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GROUP FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR GROUP

in € million	Note	2023	2022
Net profit/loss		12,165	18,582
Remeasurement of the net liability for defined benefit pension plans	33	- 142	1,077
Income taxes		24	- 332
Items not expected to be reclassified to the income statement in the future		- 118	745
Marketable securities (at fair value through other comprehensive income)		113	- 154
Derivative financial instruments		- 1,808	2,801
Costs of hedging		766	- 1,557
Other comprehensive income from equity accounted investments		26	22
Income taxes		281	- 458
Currency translation foreign operations		- 1,772	199
Items that can be reclassified to the income statement in the future		- 2,394	853
Other comprehensive income for the period after tax	19	- 2,512	1,598
Total comprehensive income		9,653	20,180
Total comprehensive income attributable to non-controlling interests		607	679
Total comprehensive income attributable to shareholders of BMW AG		9,046	19,501

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2023

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)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS													
Intangible assets	21	20,022	21,776	19,439	21,220	216	185	366	370	1	1	-	-
Property, plant and equipment	22	35,266	32,126	34,639	31,514	533	491	94	121	-	-	-	-
Leased products	23	43,118	42,820	-	-	-	-	50,415	49,867	-	-	-7,297	-7,047
Investments accounted for using the equity method	24	443	420	443	420	-	-	-	-	-	-	-	-
Other investments		1,197	1,351	14,697	14,775	-	-	28	28	23,084	23,020	-36,612	-36,472
Receivables from sales financing	25	50,517	50,368	-	-	-	-	50,657	50,482	-	-	-140	-114
Financial assets	26	1,387	3,073	588	1,522	-	-	256	481	643	1,191	-100	-121
Deferred tax	13	2,431	1,758	3,216	3,340	-	-	506	517	22	23	-1,313	-2,122
Other assets	28	1,537	1,030	2,296	2,612	18	25	2,852	2,325	35,249	38,315	-38,878	-42,247
Non-current assets		155,918	154,722	75,318	75,403	767	701	105,174	104,191	58,999	62,550	-84,340	-88,123
Inventories	29	23,719	20,005	22,121	18,679	905	802	693	524	-	-	-	-
Trade receivables	30	4,162	4,127	3,875	3,869	102	143	184	114	1	1	-	-
Receivables from sales financing	25	36,838	35,340	-	-	-	-	36,838	35,340	-	-	-	-
Financial assets	26	4,131	5,164	2,888	3,841	-	-	558	560	692	766	-7	-3
Current tax	27	1,199	1,096	911	547	-	-	102	134	186	415	-	-
Other assets	28	7,596	9,602	24,925	31,576	7	4	3,753	5,020	57,638	54,857	-78,727	-81,855
Cash and cash equivalents		17,327	16,870	13,590	13,109	36	21	3,090	3,530	611	210	-	-
Current assets		94,972	92,204	68,310	71,621	1,050	970	45,218	45,222	59,128	56,249	-78,734	-81,858
Total assets		250,890	246,926	143,628	147,024	1,817	1,671	150,392	149,413	118,127	118,799	-163,074	-169,981

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2023

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)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EQUITY AND LIABILITIES													
Subscribed capital	31	639	663	-	-	-	-	-	-	-	-	-	-
Capital reserves	31	2,456	2,432	-	-	-	-	-	-	-	-	-	-
Revenue reserves	31	89,072	85,425	-	-	-	-	-	-	-	-	-	-
Accumulated other equity	31	-2,071	-117	-	-	-	-	-	-	-	-	-	-
Treasury shares	31	-500	-1,278	-	-	-	-	-	-	-	-	-	-
Equity attributable to shareholders of BMW AG	31	89,596	87,125	-	-	-	-	-	-	-	-	-	-
Non-controlling interests		3,327	4,163	-	-	-	-	-	-	-	-	-	-
Equity		92,923	91,288	61,971	67,234	-	-	16,573	17,737	56,031	48,894	-41,652	-42,577
Pension provisions	33	427	339	326	233	7	9	17	20	77	77	-	-
Other provisions	34	7,797	8,445	7,559	8,206	80	83	158	156	-	-	-	-
Deferred tax	13	2,797	2,765	2,601	2,786	-	-	2,603	3,447	226	315	-2,633	-3,783
Financial liabilities	36	52,880	53,469	2,726	2,730	2	2	18,003	16,343	32,249	34,515	-100	-121
Other liabilities	37	7,065	6,199	8,041	6,840	808	721	36,848	39,654	485	1,185	-39,117	-42,201
Non-current provisions and liabilities		70,966	71,217	21,253	20,795	897	815	57,629	59,620	33,037	36,092	-41,850	-46,105
Other provisions	34	9,240	7,316	8,547	6,668	128	123	558	519	7	6	-	-
Current tax	35	1,401	1,224	1,045	886	-	-	141	123	215	215	-	-
Financial liabilities	36	42,130	40,727	1,680	1,646	-	-	25,392	25,718	15,065	13,366	-7	-3
Trade payables	38	15,547	14,120	13,906	12,763	566	494	1,071	852	4	11	-	-
Other liabilities	37	18,683	21,034	35,226	37,032	226	239	49,028	44,844	13,768	20,215	-79,565	-81,296
Current provisions and liabilities		87,001	84,421	60,404	58,995	920	856	76,190	72,056	29,059	33,813	-79,572	-81,299
Total equity and liabilities		250,890	246,926	143,628	147,024	1,817	1,671	150,392	149,413	118,127	118,799	-163,074	-169,981

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2023	2022	2023	2022	2023	2022
Profit/loss before tax	17,096	23,509	12,642	18,918	2,962	3,205
Income taxes paid	- 5,049	- 4,512	- 3,472	- 4,229	- 698	- 487
Interest received ¹	683	453	1,417	718	3	6
Other interest and similar income/expenses ¹	- 515	- 206	- 350	- 228	5	2
Depreciation and amortisation of tangible and intangible assets	8,974	8,566	8,826	8,433	32	32
Other non-cash income and expense items ²	179	- 7,392	103	- 7,433	- 11	8
Result from equity accounted investments	159	100	159	100	-	-
Change in leased products	- 999	2,794	-	-	- 1,346	3,236
Change in receivables from sales financing	- 3,622	1,888	-	-	- 3,649	1,870
Changes in working capital	- 2,715	- 523	- 2,674	- 310	- 31	- 130
Change in inventories	- 4,135	- 115	- 3,835	156	- 179	- 125
Change in trade receivables	- 187	- 939	- 154	- 866	- 70	- 20
Change in trade payables	1,607	531	1,315	400	218	15
Change in provisions	1,616	816	1,471	854	53	47
Change in other operating assets and liabilities	1,735	- 1,970	- 447	- 2,041	3,168	1,356
Cash inflow/outflow from operating activities	17,542	23,523	17,675	14,782	488	9,145
Total investment in intangible assets and property, plant and equipment	- 10,881	- 9,050	- 10,688	- 8,867	- 9	- 12
Proceeds from subsidies for intangible assets and property, plant and equipment	-	102	-	102	-	-
Proceeds from the disposal of intangible assets and property, plant and equipment	116	103	115	101	1	2
Expenditure for acquisitions, net of cash acquired	-	3,587	-	5,011	-	-
Expenditure for investment assets	- 222	- 117	- 219	- 86	-	- 4
Proceeds from the disposal of investment assets and other business units	65	32	59	28	-	-
Investments in marketable securities and investment funds	- 583	- 649	- 530	- 459	- 14	- 147
Proceeds from the sale of marketable securities and investment funds	1,957	1,220	1,890	991	28	111
Cash inflow/outflow from investing activities	- 9,548	- 4,772	- 9,373	- 3,179	6	- 50

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2023	2022	2023	2022	2023	2022
Payments out of equity	- 20	-	- 20	-	-	-
Payments into equity	-	85	-	85	-	-
Treasury shares acquired	- 1,222	- 1,278	- 1,222	- 1,278	-	-
Payment of dividends to shareholders of BMW AG	- 5,430	- 3,827	- 5,430	- 3,827	-	-
Payment of dividends to non-controlling interests	- 1,485	- 1,455	- 1,485	- 1,455	-	-
Intragroup financing and equity transactions	-	-	2,076	- 2,998	- 2,961	- 7,139
Interest paid ¹	- 186	- 222	- 1,031	- 521	- 9	- 9
Proceeds from issue of non-current financial liabilities	20,633	16,050	34	-	11,614	11,584
Repayment of non-current financial liabilities	- 22,430	- 26,102	- 515	- 547	- 10,790	- 12,165
Change in other financial liabilities	3,281	- 1,235	247	- 51	1,396	- 1,313
Cash inflow/outflow from financing activities	- 6,859	- 17,984	- 7,346	- 10,592	- 750	- 9,042
Effect of exchange rate on cash and cash equivalents	- 705	104	- 502	99	- 184	6
Effect of changes in composition of Group on cash and cash equivalents	27	- 10	27	- 10	-	-
Change in cash and cash equivalents	457	861	481	1,100	- 440	59
Cash and cash equivalents as at 1 January	16,870	16,009	13,109	12,009	3,530	3,471
Cash and cash equivalents as at 31 December	17,327	16,870	13,590	13,109	3,090	3,530

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

² Includes in the financial year 2022 the elimination of the non-cash revaluation effect of the investment in BMW Brilliance amounting to € 7,649 million.

The reconciliation of liabilities from financing activities is presented in [note \[36\]](#) to the Group Financial Statements.

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	Treasury shares	Equity attributable to shareholders of BMW AG	Non-controlling interests	
1 January 2023	31	663	2,432	85,425	- 584	- 107	1,728	- 1,154	- 1,278	87,125	4,163	91,288
Net profit		-	-	11,290	-	-	-	-	-	11,290	875	12,165
Other comprehensive income for the period after tax		-	-	- 118	- 1,499	78	- 1,201	496	-	- 2,244	- 268	- 2,512
Comprehensive income at 31 December 2023		-	-	11,172	- 1,499	78	- 1,201	496	-	9,046	607	9,653
Dividend payments		-	-	- 5,430	-	-	-	-	-	- 5,430	- 1,485	- 6,915
Treasury shares acquired		-	-	-	-	-	-	-	- 1,222	- 1,222	-	- 1,222
Treasury share redemption		-	-	- 2,000	-	-	-	-	2,000	-	-	-
Reclassification resulting from share redemption		- 24	24	-	-	-	-	-	-	-	-	-
Other changes		-	-	- 95	-	-	172	-	-	77	42	119
31 December 2023	31	639	2,456	89,072	- 2,083	- 29	699	- 658	- 500	89,596	3,327	92,923

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	Treasury shares	Equity attributable to shareholders of BMW AG	Non-controlling interests	
1 January 2022	31	661	2,325	71,705	- 438	2	362	- 251	-	74,366	766	75,132
Net profit		-	-	17,941	-	-	-	-	-	17,941	641	18,582
Other comprehensive income for the period after tax		-	-	745	- 146	- 109	1,973	- 903	-	1,560	38	1,598
Comprehensive income at 31 December 2022		-	-	18,686	- 146	- 109	1,973	- 903	-	19,501	679	20,180
Dividend payments		-	-	- 3,827	-	-	-	-	-	- 3,827	- 1,455	- 5,282
Treasury shares acquired		-	-	-	-	-	-	-	- 1,278	- 1,278	-	- 1,278
Subscribed share capital increase out of Authorised Capital		2	-	-	-	-	-	-	-	2	-	2
Premium arising on capital increase relating to preferred stock		-	107	-	-	-	-	-	-	107	-	107
Other changes		-	-	- 1,139	-	-	- 607	-	-	- 1,746	4,173	2,427
31 December 2022	31	663	2,432	85,425	- 584	- 107	1,728	- 1,154	- 1,278	87,125	4,163	91,288

NOTES TO THE GROUP FINANCIAL STATEMENTS

PRINCIPLES

01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2023 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315e (1) of the German Commercial Code (HGB). Pursuant to § 325 HGB, the Group Financial Statements and the Group Management Report are required to be submitted electronically to the operator of the German Company Register and made accessible via that agency's website. 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 Financial Statements have been drawn up in euros. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

Key figures presented in this 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 46](#) (Explanatory notes to segment information).

Approval for the publication of the Group Financial Statements was granted by the Board of Management on 12 March 2024.

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 62 structured entities, consisting of asset-backed financing arrangements and special purpose funds. In some cases, contractual agreements are in place with the asset-backed securities companies to offset their losses in connection with residual value risks arising from the receivables sold to them.

In relation to fully consolidated companies, the following changes took place in the Group reporting entity in the financial year 2023:

	Germany	Foreign	Total
Included at 31 December 2022	20	184	204
Included for the first time in 2023	-	18	18
No longer included in 2023	-	15	15
Included at 31 December 2023	20	187	207

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 is of minor significance.

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

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 11 February 2022, via its subsidiary BMW Holding B.V., the BMW Group increased its shareholding in the BMW Brilliance Automotive Ltd. (BMW Brilliance) joint venture from 50% to 75% with the acquisition of a further 25% of BMW Brilliance's shares. BMW Brilliance has been fully consolidated in the Group Financial Statements since that date. With regard to the figures reported for the previous financial year, it should therefore be noted that BMW Brilliance is only included for the relevant part of 2022 (i.e. from 11 February onwards). If BMW Brilliance had been fully included in the Group Financial Statements with effect from 1 January 2022, Group revenues and profit after tax for the financial year 2022 would have amounted to € 145,521 million and € 18,842 million respectively. The remeasurement of the previously held shares resulted in a gain of € 7,649 million on first-time consolidation, which was recognised in income from investments within the line item "Other financial result" in the previous year. Detailed information is provided in [BMW Group Report 2022, note \[3\] to the Group Financial Statements](#).

On 19 July 2023, the BMW Group signed an agreement with the companies of the Mercedes-Benz Group AG, the Stellantis Group, the Honda Group, the Hyundai Motor Group and the General Motors Company Group to establish a company in Canada with the aim of developing charging infrastructure in North America. Following approval by the relevant antitrust authorities, the transaction was completed on 18 October 2023, with the BMW Group holding a 16.67% stake. Although this is below 20%, the newly founded entity is included in the BMW Group Financial Statements as an associated company using the equity method, reflecting the fact that the BMW Group is represented on the management board and therefore has significant influence.

On 6 November 2023, the BMW Group signed an agreement with the Mercedes-Benz Group AG to establish a company in China with the aim of developing a charging infrastructure there. Approval has been granted by the antitrust authorities. The BMW Group will hold a 50% stake in the newly founded entity. It will be included in the BMW Group Financial Statements as a joint venture using the equity method.

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 transaction will not, however, be completed.

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 Other significant events

Russia-Ukraine war

Major uncertainties remained at 31 December 2023 with respect to the ongoing Russia-Ukraine war. The current sanctions and the countermeasures taken significantly restrict economic activities with Russia and also have an impact on the Russian companies of the BMW Group.

The restrictions currently in place for payments continue to restrict the transfer of liquid funds from Russia. Developments in this area are reviewed by the BMW Group on a regular basis. In total, the Russian companies hold around 4% (2022: 5%) of the BMW Group's cash and cash equivalents.

A closing rate of RUB 100.62 (2022: 77.12) to the euro was applied at 31 December 2023 to translate foreign currency items denominated in Russian roubles. The BMW Group has been able to execute transactions at this rate.

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, while 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 line 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	
	31.12.2023	31.12.2022	2023	2022
1 euro =				
US dollar	1.11	1.07	1.08	1.05
Chinese renminbi	7.86	7.36	7.66	7.08
British pound	0.87	0.89	0.87	0.85
Japanese yen	156.58	141.11	151.98	138.02
South Korean won	1,435.44	1,346.97	1,412.98	1,357.16

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 asset, liability and income statement line items. 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 2023

Standards and Revised Standards significant for the BMW Group and applied for the first time in the financial year 2023:

Standard/Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU
IFRS 17	Insurance Contracts	18.5.2017	1.1.2023	1.1.2023
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules	23.5.2023	1.1.2023	1.1.2023

In May 2017 the IASB published IFRS 17 Insurance Contracts. The Standard replaces IFRS 4 and contains new rules relating to the recognition, measurement, presentation and disclosure requirements for insurance contracts. In a Group-wide project, the BMW Group examined the impact of adopting IFRS 17 for existing agreements. The BMW Group offers various products that meet the definition of an insurance contract in accordance with IFRS 17. However, for the majority of these products, either an exemption applies (e.g. for warranty agreements) or the insurance arrangements qualify as fixed-fee service contracts, which can continue to be accounted for in accordance with IFRS 15 due to the option available in IFRS 17. In some markets, however, products are offered (e.g. comprehensive vehicle insurance) that are required to be accounted for in accordance with IFRS 17. These contracts can be accounted for using the premium allocation approach, which is essentially the same as the accounting method already being applied for such contracts. In the financial year 2023, insurance premiums for insurance contracts amounting to € 89 million were recognised in other income within the line item "Revenues". At 31 December 2023, insurance liabilities for the remaining terms of these contracts amounted to € 289 million.

In May 2023, the IASB published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) which sets out a mandatory exemption to the accounting for deferred taxes in conjunction with the global minimum taxation (Pillar Two). The

amendments provide for a temporary exemption from recognising deferred taxes resulting from the implementation of the Pillar Two rules. The exemption has accordingly been applied by the BMW Group. The amendments also include disclosures in the notes to explain the impact of the introduction of minimum taxation on affected entities. The introduction of the Pillar Two regulations is not expected to have any significant impact on the BMW Group Financial Statements.

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

Other financial reporting standards and revised standards issued by the IASB that have not yet been applied are not expected to have any significant impact on the BMW Group Financial Statements.

c Accounting policy changes in the financial year 2023

In order to increase consistency between internal performance management and external reporting, the following accounting policies were changed in the financial year 2023.

Government grants related to assets were previously reported as deferred income and recognised through profit or loss over the accounting periods in which the costs occur that they are intended to compensate. With effect from the financial year 2023, government grants relating to assets are deducted from the carrying amount of the relevant assets and therefore now recognised in profit or loss over the respective useful lives of the assets

in the form of reduced depreciation/amortisation. In this context, the accounting treatment applied for investment tax credits was also changed. Instead of being recognised immediately as a reduction of income tax expense, with effect from the financial year 2023 investment tax credits are also deducted from the carrying amount of the related assets. The income statement impact is therefore also spread over the respective useful lives of the assets in the form of lower depreciation/amortisation expense. The change in accounting policy has not been applied retrospectively on the grounds of immateriality. Prior-year figures have therefore not been adjusted.

Deferred income for government grants relating to assets at 31 December 2022 amounted to € 465 million or 0.19% of Group total assets at that date. At 31 December 2023, the corresponding amount was € 370 million.

Also with a view to increasing consistency with internal performance management, with effect from the financial year 2023 advance payments to suppliers are reported within other assets. At 31 December 2022, advance payments to suppliers amounting to € 259 million were reported within inventories. Prior year figures have not been adjusted on the grounds of immateriality.

The impact of the changes in accounting policy is not material for the results of operations, financial position and net assets of the BMW Group.

06 Accounting policies, assumptions, judgements and estimations

The **impact of climate change** has been taken into account by the Board of Management when preparing the Group Financial Statements. As a matter of principle, the Group Financial Statements are prepared in accordance with the BMW Group's long-term corporate plan, as approved by management, taking into account issues relevant for climate change such as the transformation to electric mobility, regulatory requirements and changes in production conditions. In this context, the BMW Group incurs expenditure on research and development for electrified models, invests in resource-saving production facilities for the manufacture of electrified automobiles and, in particular, is gradually converting its production processes from fossil fuels to green energy by concluding long-term power purchase agreements for electricity and gas from renewable sources.

As a consequence of joining the Business Ambition for 1.5°C campaign led by the Science Based Target initiative (SBTi), the BMW Group pursues validated SBTi Near Term Targets for the year 2030, which are incorporated in the Group's long-term corporate plan.

The targets set include a reduction in average carbon emissions of 80% per vehicle produced in our own plants and locations (Scope 1 and Scope 2), an average reduction of more than 50% per kilometre driven in the use phase (Scope 3 downstream) and an average reduction of more than 20% per vehicle in the supply chain (Scope 3 upstream).

In line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD), both physical and transition-related risks and opportunities are taken into account in the Group's internal performance management system and in conjunction with the preparation of the Group Financial Statements. These aspects, referred to below as "climate-related aspects",

are highly relevant for the preparation of the Group Financial Statements, particularly in the case of assumptions, judgements and estimations relating to future developments that impact the BMW Group and its environment, and are therefore included in their assessment.

More detailed information on how climate-related aspects are taken into account for recognition and measurement purposes is provided below, particularly in the comments on property, plant and equipment, leased products and the performance of impairment tests. This includes an indication of the extent to which climate-related aspects have been taken into account in the estimations and assumptions for the recognition and measurement of balance sheet items.

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 based on the right of return of these 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. Information on the accounting policy changes applied for the first time from the financial year 2023 relating to government grants received for assets as well as to investment tax credits is provided in [note 5](#).

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 non-controlling interests) that is attributable to each category of stock, by the average number of shares of each category in circulation. 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 12 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 when they are returned or, in exceptional cases, when they are sold or expire. 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 emissions 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 of intangible assets on the basis of a present value computation. The cash flows used for this calculation are derived from the long-term corporate plan approved by management, corresponding to a forecast 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 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-related aspects 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. In line with the BMW Group's strategy process and the ongoing transformation to electric mobility, the detailed forecast takes account of key assumptions such as the planned increase in the share of electrified automobiles to over 50% and the required level of expenditure on research and development for vehicle models with battery-electric drives. Other matters to be considered are the scale of future investments in resource-saving production facilities (including any expected efficiency improvements), the cost of converting production processes from fossil fuels to renewable energy sources and, last but not least, the expected impact on the current leasing portfolio.

Amounts are discounted on the basis of a market-related cost of capital rate. Impairment tests are performed for accounting and financial reporting purposes and using a risk-adjusted pre-tax cost of capital (WACC) for the Automotive (excluding BMW Brilliance), BMW Brilliance and Motorcycles cash-generating units. 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. By analogous application of the procedures used for the other cash-generating units, the value in use is also determined for the BMW Brilliance cash-generating unit in view of the time period since the acquisition date.

The following pre-tax discount factors were applied:

in %	2023	2022
Automotive excluding BMW Brilliance	13.7	12.4
BMW Brilliance	15.6	15.4
Motorcycles	13.7	12.4
Financial Services	15.2	13.7

The risk-adjusted discount rate, calculated using a capital asset pricing model (CAPM), also takes into account specific peer-group information relating to beta-factors, capital structure data and borrowing costs. No environmental, social and governance (ESG)-related adjustments were made to the WACC.

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, an impairment loss would not arise. If the WACC were to develop as in the previous year, the value in use calculated for the Financial Services cash-generating unit would fall slightly below its carrying amount in 2024. The BMW Group does not, however, expect the WACC to develop as in the previous year.

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 30
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. This review also takes account of the impact of climate-related aspects on useful lives, for example due to changes in demand patterns or regulatory requirements. This assessment is based on the assumptions used for long-term corporate planning purposes and product-related decisions, as described above. Climate-related aspects have an indirect impact on the utilisation of property, plant and equipment. Adjustments to the useful lives of items of plant and machinery are avoided by a combination of flexible manufacturing arrangements (independent of drivetrain type and capable of handling all vehicle generations) and asset-preservation measures. The useful lives of plant and machinery that are used exclusively for internal combustion vehicle production are also covered by the most up-to-date planning assumptions. 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.

A lease arises for IFRS 16 purposes either when an actual legal **rental/lease agreement for property, plant and equipment** is in place or when other contractual arrangements are in place that are equivalent to a lease in substance. Depending on the specific facts and circumstances of each individual case, power purchase agreements and long-term supply contracts for battery cells may also constitute a lease.

The BMW Group recognises a right-of-use asset and a liability for the outstanding lease payments 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 the 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 balance 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.

The incremental borrowing rate comprises 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.

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 regular analysis, is also taken into account. The BMW Group has developed and implemented methods and processes that enable sustainability aspects of residual value risks, particularly climate-related aspects, to be appropriately assessed and managed. A scenario-based approach is applied to quantify the impact of the transition towards zero-emissions mobility and factor in the technological progress of the products involved, resulting potentially in the need to adjust the estimated residual values of both internal combustion and electrified vehicles. However, the transition to new drive systems will stretch over a period of time. Under these circumstances, regulatory aspects, customer behaviour and the structure of the product range all have to be taken into account. To varying degrees, the aforementioned aspects will play a role in bringing about changes to the existing product portfolio over the coming years. The nature of these planned changes can already be anticipated today to some extent, highlighting potential but calculable risks for future operations. Disproportionate risks can only arise in the

event of unexpected regulatory changes that would also be to the detriment of customers. In addition to these various considerations, the vehicle portfolio subject to residual value risks is re-measured on a quarterly basis, allowing new aspects to be incorporated in the valuation at an early stage. In this case, valuations relevant for new business which are subject to the same turn of events would also be adjusted. The forecasting models used by the BMW Group are subject to regular review and can be supplemented where appropriate to include aspects relating to changes in the market.

Using this approach, upward or downward adjustments can be made to the forecast value 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 receivables from sales financing.

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, finance-related receivables, 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 so-called "regular way" purchases or sales of non-derivative financial assets, initial recognition takes place at the settlement date. Financial assets are derecognised when contractual cash flows attached to them have expired or are transferred and all significant risks and rewards have been passed on to the acquirer.

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. In the BMW Group, selected marketable securities, shares in investment funds, money market funds and convertible bonds are measured 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.

As part of its asset-backed securities (ABS) financing activities, the BMW Group transfers some of its receivables from sales financing – primarily retail customer and dealership financing receivables – to structured companies, which in turn securitise them and place them on the capital market as collateralised securities.

The transferred receivables are not derecognised and therefore remain on the BMW Group's balance sheet. For this reason, receivables from sales financing fulfil the criteria of the "hold" business model.

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 at the end of the reporting period. The related vehicles are reported within the line item "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.

In addition, post-model adjustments are recorded if the risk is not fully covered by the standard models.

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 line 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.

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 assets, 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.

Financial assets include in particular marketable securities and shares in investment funds as well as derivative financial instruments.

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 line items "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. 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. As an exception to this, deferred tax assets and liabilities resulting from the implementation of the Pillar Two rules are not recognised. Further information is provided in [note 5](#).

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% 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, announced 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 generally 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.

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 34](#). Similar estimates are also made in conjunction with the measurement of expected reimbursement claims.

The recognition and measurement of provisions for **litigation and liability risks** necessitate 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 \[41\]](#) and in the list of investments disclosed in [note \[47\]](#).

Share-based remuneration programmes that provide for settlement in shares or a cash payment with a direct obligation to invest in shares of BMW AG common stock 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 \[42\]](#).

NOTES TO THE INCOME STATEMENT

07 Revenues

Revenues by activity comprise the following:

in € million	2023	2022
Sales of products and related goods	118,769	106,678
Sales of products previously leased to customers	14,262	15,040
Income from lease instalments	11,664	11,872
Interest income on credit financing and finance leases	5,279	4,129
Revenues from service contracts, telematics and roadside assistance	3,648	3,394
Other income	1,876	1,497
Revenues	155,498	142,610

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 138,190 million (2022: € 126,384 million), spread across the first, second and fifth categories of the above table and proportionately to other income.

An analysis of revenues by segment is shown in the explanatory comments on segment information provided in [note \[46\]](#).

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 credit financing and finance leases are allocated to the Financial Services segment.

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 credit financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 4,081 million (2022: € 3,656 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	2023	2022
Manufacturing costs	82,549	76,760
Cost of sales relating to financial services business	27,764	27,517
thereof: interest expense relating to financial services business	3,554	2,114
Research and development expenses	7,538	6,624
Warranty expenditure	3,782	3,209
Expenses for service contracts, telematics and roadside assistance	2,780	2,775
Other cost of sales	1,396	1,157
Cost of sales	125,809	118,042

Manufacturing costs are reduced by public-sector subsidies in the form of reduced taxes on assets and reduced consumption-based taxes amounting to € 107 million (2022: € 115 million).

Impairment losses recognised in the income statement 2023 in connection with receivables from sales financing amounted to € 168 million (2022: € 649 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	2023	2022
Research and development expenditure	7,755	7,178
New expenditure for capitalised development costs	-2,604	-2,819
Amortisation	2,387	2,265
Research and development expenses	7,538	6,624

09 Selling and administrative expenses

in € million	2023	2022
Selling expenses	6,091	6,191
Administrative expenses	4,934	4,425
Total selling and administrative expenses	11,025	10,616

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

10 Other operating income and expenses

Other operating income and expenses comprise the following items:

in € million	2023	2022
Exchange gains	429	458
Income from the reversal of provisions	240	521
Income from the reversal of impairment allowances and write-downs	2	79
Gains on the disposal of assets	58	45
Sundry operating income	316	274
Other operating income	1,045	1,377
Exchange losses	-401	-444
Expense for additions to provisions	-399	-307
Expense for impairment allowances and write-downs	-15	-260
Loss on the disposal of assets	-67	-88
Sundry operating expenses	-345	-231
Other operating expenses	-1,227	-1,330
Other operating income and expenses	-182	47

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

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

Expenses for impairment allowances recognised on receivables from contracts with customers amounted to € 15 million (2022: € 61 million).

In the financial year 2022, expenses for impairment allowances included the write-down of receivables from a non-consolidated Russian subsidiary, which negatively impacted the Other Entities segment. Detailed information is provided in the [BMW Group Report 2022, note \[4\] to the Group Financial Statements](#).

11 Net interest result

Net interest result comprises the following:

in € million	2023	2022
Other interest and similar income	691	422
thereof from subsidiaries	37	20
Net interest income on the net defined benefit liability for pension plans	10	-
Interest and similar income	701	422
Net interest impact on other long-term provisions	-467	481
Net interest expense on the net defined benefit liability for pension plans	-9	-11
Other interest and similar expenses	-180	-219
thereof to subsidiaries	-4	-1
Interest and similar expenses	-656	251
Net interest result	45	673

Interest expense from unwinding the discounting of other non-current provisions on the one hand and interest income from adjusting the discount rate on the other are netted and, as in previous years, reported as a net interest effect within interest expense.

In the previous year, steepening yield curves had a positive impact on the discount unwinding result.

12 Other financial result

in € million	2023	2022
Income from investments in subsidiaries and participations	85	7,949
thereof from subsidiaries:	22	35
Expenses from investments in subsidiaries and participations	-142	-179
Result on investments	-57	7,770
Income (+) and expenses (-) from financial instruments	-1,215	1,167
Sundry other financial result	-1,215	1,167
Other financial result	-1,272	8,937

In addition to the investment result, the other financial result includes 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.

The year-on-year decrease in the result on investments was due in particular to the exceptionally high remeasurement gain recognised in the previous year on the BMW Group's previous at-equity interest in BMW Brilliance in conjunction with that entity's full consolidation in the financial year 2022. Further information on this matter is provided in the [BMW Group Report 2022, note \[3\] to the Group Financial Statements](#).

The negative sundry other financial result was attributable in particular to the unfavourable fair value development of interest rate hedges as a consequence of the decline in yield curves and portfolio effects. The previous year's figure included the positive impact of interest rate hikes in the financial year 2022.

13 Income taxes

Taxes on income of the BMW Group can be classified according to their **origin** as follows:

in € million	2023	2022
Current tax expense	5,370	5,069
Deferred tax expense (+) / deferred tax income (-)	-439	-142
thereof relating to temporary differences	-457	-992
thereof relating to tax loss carryforwards and tax credits	18	850
Income taxes	4,931	4,927

The tax expense was reduced by € 33 million (2022: € 71 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 income resulting from the change in the valuation allowance on deferred tax assets relating to tax losses available for carryforward and temporary differences amounted to € 19 million (2022: expense of € 103 million).

The BMW Group falls within the scope of the OECD Pillar Two model rules aimed at ensuring a global minimum taxation rate of 15%. Under these rules, the BMW Group will be required pay a top-up tax to the extent that the Pillar Two specific tax rate in each jurisdiction where it operates falls below the minimum rate of 15%. The Pillar Two model rules have been implemented in Germany with effect for financial years beginning after 31 December 2023. The BMW Group is therefore not subject to a Pillar Two tax expense for the financial year 2023. The impact of the Pillar Two model rules from the financial year 2024 onwards is currently being assessed. For this purpose, the jurisdictions that could be affected by a top-up tax based on a preliminary Pillar

Two calculation have been analysed for the BMW Group, taking into account the statutory temporary simplification rules (for so-called "transitional safe harbours"). Based on the results of the analysis to date, the tax expense arising in the relevant jurisdictions is estimated to be immaterial for the BMW Group. The BMW Group is already applying the exemption relating to the recognition of deferred tax assets and liabilities in connection with Pillar Two. Further information is provided in [note 5](#).

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 430% (2022: 430%), the underlying income tax rate for Germany was as follows:

in %	2023	2022
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	15.1	15.1
German income tax rate	30.9	30.9

Deferred taxes for non-German entities are calculated on the basis of the relevant country-specific tax rates. These ranged in the financial year 2023 between 9.0% and 40.0% (2022: 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	2023	2022
Profit before tax	17,096	23,509
Tax rate applicable in Germany	30.9%	30.9%
Expected tax expense	5,283	7,264
Variances due to different tax rates	- 786	- 1,047
Tax increases (+) / tax reductions (-) due to:		
Tax-exempt income	- 217	- 2,203
Non-deductible expenses	632	802
Equity accounted	44	44
Tax expense (+) / benefits (-) for prior years	- 284	18
Effects from tax rate changes	- 7	31
Other variances	266	18
Actual tax expense	4,931	4,927
Effective tax rate	28.8%	21.0%

The tax reductions due to tax-exempt income reported for the previous year related primarily to the non-tax-relevant gain recognised in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance.

The tax increases due to non-deductible expenses were mainly attributable to withholding tax expenses.

Other variances included a net positive amount of € 304 million (2022: net negative amount of € 54 million) attributable to deferred tax effects relating to prior periods.

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	
	2023	2022	2023	2022
Intangible assets	18	15	4,674	5,176
Property, plant and equipment	263	264	1,987	1,457
Leased products	394	378	2,895	3,686
Other investments	3	5	-	-
Sundry other assets	1,478	1,281	3,334	3,495
Tax loss carryforwards	182	212	-	-
Capital losses	461	464	-	-
Provisions	5,012	4,636	19	11
Liabilities	4,575	4,573	1,027	800
Eliminations	4,162	4,379	2,332	1,880
	16,548	16,207	16,268	16,505
Valuation allowances on tax loss carryforwards and temporary differences	- 185	- 245	-	-
Valuation allowances on capital losses	- 461	- 464	-	-
Netting	- 13,471	- 13,740	- 13,471	- 13,740
Deferred taxes	2,431	1,758	2,797	2,765
Net	-	-	366	1,007

Tax **loss carryforwards** relating to Germany and foreign operations amounted to € 601 million (2022: € 711 million). This includes tax losses available for carryforward amounting to € 382 million (2022: € 416 million), on which a valuation allowance of € 129 million (2022: € 141 million) was recognised on the related deferred tax asset. Of these loss carryforwards, € 349 million (2022: € 382 million) can be used indefinitely, while € 33 million (2022: € 34 million) expires after one to three years.

A net surplus of deferred tax assets over deferred tax liabilities amounting to € 95 million (2022: € 1,966 million) is reported for entities that have suffered tax losses in the financial year 2023 or the preceding year. 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.

Capital losses available for carryforward in the UK which do not relate to ongoing operations decreased due to changes in consolidated group companies and exchange rate factors and stood at € 1,845 million (2022: € 1,856 million) at the end of the year under report. As in previous years, deferred tax assets recognised on these tax losses amounting to € 461 million (2022: € 464 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.

The change in deferred taxes relating to amounts recognised with income effect or **without income effect** is shown in the following reconciliation:

in € million	2023	2022
Deferred taxes at 1 January (assets (+) / liabilities (-))	- 1,007	744
Deferred tax expense (-) / income (+) recognised through income statement	439	142
Change in deferred taxes recognised directly in equity	227	- 519
thereof relating to fair value gains and losses on financial instruments and marketable securities recognised directly in equity	203	- 190
thereof relating to the remeasurements of net liabilities for defined benefit pension plans	24	- 326
thereof from currency translation	-	- 3
Effects in connection with the first-time consolidation of BMW Brilliance	-	- 1,312
Exchange rate impact and other changes	- 25	- 62
Deferred taxes at 31 December (assets (+) / liabilities (-))	- 366	- 1,007

The effects in connection with the first-time consolidation of BMW Brilliance in the previous year gave rise primarily to net deferred tax liabilities relating to the remeasurement of the assets acquired and liabilities assumed as part of the purchase price allocation.

No deferred taxes are recognised on taxable temporary differences arising from investments in subsidiaries, associated companies and joint ventures if the BMW Group is able 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 substance and reinvest in the companies concerned. Temporary differences of this kind, for which no deferred taxes were recognised, amounted to € 36,081 million (2022: € 32,882 million). No computation was made of the potential impact of income taxes on the grounds of proportionality.

Deferred tax liabilities on expected dividends amounted to € 187 million (2022: € 199 million) and related primarily to dividends from foreign subsidiaries.

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

		2023	2022
Net profit attributable to the shareholders of BMW AG	€ million	11,290.3	17,941.0
Profit attributable to common stock	€ million	10,250.3	16,327.7
Profit attributable to preferred stock	€ million	1,040.0	1,613.3
Average number of common stock shares in circulation	number	579,941,360	597,924,318
Average number of preferred stock shares in circulation	number	58,776,197	59,035,325
Basic/diluted earnings per share of common stock	€	17.67	27.31
Basic/diluted earnings per share of preferred stock	€	17.69	27.33
Dividend per share of common stock	€	6.00*	8.50
Dividend per share of preferred stock	€	6.02*	8.52

* Proposal by the Board of Management.

In the case of preferred stock, the calculation of earnings per share and the average number of shares in circulation only takes account of shares of preferred stock that are 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	2023	2022
Wages and salaries	12,170	11,481
Pension and welfare expenses	1,377	1,385
Social insurance expenses	1,174	1,066
Personnel expenses	14,721	13,932

Personnel expenses include € 44 million (2022: € 40 million) of costs relating to workforce measures.

The total pension expense for defined contribution plans of the BMW Group amounted to € 179 million (2022: € 175 million). Employer contributions paid to state pension insurance schemes totalled € 806 million (2022: € 750 million).

The average number of employees during the financial year was:

	2023	2022
Average number of employees	152,111	146,727
Automotive	139,779	134,607
Motorcycles	3,794	3,552
Financial Services	8,440	8,474
Other	98	94

Of the average number of employees, 995 (2022: 953) are attributable to one proportionately consolidated entity within the Automotive segment.

16 Leases

a As lessee

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

in € million	2023	2022
Expenses for leases of low-value assets and short-term leases	81	77
Expenses relating to variable lease payments not included in the measurement of lease liabilities	12	17
Interest expense arising on the measurement of lease liabilities	66	56

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 are expected to give rise to future cash outflows amounting to € 480 million (2022: € 873 million).

The BMW Group is also party to long-term supply contracts for battery cells that give rise to fixed and variable payment obligations. Based on the current interpretation, these arrangements include a lease component in accordance with IFRS 16. The fixed payment obligations arising in conjunction with such IFRS 16 compatible contracts amount to € 749 million and will fall due with effect from the financial year 2026 after series deliveries commence.

Cash outflows for leases in the financial year 2023 amounted to € 675 million (2022: € 681 million). In addition, cash outflows for right-of-use assets paid in advance amounted to € 674 million (2022: € 732 million).

Information on right-of-use assets, lease liabilities as well as further explanatory comments are provided in [note \[6\]](#), [note \[20\]](#), [note \[22\]](#) and [note \[36\]](#).

b As lessor

in € million	2023	2022
Income from variable lease payments for operating leases	110	81
Income from variable lease payments for finance leases	4	4
Financial income on the net investment in finance leases	1,127	1,025
Selling profit on the sale of vehicles leased to retail customers under finance leases	1,919	1,601

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 2023 for the Group auditor and the PwC network of audit firms amounted to € 19 million (2022: € 20 million) and consists of the following:

in € million	PwC International		thereof PwC GmbH	
	2023	2022	2023	2022
Audit of financial statements	18	17	5	5
Other attestation services	1	1	1	1
Tax advisory services	-	-	-	-
Other services	-	2	-	-
Fee expense	19	20	6	6

Services provided during the financial year 2023 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 financial statements and other attestation services. The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and 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. No tax advisory or other services were provided in the financial year 2023 or in the previous year.

18 Government grants and government assistance

Income from asset-related and performance-related grants, amounting to € 98 million (2022: € 118 million) and € 215 million (2022: € 172 million) respectively, was recognised in the income statement in 2023.

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

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	2023	2022
Remeasurement of the net liability for defined benefit pension plans	- 142	1,077
Income taxes	24	- 332
Items not expected to be reclassified to the income statement in the future	- 118	745
Marketable securities (at fair value through other comprehensive income)	113	- 154
thereof gains/losses arising in the period under report	33	- 256
thereof reclassifications to the income statement	80	102
Derivative financial instruments	- 1,808	2,801
thereof gains/losses arising in the period under report	- 507	2,350
thereof reclassifications to the income statement	- 1,301	451
Costs of hedging	766	- 1,557
thereof gains/losses arising in the period under report	- 102	- 2,299
thereof reclassifications to the income statement	868	742
Other comprehensive income from equity accounted investments	26	22
Income taxes	281	- 458
Currency translation foreign operations	- 1,772	199
Items that can be reclassified to the income statement in the future	- 2,394	853
Other comprehensive income for the period after tax	- 2,512	1,598

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

in € million	2023			2022		
	Before tax	Income taxes	After tax	Before tax	Income taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	- 142	24	- 118	1,077	- 332	745
Marketable securities (at fair value through other comprehensive income)	113	- 35	78	- 154	45	- 109
Derivative financial instruments	- 1,808	536	- 1,272	2,801	- 841	1,960
Costs of hedging	766	- 220	546	- 1,557	442	- 1,115
Other comprehensive income from equity accounted investments	26	-	26	22	- 104	- 82
Currency translation foreign operations	- 1,772	-	- 1,772	199	-	199
Other comprehensive income	- 2,817	305	- 2,512	2,388	- 790	1,598

In 2023, other comprehensive income from equity accounted investments was a positive amount of € 26 million and is reported in the Group Statement of Changes in Equity within currency translation differences. In the previous year, the amounts reported for equity accounted investments comprised a negative amount of € 395 million within currency translation differences and positive amounts of € 220 million and € 93 million within derivative financial instruments and costs of hedging respectively.

The hedging effects of derivative financial instruments that are subsequently recycled to the acquisition cost of inventories are not included in other comprehensive income after tax.

NOTES TO THE BALANCE SHEET

20 Analysis of changes in Group tangible, intangible and investment assets 2023

in € million	Acquisition and manufacturing cost						Depreciation and amortisation						Carrying amount			
	1.1.2023	Translation differences	Additions due to changes in consolidated companies	Additions	Reclassifications	Disposals	31.12.2023	1.1.2023	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2023	31.12.2023	31.12.2022
Development costs	21,576	-	-	2,604	-	1,152	23,028	9,449	-	2,387	-	-	1,152	10,684	12,344	12,127
Goodwill	1,562	- 75	-	-	-	-	1,487	-	-	-	-	-	-	-	1,487	1,562
Other intangible assets	10,067	- 534	-	162	-	234	9,461	1,980	- 104	1,470	-	-	76	3,270	6,191	8,087
Intangible assets	33,205	- 609	-	2,766	-	1,386	33,976	11,429	- 104	3,857	-	-	1,228	13,954	20,022	21,776
Land, titles to land, buildings, including buildings on third party land	21,442	- 413	112	998	356	538	21,957	8,147	- 74	996	- 1	-	359	8,709	13,248	13,295
thereof right-of-use assets from leases	4,541	- 114	-	444	-	422	4,449	1,512	- 27	473	-	-	299	1,659	2,790	3,029
Plant and machinery	44,928	- 471	-	3,221	1,520	2,773	46,425	30,738	- 222	3,726	- 14	-	2,732	31,496	14,929	14,190
thereof right-of-use assets from leases	979	- 3	-	701	43	3	1,717	141	-	303	-	-	-	444	1,273	838
Other facilities, factory and office equipment	3,524	- 54	1	405	91	448	3,519	2,295	- 27	395	15	-	430	2,248	1,271	1,229
thereof right-of-use assets from leases	154	- 4	-	49	-	43	156	63	- 1	47	-	-	42	67	89	91
Advance payments made and construction in progress	3,412	- 81	405	4,050 ²	- 1,967	1	5,818	-	-	-	-	-	-	-	5,818 ³	3,412
Property, plant and equipment	73,306	- 1,019	518	8,674	-	3,760	77,719	41,180	- 323	5,117	-	-	3,521	42,453	35,266	32,126
Leased products	52,893	- 534	-	18,927	-	18,338	52,948	10,073	- 86	5,591	-	-	5,748	9,830	43,118	42,820
Investments accounted for using the equity method	660	-	-	168	-	145	683	240	-	-	-	-	-	240	443	420
Investments in non-consolidated subsidiaries	381	- 6	-	6	-	58	323	90	- 1	-	-	-	-	89	234	291
Participations	1,102	- 16	-	101	-	35	1,152	42	13	-	-	115	- 19	189	963	1,060
Other investments	1,483	- 22	-	107	-	93	1,475	132	12	-	-	115	- 19	278	1,197	1,351

¹ Thereof expense amounting to € 115 million recognised in profit or loss.

² Including advance payments for right-of-use assets amounting to € 79 million.

³ Including assets under construction amounting to € 4,565 million.

Analysis of changes in Group tangible, intangible and investment assets 2022

in € million	Acquisition and manufacturing cost							Depreciation and amortisation					Carrying amount			
	1.1.2022	Translation differences	Additions arising on business combinations	Additions	Reclassifications	Disposals	31.12.2022	1.1.2022	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2022	31.12.2022	31.12.2021
Development costs	19,287	-	-	2,819	-	530	21,576	7,714	-	2,265	-	-	530	9,449	12,127	11,573
Goodwill	385	- 15	1,197	-	-	5	1,562	5	-	-	-	-	5	-	1,562	380
Other intangible assets	1,975	- 68	8,349	254	-	443	10,067	948	- 31	1,474	-	-	411	1,980	8,087	1,027
Intangible assets	21,647	- 83	9,546	3,073	-	978	33,205	8,667	- 31	3,739	-	-	946	11,429	21,776	12,980
Land, titles to land, buildings, including buildings on third party land	16,886	36	2,830	934	1,168	412	21,442	7,452	34	1,000	-	-	339	8,147	13,295	9,434
thereof right-of-use assets from leases	3,363	- 11	625	701	-	137	4,541	1,134	-	484	-	-	106	1,512	3,029	2,229
Plant and machinery	41,739	268	2,493	3,563	1,407	4,542	44,928	31,574	213	3,457	-	-	4,506	30,738	14,190	10,165
thereof right-of-use assets from leases	145	- 1	7	787	48	7	979	14	-	134	-	-	7	141	838	131
Other facilities, factory and office equipment	3,251	40	164	393	155	479	3,524	2,344	28	370	-	-	447	2,295	1,229	907
thereof right-of-use assets from leases	131	2	1	68	-	48	154	69	1	41	-	-	48	63	91	62
Advance payments made and construction in progress	1,884	29	1,585	2,647 ²	- 2,730	3	3,412	-	-	-	-	-	-	-	3,412 ³	1,884
Property, plant and equipment	63,760	373	7,072	7,537	-	5,436	73,306	41,370	275	4,827	-	-	5,292	41,180	32,126	22,390
Leased products	53,847	1,096	-	16,027	-	18,077	52,893	9,147	182	5,890	-	-	5,146	10,073	42,820	44,700
Investments accounted for using the equity method	5,352	-	-	402	-	5,094	660	240	-	-	-	-	-	240	420	5,112
Investments in non-consolidated subsidiaries	340	9	-	35	-	3	381	87	3	-	-	-	-	90	291	253
Participations	1,020	27	-	112	-	57	1,102	32	- 21	-	-	23	- 8	42	1,060	988
Other investments	1,360	36	-	147	-	60	1,483	119	- 18	-	-	23	- 8	132	1,351	1,241

¹ Thereof expense amounting to € 23 million recognised in profit or loss.² Including advance payments for right-of-use assets amounting to € 160 million.³ Including assets under construction amounting to € 2,502 million.

21 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as rights re-acquired in conjunction with a business acquisition. Also included are subsidies for tool costs, licences, purchased development projects, emissions allowances, software and purchased customer bases.

Other intangible assets include brand-name rights amounting to € 96 million (2022: € 95 million) which are allocated to the Automotive segment and are not subject to scheduled amortisation since their useful life is deemed to be indefinite. The brand-name rights are, to an extent, subject to a limited right of ownership. Intangible assets also include goodwill of € 33 million (2022: € 33 million) allocated to the Automotive excluding BMW Brilliance cash-generating unit (CGU) and goodwill of € 1,107 million (2022: € 1,182 million) allocated to the BMW Brilliance CGU. Goodwill amounting to € 347 million (2022: € 347 million) related to the Financial Services CGU.

As in the previous year, there was no requirement to recognise impairment losses or reversals of impairment losses on intangible assets in 2023.

As in the previous year, no financing costs were recognised as a cost component of intangible assets in 2023.

In 2023, government grants totalling € 2 million (2022: € 0 million) were deducted from the acquisition cost of intangible assets for the first time. These grants include public sector funds aimed at promoting development.

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

No impairment losses were recognised in 2023, 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 2023.

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.

In 2023, government grants totalling € 121 million (2022: € 0 million) were deducted from the acquisition cost of property, plant and equipment for the first time. These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions.

The regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation takes into account the assumptions contained in the long-term corporate plan, and hence the ongoing transformation towards electric mobility as well as the associated short- and medium-term impact on the product portfolio. The review of useful lives did not lead to any material adjustments in the financial year 2023.

23 Leased products

Minimum lease payments of non-cancellable operating leases fall due as follows:

in € million	31.12.2023	31.12.2022
within one year	9,601	9,606
between one and two years	6,872	6,522
between two and three years	3,875	3,465
between three and four years	1,813	1,512
between four and five years	305	265
later than five years	52	38
Minimum lease payments	22,518	21,408

Impairment losses amounting to € 553 million (2022: € 527 million) were recognised on leased products in 2023 as a consequence of changes in residual value expectations. Income from the reversal of impairment losses amounted to € 274 million (2022: € 282 million).

In 2023, public sector grants totalling € 252 million (2022: € 0 million) were deducted from the acquisition cost of leased products for the first time. These amounts relate mainly to investment tax credits in the form of tax credits for electric vehicles. It is expected that the investment tax credits can be utilised. The actual utilisation of investment tax credits will, however, depend on the extent to which they can be offset against income tax liabilities and is therefore subject to a degree of uncertainty.

24 Investments accounted for using the equity method

Investments accounted for using the equity method comprise an interest in the joint venture YOUR NOW Holding GmbH (YOUR NOW), Munich, as well as interests in the associated companies IONITY Holding GmbH & Co. KG (IONITY), Munich, IONNA LLC (IONNA), Torrance, Solid Power Inc. (Solid Power), Wilmington, Delaware and THERE Holding B.V. (THERE), Rijswijk.

YOUR NOW

Together with Mercedes-Benz Group AG, the BMW Group offers mobility services via the YOUR NOW joint venture.

The at-equity loss reported for YOUR NOW for the financial year 2023 amounted to € 82 million (2022: loss of € 357 million). In the previous year, impairment losses were recognised in relation to the YOUR NOW subsidiary FREE NOW.

IONITY

The BMW Group operates the entity IONITY in collaboration with Mercedes-Benz Group AG, the Ford Motor Company, the Volkswagen Group and the Hyundai Motor Group. IONITY's business model envisages the construction and operation of high-performance charging stations for battery-powered vehicles in Europe.

On 1 November 2021, a contract was signed with GRP III HPC Lux S.à.r.l. (Blackrock) for the provision of financing amounting to € 500 million for the further expansion of the charging network. The existing shareholders are also investing an additional € 200 million. With effect from 28 April 2022, following completion of the transaction, Blackrock became IONITY's largest shareholder. As a result, the former joint venture became an associated company of the BMW Group.

The at-equity profit reported for IONITY amounted to € 12 million (2022: € 5 million). This includes remeasurement effects arising in conjunction with the transaction with Blackrock.

IONNA

In 2023, the BMW Group, together with the Mercedes-Benz Group AG, the Stellantis Group, the Honda Group, the Hyundai Motor Group and the General Motors Company Group, founded the company IONNA in Canada with the aim of developing a charging network in North America. The BMW Group holds 16.67% of the associated company IONNA.

IONNA's earnings are not significant for the BMW Group Financial Statements 2023.

Solid Power

The BMW Group holds shares in Solid Power, an industry-leading manufacturer of solid-state batteries for electric vehicles. Joint development partnerships are in place with Solid Power 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.

The at-equity loss reported by Solid Power for 2023 amounted to € 12 million (2022: loss of € 19 million). In both financial years, the carrying amount of the investment was written down in the BMW Group Financial Statements.

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.

The at-equity loss reported for THERE for 2023 amounted to € 77 million (2022: loss of € 40 million). The loss mainly arose due to impairment losses recognised in relation to THERE's associated company HERE.

in € million	2023	2022
DISCLOSURES RELATING TO THE INCOME STATEMENT		
Profit/loss after tax	- 43	- 12
thereof from continuing operations	- 43	- 12
Total comprehensive income	- 43	- 12

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

in € million	YOUR NOW		IONITY		THERE	
	2023	2022	2023	2022	2023	2022
DISCLOSURES RELATING TO THE BALANCE SHEET						
Non-current assets	68	98	574	357	1,109	986
Current assets	128	218	164	162	3	1
thereof cash and cash equivalents	77	144	96	113	3	1
Equity	77	159	573	412	973	858
Non-current financial liabilities, provisions and liabilities	28	36	41	26	137	129
Current financial liabilities, provisions and liabilities	91	121	124	81	2	-
RECONCILIATION OF AGGREGATED FINANCIAL INFORMATION						
Assets	196	316	738	519	1,112	987
Provisions and liabilities	119	157	165	107	139	129
Net assets	77	159	573	412	973	858
Group's interest in net assets	38	78	87	62	299	255
Carrying amount	38	78	87	62	299	255
DISCLOSURES RELATING TO THE INCOME STATEMENT						
Revenues	271	357	130	80	-	-
Scheduled depreciation	11	598	46	32	-	-
Profit/loss before financial result	- 131	- 774	- 27	- 51	- 1	- 1
Interest income	3	-	-	-	23	18
Interest expense	-	2	2	2	9	8
Income taxes	3	- 5	25	-	8	-
Profit/loss after tax	- 168	- 800	- 54	- 53	- 339	- 134
thereof from continuing operations	- 168	- 797	- 54	- 53	- 339	- 134
thereof from discontinued operations	-	- 3	-	-	-	-
Other comprehensive income	51	24*	-	-	2	- 9
Total comprehensive income	- 117	- 776*	- 54	- 53	- 337	- 143

* Prior year figures restated.

25 Receivables from sales financing

Receivables from sales financing comprise the following:

in € million	31.12.2023	31.12.2022
Credit financing for retail customers and dealerships*	65,733	64,382
Finance lease receivables	21,622	21,326
Receivables from sales financing	87,355	85,708

* Including operating leases.

As part of its ABS financing activities, the BMW Group transfers some of its receivables from sales financing – primarily retail customer and dealership financing receivables – to structured companies, which in turn securitise them and place them on the capital market as collateralised securities.

For the purposes of ABS financing, only the senior tranches of the issued securities are sold to external investors. Subordinated tranches are retained by the BMW Group. Furthermore, the BMW Group retains the exposure to interest rate risk in many transactions for which it concludes corresponding interest rate derivatives. The risk of delayed payments by debtors is reduced in the majority of ABS financing agreements by cash reserves financed by the BMW Group. Due to the risks remaining with the BMW Group, the ABS financing arrangements did not result in the derecognition of the securitised financial assets.

The carrying amount of receivables from sales financing transferred, but not derecognised at 31 December 2023 stood at € 15,152 million (2022: € 14,487 million). The fair value of those receivables at that date was € 15,332 million (2022: € 14,428 million).

The carrying amount of the corresponding liabilities from asset-backed financing transactions at 31 December 2023 stood at € 12,089 million (2022: € 11,603 million). The fair value of these liabilities at that date was € 12,148 million (2022: € 11,635 million).

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 2023	576	935	35	599	2,145
Reclassification to Stage 1	5	- 47	-	- 1	- 43
Reclassification to Stage 2	- 23	234	-	- 39	172
Reclassification to Stage 3	- 3	- 52	- 1	215	159
Derecognition and origination of receivables	54	26	2	- 20	62
Write-off of receivables	- 1	- 24	- 1	- 98	- 124
Changes in risk parameters	- 8	- 5	- 1	- 2	- 16
Other changes	- 19	- 138	2	- 11	- 166
Impairment allowances at 31 December 2023	581	929	36	643	2,189

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2022	447	550	35	567	1,599
Reclassification to Stage 1	3	- 22	-	- 2	- 21
Reclassification to Stage 2	- 18	241	-	- 37	186
Reclassification to Stage 3	- 2	- 36	- 1	177	138
Derecognition and origination of receivables	115	77	2	- 24	170
Write-off of receivables	- 1	- 15	-	- 87	- 103
Changes in risk parameters	85	44	2	3	134
Other changes	- 53	96	- 3	2	42
Impairment allowances at 31 December 2022	576	935	35	599	2,145

An additional risk allowance for expected credit losses was recognised to take account of the negative impact on retail customer and dealership business, to the extent not covered by the standard loss provisioning models (post-model adjustments). The level of the additional risk allowance is reviewed regularly and has been reduced compared to the previous year, as the weaker macroeconomic environment has already been partially taken into account in the standard models. However, in view of the ongoing unfavourable macroeconomic prospects and geopolitical uncertainties, the additional risk allowance remains in the mid-three-digit million range.

Impairment allowances include € 95 million (2022: € 99 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 € 488 million (2022: € 455 million). The carrying amount of assets held as collateral and taken back as a result of payment default amounted to € 19 million (2022: € 35 million).

Finance leases are analysed as follows:

in € million	31.12.2023	31.12.2022
due within one year	7,107	7,112
due between one and two years	6,560	6,272
due between two and three years	5,677	5,469
due between three and four years	4,134	4,146
due between four and five years	942	760
due later than five years	32	20
Gross investment in finance leases	24,452	23,779
due within one year	6,232	6,385
due between one and two years	5,857	5,694
due between two and three years	5,191	5,061
due between three and four years	3,935	3,914
due between four and five years	836	688
due later than five years	29	19
Net investment in finance leases without loss allowances	22,080	21,761
Unrealised interest income	2,372	2,018
Loss allowances	458	435
Net investment in finance leases	21,622	21,326

26 Financial assets

Financial assets comprise:

in € million	31.12.2023	31.12.2022
Marketable securities and investment funds	2,170	3,438
Derivative instruments	2,926	4,386
Loans to third parties	18	34
Other	404	379
Financial assets	5,518	8,237
thereof non-current	1,387	3,073
thereof current	4,131	5,164

27 Income tax assets

Income tax assets totalling € 1,199 million (2022: € 1,096 million) include claims amounting to € 29 million (2022: € 26 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.

28 Other assets

Other assets comprise:

in € million	31.12.2023	31.12.2022
Return right assets for future leased products	2,263	4,317
Receivables from subsidiaries	642	1,036
Collateral assets	455	454
Deposits*	98	114
Receivables from companies in which an investment is held	48	50
Other assets (financial instruments)	3,506	5,971
Other taxes	1,987	1,846
Advance payments*	847	156
Expected reimbursement claims	819	872
Prepaid expenses	517	477
Other assets (non-financial instruments)	4,170	3,351
Sundry other assets*	1,457	1,310
Other assets	9,133	10,632
thereof non-current	1,537	1,030
thereof current	7,596	9,602

* Presentation adjusted compared to previous year.

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	31.12.2023	31.12.2022
Finished goods and goods for resale	16,103	12,563
Work in progress, unbilled contracts	3,190	3,235
Raw materials and supplies	3,722	3,424
Vehicles held for sale in the financial services business	693	524
Advance payments to suppliers	11	259
Inventories	23,719	20,005

Out of the total amount recognised for inventories at 31 December 2023, inventories measured at net realisable value amounted to € 1,346 million (2022: € 1,940 million). Write-downs to net realisable value in the financial year 2023 amounted to € 189 million (2022: € 112 million), while reversals of write-downs amounted to € 13 million (2022: € 11 million).

The expense recorded in conjunction with inventories during the financial year 2023 amounted to € 81,497 million (2022: € 76,014 million).

At 31 December 2023, the carrying amounts of inventories expected to be realised after more than 12 months amount to € 86 million (2022: € 98 million).

30 Trade receivables

Trade receivables comprise the following:

in € million	31.12.2023	31.12.2022
Gross carrying amount	4,232	4,186
Allowances for impairment of stage 2 – simplified approach	- 18	- 16
Allowances for impairment of stage 3	- 52	- 43
Net carrying amount	4,162	4,127
thereof non-current	3	2
thereof current	4,159	4,125

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

in € million	2023	2022
Balance at 1 January	59	32
Allocated	17	34
Reversed	- 2	- 5
Utilised	- 3	- 2
Exchange rate impact and other changes	- 1	-
Balance at 31 December	70	59

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 are not significant for the BMW Group and are therefore not reported separately in the income statement.

31 Equity

Number of shares issued

	Preferred stock		Common stock	
	2023	2022	2023	2022
Shares in circulation at 1 January	59,395,329	59,404,304	586,683,189	601,995,196
Shares issued in conjunction with Employee Share Programme	–	1,439,975	–	–
Less: shares repurchased and withdrawn from circulation	1,417,813	1,448,950	11,105,885	15,312,007
Shares in circulation at 31 December	57,977,516	59,395,329	575,577,304	586,683,189
Treasury shares	942,892	1,448,950	4,218,363	15,312,007
Number of shares issued at 31 December	58,920,408	60,844,279	579,795,667	601,995,196

BMW AG's issued share capital totalling € 638,716,075 comprises 579,795,667 shares of common stock, each with a par value of € 1, and 58,920,408 shares of non-voting preferred stock, each with a par value of € 1. The issued share capital and the number of shares were reduced by € 24,123,400 in 2023 following the redemption of 22,199,529 shares of common stock and 1,923,871 shares of preferred stock. These treasury shares had been acquired in conjunction with the first share buyback programme 2022/2023. The amount of the share capital reduction was reclassified to capital reserves.

All Company stock is issued to bearer. Preferred stock, to which no voting rights are attached, bears an additional dividend of € 0.02 per share.

BMW AG is authorised to issue shares of non-voting preferred stock amounting to nominal € 5.0 million prior to 15 May 2024. At the end of the reporting period, 0.3 million shares of these amounting to € 0.3 million remained available for issue.

Capital reserves

Capital reserves include mainly premiums arising from the issue of shares, and totalled € 2,456 million (2022: € 2,432 million).

Revenue reserves

Revenue reserves include 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.

The Board of Management and the Supervisory Board propose that the unappropriated profit of BMW AG for the financial year 2023 amounting to € 3,802,488,470.32 be utilised to pay a dividend of € 6.02 for each share of preferred stock entitled to receive a dividend, and a dividend of € 6.00 for each share of common stock entitled to receive a dividend, and that the remaining amount be transferred to revenue reserves. Based on the number of shares at 31 December 2023 entitled to receive a dividend, the proposed dividend represents a total payout of € 3.8 billion.

The proposal for the appropriation of unappropriated profit takes into account 4,218,363 treasury shares of common stock and 942,892 treasury shares of preferred stock held directly or indirectly by the Company at 31 December 2023. In accordance with § 71b of the German Stock Corporation Act, these shares are not entitled to receive a dividend.

The number of shares entitled to receive a dividend may change prior to the Annual General Meeting. In this case, based on an unchanged distribution per share of common and preferred stock

entitled to receive a dividend, a correspondingly amended resolution concerning the appropriation of profit will be submitted to the Annual General Meeting.

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 as the related deferred taxes.

Treasury shares

At the Annual General Meeting of BMW AG held on 11 May 2022, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution and to redeem those shares without any further resolution by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027.

In conjunction with this authorisation, on 30 June 2022 the Board of Management of BMW AG resolved the first of a number of share buyback programmes via the stock exchange. Under this initial programme, BMW AG was authorised to acquire treasury shares of common and preferred stock amounting to a maximum of € 1.85 billion and € 0.15 billion respectively. The share buyback programme was launched in July 2022 and completed on 30 June 2023.

On 3 May 2023, the Board of Management of BMW AG approved a second share buyback programme via the stock exchange. Under this programme, BMW AG is authorised to acquire treasury shares of common and preferred stock amounting to a maximum of € 1.65 billion and € 0.35 billion respectively. The programme commenced immediately following completion of the first buyback programme and will run until 31 December 2025 at the latest.

The shares are being acquired with the purpose of either redeeming them at a later date and reducing share capital or using them in conjunction with the Employee Share Programme.

Based on the authorisation granted by the Annual General Meeting on 11 May 2022, the Board of Management of BMW AG resolved on 18 July 2023 (with effect as of 18 July 2023) to redeem the shares acquired by the Company as part of the first share buyback programme (22,199,529 shares of common stock and 1,923,871 shares of preferred stock each with a nominal value of € 1) and to reduce the Company's share capital from € 663 million to € 639 million. This corresponds to around 3.6% of share capital prior to the redemption of the shares and the reduction of issued share capital.

Up to 31 December 2023, a total of 4,218,363 shares of common stock had been bought back via the stock exchange at an average price per share of € 98.38 and a total acquisition cost of € 415 million, corresponding to 0.64% of share capital. The shares concerned are held by BMW AG as treasury shares at the end of the reporting period.

Up to 31 December 2023, a total of 942,892 shares of preferred stock had been bought back via the stock exchange at an average price per share of € 90.15 and a total acquisition cost of € 85 million, corresponding to 0.14% of share capital. The shares concerned are held by BMW AG as treasury shares at the end of the reporting period.

On 19 September 2023, the Board of Management resolved a share buyback programme for shares of common stock for employees ("Share Buyback Programme Employee Shares 2023") which was carried out during the period from 8 November to 27 November 2023. The acquisition of shares of common stock under this programme serves the sole purpose of fulfilling the obligations arising from the Employee Share Programme. Based on the applications received from eligible employees, 1,290,000 shares of common stock were bought back and subsequently sold to employees at a preferential price of € 71.47 per share. These shares are entitled to receive dividends for the first time with effect from the financial year 2023.

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	31.12.2023	31.12.2022
Equity attributable to shareholders of BMW AG	89,596	87,125
Proportion of total capital	48.5%	48.1%
Non-current financial liabilities	52,880	53,469
Current financial liabilities	42,130	40,727
Total financial liabilities	95,010	94,196
Proportion of total capital	51.5%	51.9%
Total capital	184,606	181,321

Equity attributable to shareholders of BMW AG increased during the financial year by 2.8%, primarily reflecting the increase in revenue reserves.

32 Non-controlling interests

The 25% non-controlling interests of other shareholders in the subsidiary BMW Brilliance represent a significant item in the BMW Group's balance sheet.

Total comprehensive income allocated to the other shareholders of BMW Brilliance amounts to € 615 million (2022: € 580 million). A dividend of € 1,447 million (2022: € 1,445 million) was distributed to these shareholders during the financial year 2023. At 31 December 2023, non-controlling interests in BMW Brilliance amounted to € 2,970 million (2022: € 3,709 million).

Financial information relating to BMW Brilliance is summarised in the following table from a 100% perspective (2022: from 11 February 2022):

in € million	2023	2022
DISCLOSURES RELATING TO THE INCOME STATEMENT		
Revenues	33,227	29,243
Profit after tax	3,262	2,140
Total comprehensive income	2,327	2,193
DISCLOSURES RELATING TO THE BALANCE SHEET		
Non-current assets	16,352	18,823
Current assets	11,044	12,344
Non-current liabilities	3,601	4,059
Current liabilities	9,773	9,756
DISCLOSURES RELATING TO THE CASH FLOW STATEMENT		
Total cash flows	- 621	- 4,268

33 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 almost entirely covered by assets transferred to BMW Trust e.V., Munich (BMW Trust), in conjunction with a Contractual Trust Arrangement (CTA) (funded plan). In addition, funded plans also exist in the UK as well as in the USA, Switzerland, Belgium and Japan. In the meantime, all of the main defined benefit plans have been closed for new entrants and replaced by defined contribution plans.

In addition, a career trend component, which is plan-dependent and lies within a range of 0.25% to 0.50%, is taken into account in the measurement of pension obligations in Germany (2022: career trend of 0.25% to 0.50%).

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 %	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Discount rate	3.19	3.67	4.54	4.73	5.57	5.88
Pension level trend	2.24	2.53	2.17	2.26	-	-
Weighted duration of all pension obligations in years	13.8	14.2	13.1	13.7	12.8	12.8

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%

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Present value of defined benefit obligations	12,721	11,529	5,306	5,287	891	869	18,918	17,685
Fair value of plan assets	12,528	11,508	6,079	6,134	740	741	19,347	18,383
Effect of limiting net defined benefit asset to asset ceiling	-	-	797	879	2	15	799	894
Carrying amounts	193	21	24	32	153	143	370	196
thereof pension provisions	193	118	77	77	157	144	427	339
thereof assets	-	-97	-53	-45	-4	-1	-57	-143

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

Germany

Employer-funded as well as employee-funded benefit plans exist in Germany. In addition to retirement benefits, pension benefits also include disability and surviving dependents' benefits. The level of ongoing pension payments is adjusted in accordance with § 16 of the Company Pensions Act (Betriebsrentengesetz).

Two employer-funded pension plans are in place that are based on defined contributions for which the level of benefits depends on developments on the capital markets. Benefits granted by the two plans are funded by a combination of the payment of fixed monthly contributions by the Company, a deferred remuneration option for employees and a matching contribution by the Company. Further contributions are made on the basis of the BMW Group's performance. A further plan is in place that is funded entirely out of deferred remuneration. Due to the minimum interest rate guaranteed by the BMW Group, these plans are all classified as defined benefit plans in accordance with IAS 19. In addition to the above plans, an employer-funded, defined benefit pension

plan with lifelong pension benefits remains in place which is now closed to new entrants. The pension benefit is calculated by multiplying a fixed amount by the number of completed years of service. Only employees who have not agreed to a one-time option to switch to the defined contribution system will receive future increases in entitlements under this plan.

The assets of the German pension plans are invested by BMW Trust (a German association) in accordance with a CTA. The representative bodies of the association are the Board of Directors and the Members' General Meeting. BMW Trust 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.

UK

Defined benefit plans exist in the UK 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 2023	17,685	- 18,383	- 698	894	196
EXPENSE/INCOME					
Current service cost	366	-	366	-	366
Interest expense (+)/income (-)	704	- 748	- 44	43	- 1
Past service cost	27	-	27	-	27
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 317	- 317	-	- 317
Gains (-) or losses (+) arising from changes in financial assumptions	458	-	458	-	458
Gains (-) or losses (+) arising from changes in demographic assumptions	- 174	-	- 174	-	- 174
Gains (-) or losses (+) arising from experience adjustments	329	-	329	-	329
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	- 155	- 155
Transfers to fund	-	- 353	- 353	-	- 353
Employee contributions	107	- 107	-	-	-
Pensions and other benefits paid	- 673	667	- 6	-	- 6
Translation differences and other changes	89	- 106	- 17	17	-
31 December 2023	18,918	- 19,347	- 429	799	370
thereof pension provisions					427
thereof assets					- 57

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 2022	24,989	- 25,011	- 22	1,187	1,165
EXPENSE/INCOME					
Current service cost	415	-	415	-	415
Interest expense (+)/income (-)	338	- 349	- 11	21	10
Past service cost	34	-	34	-	34
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	6,417	6,417	-	6,417
Gains (-) or losses (+) arising from changes in financial assumptions	- 7,471	-	- 7,471	-	- 7,471
Gains (-) or losses (+) arising from changes in demographic assumptions	- 201	-	- 201	-	- 201
Gains (-) or losses (+) arising from experience adjustments	462	-	462	-	462
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	- 262	- 262
Transfers to fund	-	- 367	- 367	-	- 367
Employee contributions	106	- 106	-	-	-
Pensions and other benefits paid	- 703	697	- 6	-	- 6
Translation differences and other changes	- 284	336	52	- 52	-
31 December 2022	17,685	- 18,383	- 698	894	196
thereof pension provisions					339
thereof assets					- 143

Due to the fact that there is no right of reimbursement or right to reduce future contributions to the fund, the amount of plan assets reported for the UK pension plan has been limited to the amount of the obligations.

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equity instruments	2,729	2,068	-	14	41	37	2,770	2,119
Debt instruments	6,561	6,101	4,237	4,343	53	51	10,851	10,495
thereof investment grade	5,479	5,436	4,237	4,343	53	51	9,769	9,830
thereof mixed funds (funds without a rating)	-	-	-	-	-	-	-	-
thereof non-investment grade	1,082	665	-	-	-	-	1,082	665
Real estate funds	51	-	-	-	27	28	78	28
Money market funds	-	-	51	35	27	15	78	50
Absolute return funds	-	-	-	-	-	-	-	-
Other	289	232	-	-	1	-	290	232
Total with quoted market price	9,630	8,401	4,288	4,392	149	131	14,067	12,924
Debt instruments	341	340	682	55	1	4	1,024	399
thereof investment grade	336	332	-	-	-	-	336	332
thereof mixed funds (funds without a rating)	5	8	682	55	-	-	687	63
thereof non-investment grade	-	-	-	-	1	4	1	4
Real estate	431	455	622	700	-	-	1,053	1,155
Cash and cash equivalents	73	32	-	-	-	-	73	32
Absolute return funds	466	843	52	640	-	2	518	1,485
Other	1,587	1,437	435	347	590	604	2,612	2,388
Total without quoted market price	2,898	3,107	1,791	1,742	591	610	5,280	5,459
Total plan assets	12,528	11,508	6,079	6,134	740	741	19,347	18,383

In the financial year 2024, disbursements out of plan assets are expected to exceed the employer's contributions to plan assets by € 298 million. Plan assets of the BMW Group include own transferable financial instruments amounting to € 17 million (2022: € 7 million).

The BMW Group is exposed to risks arising both from defined benefit plans and defined contribution plans with a minimum return guarantee. The discount rates used to calculate pension obligations are subject to market fluctuations and therefore influence the level of the obligations. Furthermore, changes in other actuarial parameters, such as expected rates of inflation, also have an impact on pension obligations. In order to reduce currency exposures, a substantial portion of plan assets is either invested in the same currency as the underlying plan or hedged by means of currency derivatives. As part of the internal reporting procedures and for internal management purposes, financial risks relating to the pension plans are reported using a value-at-risk approach by reference to the pension deficit. The investment strategy is also subject to regular review together with external consultants, with the aim of ensuring that investments are structured to match the timing of pension payments and the expected development of pension obligations. In this way, fluctuations in pension provisions recognised in the balance sheet are reduced.

The defined benefit obligation relates to current employees, pensioners and former employees with vested benefits as follows:

in %	Germany		United Kingdom		Other	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Current employees	58.2	57.7	-	-	57.1	56.7
Pensioners	35.2	35.6	59.2	59.5	35.6	35.8
Former employees with vested benefits	6.6	6.7	40.8	40.5	7.3	7.5
Defined benefit obligation	100.0	100.0	100.0	100.0	100.0	100.0

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			
			31.12.2023		31.12.2022	
		in € million	in %	in € million	in %	
Discount rate	increase of 0.75%	- 1,418	- 7.5	- 1,379	- 7.8	
	decrease of 0.75%	1,671	8.8	1,632	9.2	
Pension level trend	increase of 0.25%	325	1.7	322	1.8	
	decrease of 0.25%	- 319	- 1.7	- 307	- 1.7	
Average life expectancy	increase of 1 year	515	2.7	492	2.8	
	decrease of 1 year	- 533	- 2.8	- 509	- 2.9	
Career trend	increase of 0.10%	40	0.2	37	0.2	
	decrease of 0.10%	- 40	- 0.2	- 37	- 0.2	

34 Other provisions

Other provisions changed during the year as follows:

in € million	1.1.2023	Additions arising on business combinations	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12.2023	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	8,251	-	- 235	4,243	391	- 2,674	- 326	9,650	4,333
Obligations for personnel and social expenses	3,249	-	- 12	1,782	47	- 2,061	- 41	2,964	1,979
Bonus and price reductions	1,443	-	- 44	1,144	-	- 761	- 105	1,677	1,545
Other obligations	2,818	-	- 44	1,399	38	- 932	- 533	2,746	1,383
Other provisions	15,761	-	- 335	8,568	476	- 6,428	- 1,005	17,037	9,240

in € million	1.1.2022	Additions arising on business combinations	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12.2022	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,600	872	141	3,820	- 372	- 2,181	- 629	8,251	2,337
Obligations for personnel and social expenses	3,317	-	7	2,106	- 156	- 1,922	- 103	3,249	2,287
Bonus and price reductions*	1,121	1	6	1,202	-	- 677	- 210	1,443	1,304
Other obligations*	2,916	119	30	1,227	- 57	- 576	- 841	2,818	1,388
Other provisions	13,954	992	184	8,355	- 585	- 5,356	- 1,783	15,761	7,316

* Presentation adjusted compared to previous year.

Depending on when claims occur, it is possible that the BMW Group may be called upon to fulfill 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 2023 amounted to € 819 million (2022: € 872 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 as well as risks relating to the order backlog.

35 Income tax liabilities

Current income tax liabilities totalling € 1,401 million (2022: € 1,224 million) include € 50 million (2022: € 58 million) which are expected to be settled after more than 12 months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

36 Financial liabilities

Financial liabilities of the BMW Group comprise the following:

in € million	31.12.2023				31.12.2022			
	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	10,583	21,471	7,754	39,808	11,020	22,306	7,758	41,084
Asset-backed financing transactions	7,697	12,388	–	20,085	7,895	10,851	–	18,746
Liabilities from customer deposits (banking)	14,125	3,883	8	18,016	13,223	3,274	14	16,511
Liabilities to banks	3,868	1,272	684	5,824	4,187	2,399	669	7,255
Lease liabilities	484	1,367	688	2,539	533	1,369	862	2,764
Derivative instruments	1,349	2,124	927	4,400	1,462	2,142	1,457	5,061
Commercial paper	3,292	–	–	3,292	1,712	–	–	1,712
Other	732	108	206	1,046	695	138	230	1,063
Financial liabilities	42,130	42,613	10,267	95,010	40,727	42,479	10,990	94,196

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 € 42 million (2022: € 43 million).

Similarly, potential future cash outflows amounting to € 1,639 million (2022: € 1,608 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 90 years (2022: up to 61 years).

Liabilities related to financing activities can be reconciled as follows:

in € million	1.1.2023	Cash inflows/outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Basis adjustments from hedge accounting	Other changes	31.12.2023
Bonds	41,084	- 1,825	-	- 563	1,135	- 23	39,808
Asset-backed financing transactions	18,746	1,796	-	- 464	-	7	20,085
Liabilities from customer deposits (banking)	16,511	1,727	-	- 247	10	15	18,016
Liabilities to banks	7,255	- 1,201	-	- 279	49	-	5,824
Lease liabilities	2,764	- 516	-	- 64	-	355	2,539
Commercial paper	1,712	1,634	-	- 54	-	-	3,292
Financial liabilities towards companies in which an investment is held	-	-	-	-	-	-	-
Other (excluding interest payable)	662	- 131	-	- 38	-	-	493
Liabilities relating to financing activities	88,734	1,484	-	- 1,709	1,194	354	90,057

in € million	1.1.2022	Cash inflows/outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Basis adjustments from hedge accounting	Other changes	31.12.2022
Bonds	51,498	- 8,107	-	1,011	- 3,321	3	41,084
Asset-backed financing transactions	19,362	- 471	-	- 142	-	- 3	18,746
Liabilities from customer deposits (banking)	16,702	- 658	-	410	- 11	68	16,511
Liabilities to banks	9,079	- 1,613	-	- 25	- 186	-	7,255
Lease liabilities	2,420	- 531	129	4	-	742	2,764
Commercial paper	1,374	261	-	77	-	-	1,712
Financial liabilities towards companies in which an investment is held	2,188	- 150	-	44	-	- 2,082	-
Other (excluding interest payable)	724	- 18	-	- 30	- 14	-	662
Liabilities relating to financing activities	103,347	- 11,287	129	1,349	- 3,532	- 1,272	88,734

Bonds comprise the following:

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 1,000 million	1.7	3.8
	fixed	EUR 19,000 million	7.4	1.5
	fixed	CNY 9,500 million	2.8	3.2
	fixed	HKD 1,224 million	6.6	2.9
	fixed	USD 1,000 million	7.5	2.6
	fixed	AUD 273 million	10.0	3.2
BMW US Capital, LLC	variable	USD 2,550 million	2.9	5.4
	fixed	USD 14,795 million	7.1	3.4
	fixed	EUR 500 million	12.0	1.0
BMW International Investment B.V.	variable	GBP 100 million	1.1	5.6
	fixed	GBP 950 million	3.7	2.7
	fixed	NOK 1,000 million	10.0	3.3
	fixed	CHF 600 million	6.8	0.5
BMW China Capital B.V.	fixed	CNY 3,000 million	3.0	3.7
BMW Canada Inc.	fixed	CAD 700 million	3.4	3.5

Commercial paper comprises the following:

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 2,210 million	14	5.4
BMW Finance N.V.	EUR 1,303 million	19	4.0

37 Other liabilities

Other liabilities comprise the following items:

in € million	31.12.2023	31.12.2022
Bonuses and sales aides	5,447	4,809
Refund liabilities for future leased products	2,963	5,777
Payables to other companies in which an investment is held	38	51
Payables to subsidiaries	241	255
Deposits received	1,079	1,047
Other liabilities (financial instruments)	9,768	11,939
Contract liabilities	7,998	7,651
Deferred income	3,359	3,633
Other taxes	1,613	1,412
Social security	130	120
Other advance payments received for orders	237	237
Other liabilities (non-financial instruments)	13,337	13,053
Sundry	2,643	2,241
Other liabilities	25,748	27,233

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 € 4,239 million (2022: € 3,146 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. Grants and subsidies awarded before 31 December 2022 are released to income over the useful life of the assets to which they relate.

38 Trade payables

Trade payables mainly have a remaining term of up to one year.

OTHER DISCLOSURES

39 Contingent liabilities and other financial commitments Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	31.12.2023	31.12.2022
Investment subsidies	66	63
Litigation	80	94
Guarantees	22	89
Other	1,801	1,112
Contingent liabilities	1,969	1,358

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

The BMW Group determines its best estimate of contingent liabilities on the basis of the information available at the date of preparation of 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 were settled on 8 July 2021 (see [note \[10\]](#) to the BMW Group Financial Statements for the financial year 2021 included in the BMW Group Report 2021).

In addition, respective antitrust proceedings were opened against BMW AG by the Chinese State Administration for Market Regulation in March 2019 and the Korea Fair Trade Commission in May 2020. Possible risks for the BMW Group in connection with the antitrust proceedings in China cannot be currently foreseen, neither in terms of their outcome nor the amounts involved.

In April 2023, the South Korean antitrust authority imposed a fine of approximately 13 billion South Korean won (approximately € 9 million). BMW AG will no longer take action against the authority's decision.

In relation to these allegations, numerous class action lawsuits have been brought in the USA and Canada in the second half of 2017, as well as several individual customers' lawsuits in South Korea in June 2018. In the USA, the customer class actions were withdrawn in August 2021 and the dealer class action was dismissed in the final instance in June 2022. In Canada, the class action lawsuits have been discontinued without any payments made by BMW. The individual customers' lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Beginning in 2014, 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, it cannot be ruled out that further vehicles of the BMW Group will be affected by future recall actions. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In May 2023, the National Highway Traffic Safety Administration (NHTSA), an agency of the US federal government, requested a recall of airbags in the USA that are equipped with airbag inflators produced by ARC Automotive. Further implications for the BMW Group in other regions outside of North America as well as implications from class action lawsuits, which have been brought in this context against the BMW Group in the USA, cannot be

estimated at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In March 2022, the European Commission (EC) conducted inspections at the premises of automobile manufacturers and associations located in several member states. In parallel, the EC sent out formal requests for information to several automobile manufacturers, including BMW AG. The inspections and requests for information concern possible collusion in relation to the collection, treatment and recovery of end-of-life vehicles and light commercial vehicles. The inspections were conducted in coordination with the UK Competition and Markets Authority, which has initiated formal proceedings in respect of the UK market. The competition authorities allege that car manufacturers (i) coordinated the remuneration to be paid to dismantlers for the provision of their services and (ii) agreed that issues related to end-of-life vehicles should be dealt with in a non-competitive way. Appropriate risk provisions were recognised in the second quarter 2022 in connection with these investigations. At the current stage of the investigations, further risks for the BMW Group in connection with the proceedings of the two authorities cannot be quantified at present. In December 2023, the South Korean antitrust authority conducted an inspection at the premises of several car manufacturers, including BMW Korea. The investigation by the South Korean antitrust authority has the same background as the investigations of the European Commission and the UK Competition and Markets Authority. Due to the early stage of this investigation, it is also not possible to provide further information in this regard. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Following a request for legal assistance from the Korean authorities in 2020 in connection with leaks in exhaust gas recirculation modules in BMW Group vehicles, the Munich public prosecutor's office initiated an investigation and searched BMW Group offices in Munich and Steyr in June 2022. Potential risks for the BMW Group cannot be quantified at the present time. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In several recent judgements, the European Court of Justice has ruled on emission control systems in diesel vehicles and has significantly tightened requirements pertaining to the justification of these systems. As a result of these new judgements by the European Court of Justice, the interpretation of regulatory requirements for emission control systems is evolving. This is reflected, amongst other things, by the fact that established administrative practices of type approval authorities are being questioned from numerous sides. This development leads to a reassessment of civil proceedings pending in Germany due to the emissions performance of BMW and MINI diesel vehicles. According to previously established case law of German national courts, damage claims could only be asserted on the basis of intentional damage inflicted in a manner offending common decency. In its most recent judgements linked to proceedings against other manufacturers and taking into account the case law of the European Court of Justice, the German Federal Court of Justice has ruled that a manufacturer can also be held liable for negligent breach of EU homologation standards and on the basis of a far-reaching reversal of the burden of proof to the detriment of the manufacturer. An increase in the effort and complexity of the defence in individual cases, an increasing number of new court proceedings, increased legal risks and increased financial expenditure are to be expected. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In addition, the KBA determined in February 2024 that two functionalities of the emission control system of the BMW vehicle model X3 with 2.0 litre diesel engine (EU5), built between September 2010 and March 2014 do not comply with legal requirements. The KBA views these functionalities as prohibited defeat devices. The BMW Group has filed a timely objection against this decision. Corrective measures are currently being coordinated with the responsible type approval authorities. Furthermore, the BMW Group is investigating whether and to what extent functionalities of the emission control systems of this and other past diesel vehicle models comply with legal requirements and is in dialogue with the responsible authorities in this regard. Also, against the background of the development in case law referred to above, it is possible that further authorities and/or courts find fault with functionalities of the emission control systems or deem them as non-compliant with legal requirements. Given that the investigations will take some time, it is not currently possible to make any disclosures pursuant to IAS 37.86 with regard to possible measures to be taken, possible effects on administrative and civil court proceedings and any financial risks that may be related thereto.

Furthermore, several BMW Group entities have been facing a number of diesel emissions-related court claims in England and Wales since November 2021 as well as in Scotland since March 2023. In November 2023, the High Court approved a group litigation regarding the proceeding in England and Wales. In December 2023, the court ordered that at least three out of the 16 pending court proceedings against OEMs will proceed to trial from October 2024 onwards. The proceedings against two other OEMs have already been selected, and the selection of other OEM proceedings is expected to follow in March 2024. In Scotland, the court also approved the combination of relevant claims in group proceedings. It is estimated that any sued BMW Group entities will have to file their statement of defence in April 2024. Given that proceedings are still at an early stage, the probability, amount or timing of any liability cannot be determined 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	31.12.2023	31.12.2022
Purchase commitments for property, plant and equipment	7,712	5,758
Purchase commitments for intangible assets	2,252	1,912

40 Financial instruments

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

in € million	31.12.2023				31.12.2022			
	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
ASSETS								
Other investments	-	-	911	286	-	-	1,003	348
Receivables from sales financing	65,092	-	-	22,263	63,808	-	-	21,900
Financial assets								
Derivative instruments								
Cash Flow Hedges	-	-	-	1,525	-	-	-	2,046
Fair Value Hedges	-	-	-	444	-	-	-	427
Other derivative instruments	-	-	957	-	-	-	1,913	-
Marketable securities and investment funds	-	2,127	43	-	-	2,908	530	-
Loans to third parties	17	-	1	-	26	-	8	-
Other	347	-	-	57	236	-	-	143
Cash and cash equivalents	16,055	-	1,272	-	16,860	-	10	-
Trade receivables	4,162	-	-	-	4,127	-	-	-
Other assets								
Receivables from subsidiaries	642	-	-	-	1,036	-	-	-
Receivables from companies in which an investment is held	48	-	-	-	50	-	-	-
Collateral assets	455	-	-	-	454	-	-	-
Remaining other assets	1,218	-	-	6,770	1,489	-	-	7,603
Total	88,036	2,127	3,184	31,345	88,086	2,908	3,464	32,467

in € million	31.12.2023				31.12.2022			
	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
LIABILITIES								
Financial liabilities								
Bonds	39,808	-	-	-	41,084	-	-	-
Liabilities to banks	5,824	-	-	-	7,255	-	-	-
Liabilities from customer deposits (banking)	18,016	-	-	-	16,511	-	-	-
Commercial paper	3,292	-	-	-	1,712	-	-	-
Asset-backed financing transactions	20,085	-	-	-	18,746	-	-	-
Derivative instruments								
Cash Flow Hedges	-	-	-	1,598	-	-	-	1,639
Fair Value Hedges	-	-	-	2,073	-	-	-	3,032
Other derivative instruments	-	-	729	-	-	-	390	-
Lease liabilities	-	-	-	2,539	-	-	-	2,764
Other	1,046	-	-	-	1,063	-	-	-
Trade payables	15,547	-	-	-	14,120	-	-	-
Other liabilities								
Payables to subsidiaries	241	-	-	-	255	-	-	-
Payables to other companies in which an investment is held	38	-	-	-	51	-	-	-
Remaining other liabilities	8,171	-	-	17,298	7,276	-	-	19,651
Total	112,068	-	729	23,508	108,073	-	390	27,086

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 rate 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.

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 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	31.12.2023		31.12.2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing - credit financing	67,307	65,092	65,237	63,808
Receivables from sales financing - finance and operating leases	23,539	22,263	22,600	21,900
Financial liabilities				
Bonds	40,919	39,808	42,173	41,084
Asset-backed financing transactions	19,951	20,085	18,542	18,746
Liabilities from customer deposits (banking)	17,591	18,016	15,939	16,511
Liabilities to banks	5,906	5,824	7,302	7,255

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 follows:

in € million	31.12.2023			31.12.2022		
	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 and investment funds	1,864	306	-	3,048	390	-
Other investments	146	-	765	164	-	839
Cash equivalents	1,272	-	-	10	-	-
Loans to third parties	-	-	1	-	-	8
Derivative instruments (assets)						
Interest rate risks*	-	794	-	-	1,684	-
Currency risks	-	1,278	-	-	768	-
Combined interest rate/currency risks*	-	472	-	-	437	-
Raw material market price risks	-	324	-	-	1,495	-
Other risks	-	-	58	-	-	2
Derivative instruments (liabilities)						
Interest rate risks*	-	2,319	-	-	2,987	-
Currency risks	-	318	-	-	1,174	-
Combined interest rate/currency risks*	-	373	-	-	381	-
Raw material market price risks	-	1,390	-	-	519	-

* Presentation adjusted compared to previous year.

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

In the previous year, derivative instruments used to hedge raw material price risks amounting to € 71 million were reclassified from Level 3 to Level 2 as sufficient observable market data was available for the first time for the instruments concerned.

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	Fair value 31.12.2023	Fair value 31.12.2022
Unquoted equity instruments	765	839
Convertible bonds	1	8
Options on unquoted equity instruments	58	2

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, among others. 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 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 and 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 fair value of the options that the BMW Group holds in shares of such investee companies is measured primarily on the basis of a binomial model, taking into account the respective conditions under which the options were granted. The comments provided on the income-based approach used to measure equity instruments held outside the private equity fund apply analogously for the purposes of determining the relevant entity value that is taken into account when measuring the fair value of the options. The exercise price for share options arising in conjunction with the private equity fund 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.

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 2023	839	8	2	-	849
Additions	99	-	-	-	99
Disposals	- 54	- 4	- 1	-	- 59
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	-	-
Gains (+)/losses (-) recognised in the income statement	- 94	- 2	57	-	- 39
Currency translation differences	- 25	- 1	-	-	- 26
Level transfer	-	-	-	-	-
31 December 2023	765	1	58	-	824

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2022	724	23	-	67	814
Additions	75	-	-	-	75
Disposals	- 6	- 12	-	- 5	- 23
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	7	7
Gains (+)/losses (-) recognised in the income statement	14	- 4	2	2	14
Currency translation differences	32	1	-	-	33
Level transfer	-	-	-	- 71	- 71
31 December 2022	839	8	2	-	849

Gains and losses recognised in the income statement are reported within the line item "Other financial result" and included a net negative amount of € 39 million (2022: net positive amount of € 14 million) relating to unrealised items.

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	31.12.2023		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
Balance sheet amount as reported	2,926	4,400	4,386	5,061
Gross amount of derivatives which can be offset in case of insolvency	- 1,638	- 1,638	- 2,118	- 2,118
Cash collateral	- 1	- 95	- 228	- 188
Net amount after offsetting	1,287	2,667	2,040	2,755

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	2023	2022
Financial instruments measured at fair value through other comprehensive income	113	- 154
Financial instruments measured at fair value through profit or loss	- 161	1,438
Financial assets measured at amortised cost	- 482	- 652
Financial liabilities measured at amortised cost	- 67	209

Net gains and losses arising on financial instruments measured at fair value through other comprehensive income relate to changes in the fair value of marketable securities. Further details are provided in [note \[19\]](#). Total interest income arising on financial assets measured at fair value through other comprehensive income amounted to € 82 million (2022: € 37 million) and total interest expense to € 18 million (2022: € 10 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 include 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.

Financial instruments measured at amortised cost are sometimes subject to carrying amount adjustments that are recognised through profit or loss as part of the application of hedge accounting. These carrying amount changes are largely neutralised by the offsetting changes in fair value arising on hedging transactions and for this reason are not reported in the figures for net gains and losses.

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 € 2.5 billion (2022: € 1.7 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 sales financing is provided in the Combined Management Report. ([Outlook](#) and [Risks and Opportunities](#))

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 € 32,149 million (2022: € 31,163 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	31.12.2023	31.12.2022
Not overdue	3,718	3,871
1–30 days overdue	339	208
31–60 days overdue	42	31
61–90 days overdue	29	11
More than 90 days overdue	104	65
Total	4,232	4,186

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	31.12.2023						31.12.2022					
	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	71,882	1,901	509	-	74,292	388	71,418	975	446	-	72,839	370
Gross carrying amount of financial assets with medium credit ratings	8,311	3,971	32	-	12,314	797	8,792	3,726	37	-	12,555	841
Gross carrying amount of financial assets with poor credit ratings	251	1,600	19	1,068	2,938	1,004	318	1,152	21	968	2,459	934
Total	80,444	7,472	560	1,068	89,544	2,189	80,528	5,853	504	968	87,853	2,145

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 [\[30\]](#).

Liquidity risk

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

in € million	31.12.2023				31.12.2022			
	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
NON-DERIVATIVE FINANCIAL LIABILITIES								
Bonds	11,308	23,450	9,150	43,908	11,951	24,710	9,496	46,157
Asset-backed financing transactions	8,161	12,996	-	21,157	8,057	11,470	-	19,527
Liabilities to banks	3,998	1,386	850	6,234	4,456	2,594	775	7,825
Liabilities from customer deposits (banking)	14,280	4,037	8	18,325	13,285	3,337	14	16,636
Trade payables	15,512	35	-	15,547	14,080	40	-	14,120
Lease liabilities	497	1,460	882	2,839	533	1,460	1,094	3,087
Commercial paper	3,298	-	-	3,298	1,714	-	-	1,714
Other financial liabilities	191	146	174	511	305	181	202	688
DERIVATIVE FINANCIAL LIABILITIES								
With gross settlement	- 951	- 522	4	- 1,469	1,150	280	- 413	1,017
Cash outflows	18,145	12,650	598	31,393	20,537	13,087	319	33,943
Cash inflows	- 19,096	- 13,172	- 594	- 32,862	- 19,387	- 12,807	- 732	- 32,926
With net settlement	- 1,614	- 2,398	- 249	- 4,261	1,201	1,993	378	3,572
Cash inflows / outflows	- 1,614	- 2,398	- 249	- 4,261	1,201	1,993	378	3,572
Total financial liabilities	54,680	40,590	10,819	106,089	56,732	46,065	11,546	114,343

The cash flows from non-derivative financial liabilities comprise principal repayments and the related interest. The amounts disclosed for derivative financial liabilities comprise only cash flows relating to derivatives that have a negative fair value at the balance sheet date. It should be noted that, due to the various yield curves used, a net positive cash flow may arise from inflows/outflows relating to derivative instruments with negative fair values.

At 31 December 2023, credit commitments available at short notice to dealerships which had not been called upon at the end of the reporting period amounted to € 13,218 million (2022: € 16,044 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 (2022: € 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](#) and [Risks and Opportunities](#) sections 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 2023, derivative financial 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	31.12.2023	31.12.2022
Currency exposure	39,157	43,179

Currency exposures include short positions amounting to € 2,136 million (2022: € 3,604 million).

The currency 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	31.12.2023	31.12.2022
Cash flow at risk	493	530

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	31.12.2023	31.12.2022
Fair values of interest rate portfolios	73,510	73,954

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 (e.g. 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 re-designated 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. In the financial year 2023, all contracts based on USD LIBOR were converted to alternative benchmark interest rates (€ 412 million).

In the case of CAD CDOR and PLN WIBOR, uncertainty remains as to the exact timing and nature of the changes. Non-derivative financial instruments that have not been converted to an alternative interest rate at 31 December 2023 all relate to the CAD CDOR, with a nominal liability amount of € 171 million (2022: € 242 million). Derivative financial instruments that have not been converted to an alternative interest rate at 31 December 2023 all relate to the PLN WIBOR, with a nominal amount of € 584 million (2022: € 100 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	31.12.2023	31.12.2022
Value at risk	1,967	2,097

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 materials 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	31.12.2023	31.12.2022
Raw material price exposures	9,033	10,153

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	31.12.2023	31.12.2022
Cash flow at risk	1,045	1,115

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 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	31.12.2023		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	22,648	18,328	–
Interest rate risks	7,055	19,169	8,626
Combined interest/currency risks	908	961	791
Raw material price risks	3,519	5,329	–
Nominal amounts of hedging instruments	34,130	43,787	9,417
	31.12.2022		
in € million	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	22,649	21,392	–
Interest rate risks*	9,473	19,350	9,034
Combined interest/currency risks*	166	1,764	915
Raw material price risks	3,537	5,936	–
Nominal amounts of hedging instruments	35,825	48,442	9,949

* Presentation adjusted compared to previous year.

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant currency risk exposures:

Currency risks	31.12.2023	31.12.2022
EUR/CNY	7.40	7.54
EUR/GBP	0.87	0.87
EUR/KRW	1,405.05	1,354.27

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant raw materials risk exposures:

Raw material price risks	31.12.2023	31.12.2022
Aluminium (EUR/t)	2,270	2,313
Copper (EUR/t)	7,398	7,120
Nickel (EUR/t)	18,916	17,309
Palladium (EUR/oz)	1,465	1,958

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 the current market interest rate level.

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

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

in € million	31.12.2023				31.12.2022			
	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	
Cash Flow Hedges								
Currency risks	40,976	1,200	211	1,654	44,041	552	1,119	1,832 ¹
Raw material price risks	8,848	325	1,387	-2,161	9,473	1,494	520	517 ¹
Fair Value Hedges								
Interest rate risks ²	49,236	288	1,956	1,414	49,899	309	2,870	-3,431
Combined interest rate/currency risks²	2,660	156	117	78	2,845	118	162	-254

¹ Prior year figures adjusted due to corrected currency translation.

² Presentation adjusted compared to previous year.

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	31.12.2023					31.12.2022				
	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
Cash Flow Hedges										
Currency risks	-	-	- 1,654	2,377	-	-	-	- 1,832 ¹	2,026	-
Raw material price risks	-	-	2,161	- 1,206	-	-	-	- 517 ¹	662	-
Fair Value Hedges										
Interest rate risks ²	13,443	41,854	- 1,401	-	-	10,979	43,970	3,433	-	-
Combined interest rate/currency risks ²	-	2,605	- 75	-	-	-	2,647	257	-	-

¹ Prior year figures adjusted due to corrected currency translation.

² Presentation adjusted compared to previous year.

The accumulated amount of hedge-related fair value adjustments is a negative amount of € 11 million (2022: negative amount of € 283 million) for assets and a negative amount of € 1,551 million (2022: positive amount of € 2,880 million) for liabilities.

Hedge relationships give rise to the following effects:

in € million	2023			2022		
	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
Cash Flow Hedges						
Currency risks	351	765	-	2,300	- 1,539	-
Raw material price risks	- 1,868	-	-	- 395	-	-
Fair Value Hedges						
Interest rate risks*	-	-	13	-	-	2
Combined interest/currency risks*	-	1	3	-	- 18	3

* Presentation adjusted compared to previous year.

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

in € million	2023						2022					
	Currency risks		Interest rate risk	Combined interest / currency risk	Raw material price risk		Currency risks		Interest rate risk'	Combined interest / currency risk'	Raw material price risk	
	Designated component	Costs of hedging	Costs of hedging	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Costs of hedging	Costs of hedging	Designated component	Costs of hedging
Opening balance at 1 January	2,026	- 1,783	-	- 3	662	-	- 274	- 244	-	15	1,057	-
Change in fair value during the reporting period	1,654	- 103	-	1	- 2,161	-	1,832	- 2,281	-	- 18	517	-
Reclassification to profit or loss												
for continuing hedge relationships	- 1,153	733	-	-	-	-	578	739	-	-	-	-
for terminated hedge relationships	- 150	135	-	-	2	-	- 110	3	-	-	- 17	-
Reclassification to acquisition costs for inventories	-	-	-	-	291	-	-	-	-	-	- 895	-
Closing balance at 31 December	2,377	- 1,018	-	- 2	- 1,206	-	2,026	- 1,783	-	- 3	662	-

* Presentation adjusted compared to previous year.

41 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 and BMW Foundation Herbert Quandt

Transactions of Group companies 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.

No loans were granted by entities of the BMW Group to members of the Board of Management and the Supervisory Board in the financial year 2023, nor were any contingent liabilities entered into on their behalf. During the year under report, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group entities on customary market terms and conditions for the purchase of vehicles, other services (including maintenance and repair work) and the investment of cash deposits in the low single-digit million range relating to the Board of Management.

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.

During the financial year 2023, DELTON Logistics S.à r.l. – via its subsidiaries – performed logistic-related services for the BMW Group. 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 2023.

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 2023, 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 2023, 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 significant transactions with the above-mentioned entities was as follows:

	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
in € thousand	2023	2022	2023	2022	2023	2022	2023	2022
DELTON Health AG	2,058	2,058	-	-	16	15	-	-
DELTON Logistics S.à r.l.	753	768	9,698	19,667	29	7	986	1,004
SOLARWATT GmbH	21,452	16,282	60	33	3,083	349	-	11
ALTANA AG	2,900	2,740	1,066	794	361	361	118	108
UnternehmerTUM GmbH	-	-	3,387	3,215	-	-	71	29

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

	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
in € million	2023	2022	2023	2022	2023	2022	2023	2022
Other joint ventures and associated companies	4	4	86	63	-	-	17	17

BMW Brilliance has been fully consolidated as a subsidiary of the BMW Group since 11 February 2022 (see [note 2](#)). Goods and services performed (mainly vehicle components for further processing) for BMW Brilliance up to the date of first-time consolidation in 2022 totalled € 1,330 million. Supplies and services received in the same period amounted to € 106 million and comprised mainly vehicles and services.

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. BMW AG 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 2023 totalling € 6.0 million (2022: € 5.9 million) for ongoing foundation work and other services. No other transactions arose.

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

42 Share-based remuneration

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

Employee Share Programme

Within the scope of the Employee Share Programme in the financial year 2023, eligible BMW Group employees were granted shares of BMW AG common stock on preferential terms (for information on the number and price of the shares of common stock issued see [note \[31\]](#)). At their discretion, participants in the programme were able to purchase packages of 10, 20, 30, 40 or 50 shares of common stock (2022: 10, 20, 35, 50 or 65 shares of preferred stock) with a discount of € 20.00 (2022: € 16.00) on each share as compared to the market price (average closing price in Xetra trading in the period 1 to 6 November 2023: € 91.47). Employees who are currently employed by BMW AG or a wholly owned subsidiary of BMW AG based in Germany were able to partake in the programme, insofar as the subsidiary's management had decided to participate. Employees were required to have been in their positions for at least one year without interruption at the time the programme was announced and had to remain in their positions until the shares of common stock were transferred.

The shares of common stock acquired in the scope of the Employee Share Programme are subject to a vesting period of four years calculated from 1 January of the year in which the shares of common stock were acquired. These shares of common stock are entitled to receive dividends for the first time with effect from the financial year 2023.

A total of 1,290,000 shares of common stock were transferred to employees in the reporting year (2022: 1,439,975 shares of preferred stock). The 1,290,000 shares of common stock were acquired in the scope of the Employee Share Programme. The 1,439,975 shares of preferred stock in the previous year stemmed from Authorised Capital 2019. BMW AG's Board of Management decides each year whether to continue the programme.

As at 31 December 2023, the BMW Group recorded personnel expenses resulting from the Employee Share Programme relating to the difference between the market price and the discounted price for the shares of common and preferred stock, respectively, purchased by employees totalling € 28 million (2022: € 23 million).

Senior department head and Board of Management programme

Both the share-based remuneration programme for members of the Board of Management that was in force in the reporting year and the share-based remuneration programme for eligible senior department heads serve to reward long-term entrepreneurial conduct with sustainable business management in mind.

Board of Management members and eligible senior department heads receive an earmarked cash amount (personal cash investment amount) that is, net of tax and deductions, to be invested in shares of BMW AG common stock. This amount depends on the achievement of certain financial and non-financial targets in the past financial year (vesting year).

Payment of the personal cash investment amount is made after the Annual General Meeting at which the Financial Statements are presented for the relevant financial year. The shares of common stock are purchased immediately after the personal cash investment amount has been paid out and are subject to a holding period of four years from the date of purchase. The RoCE component and the strategic focus target component each make up half of the target amount for the personal cash investment amount. For the RoCE component, a RoCE factor is determined based on the RoCE achieved in the Automotive segment for the grant year. For the strategic focus target component, a minimum of two strategic focus targets are defined prior to the start of the financial year. Minimum, target and maximum values are defined and factors are assigned for the RoCE in the Automotive segment and for each strategic focus target. The relevant factors are determined after the end of the financial year based on the extent to which targets were achieved.

For financial years up to and including financial year 2020, Board of Management members received an earmarked cash amount (investment component) corresponding to 45% of the

gross amount of the bonus that, net of tax and deductions, had to be invested in shares of the Company's common stock (up to and including financial year 2017, the investment component amounted to 20% of the total bonus after tax, which the Board of Management members received plus tax and social security as additional cash remuneration). This amount was also subject to a four-year holding period and on expiry thereof the Board of Management members received one additional share of the Company's common stock or the equivalent value in cash (matching component) for every three shares of common stock held, at BMW AG's discretion.

In the event of death or invalidity, special rules apply for early payment of share-based remuneration components (matching components) based on the target amounts, and the holding period is also dropped for shares of common stock that were acquired with share-based remuneration components. Where the service contract is terminated prematurely 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 (matching components) are forfeited; a personal cash investment amount will be settled based on the target amount.

Up to and including financial year 2021, eligible senior department heads committed to invest 26% of their earnings-related bonus in shares of BMW AG common stock and to hold the acquired shares for four years. For the investment obligation, BMW AG granted an amount corresponding to the entire investment amount as a net subsidy.

Participants receive one additional share of common stock or the equivalent value in cash for every three shares of common stock held once the four-year holding requirement has been fulfilled, at the Company's discretion.

The Board of Management members in office on the balance sheet date hold 112,969 shares of BMW common stock with a holding obligation arising from share-based remuneration for financial years 2019 to 2022 (2022: 118,604).

The expenses and the corresponding allowance against revenue reserves for the personal cash investment amount of the eligible active Board of Management members and senior department heads amount to € 21,776,062 (2022: € 20,175,614).

The share-based remuneration component is revalued at its fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) on a straight-line basis over the vesting period of the options and in the balance sheet as a provision.

The remuneration system does not provide for any further matching components for the members of the Board of Management from financial year 2021 or for the senior department heads from financial year 2022.

The cash settlement of the share-based remuneration component is measured at fair value on the balance sheet date (closing price of BMW AG common stock in Xetra trading on 31 December 2023).

The total carrying amount of the provision for the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 5,982,815 on 31 December 2023 (2022: € 6,971,951).

The total expense arising from the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 1,598,368 in financial year 2023 (2022: € 638,715).

43 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 with the recommendations of the "Government Commission on the German Corporate Governance Code" required by § 161 of the German Stock Corporation Act (AktG). The declaration has been made permanently available on the Company's website www.bmwgroup.com/ezu.

44 Remuneration for members of the Board of Management and the Supervisory Board

The expenses recorded in accordance with IFRS in financial year 2023 for remuneration for the active members of the Board of Management and Supervisory Board are broken down as follows:

in € million	2023	2022
Remuneration for the members of the Board of Management		
Short-term benefits	32.9	33.8
Other long-term benefits	3.2	3.1
Benefits resulting from termination of the Board mandate	5.4	-
Share-based remuneration	0.2	0.1
Remuneration for the members of the Supervisory Board		
Short-term benefits	5.8	5.5
Total expense	47.5	42.5

The costs for the active members of the Board of Management arising from share-based remuneration, which was in force until 2020 inclusive, amounted to € 0.2 million (2022: € 0.1 million). The provision for the share-based remuneration component amounts to € 0.9 million (2022: € 1.2 million).

Total remuneration of former members of the Board of Management and their dependants amounted to € 11.9 million (2022: € 9.7 million). This remuneration also includes the contributions accrued in connection with the departures of Dr Peter and Mr Nota. Some of these amounts have not yet been paid out.

There are provisions for pension obligations to active members of the Board of Management in accordance with IAS 19 totalling € 16.5 million (2022: € 16.6 million).

A provision has been established for pension obligations to former members of the Board of Management and their dependants in accordance with IAS 19 totalling € 101.6 million (2022: € 93.5 million).

The remuneration system for members of the Supervisory Board does 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 BMW AG who does not exercise any additional function relevant to remuneration receives fixed remuneration of € 200,000 p.a. in addition to the reimbursement of his or her reasonable expenses, plus an attendance fee of € 2,000 for every plenary meeting that the member has attended.

Members of the Supervisory Board who perform a function relevant to remuneration such as the Chairman or Deputy Chairman of the Supervisory Board or the chairmen or members of committees, provided these committees meet on at least three days in the financial year, receive higher remuneration because of these additional requirements.

Overview of the remuneration of the Supervisory Board*

in € million	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 more than one of the functions referred to above, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

BMW Group companies did not grant any loans to members of the Board of Management or the Supervisory Board in the 2023 financial year, nor did they enter into any contingent liabilities in their favour. In the year under review, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group companies for the purchase of vehicles, other services (maintenance and repair work) and cash deposits at arm's length conditions.

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

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p. a. (first period of office = first remuneration level) — € 1.05 million p. a. (from second period of office or fourth year of mandate = second remuneration level) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p. a. <p>Base salary is paid monthly on a pro rata basis</p>
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	<p>Defined contribution system with a guaranteed minimum return</p> <p>Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contribution p. a.:</p> <p>Member of the Board of Management: € 400,000</p> <p>Chairman of the Board of Management: € 700,000</p>
Strategic relevance	<ul style="list-style-type: none"> — The base salary counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the Company — Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	
Bonus	
Bonus (sum of earnings component and performance component)	<ul style="list-style-type: none"> — Target amount p. a. (at 100% target achievement): <ul style="list-style-type: none"> — € 0.95 million (first period of office = first remuneration level) — € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.10 million (Chairman of the Board of Management) — Capped at 180% of target amount — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year
Earnings component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50% of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — Earnings factor is derived from an allocation matrix determined in advance based on the parameters "profit attributable to shareholders of BMW AG" and "Group post-tax return on sales" in the vesting year <ul style="list-style-type: none"> — The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a post-tax return on sales of 5.6% — The earnings factor is 1.5 in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a post-tax return on sales of 7.3% — The earnings factor is 0 in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a post-tax return on sales of below 3.0% — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
Performance component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50% of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — 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 — Relevant period is the vesting year — Additional trend analysis over at least three financial years — Composition of performance factor: <ul style="list-style-type: none"> — 50% cross-divisional targets with ESG criteria — 40% other cross-divisional targets — 10% individual targets — Criteria for 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 — 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 — Measurement parameters and target values are determined before the start of the financial year — Performance factor may not exceed 1.8 — Maximum amount of performance component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 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
Share-based remuneration	
Personal cash investment amount	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an earmarked cash amount (personal cash investment amount), net of tax and deductions, in shares of BMW common stock immediately after disbursement — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years; this requirement remains in effect for individuals who step down from the Board of Management (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<ul style="list-style-type: none"> — Target amount p. a. (at 100% target achievement): <ul style="list-style-type: none"> — € 1.10 million (first period of office = first remuneration level) — € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.35 million (Chairman of the Board of Management) — 50% of target amount depends on RoCE achieved in the Automotive segment (RoCE component) — 50% of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) — Capped at 180% of target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — Formula: 50% of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the vesting year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount of strategic focus target component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in the event of two strategic focus targets with equal weighting p. a.: <ul style="list-style-type: none"> 25% of target amount for personal cash investment amount x factor for strategic focus target 1 + 25% of target amount for personal cash investment amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50% of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50% of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
Malus and clawback rules	
Malus	<ul style="list-style-type: none"> — 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 — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified serious incidences of non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

45 Events after the end of the reporting period

No events have occurred after the balance sheet date with a particular significance for the results of operations, financial position or net assets of the BMW Group.

SEGMENT INFORMATION

46 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 dealerships. 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 dealerships.

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 and motorcycle 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 company Bavaria Lloyd Reisebüro GmbH, which is 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 respective 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 flows.

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. Capital employed is calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories as well as trade receivables less trade payables.

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.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenues	118,266	105,834	3,255	3,194	33,976	33,581	1	1	-	-	155,498	142,610
Inter-segment revenues	14,011	17,768	- 41	- 18	2,251	1,541	10	7	- 16,231	- 19,298	-	-
Total revenues	132,277	123,602	3,214	3,176	36,227	35,122	11	8	- 16,231	- 19,298	155,498	142,610
Segment result	12,981	10,635	259	257	2,962	3,205	- 100	995	994	8,417	17,096	23,509
Result from equity accounted investments	- 159	- 100	-	-	-	-	-	-	-	-	- 159	- 100
Capital expenditure on non-current assets	11,239	10,354	184	171	24,896	21,150	-	-	- 5,952	- 5,038	30,367	26,637
Depreciation and amortisation on non-current assets	8,826	8,433	116	101	9,759	10,016	-	-	- 4,136	- 4,094	14,565	14,456

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Segment assets	66,168	62,519	1,190	1,127	16,573	17,737	95,145	95,727	71,814	69,816	250,890	246,926
Investments accounted for using the equity method	443	420	-	-	-	-	-	-	-	-	443	420

Write-downs on inventories to their net realisable value amounting to € 189 million (2022: € 112 million) were recognised by the Automotive segment in the financial year 2023. The reversal of impairment losses had a positive impact of € 13 million (2022: € 11 million) on the segment result of the Automotive segment.

The result of the Financial Services segment was negatively impacted by impairment losses totalling € 616 million (2022: € 578 million) recognised on leased products. Income from the reversal of impairment losses on leased products amounted to € 289 million (2022: € 300 million).

The Other Entities segment result includes interest and similar income amounting to € 3,403 million (2022: € 1,543 million) and interest and similar expenses amounting to € 2,372 million (2022: € 1,539 million).

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

Notes to the Group Financial Statements

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

in € million	2023	2022
Reconciliation of segment result		
Total for reportable segments	16,102	15,092
Financial result of Automotive segment	- 339	8,283
Financial result of Motorcycles segment	- 1	12
Elimination of inter-segment items	1,334	122
Group profit before tax	17,096	23,509
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	36,319	31,675
Elimination of inter-segment items	- 5,952	- 5,038
Total Group capital expenditure on non-current assets	30,367	26,637
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	18,701	18,550
Elimination of inter-segment items	- 4,136	- 4,094
Total Group depreciation and amortisation on non-current assets	14,565	14,456

in € million	31.12.2023	31.12.2022
Reconciliation of segment assets		
Total for reportable segments	179,076	177,110
Financial and other assets - Automotive	63,554	71,742
Trade payables - Automotive	13,906	12,763
Financial and other assets - Motorcycles	61	50
Trade payables - Motorcycles	566	494
Total liabilities - Financial Services	133,819	131,676
Non-operating assets - Other Entities	22,982	23,072
Elimination of inter-segment items	- 163,074	- 169,981
Total Group assets	250,890	246,926

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 vehicles 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 sales 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	
	2023	2022	2023	2022
Germany	18,829	15,413	44,012	43,175
China	40,833	41,881	13,961	16,087
USA	31,845	28,751	19,106	18,919
Rest of Europe	39,848	36,032	22,158	19,350
Rest of Asia	15,689	12,805	3,255	2,903
Rest of the Americas	5,386	4,941	2,926	3,003
Other regions	3,068	2,787	285	332
Eliminations	-	-	- 7,297	- 7,047
Group	155,498	142,610	98,406	96,722

LIST OF INVESTMENTS AT 31 DECEMBER 2023

47 List of investments at 31 December 2023

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 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC¹			
BMW INTEC Beteiligungs GmbH, Munich ^{3,6}	11,559	-	100
BMW Beteiligungs GmbH & Co. KG, Munich ⁶	6,139	1	100
BMW Bank GmbH, Munich ³	2,075	-	100
BMW Finanz Verwaltungs GmbH, Munich	250	32	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	200	14	100
BMW Anlagen Verwaltungs GmbH, Munich ^{3,6}	179	-	100
Parkhaus Oberwiesefeld GmbH, Munich	129	12	100
Alphabet Fuhrparkmanagement GmbH, Munich ⁴	-	-	100
Alphabet International GmbH, Munich ^{4,5,6}	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich ^{3,5,6}	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach ^{3,5,6}	-	-	100
BMW Hams Hall Motoren GmbH, Munich ^{4,5,6}	-	-	100
BMW High Power Charging Beteiligungs GmbH, Munich ^{4,6}	-	-	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich ^{3,5,6}	-	-	100
BMW Vermögensverwaltungs GmbH, Munich	-	-	100
Bürohaus Petuelring GmbH, Munich	-	-	100
LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich	-	-	100
Rolls-Royce Motor Cars GmbH, Munich ^{4,5,6}	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
FOREIGN^{2,10}			
Europe			
BMW Holding B.V., The Hague	29,648	6,990	100
BMW International Holding B.V., Rijswijk	11,458	668	100
BMW Österreich Holding GmbH, Steyr	4,149	411	100
BMW (Schweiz) AG, Dielsdorf	1,489	105	100
BMW España Finance S.L., Madrid	1,468	45	100
BMW (UK) Holdings Ltd., Farnborough	1,459	635	100
BMW Financial Services (GB) Ltd., Farnborough	1,054	117	100
BMW Motoren GmbH, Steyr	957	90	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	643	- 59	100
BMW Finance S.N.C., Guyancourt	599	43	100
BMW (UK) Manufacturing Ltd., Farnborough	581	104	100
BMW (UK) Ltd., Farnborough	383	144	100
BMW Finance N.V., The Hague	316	- 370	100
ALPHABET (GB) Ltd., Farnborough	296	148	100
BMW France S.A., Montigny-le-Bretonneux	289	88	100
BMW Austria Leasing GmbH, Salzburg	265	2	100
Rolls-Royce Motor Cars Ltd., Farnborough	241	112	100
BMW Iberica S.A., Madrid	239	46	100
BMW Russland Trading OOO, Moscow	227	- 13	100
BMW International Investment B.V., The Hague	207	- 95	100
BMW Italia S.p.A., San Donato Milanese	203	81	100
Alphabet France Fleet Management S.A.S., Saint-Quentin-en-Yvelines	198	68	100
BMW Financial Services Nederland B.V., Breda	194	60	100
BMW Austria Bank GmbH, Salzburg	189	10	100
BMW Manufacturing Hungary Kft., Debrecen ⁹	167	- 28	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	159	14	100
BMW Vertriebs GmbH, Salzburg	134	51	100
BMW Malta Ltd., Floriana	124	8	100
Alphabet Belgium Long Term Rental NV, Aartselaar	113	41	100
BMW Financial Services Scandinavia AB, Sollentuna	112	42	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
Bavaria Reinsurance Malta Ltd., Floriana	110	2	100
BMW Belgium Luxembourg S.A./N.V., Bornem	110	82	100
OOO BMW Bank, Moscow	102	4	100
Alphabet España Fleet Management S.A.U., Madrid	-	-	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	-	-	100
Alphabet Italia S.p.A., Trento	-	-	100
Alphabet Luxembourg S.A., Leudelange	-	-	100
Alphabet Polska Fleet Management Sp. z o.o., Warsaw	-	-	100
BiV Carry I SCS, Senningerberg	-	-	100
BiV Carry II SCS, Senningerberg	-	-	100
BMW (UK) Capital plc, Farnborough	-	-	100
BMW Austria GmbH, Salzburg	-	-	100
BMW Automotive (Ireland) Ltd., Dublin	-	-	100
BMW Bulgaria EOOD, Sofia	-	-	100
BMW Central Medical Trustees Ltd., Farnborough	-	-	100
BMW China Capital B.V., The Hague	-	-	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 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
BMW Hellas Trade of Cars A.E., Athens	-	-	100
BMW Hungary Kft., Vecsés	-	-	100
BMW Italia Retail S.r.l., Rome	-	-	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

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Romania S.R.L., Bucharest	-	-	100
BMW Slovenia, distribucija motornih vozil, d.o.o., Ljubljana	-	-	100
BMW Slovenská republika s.r.o., Bratislava	-	-	100
Oy BMW Suomi AB, Helsinki	-	-	100
Park Lane Ltd., Farnborough	-	-	100
Riley Motors Ltd., Farnborough	-	-	100
Swindon Pressings Ltd., Farnborough	-	-	100
Triumph Motor Company Ltd., Farnborough	-	-	100
Bavarian Sky Europe S.A., Compartment Swiss Auto Lease A, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A. Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment A, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 6, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 7, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 8, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 10, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 11, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 12, Luxembourg ¹¹	-	-	0
Bavarian Sky UK 4 plc, London ¹¹	-	-	0
Bavarian Sky UK 5 plc, London ¹¹	-	-	0
Bavarian Sky UK A Ltd., London ¹¹	-	-	0
Bavarian Sky UK B Ltd., London ¹¹	-	-	0
Bavarian Sky UK C Ltd., London ¹¹	-	-	0
Bavarian Sky UK D Ltd., London ¹¹	-	-	0
The Americas			
BMW (US) Holding Corp., Wilmington, Delaware	2,643	1,877	100
BMW Manufacturing Co., LLC, Wilmington, Delaware	2,415	583	100
BMW of North America, LLC, Wilmington, Delaware	2,232	1,228	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,534	207	100
Financial Services Vehicle Trust, Wilmington, Delaware	832	- 105	100
BMW Canada Inc., Richmond Hill, Ontario	760	162	100
BMW Financial Services NA, LLC, Wilmington, Delaware	665	558	100
BMW do Brasil Ltda., Araquari	551	197	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW SLP, S.A. de C.V., Villa de Reyes	403	107	100
BMW US Capital, LLC, Wilmington, Delaware	309	- 245	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
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 Floorplan Master Owner Trust, 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
Rolls-Royce Motor Cars NA, LLC, Wilmington, Delaware	-	-	100
SB Acquisitions, LLC, Wilmington, Delaware	-	-	100
BMW 2021-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2022-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2023-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW Canada Auto Trust 2021-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2022-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2023-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Vehicle Lease Trust 2021-2, Wilmington, Delaware ¹¹	-	-	0

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Vehicle Lease Trust 2022-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2023-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2023-2, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2022-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2023-A, Wilmington, Delaware ¹¹	-	-	0
BMWCA 2023-A SMBC, Richmond Hill, Ontario ¹¹	-	-	0
Africa			
BMW (South Africa) (Pty) Ltd., Pretoria	670	71	100
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	172	14	100
SuperDrive Investments (RF) Ltd., Cape Town ¹¹	-	-	0
Asia			
BMW Brilliance Automotive Ltd., Shenyang	7,882	4,148	75
BMW Automotive Finance (China) Co. Ltd., Beijing	2,596	241	100
BMW China Investment Ltd., Beijing	1,019	376	100
BMW Financial Services Korea Co., Ltd., Seoul	748	9	100
BMW Japan Finance Corp., Tokyo	424	52	100
BMW Japan Corp., Tokyo	390	101	100
Herald International Financial Leasing Co., Ltd., Tianjin	345	35	100
BMW Korea Co., Ltd., Seoul	273	114	100
BMW Leasing (Thailand) Co., Ltd., Bangkok	213	21	100
BMW China Automotive Trading Ltd., Beijing	126	316	100
BMW India Financial Services Private Ltd., Gurgaon	105	8	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 Services Ltd., Beijing	-	-	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	-	-	100
BMW India Private Ltd., Gurgaon	-	-	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Manufacturing (Thailand) Co., Ltd., Rayong	-	-	100
BMW Tokyo Corp., Tokyo	-	-	100
PT BMW Indonesia, Jakarta	-	-	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	-	-	51
2019-2 ABL, Tokyo ¹¹	-	-	0
2019-3 ABL, Tokyo ¹¹	-	-	0
2020-1 ABL, Tokyo ¹¹	-	-	0
2021-1 ABL, Tokyo ¹¹	-	-	0
2021-2 ABL, Tokyo ¹¹	-	-	0
2022-1 ABL, Tokyo ¹¹	-	-	0
2023-1 ABL, Tokyo ¹¹	-	-	0
2023-2 ABL, Tokyo ¹¹	-	-	0
Bavarian Sky China 2021-3, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2023-1, Beijing ¹¹	-	-	0
Bavarian Sky China Leasing 2022-1, Tianjin ¹¹	-	-	0
Bavarian Sky China Leasing 2023-1, Tianjin ¹¹	-	-	0
Bavarian Sky Korea 2022-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2022-A, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-2, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-A, Seoul ¹¹	-	-	0
Oceania			
BMW Australia Finance Ltd., Mulgrave	182	2	100
BMW Australia Ltd., Melbourne	161	64	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 ¹¹	-	-	0
BMW Australia Trust 2011-2, Mulgrave ¹¹	-	-	0

BMW AG's non-consolidated companies at 31 December 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC⁷			
BMW Fleet GmbH, Munich ⁴	-	-	100
Automag GmbH, Munich	-	-	100
BMW Car IT GmbH, Munich ⁴	-	-	100
BMW i Ventures GmbH, Munich	-	-	100
FOREIGN⁷			
Europe			
Alphabet Insurance Services Polska Sp. z o.o., Warsaw	-	-	100
BLMC Ltd., Bracknell ¹⁰	-	-	100
BMW (GB) Ltd., Farnborough	-	-	100
BMW (UK) Investments Ltd., Bracknell ¹⁰	-	-	100
BMW (UK) Pensions Services Ltd., Hams Hall	-	-	100
BMW Car Club Ltd., Farnborough	-	-	100
BMW Drivers Club Ltd., Farnborough	-	-	100
BMW Financial Services Czech Republic s.r.o., Prague	-	-	100
BMW Financial Services Slovakia s.r.o., Bratislava	-	-	100
BMW Group Benefit Trust Ltd., Farnborough	-	-	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
BMW Services Ltd., Bracknell ¹⁰	-	-	100
John Cooper Garages Ltd., Farnborough	-	-	100
John Cooper Works Ltd., Farnborough	-	-	100
OOO BMW Leasing, Moscow	-	-	100
The Americas			
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

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
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
MINI Canada Inc., Richmond Hill, Ontario	-	-	100
Urban X Accelerator SPV, LLC, Wilmington, Delaware	-	-	100
Africa			
BMW Automobile Distributors (Pty) Ltd., Midrand	-	-	100
BPF Midrand Property Holdings (Pty) Ltd., Midrand	-	-	100
Asia			
BMW (China) Insurance Brokers Co. Ltd., Beijing	-	-	100
BMW Finance (United Arab Emirates) FZE, 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 Broker (Thailand) Co., Ltd., Bangkok	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Middle East Retail Competency Centre DWC-LLC, Dubai	-	-	100
BMW Parts Manufacturing (Thailand) Co., Ltd., Rayong Province	-	-	100
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100
Herald Hezhong (Beijing) Automotive Trading Co., Ltd., Beijing	-	-	100
Ling Yue Digital Information Technology Co., Ltd., Beijing	-	-	100
BMW Philippines Corp., Manila	-	-	70
BMW Financial Services Hong Kong Ltd., Hong Kong	-	-	51
BMW ArcherMind Information Technology Co., Ltd., Nanjing	-	-	50

BMW AG's associated companies, joint ventures and joint operations at 31 December 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
Joint ventures - equity accounted			
DOMESTIC			
YOUR NOW Holding GmbH, Munich ⁸	77	- 168	50
Associated companies - equity accounted			
DOMESTIC			
IONITY Holding GmbH & Co. KG, Munich ⁸	573	- 54	15
FOREIGN			
THERE Holding B.V., Rijswijk ⁸	973	- 339	31
IONNA LLC, Torrance	-	-	17
Solid Power, Inc., Wilmington, Delaware	-	-	6
Joint operations - proportionately consolidated entities			
FOREIGN			
Spotlight Automotive Ltd., Zhangjiagang ⁸	-	-	50
Not equity accounted or proportionately consolidated entities			
DOMESTIC⁷			
Encory GmbH, Unterschleissheim	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
IDEALworks GmbH, Munich	-	-	49
PDB - Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
FOREIGN⁷			
BMW AVTOTOR Holding B.V., Amsterdam	-	-	50
Critical TechWorks S.A., Porto	-	-	50
BMW Albatha Finance PSC, Dubai	-	-	40
BMW Albatha Leasing, LLC, Dubai	-	-	40
Bavarian & Co Co., Ltd., Incheon	-	-	20

BMW AG's participations at 31 December 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC⁷			
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	28
SGL Carbon SE, Wiesbaden	-	-	18
Hubject GmbH, Berlin	-	-	16
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	16
Joblinge gemeinnützige AG Berlin, Berlin	-	-	10
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	8
Joblinge gemeinnützige AG München, Munich	-	-	6
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	5
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3
FOREIGN⁷			
Northvolt AB, Stockholm	-	-	3

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

² The amounts shown for foreign affiliated companies correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euros are translated into euros using the closing exchange rate at the balance sheet date.

³ Profit and Loss Transfer Agreement with BMW AG.

⁴ Profit and Loss Transfer Agreement with a subsidiary of BMW AG.

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

⁶ Exemption from publishing financial statements applied in accordance with § 264 (3) and § 264b HGB.

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

⁸ 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 euros is translated into euros using the closing exchange rate at the balance sheet date, earnings are translated using the average rate.

⁹ First-time consolidation.

¹⁰ Deconsolidation in financial year 2023: Alphabet Austria Fuhrparkmanagement GmbH, Salzburg (merger), BMW Services Ltd, Bracknell (in liquidation), BMW (UK) Investments Ltd, Bracknell (in liquidation), BLMC Ltd, Bracknell (in liquidation).

¹¹ Control on basis of economic dependence.

Munich, 12 March 2024

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Oliver Zipse

Jochen Goller

Ilka Horstmeier

Walter Mertl

Dr-Ing Milan Nedeljković

Dr-Ing Joachim Post

Frank Weber