
BMW Hellas Trade of Cars A. E., Kifissia	806	5	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	515	387	100
Alphabet España Fleet Management S. A.U., Madrid	417	19	100
BMW (UK) Holdings Ltd., Farnborough	316	779	100
BMW Russland Trading OOO, Moscow	315	313	100
BMW Finance N. V., The Hague	251	97	100
BMW Finance S. N.C., Guyancourt	251	46	100
BMW Austria Bank GmbH, Salzburg	203	8	100
BMW (UK) Ltd., Farnborough	198	82	100
ALPHABET (GB) Ltd., Farnborough	181	189	100
Rolls-Royce Motor Cars Ltd., Farnborough	132	92	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	118	19	100
Alphabet Austria Fuhrparkmanagement GmbH, Salzburg	-	-	100
Alphabet Belgium Long Term Rental NV, Aartselaar	-	-	100
Alphabet France Fleet Management S. A.S., Saint-Quentin-en-Yvelines	-	-	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	-	-	100
Alphabet Italia S. p.A., Trento	-	-	100

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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
Alphabet Luxembourg S. A., Leudelange	-	-	100
Alphabet Nederland B. V., Breda	-	-	100
Alphabet Polska Fleet Management Sp. z o. o., Warsaw	-	-	100
Bavaria Reinsurance Malta Ltd., Floriana	-	-	100
BiV Carry I SCS, Senningerberg	-	-	100
BiV Carry II SCS, Senningerberg <sup>9</sup>	-	-	100
BLMC Ltd., Farnborough	-	-	100
BMW (UK) Capital plc, Farnborough	-	-	100
BMW (UK) Investments Ltd., Farnborough	-	-	100
BMW (UK) Manufacturing Ltd., Farnborough	-	-	100
BMW Austria GmbH, Salzburg	-	-	100
BMW Austria Leasing GmbH, Salzburg	-	-	100
BMW Automotive (Ireland) Ltd., Dublin	-	-	100
BMW Bank OOO, Moscow	-	-	100
BMW Belgium Luxembourg S. A. / N. V., Bornem	-	-	100
BMW Bulgaria EOOD, Sofia	-	-	100
BMW Central Medical Trustees Ltd., Farnborough	-	-	100
BMW Czech Republic s. r.o., Prague	-	-	100
BMW Danmark A/S, Copenhagen	-	-	100
BMW Distribution S. A.S., Vélizy-Villacoublay	-	-	100
BMW España Finance S. L., Madrid	-	-	100
BMW Financial Services (Ireland) DAC, Dublin	-	-	100
BMW Financial Services B. V., The Hague	-	-	100
BMW Financial Services Belgium S. A. / N. V., Bornem	-	-	100
BMW Financial Services Denmark A/S, Copenhagen	-	-	100
BMW Financial Services Polska Sp. z o. o., Warsaw	-	-	100

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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
BMW Financial Services Scandinavia AB, Sollentuna	-	-	100
BMW France S. A., Montigny-le-Bretonneux	-	-	100
BMW Hungary Kft., Vecsés <sup>9</sup>	-	-	100
BMW Iberica S. A., Madrid	-	-	100
BMW International Investment B. V., The Hague	-	-	100
BMW Italia Retail S. r.l., Rome	-	-	100
BMW Italia S. p.A., San Donato Milanese	-	-	100
BMW Madrid S. L., Madrid	-	-	100
BMW Malta Ltd., Floriana	-	-	100
BMW Nederland B. V., The Hague	-	-	100
BMW Norge AS, Fornebu	-	-	100
BMW Northern Europe AB, Stockholm	-	-	100
BMW Portugal Lda., Porto Salvo	-	-	100
BMW Renting (Portugal) Lda., Porto Salvo	-	-	100
BMW Romania S. R.L., Bucharest	-	-	100
BMW Services Ltd., Farnborough	-	-	100
BMW Slovenia distribucija motornih vozil d. o.o., Ljubljana	-	-	100
BMW Slovenská republika s. r.o., Bratislava	-	-	100
BMW Vertriebs GmbH, Salzburg	-	-	100
Oy BMW Suomi AB, Helsinki	-	-	100
Park Lane Ltd., Farnborough	-	-	100
Riley Motors Ltd., Farnborough	-	-	100
Swindon Pressings Ltd., Farnborough	-	-	100
The British Motor Corporation Ltd., Birmingham	-	-	100
Triumph Motor Company Ltd., Farnborough	-	-	100
Bavarian Sky Europe S. A. Compartment A, Luxembourg <sup>11</sup>	-	-	0

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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
Bavarian Sky FTC, Compartment French Auto Leases 4, Paris <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment A, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment B, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment German Auto Leases 5, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment German Auto Leases 6, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment German Auto Loans 10, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky S. A., Compartment German Auto Loans 9, Luxembourg <sup>11</sup>	-	-	0
Bavarian Sky UK 3 plc, London <sup>11</sup>	-	-	0
Bavarian Sky UK 4 plc, London <sup>11</sup>	-	-	0
Bavarian Sky UK A Ltd., London <sup>11</sup>	-	-	0
Bavarian Sky UK B Ltd., London <sup>11</sup>	-	-	0
Bavarian Sky UK C Ltd., London <sup>11</sup>	-	-	0
Bavarian Sky UK D Ltd., London <sup>11</sup>	-	-	0
<b>The Americas<sup>10</sup></b>			
BMW Manufacturing Co. LLC, Wilmington, Delaware	2,042	389	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,473	202	100
BMW of North America LLC, Wilmington, Delaware	948	549	100
Financial Services Vehicle Trust, Wilmington, Delaware	698	405	100
BMW Canada Inc., Richmond Hill, Ontario	663	324	100
BMW (US) Holding Corp., Wilmington, Delaware	-	-	100
BMW Acquisitions Ltda., São Paulo	-	-	100
BMW Auto Leasing LLC, Wilmington, Delaware	-	-	100
BMW Consolidation Services Co. LLC, Wilmington, Delaware	-	-	100
BMW de Argentina S. A., Buenos Aires	-	-	100
BMW de Mexico S. A. de C. V., Mexico City	-	-	100



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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
BMW do Brasil Ltda., Araquari	-	-	100
BMW Extended Service Corporation, Wilmington, Delaware	-	-	100
BMW Facility Partners LLC, Wilmington, Delaware	-	-	100
BMW Financeira S. A. Credito, Financiamento e Investimento, São Paulo	-	-	100
BMW Financial Services de Mexico S. A. de C. V. SOFOM, Mexico City	-	-	100
BMW Financial Services NA LLC, Wilmington, Delaware	-	-	100
BMW FS Funding Corporation, Wilmington, Delaware	-	-	100
BMW FS Receivables Corporation, Wilmington, Delaware	-	-	100
BMW FS Securities LLC, Wilmington, Delaware	-	-	100
BMW Insurance Agency Inc., Wilmington, Delaware	-	-	100
BMW Leasing do Brasil S. A., São Paulo	-	-	100
BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus	-	-	100
BMW Manufacturing LP, Woodcliff Lake, New Jersey	-	-	100
BMW of Manhattan Inc., Wilmington, Delaware	-	-	100
BMW Receivables 1 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables 2 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables Ltd. Partnership, Richmond Hill, Ontario	-	-	100
BMW SLP, S. A. de C. V., Villa de Reyes	-	-	100
BMW US Capital LLC, Wilmington, Delaware	-	-	100
Rolls-Royce Motor Cars NA LLC, Wilmington, Delaware	-	-	100
SB Acquisitions LLC, Wilmington, Delaware	-	-	100
BMW 2020- A Lease Conduit, Wilmington, Delaware <sup>11</sup>	-	-	0
BMW 2021- A Lease Conduit, Wilmington, Delaware <sup>11</sup>	-	-	0
BMW Canada 2018-A, Richmond Hill, Ontario <sup>11</sup>	-	-	0
BMW Canada Auto Trust 2019-1, Richmond Hill, Ontario <sup>11</sup>	-	-	0
BMW Canada Auto Trust 2020-1, Richmond Hill, Ontario <sup>11</sup>	-	-	0

Notes to the Group  
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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
BMW Canada Auto Trust 2021-1, Richmond Hill, Ontario <sup>11</sup>	-	-	0
BMW Vehicle Lease Trust 2021- 2, Wilmington, Delaware <sup>11</sup>	-	-	0
BMW Vehicle Lease Trust 2021-1, Wilmington, Delaware <sup>11</sup>	-	-	0
BMW Vehicle Owner Trust 2019-A, Wilmington, Delaware <sup>11</sup>	-	-	0
BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware <sup>11</sup>	-	-	0
<b>Africa</b>			
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	104	13	100
BMW (South Africa) (Pty) Ltd., Pretoria	-	-	100
SuperDrive Investments (RF) Ltd., Cape Town <sup>11</sup>	-	-	0
<b>Asia</b>			
BMW Automotive Finance (China) Co. Ltd., Beijing	2,561	306	58
BMW China Investment Ltd., Beijing <sup>9</sup>	559	559	100
BMW Japan Finance Corp., Tokyo	527	66	100
BMW Financial Services Korea Co. Ltd., Seoul	279	71	100
BMW Korea Co. Ltd., Seoul	269	119	100
Herald International Financial Leasing Co. Ltd., Tianjin	210	51	58
BMW Japan Corp., Tokyo	128	100	100
BMW Manufacturing (Thailand) Co. Ltd., Rayong	116	94	100
BMW (Thailand) Co. Ltd., Bangkok	-	-	100
BMW Asia Pacific Capital Pte Ltd., Singapore	-	-	100
BMW Asia Pte. Ltd., Singapore	-	-	100
BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur	-	-	100
BMW China Automotive Trading Ltd., Beijing	-	-	100
BMW China Services Ltd., Beijing	-	-	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100

Notes to the Group  
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<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	-	-	100
BMW India Financial Services Private Ltd., Gurgaon	-	-	100
BMW India Private Ltd., Gurgaon	-	-	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Leasing (Thailand) Co. Ltd., Bangkok	-	-	100
BMW Tokyo Corp., Tokyo	-	-	100
PT BMW Indonesia, Jakarta	-	-	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	-	-	51
2017-3 ABL, Tokyo <sup>11</sup>	-	-	0
2018-1 ABL, Tokyo <sup>11</sup>	-	-	0
2018-2 ABL, Tokyo <sup>11</sup>	-	-	0
2018-3 ABL, Tokyo <sup>11</sup>	-	-	0
2019-1 ABL, Tokyo <sup>11</sup>	-	-	0
2019-2 ABL, Tokyo <sup>11</sup>	-	-	0
2019-3 ABL, Tokyo <sup>11</sup>	-	-	0
2020-1 ABL, Tokyo <sup>11</sup>	-	-	0
2021-1 ABL, Tokyo <sup>11</sup>	-	-	0
2021-2 ABL, Tokyo <sup>11</sup>	-	-	0
Bavarian Sky China 2019-2, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2019-3, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2020-1, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2020-2, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2021-1, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2021-2, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China 2021-3, Beijing <sup>11</sup>	-	-	0
Bavarian Sky China Leasing 2020-1, Tianjin <sup>11</sup>	-	-	0

<b>Companies</b>	Equity in € million	Profit / loss in € million	Capital investment in %
Bavarian Sky China Leasing 2021-1, Tianjin <sup>11</sup>	-	-	0
Bavarian Sky Korea 2021-1, Seoul <sup>11</sup>	-	-	0
<b>Oceania</b>			
BMW Australia Finance Ltd., Mulgrave	-	-	100
BMW Australia Ltd., Melbourne	-	-	100
BMW Financial Services New Zealand Ltd., Auckland	-	-	100
BMW Melbourne Pty. Ltd., Melbourne	-	-	100
BMW New Zealand Ltd., Auckland	-	-	100
BMW Sydney Pty. Ltd., Sydney	-	-	100
Bavarian Sky Australia Trust A, Mulgrave <sup>11</sup>	-	-	0
BMW Australia Trust 2011-2, Mulgrave <sup>11</sup>	-	-	0

**BMW AG'S NON-CONSOLIDATED COMPANIES AT 31 DECEMBER 2021**

<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
<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
IDEALworks 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 China Capital B. V., The Hague	-	-	100
BMW Drivers Club Ltd., Farnborough	-	-	100
BMW Financial Services Czech Republic s. r. o., Prague	-	-	100
BMW Financial Services Slovakia s. r. o., Bratislava	-	-	100
BMW Group Benefit Trust Ltd., Farnborough	-	-	100
BMW Manufacturing Hungary Kft., Debrecen	-	-	100
BMW Manufacturing Russland OOO, Kaliningrad	-	-	100
BMW Mobility Development Center s. r. o., Prague	-	-	100
BMW Motorsport Ltd., Farnborough	-	-	100
BMW Poland sp. z o. o., Warsaw	-	-	100
BMW Russland Automotive OOO, Kaliningrad	-	-	100
John Cooper Garages Ltd., Farnborough	-	-	100
John Cooper Works Ltd., Farnborough	-	-	100
OOO BMW Leasing, Moscow	-	-	100

<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
<b>The Americas</b>			
217-07 Northern Boulevard Corporation, 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 Mobility Services LLC, Wilmington, Delaware	-	-	100
BMW Operations Corp., Wilmington, Delaware	-	-	100
BMW Shared Services LLC, Wilmington, Delaware	-	-	100
BMW Technology Corp., Wilmington, Delaware	-	-	100
Designworks / USA Inc., Newbury Park, California	-	-	100
MINI Business Innovation LLC, Wilmington, Delaware	-	-	100
Toluca Planta de Automoviles S. A. de C. V., Mexico City	-	-	100
Urban X Accelerator SPV LLC, Wilmington, Delaware	-	-	100
<b>Africa</b>			
BMW Automobile Distributors (Pty) Ltd., Midrand	-	-	100
BPF Midrand Property Holdings (Pty) Ltd., Midrand	-	-	100
Multisource Properties (Pty) Ltd., Midrand	-	-	100
<b>Asia</b>			
BMW Finance (United Arab Emirates) Ltd., Dubai	-	-	100
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 Parts Manufacturing (Thailand) Co., Ltd., Rayong Province	-	-	100
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100

<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
Herald Hezhong (Beijing) Automotive Trading Co. Ltd., Beijing	-	-	100
THEPSATRI Co. Ltd., Bangkok	-	-	100
BMW Philippines Corp., Manila	-	-	70
BMW Financial Services Hong Kong Ltd., Hong Kong	-	-	51

**BMW AG'S ASSOCIATED COMPANIES, JOINT VENTURES AND JOINT OPERATIONS AT 31 DECEMBER 2021**

<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
<b>Joint ventures – equity accounted</b>			
<b>DOMESTIC</b>			
YOUR NOW Holding GmbH, Munich <sup>8</sup>	897	- 337	50
IONITY Holding GmbH & Co. KG, Munich <sup>8</sup>	209	- 35	20
<b>FOREIGN</b>			
BMW Brilliance Automotive Ltd., Shenyang <sup>8</sup>	11,176	3,596	50
<b>Associated companies – equity accounted</b>			
<b>FOREIGN</b>			
THERE Holding B. V., Amsterdam <sup>8</sup>	1,090	- 108	30
Solid Power, Inc., Wilmington, Delaware	-	-	7
<b>Joint operations – proportionately consolidated entities</b>			
<b>FOREIGN</b>			
Spotlight Automotive Ltd., Zhangjiagang <sup>8</sup>	-	-	50
<b>Not equity accounted or proportionately consolidated entities</b>			
<b>DOMESTIC</b>			
Encory GmbH, Unterschleißheim	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
PDB – Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
<b>FOREIGN</b>			
Bavarian & Co Co. Ltd., Incheon	-	-	20
BMW Albatha Finance PSC, Dubai	-	-	40



<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
BMW Albatha Leasing LLC, Dubai	-	-	40
BMW ArcherMind Information Technology Co. Ltd., Nanjing	-	-	50
BMW AVTOTOR Holding B. V., Amsterdam	-	-	50
Critical TechWorks S. A., Porto	-	-	50

**BMW AG'S PARTICIPATIONS AT 31 DECEMBER 2021**

<b>Companies</b>	<b>Equity in € million</b>	<b>Profit / loss in € million</b>	<b>Capital investment in %</b>
<b>DOMESTIC</b>			
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	5
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3
Hubject GmbH, Berlin	-	-	16
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	22
Joblinge gemeinnützige AG Berlin, Berlin	-	-	10
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	17
Joblinge gemeinnützige AG Munich, Munich	-	-	6
Mobimeo GmbH, Berlin	-	-	10
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	9
SGL Carbon SE, Wiesbaden	-	-	18
<b>FOREIGN</b>			
Northvolt AB, Stockholm	-	-	3

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

<sup>2</sup> The amounts shown for the foreign affiliated companies correspond to the annual IFRS statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euro are translated in 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 § 264b HGB.

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

<sup>10</sup> Deconsolidation in the financial year 2021: BMW Verwaltungs GmbH (merger), BMW Leasing de Mexico S. A. de C. V. (merger).

<sup>11</sup> Control on basis of economic dependence.

Munich, 8 March 2022

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber