

# FINANCIAL STATEMENTS OF BMW AG

Financial Year 2013



# BMW AG

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		<b>2013</b>	2012	Change in %
Revenues	€ million	<b>60,474</b>	58,805	2.8
Export ratio	%	<b>81.5</b>	79.6	
<b>Production</b>				
Automobiles <sup>1</sup>	units	<b>2,006,366</b>	1,861,826	7.8
Motorcycles	units	<b>110,127</b>	113,811	3.2
<b>Sales volume</b>				
Automobiles <sup>1</sup>	units	<b>1,995,903</b>	1,868,158	6.8
Motorcycles	units	<b>110,039</b>	110,857	0.7
Capital expenditure	€ million	<b>3,203</b>	2,776	15.4
Depreciation, amortisation and impairment losses	€ million	<b>1,732</b>	1,613	7.4
Workforce at end of year		<b>77,110</b>	74,571	3.4
Tangible, intangible and investment assets	€ million	<b>12,833</b> <sup>2</sup>	11,078	15.8
Current assets, prepayments and surplus of pension and similar plan assets over liabilities	€ million	<b>20,932</b>	20,887	0.2
Subscribed capital	€ million	<b>656</b>	656	-
Reserves	€ million	<b>8,166</b>	7,568	7.9
Equity	€ million	<b>10,529</b>	9,864	6.7
as % of tangible, intangible and investment assets	%	<b>82.0</b>	89.0	
Balance sheet total	€ million	<b>33,765</b>	31,965	5.6
Cost of materials	€ million	<b>43,402</b>	42,178	2.9
Personnel costs	€ million	<b>6,419</b>	6,030	6.5
Taxes	€ million	<b>1,674</b>	1,666	0.5
Net profit	€ million	<b>2,289</b>	3,131	26.9
Dividend	€ million	<b>1,707</b> <sup>3</sup>	1,640	4.1
per share of common stock with a par value of €1 each	€	<b>2.60</b> <sup>3</sup>	2.50	
per share of preferred stock with a par value of €1 each	€	<b>2.62</b> <sup>3</sup>	2.52	

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

<sup>2</sup> Including transfer of non-current assets in conjunction with merger of BMW Peugeot Citroën Electrification GmbH, Munich.

<sup>3</sup> Proposed by the Board of Management.

The BMW AG Financial Statements and Management Report for the financial year 2013 will be submitted to the operator of the electronic version of the German Federal Gazette and can be obtained via the Company Register website. The Management Report of BMW AG is combined with the Group Management Report and published in the BMW Group Annual Report 2013.

**BMW AG**

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in € million	Notes	2013	2012
<b>Assets</b>			
Intangible assets	1	474	178
Property, plant and equipment	1	8,982	7,806
Investments	2	3,377	3,094
<b>Tangible, intangible and investment assets</b>		<b>12,833</b>	<b>11,078</b>
Inventories	3	3,863	3,749
Trade receivables	4	659	858
Receivables from subsidiaries	4	4,871	6,297
Other receivables and other assets	4	3,194	2,061
Marketable securities	5	3,429	2,514
Cash and cash equivalents	6	3,757	4,618
<b>Current assets</b>		<b>19,773</b>	<b>20,097</b>
<b>Prepayments</b>		<b>169</b>	<b>118</b>
<b>Surplus of pension and similar plan assets over liabilities</b>	7	<b>990</b>	<b>672</b>
<b>Total assets</b>		<b>33,765</b>	<b>31,965</b>
<b>Equity and liabilities</b>			
Subscribed capital	8	656	656
Capital reserves	8	2,069	2,053
Revenue reserves	9	6,097	5,515
Unappropriated profit available for distribution		1,707	1,640
<b>Equity</b>		<b>10,529</b>	<b>9,864</b>
<b>Registered profit-sharing certificates</b>	10	<b>32</b>	<b>32</b>
Pension provisions		43	56
Other provisions		7,299	7,406
<b>Provisions</b>	11	<b>7,342</b>	<b>7,462</b>
Liabilities to banks		1,463	1,408
Trade payables		4,818	3,900
Liabilities to subsidiaries		8,795	8,451
Other liabilities		285	800
<b>Liabilities</b>	12	<b>15,361</b>	<b>14,559</b>
<b>Deferred income</b>	13	<b>501</b>	<b>48</b>
<b>Total equity and liabilities</b>		<b>33,765</b>	<b>31,965</b>

**BMW AG**

## Income Statement

in € million	Notes	2013	2012
Revenues	14	<b>60,474</b>	58,805
Cost of sales		<b>-47,067</b>	-46,252
<b>Gross profit</b>		<b><u>13,407</u></b>	<b><u>12,553</u></b>
Selling expenses		<b>-3,528</b>	-3,684
Administrative expenses		<b>-2,141</b>	-1,701
Research and development expenses		<b>-4,362</b>	-3,573
Other operating income and expenses	15		
	16	<b>542</b>	703
Result on investments	17	<b>373</b>	598
Financial result	18	<b>-328</b>	-99
<b>Profit from ordinary activities</b>		<b><u>3,963</u></b>	<b><u>4,797</u></b>
Income taxes	19	<b>-1,629</b>	-1,635
Other taxes		<b>-45</b>	-31
<b>Net profit</b>		<b><u>2,289</u></b>	<b><u>3,131</u></b>
Transfer to revenue reserves	20	<b>-582</b>	-1,491
<b>Unappropriated profit available for distribution</b>		<b><u>1,707</u></b>	<b><u>1,640</u></b>

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The financial statements of BMW AG have been drawn up in accordance with the accounting provisions contained in the German Commercial Code (HGB) and law applicable to stock corporations. Figures are presented in millions of euros (€ million) unless otherwise stated.

In order to improve clarity, individual items are aggregated in the balance sheet and income statement and presented separately in the notes to the financial statements.

Purchased intangible assets are valued at acquisition cost and depreciated over their estimated useful lives using the straight-line method. Internally generated intangible assets are not capitalised.

Property, plant and equipment are stated at acquisition or at manufacturing cost, less accumulated depreciation and impairment losses. Impairment losses are recorded when the decline in value of an asset is considered to be of a lasting nature. When the reasons for impairment no longer exist, impairment losses previously recorded are reversed, at a maximum up to their amortised cost. Property, plant and equipment are generally depreciated straight-line. The reducing balance method is also applied in specific cases, whereby a switch is made to straight-line depreciation as soon as this gives rise to a higher depreciation expense. Items acquired during the year are depreciated on a time-apportioned basis. Assets with an acquisition or manufacturing cost of up to €150 are recognised directly as an expense in the year of purchase/construction. Assets with an acquisition or manufacturing cost of between €150 and €1,000 are depreciated using the straight-line method over a period of five years.

Factory and office buildings and distribution facilities which form an inseparable part of such buildings are depreciated over 8 to 40 years, residential buildings over 25 to 50 years, technical plant and machinery over 4 to 21 years and other facilities, factory and office equipment mainly over five years. For machinery used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation.

Investments in subsidiaries and participations are stated at cost or, if lower, at their fair value. When the reasons for impairment no longer exist, impairment losses previously recorded are reversed, at a maximum up to the level of original cost. Loans which bear no or a

below-market rate of interest are discounted to their present value.

The composition of and changes in long-lived assets are shown in the Analysis of Changes in Tangible, Intangible and Investment Assets.

Inventories of raw materials, supplies and goods for resale are stated at the lower of cost and net realisable value. All direct material and production costs, an appropriate proportion of material and production overheads (including depreciation of plant and equipment relating to production) as well as an appropriate proportion of general production-related administrative and social expenses are taken into account in the measurement of unfinished goods, finished goods and leased-out products at production cost. Write-downs are made to cover risks arising from slow-moving items or reduced saleability.

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

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

In order to meet obligations relating to pensions and pre-retirement part-time working arrangements, certain assets are managed on a trustee basis by BMW Trust e. V., Munich, in conjunction with Contractual Trust Arrangements (CTA). These assets are measured at their fair value which is offset against the related obligations. A provision is recognised when obligations exceed assets. When assets exceed obligations, the surplus is reported in the balance sheet as "Surplus of pension and similar plan assets over liabilities".

Pension obligations are measured in accordance with the projected unit credit method. The calculation is based on an independent actuarial valuation which takes into account all relevant biometric factors. For reasons of consistency, provisions for obligations relating to long-service awards and pre-retirement part-time working arrangements are measured using the same methodology.

Other provisions are recognised to take account of all identified risks. Provisions are measured at their expected settlement amount. In the case of non-current

provisions, amounts are discounted using the average market interest rate – calculated and published by the Deutsche Bundesbank – which corresponds to the remaining term of the provision. Estimations used to measure warranty provisions were refined on the basis of current information. The positive impact of this change in estimation amounted to €165 million and has been recognised in the current year in other operating income.

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

Foreign currency receivables and payables are translated using the mid-spot exchange rate applicable at transaction date. Gains arising on the translation of period-end foreign currency receivables and payables with a remaining term of less than one year are recognised with income statement effect. Unrealised losses resulting from changes in exchange rates are recognised by restating the foreign currency amount in the balance sheet to the closing rate. Financial assets and financial liabilities denominated in a foreign currency are mostly hedged, in which case they are translated using the relevant hedge rate.

In 2013, BMW AG began to use the respective local currency to invoice sales companies based outside the eurozone. The resulting currency exposures are hedged by derivative currency instruments. The hedged items which consist of highly probable forecast transactions are aggregated with these derivative currency instruments into valuation units.

The Company uses derivative financial instruments to hedge interest rate, currency and commodity price risks arising in conjunction with operating activities. Financing requirements resulting from operating activities are also hedged. Where there is a direct hedging relationship, the derivative financial instrument and the hedged item are accounted for as a valuation unit. If there is no hedging relationship, or if the hedging relationship is deemed to be insufficient, pending losses are recognised with income statement effect.

Deferred income relates to amounts received before the balance sheet date, which represent income for a specific period after the end of the reporting period. This also includes revenues billed for services which are rendered after the end of the reporting period. Revenues from sales with multiple components are analysed into

the various performance components on the basis of fair values which can be determined objectively and reliably. The portion of revenues relating to services not performed by the end of the reporting period are presented as deferred income.

Deferred taxes are calculated for temporary differences between the tax base and accounting carrying amounts of assets, liabilities and deferred/prepaid items. Deferred tax assets and liabilities are measured on the basis of a combined income tax rate of 30.5% relevant for the BMW AG tax group. This combined rate covers corporation tax, municipal trade tax and solidarity surcharge. In the case of temporary differences arising on assets, liabilities and deferred/prepaid items of partnership entities, in which BMW AG participates in the capacity of a shareholder, deferred taxes are measured on the basis of an income tax rate of 15.83% which covers corporation tax and solidarity surcharge. In the year under report, the BMW AG tax group has a surplus of deferred tax assets over deferred tax liabilities, mainly as a result of temporary differences between the tax base and accounting carrying amounts of provisions for pensions and similar obligations (before offset of plan assets), other provisions and property, plant and equipment. BMW AG, as head of the German tax group, has elected not to recognise the surplus amount of deferred tax assets.

Share-based remuneration programmes which are expected to be settled in shares are measured at their fair value at grant date. The related expense is recognised in the income statement (as personnel expense) over the vesting period, with a contra (credit) entry recorded against capital reserves. Share-based programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) over the vesting period of the entitlements and in the balance sheet as a provision. The share-based remuneration programmes for Board of Management members and senior heads of department entitle BMW AG to elect whether to settle its commitments in cash or with shares of BMW AG common stock. Following the decision to settle in cash, the two share-based programmes are accounted for as cash-settled share-based transactions. Further information regarding the two share-based programmes is provided in note 19 to the BMW Group Financial Statements 2013.

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**1 – Intangible assets and property, plant and equipment**

Intangible assets comprise mainly purchased software, franchises and licenses. Additions to intangible assets and property, plant and equipment include the acquisi-

tion of licences and the impact of the merger of BMW Peugeot Citroën Electrification GmbH, Munich, with BMW AG, Munich.

**2 – Investments**

The change in the carrying amount of investments relates mainly to a capital increase at the level of BMW Automotive Finance (China) Co., Ltd., Beijing, and a contribution to capital reserves at the level of BMW Bank GmbH, Munich.

BMW AG holds shares in SGL Carbon SE, Wiesbaden. The carrying amount of this investment was written down to its lower market value at the end of the reporting period, giving rise to an impairment loss of €16 million.

**3 – Inventories**

in € million	31.12.2013	31.12.2012
Raw materials and supplies	620	558
Work in progress, unbilled contracts	285	241
Finished goods and goods for resale	2,914	2,818
Leased products	44	132
	<b>3,863</b>	<b>3,749</b>

**4 – Receivables and other assets**

in € million	31.12.2013	31.12.2012
Trade receivables	659	858
Receivables from subsidiaries	4,871	6,297
Other receivables and other assets		
— Receivables from other companies in which an investment is held	852	565
— Other assets	2,342	1,496
— thereof due later than one year €131 million (2012: €141 million)		
	<b>3,194</b>	<b>2,061</b>
	<b>8,724</b>	<b>9,216</b>

Receivables from subsidiaries relate to financing and trade receivables.

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

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

**5 – Marketable securities**

Marketable securities comprise mainly 100% of the shares in a special investment fund (not subject to daily

redemption restrictions), money market funds and commercial paper.



The following table shows the acquisition cost and fair value of the different classes of items included in the special investment fund at 31 December 2013:

in € million	Acquisition cost		Fair value	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Fixed-income securities	2,194	1,982	2,264	2,115
Shares	71	50	87	52
Derivative instruments	-	-	-	-
Other marketable securities	6	1	6	1
Receivables and payables	18	35	18	35
Cash and cash equivalents	39	20	39	20
	<b>2,328</b>	<b>2,088</b>	<b>2,414</b>	<b>2,223</b>

The acquisition cost for the shares in the special investment fund totalled €2,076 million.

#### 6 – Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, of which €25 million (2012: €26 million) relates to subsidiaries.

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

Assets held to secure obligations relating to pensions and pre-retirement part-time work arrangements are offset against the related liabilities. The assets concerned comprise mainly holdings in investment fund assets and a receivable resulting from a so-called “Capitalisation Transaction” (Kapitalisierungsgeschäft).

The surplus arising on the offset of assets and liabilities relating to pre-retirement part-time work arrangements can be analysed as follows:

in € million	31.12.2013	31.12.2012
Acquisition cost of assets held to cover obligations relating to pre-retirement part-time work arrangements	354	391
Fair value of assets held to cover obligations relating to pre-retirement part-time work arrangements	419	456
Obligations relating to pre-retirement part-time work arrangements	361	380
Surplus arising on offset of assets and liabilities	58	76

A reconciliation of the surplus (€932 million) arising on the offset of assets and liabilities relating to pension obligations is shown in note 11. In total, the surplus

arising on the offset of assets and liabilities amounted to €990 million.

#### 8 – Subscribed capital and capital reserves

in € million	31.12.2013	31.12.2012
Subscribed capital	656	656
Capital reserves	2,069	2,053

BMW AG’s issued share capital of €656 million comprises 601,995,196 shares of common stock, each with a par value of €1, and 54,259,787 shares of non-voting

preferred stock, each with a par value of €1. Preferred stock bears an additional dividend of €0.02 per share. All of the Company’s stock is issued to bearer.

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266,152 shares of preferred stock were issued to employees at a reduced price of €43.79 per share in conjunction with an employee share scheme. These shares are entitled to receive dividends with effect from the financial year 2014. 582 shares of preferred stock were bought back via the stock exchange in order to service the Company's employee share scheme.

The issued share capital increased by €0.3 million as a result of the issue to employees of 265,570 shares of

non-voting preferred stock. The Authorised Capital of BMW AG amounted at the balance sheet date to €2.9 million. The Company is authorised to issue shares of non-voting preferred stock amounting to nominal €5.0 million prior to 13 May 2014. The share premium of €16.5 million arising in 2013 was transferred to capital reserves.

## 9 – Revenue reserves

in € million	31.12.2013	31.12.2012
Statutory reserves	1	1
Other revenue reserves		
— Balance brought forward	5,514	4,023
— Transfer from net profit	582	1,491
	<b>6,096</b>	<b>5,514</b>
	<b>6,097</b>	<b>5,515</b>

Fair value measurement of assets held to service obligations for pensions and pre-retirement part-time work-

ing arrangements gives rise to an amount of €1,334 million which is not available for distribution.

## 10 – Registered profit-sharing certificates

Up to 1989, employees were entitled to subscribe to registered profit-sharing certificates in conjunction with a wealth accumulation scheme for employees. This was

replaced by the current scheme to subscribe to preferred stock. At 31 December 2013, there were 652,730 registered profit-sharing certificates (2012: 666,635 certificates).

## 11 – Provisions

in € million	31.12.2013	31.12.2012
Pension provisions	43	56
Tax provisions	1,468	1,221
Other provisions	5,831	6,185
	<b>7,342</b>	<b>7,462</b>

The measurement of pension obligations is based, as in previous years, on the assumptions set out in the bio-

metric tables of Prof. Dr. Klaus Heubeck (2005 G). In addition, the following assumptions are applied:

in %	31.12.2013	31.12.2012
Discount rate	4.89	5.05
Future salary increases	3.00	3.18
Future pension increases	2.00	2.18

The discount rate used to discount pension obligations corresponds to the average market interest rate for the past seven financial years for an assumed maturity term

of 15 years, as calculated and published by the Deutsche Bundesbank.

The provision for pensions can be analysed as follows:

in € million	31.12.2013	31.12.2012
Acquisition cost of assets held to cover pension obligations	5,424	5,063
Fair value of assets held to cover pension obligations	6,693	6,026
Present value of defined benefit obligations	5,804	5,486
Provision for pensions	43	56
Surplus of pension and similar plan assets over liabilities	932	596

BMW AG provides pension benefits to its employees in various forms. The majority of current employees participate in a pension plan, the benefits of which are based on the relevant final salary of the employee. The amount by which pension plan assets exceed obligations is presented in the balance sheet line "Surplus of pension and similar plan assets over liabilities".

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

BMW AG also gives employees the opportunity to participate in a voluntary remuneration conversion plan.

Expenses resulting from the reversal of the discounting of pension obligations, the effect of the change in the discount rate applied as well as income and expenses

resulting from the measurement of assets offset against liabilities are reported as part of the financial result. All other components of pension expense are included in the income statement under costs by function.

Tax provisions increase in the financial year 2013 due to the inclusion of obligations for ancillary tax-related expenses following the first-time application of Position Statement IDW RS HFA 34. In the previous year, obligations for ancillary tax-related expenses were included in other provisions.

Other provisions include obligations for personnel-related expenses and warranties as well as for service contracts, other sales-related items, litigation and liability risks and dealer bonuses. In addition, this line item also includes provisions for pending losses on onerous currency, commodity and other contracts, manufacturer's liability and the collection and recycling of end-of-life vehicles.

## 12 – Liabilities

in € million	31.12.2013		31.12.2012	
		Remaining term of up to one year		Remaining term of up to one year
Liabilities to banks	1,463	99	1,408	3
Trade payables	4,818	4,585	3,900	3,895
Liabilities to subsidiaries	8,795	8,795	8,451	8,451
Other liabilities				
— Advance payments received on orders	44	44	61	61
— Payables to entities in which a participation is held	5	5	1	1
— Liabilities to BMW Unterstützungsverein e.V.	4	-	4	-
— Sundry other liabilities	232	200	734	697
— thereof for social security	(45)	(45)	(44)	(44)
— thereof for taxes	(3)	(3)	(8)	(8)
	<b>285</b>	<b>249</b>	<b>800</b>	<b>759</b>
	<b>15,361</b>	<b>13,728</b>	<b>14,559</b>	<b>13,108</b>

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Liabilities to subsidiaries comprise financing and trade liabilities. The total amount of liabilities with a remaining term of more than five years comprises liabilities to

banks amounting to €45 million (2012: €436 million) and liabilities to BMW Unterstützungsverein e.V. amounting to €4 million (2012: €4 million).

### 13 – Deferred income

Deferred income includes revenue received for services to be performed in future accounting periods. Revenues from sales with multiple components are analysed into the various performance components on the basis of fair values which can be determined objectively and reliably. The portion of revenues relating to services still to be performed is deferred in this line item. Following

the application of uniform group-wide procedures, deferred income of €396 million was recognised for the first time for work still to be performed in conjunction with service and maintenance contracts. In previous years, revenue was recognised immediately and a provision recorded for any outstanding obligations under these contracts (reported in “Other provisions”).

### Contingent liabilities

in € million	31.12.2013	31.12.2012
Guarantees for bonds under the EMTN programme — thereof in favour of subsidiaries €27,393 million (2012: €25,887 million)	27,393	25,887
Guarantees for commercial paper — thereof in favour of subsidiaries €6,240 million (2012: €4,183 million)	6,240	4,183
Guarantees for other debt securities — thereof in favour of subsidiaries €5,025 million (2012: €6,657 million)	5,025	6,657
Other — of which to subsidiaries €886 million (2012: €801 million)	934	804
	<b>39,592</b>	<b>37,531</b>

Based on the information available to BMW AG at the date of the preparation of the financial statements regarding the financial condition of the principal debtors, BMW AG considers that the obligations underlying the contingent liabilities shown above can be fulfilled by the relevant principal debtors. BMW AG therefore considers it unlikely that it will be called upon in conjunction with these contingent liabilities.

BMW AG is liable for the full extent and amount of customer deposits taken in by the subsidiary, BMW Bank

GmbH instead of the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), of which BMW Bank GmbH is a member. The maximum liability per customer is capped at 30% of the relevant equity of BMW Bank GmbH.

Guarantees have been given in the ordinary course of business in relation to the sale of Rover Cars and Land Rover activities.

### Other financial obligations and off-balance-sheet transactions

Other financial obligations and off-balance sheet items totalled €4,556 million, and comprise mainly obligations arising from rental, leasing and maintenance contracts on the one hand and purchase order commitments on the other.

The present value of these obligations (excluding purchase order commitments) can be analysed by maturity as follows:

in € million	31.12.2013
2014	702
2015–2018	656
later than 2018	689

Of these amounts, €1,035 million relate to subsidiaries.

Purchase commitments for capital expenditure totalled €2,509 million.

### Related party transactions

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

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

### Derivative financial instruments

in € million	Nominal volume		Market values	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>Currency-related contracts</b>				
Forward currency contracts	21,911	27,299	98	83
thereof positive market values			563	490
thereof negative market values			-465	-407
Currency options	13,245	8,345	256	121
thereof positive market values			297	139
thereof negative market values			-41	-18
Cross currency swaps	200	426	11	-10
thereof positive market values			12	-
thereof negative market values			-1	-10
	<b>35,356</b>	<b>36,070</b>	<b>365</b>	<b>194</b>
<b>Interest rate-related instruments</b>				
Interest swaps	5,096	137	-	-1
thereof positive market values			9	-
thereof negative market values			-9	-1
<b>Purchasing-related instruments</b>				
Commodities	3,393	3,141	-283	-107
thereof positive market values			43	85
thereof negative market values			-326	-192

Provisions of €181 million (2012: €166 million) were recognised to cover negative market value changes. €261 million of option fees incurred in conjunction with currency option contracts are included in "Other assets" and €124 million of option fees are included in "Other liabilities". In addition, forward exchange contracts with a positive market value of €16 million, transferred to BMW AG from one of its sales companies, are included in "Other assets".

The nominal amounts of derivative financial instruments correspond to the purchase or sale amounts or to the contracted amounts of hedged items. The fair values for currency and interest-related transactions shown are measured on the basis of market information available

at the balance sheet date or using appropriate measurement techniques e.g. the discounted cash flow method. Options are measured on the basis of quoted prices or option price models using appropriate market data.

The fair values of commodity hedging contracts are determined on the basis of current reference prices as adjusted for forward premium and discount amounts. The fair values of derivative financial instruments derived for the relevant nominal values do not take account of any offsetting change in the fair value of the hedged items.

Amounts were discounted at 31 December 2013 on the basis of the following interest rates:

in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	0.28	0.26	0.54	0.20	5.66
Interest rate for one year	0.40	0.31	0.71	0.21	5.80
Interest rate for five years	1.27	1.77	2.17	0.40	5.80
Interest rate for ten years	2.22	3.17	3.09	0.95	5.86

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### Valuation units

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

At 31 December 2013 BMW AG held currency derivative instruments with terms of up to 60 months (2012: 66 months). These currency derivatives are used to hedge the exchange rates relating on highly probable forecast foreign currency trade receivables and foreign currency financial assets. Derivative financial instruments also include back-to-back contracts entered into with subsidiaries and banks.

Hedges for future purchases of commodities relate to highly probable forecast transactions. Changes in prices of these raw materials have an impact on BMW AG's production costs. Hedging strategies have therefore been put in place for raw materials management purposes, based on forecast purchase volumes. At 31 December 2013 the BMW AG held commodity derivative instruments with terms of up to 60 months (2012: 59 months).

In addition, BMW AG held interest rate derivative instruments at 31 December 2013 with terms of up to 48 months (2012: 29 months), including back-to-back derivative financial instruments entered into with subsidiaries and banks. Fixed-interest financial instruments are used as a hedge against interest-rate risks.

Where there is a direct hedging relationship, the derivative financial instrument and the hedged item/forecast transaction are accounted for as a valuation unit. Portfolio hedges are created for highly probable forecast transactions in connection with foreign-currency-denominated sales to the BMW Group's sales companies. The so-called "Valuation Freeze Method" (Einfrierungsmethode) is applied until the foreign currency receivables arise, at which stage the "Booking Through Method" (Durchbuchungsmethode) is applied. In the case of a late designation, the forward currency contracts are treated as stand-alone derivatives until the date of designation. Micro-hedges are created for currency and interest rate derivatives used to hedge financial assets and for back-to-back derivative financial instruments. Portfolio hedges are created for commodity derivatives. BMW AG has elected to apply the "Valuation Freeze Method" for these hedging relationships.

in € million	Volume hedged		Amount of risk hedged	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>Currency risk hedges</b>				
Assets	199	208	1	10
Forecast transactions	8,303	-	9	-
Liabilities	-	496	-	7
Executory contracts	402	9	50	173
<b>Interest rate hedges</b>				
Assets	24	69	-	1
Executory contracts	-10	-	12	-
<b>Commodity hedges</b>				
Forecast transactions	2,206	2,027	233	127

The amounts disclosed for volumes hedged refer to the carrying amounts of hedged assets and liabilities, the nominal amount of forecast transactions and the fair value of hedged executory contracts. The figures disclosed for the amount of risk hedged refer to the non-recognition of a provision for onerous contracts with negative fair values on the one hand and the non-recognition of write-downs on option premiums recognised as assets on the other.

Since the principal features of the transactions included in a valuation unit are matched, changes in fair values

or cash flows generally cancel each other. Hedging is in place for the whole term of the hedged item. Effectiveness is ensured as a general rule by the use of a critical term match.

The effectiveness of the portfolio hedge relating to foreign-currency-denominated sales to the BMW Group's sales companies is measured on the basis of regression analysis. The Dollar-Offset method is used to calculate the absolute amounts attributable to ineffectiveness.

**BMW AG**Notes to the Financial Statements  
Notes to the Income Statement**14 – Revenues**

in € million	2013	2012
Automobiles	51,505	50,165
Motorcycles	1,009	980
Other revenues	7,960	7,660
	<b>60,474</b>	<b>58,805</b>
Germany	11,193	11,974
United Kingdom	4,513	4,059
Rest of Europe	12,280	12,303
North America	13,025	12,991
Asia	15,969	14,436
Other markets	3,494	3,042
	<b>60,474</b>	<b>58,805</b>

**15 – Other operating income**

Other operating income totalling €2,044 million (2012: €2,001 million) includes primarily realised exchange gains and other ancillary revenues. In the previous year, this line item also included allocated tax in conjunction with profit and loss transfer agreements. With effect from the financial year 2013, BMW AG does not allocate

tax to companies, with which it has a profit and loss transfer agreement. Other operating income relating to prior periods amounted to €446 million in the year under report. Gains resulting from the measurement of foreign currency items using closing exchange rates totalled €96 million (2012: €70 million).

**16 – Other operating expenses**

Other operating expenses amounted to €1,502 million (2012: €1,298 million). Significant items include realised exchange losses, allocations to provisions and expenses incurred for premiums on options. An expense

of €59 million (2012: €85 million) arose in the year under report from the measurement of foreign currency items at closing exchange rates.

**17 – Result on investments**

in € million	2013	2012
Income from investments	4	3
Income from profit and loss transfer agreements	404	595
Expense of assuming losses under profit and loss transfer agreements	35	-
	<b>373</b>	<b>598</b>

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## 18 – Financial result

in € million	2013	2012
Other interest and similar income	179	525
— thereof from subsidiaries €85 million (2012: €86 million)		
— thereof financial income relating to pension and other personnel long-term provisions €– million (2012: €303 million)		
Reversals of impairment losses on non-current investments and on current marketable securities	-	4
Impairment losses on non-current investments and on current marketable securities	16	143
Interest and similar expenses	491	485
— thereof to subsidiaries €110 million (2012: €162 million)		
— thereof financial expense relating to pension and other long-term personnel provisions €132 million (2012: €– million)		
— thereof expense from reversal of discounting on liabilities and other provisions €159 million (2012: €155 million)		
	<b>-328</b>	<b>-99</b>

Financial income or expense relating to pension and other long-term personnel provisions corresponds to

the net amount of income and expenses arising in conjunction with fund assets:

in € million	2013	2012
Income from fund assets offset against liabilities	304	667
Expenses arising on reversal of discounting pension and long-term personnel provisions as well as the income statement impact of a change in the discounting factor	436	364
	<b>-132</b>	<b>303</b>

## 19 – Income taxes

The expense for income taxes relates primarily to current tax for the financial year 2013. In addition, ancillary income-tax-related expenses are also included in the

expense for income taxes following the first-time application of Position Statement IDW RS HFA 34.

## 20 – Transfer to revenue reserves

An amount of €582 million was transferred from net profit for the year to other revenue reserves.



**Cost of materials**

in € million	2013	2012
Cost of raw materials and goods for resale	41,438	41,058
Cost of purchased services	1,964	1,120
	<b>43,402</b>	<b>42,178</b>

**Personnel expense**

in € million	2013	2012
Wages and salaries	5,614	5,249
Social security, pension and welfare costs	805	781
— thereof pension costs €33 million (2012: €45 million)		
	<b>6,419</b>	<b>6,030</b>
Average workforce during the year	2013	2012
Head office and Munich plant	29,815	28,283
Dingolfing plant	17,612	17,780
Regensburg plant	8,428	8,364
Landshut plant	3,213	3,082
Leipzig plant	3,473	2,882
Berlin plant	2,552	2,550
Branches	5,435	5,491
	<b>70,528</b>	<b>68,432</b>
Apprentices and students gaining work experience	5,645	5,165
	<b>76,173</b>	<b>73,597</b>

**Fee expense**

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

**BMW AG**

## Notes to the Financial Statements

## Analysis of Changes in Tangible, Intangible and Investment Assets in 2013

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in € million	Acquisition or manufacturing costs					– 31.12.2013
	1.1.2013	Additions from merger*	Additions	Reclassifi- cations	Disposals	
<b>Intangible assets</b>	<b>353</b>	<b>1</b>	<b>427</b>	<b>-</b>	<b>-</b>	<b>781</b>
Land, titles to land, buildings, including buildings on third party land	4,703	-	257	-124	-15	<b>5,069</b>
Plant and machinery	19,925	6	1,331	-757	729	<b>21,290</b>
Other facilities, factory and office equipment	1,331	1	103	-11	-81	<b>1,365</b>
Advance payments made and construction in progress	1,613	3	1,085	-892	-1	<b>1,808</b>
<b>Property, plant and equipment</b>	<b>27,572</b>	<b>10</b>	<b>2,776</b>	<b>-</b>	<b>826</b>	<b>29,532</b>
Investments in subsidiaries	2,695	-	296	-	-	<b>2,991</b>
Participations	541	-	5	-	2	<b>544</b>
Other non-current loans receivable	2	-	-	-	-	<b>2</b>
<b>Investments</b>	<b>3,238</b>	<b>-</b>	<b>301</b>	<b>-</b>	<b>2</b>	<b>3,537</b>
<b>Tangible, intangible and investment assets</b>	<b>31,163</b>	<b>11</b>	<b>3,504</b>	<b>-</b>	<b>828</b>	<b>33,850</b>

\* Merger of BMW Peugeot Citroën Electrification GmbH, Munich.

	Depreciation, amortisation and impairment losses			Carrying amount			
1. 1. 2013	Additions from merger*	Current year	Disposals	31. 12. 2013	31. 12. 2013	31. 12. 2012	
175	-	132	-	307	474	178	<b>Intangible assets</b>
2,251	-	70	12	2,309	2,760	2,452	Land, titles to land, buildings, including buildings on third party land
16,489	1	1,430	727	17,193	4,097	3,436	Plant and machinery
1,026	-	100	78	1,048	317	305	Other facilities, factory and office equipment
-	-	-	-	-	1,808	1,613	Advance payments made and construction in progress
<b>19,766</b>	<b>1</b>	<b>1,600</b>	<b>817</b>	<b>20,550</b>	<b>8,982</b>	<b>7,806</b>	<b>Property, plant and equipment</b>
-	-	-	-	-	2,991	2,695	Investments in subsidiaries
143	-	16	-	159	385	398	Participations
1	-	-	-	1	1	1	Other non-current loans receivable
<b>144</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>160</b>	<b>3,377</b>	<b>3,094</b>	<b>Investments</b>
<b>20,085</b>	<b>1</b>	<b>1,748</b>	<b>817</b>	<b>21,017</b>	<b>12,833</b>	<b>11,078</b>	<b>Tangible, intangible and investment assets</b>

#### List of investments

The List of Investments of BMW AG will be filed with the operator of the electronic version of the Federal Gazette. This list will also be posted on the BMW Group website at [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

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Members of the Board of Management

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**Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer** (born 1956)  
Chairman

## Mandates

- Henkel AG & Co. KGaA

**Frank-Peter Arndt** (born 1956)  
(until 31. 03. 2013)

## Production

## Mandates

- BMW Motoren GmbH (Chairman)  
(until 31. 03. 2013)
- TÜV Süd AG
- BMW (South Africa) (Pty) Ltd. (Chairman)  
(until 31. 03. 2013)
- Leipziger Messe GmbH

**Milagros Caiña Carreiro-Andree** (born 1962)  
Human Resources, Industrial Relations Director**Dr.-Ing. Herbert Diess** (born 1958)  
Development**Dr.-Ing. Klaus Draeger** (born 1956)  
Purchasing and Supplier Network**Dr. Friedrich Eichiner** (born 1955)  
Finance

## Mandates

- Allianz Deutschland AG
- FESTO Aktiengesellschaft  
(since 30. 07. 2013)
- BMW Brilliance Automotive Ltd. (Deputy Chairman)
- FESTO Management Aktiengesellschaft  
(since 30. 07. 2013)

**Harald Krüger** (born 1965)

MINI, Motorcycles, Rolls-Royce,  
Aftersales BMW Group (until 31. 03. 2013)  
Production (since 01. 04. 2013)

## Mandates

- Rolls-Royce Motor Cars Limited (Chairman)  
(until 31. 03. 2013)
- BMW (South Africa) (Pty) Ltd. (Chairman)  
(since 01. 04. 2013)
- BMW Motoren GmbH (since 01. 04. 2013)  
(Chairman since 07. 06. 2013)

**Dr. Ian Robertson (HonDSc)** (born 1958)  
Sales and Marketing BMW,  
Sales Channels BMW Group

## Mandates

- Dyson James Group Limited

**Peter Schwarzenbauer** (born 1959)  
(since 01. 04. 2013)

MINI, Motorcycles, Rolls-Royce,  
Aftersales BMW Group

## Mandates

- Rolls-Royce Motor Cars Limited (Chairman)  
(since 01. 04. 2013)

## General Counsel:

**Dr. Dieter Löchelt**

**BMW AG**

Notes to the Financial Statements  
Members of the Supervisory Board

**Prof. Dr.-Ing. Dr. h. c. Dr.-Ing. E. h.**

**Joachim Milberg** (born 1943)

Chairman

Former Chairman of the Board of  
Management of BMW AG

Chairman of the Presiding Board, Personnel Committee  
and Nomination Committee; member of Audit Committee  
and the Mediation Committee

Mandates

- Bertelsmann Management SE (Deputy Chairman)
- Bertelsmann SE & Co. KGaA (Deputy Chairman)
- FESTO Aktiengesellschaft (Chairman until 19.04.2013)  
(Deputy Chairman since 19.04.2013)
- Deere & Company
- FESTO Management Aktiengesellschaft (Chairman  
until 19.04.2013) (Deputy Chairman since 19.04.2013)

**Manfred Schoch**<sup>1</sup> (born 1955)

Deputy Chairman

Chairman of the European and  
General Works Council  
Industrial Engineer

Member of the Presiding Board, Personnel Committee,  
Audit Committee and Mediation Committee

**Stefan Quandt** (born 1966)

Deputy Chairman

Entrepreneur

Member of the Presiding Board, Personnel Committee,  
Audit Committee, Nomination Committee and Mediation  
Committee

Mandates

- DELTON AG (Chairman)
- AQTON SE (Chairman)
- DataCard Corp.

**Stefan Schmid**<sup>1</sup> (born 1965)

Deputy Chairman

Chairman of the Works Council, Dingolfing

Member of the Presiding Board, Personnel Committee,  
Audit Committee and Mediation Committee

**Dr. jur. Karl-Ludwig Kley** (born 1951)

Deputy Chairman

Chairman of the Executive Management of  
Merck KGaA

Chairman of the Audit Committee and Independent  
Finance Expert; member of the Presiding Board,  
Personnel Committee and Nomination Committee

Mandates

- Bertelsmann Management SE
- Bertelsmann SE & Co. KGaA
- Deutsche Lufthansa Aktiengesellschaft  
(since 07.05.2013)
- 1. FC Köln GmbH & Co. KGaA (Chairman)  
(until 30.06.2013)

**Bertin Eichler**<sup>2</sup> (born 1952)

Former Executive Member of the  
Executive Board of IG Metall

Mandates

- BGAG Beteiligungsgesellschaft der  
Gewerkschaften GmbH (Chairman)
- Luitpoldhütte AG (since 03.12.2013)
- ThyssenKrupp AG (Deputy Chairman)  
(until 17.01.2014)

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

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

<sup>3</sup> Employee representative (member of senior management).

— Membership of other statutory supervisory boards.

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

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**Franz Haniel** (born 1955)

Engineer, MBA

**Mandates**

- DELTON AG (Deputy Chairman)
- Franz Haniel & Cie. GmbH (Chairman)
- Heraeus Holding GmbH
- Metro AG (Chairman)
- secunet Security Networks AG
- Giesecke & Devrient GmbH
- TBG Limited

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

Chairman of the Executive Board of  
Helmholtz-Zentrum Potsdam Deutsches  
GeoForschungsZentrum – GFZ  
University Professor

**Prof. Dr. rer. nat. Dr.-Ing. E. h.**

**Henning Kagermann** (born 1947)

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

**Mandates**

- Deutsche Bank AG
- Deutsche Post AG
- Franz Haniel & Cie GmbH
- Münchener Rückversicherungs-Gesellschaft  
Aktiengesellschaft in München
- Nokia Corporation
- Wipro Limited

**Susanne Klatten** (born 1962)

Entrepreneur

Member of the Nomination Committee

**Mandates**

- ALTANA AG (Deputy Chairman)
- SGL Carbon SE (Chairman since 30. 04. 2013)
- UnternehmerTUM GmbH (Chairman)

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

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

**Mandates**

- Allianz SE
- Infineon Technologies AG
- Nestlé Deutschland AG
- Robert Bosch GmbH

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

Former Chairman and Chief Executive Officer of  
Deere & Company

**Mandates**

- General Electric Company
- Northern Trust Corporation
- Verizon Communications Inc.

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

General Representative of IG Metall Munich

**Mandates**

- KraussMaffei GmbH
- MAN Truck & Bus AG

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

Chairman of the Works Council, Landshut

**Wolfgang Mayrhuber** (born 1947)

Chairman of the Supervisory Board of  
Deutsche Lufthansa Aktiengesellschaft

**Mandates**

- Deutsche Lufthansa Aktiengesellschaft (Chairman)  
(since 07. 05. 2013)
- Infineon Technologies AG (Chairman)
- Lufthansa Technik Aktiengesellschaft  
(until 30. 06. 2013)
- Münchener Rückversicherungs-Gesellschaft  
Aktiengesellschaft in München
- Austrian Airlines AG (until 27. 06. 2013)
- HEICO Corporation
- Österreichische Luftverkehrs-Holding-GmbH (Chairman)  
(until 27. 06. 2013)
- UBS AG (until 02. 05. 2013)

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

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

<sup>3</sup> Employee representative (member of senior management).

— Membership of other statutory supervisory boards.

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

**Dr. Dominique Mohabeer**<sup>1</sup> (born 1963)  
Member of the Works Council, Munich

**Brigitte Rödiger**<sup>1</sup> (born 1963)  
(since 10.07.2013)  
Member of the Works Council, Dingolfing

**Maria Schmidt**<sup>1</sup> (born 1954)  
(until 30.06.2013)  
Member of the Works Council, Dingolfing

**Dr. Markus Schramm**<sup>3</sup> (born 1963)  
(since 01.04.2013)  
Head of Development Aftersales  
Business Management and  
Mobility Services BMW Group

**Jürgen Wechsler**<sup>2</sup> (born 1955)  
Regional Head of IG Metall Bavaria  
Mandates  
— Schaeffler AG (Deputy Chairman)

**Werner Zierer**<sup>1</sup> (born 1959)  
Chairman of the Works Council, Regensburg

**Oliver Zipse**<sup>3</sup> (born 1964)  
(until 31.03.2013)  
Head of Corporate Planning and Product Strategy

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The voting power percentages disclosed below may have changed subsequent to the dates stated, if these changes were not required to be reported to the Company. Due to the fact that the Company's shares are issued to bearer, the Company is generally only aware of changes in shareholdings if such changes are subject to mandatory notification rules. Voluntary notifications at 31 December 2012 relating to investments that exceed 10 % of the voting rights at the end of the reporting period are disclosed in the Management Report. No additional voluntary notifications were received as of 31 December 2013.

**Notification pursuant to § 26 (1) sentence 1 WpHG (Securities Trading Act) on 30 May 2011:**

– “BlackRock, Inc., with its seat in New York, U.S.A., has informed us in accordance with § 21 Section 1 WpHG (Securities Trading Act) its voting rights in Bayerische Motoren Werke Aktiengesellschaft exceeded the threshold of 3 % of the voting rights on 20 May 2011 and amounted to 3.05 % (18,382,836 voting rights). 3.05 % (18,382,836 voting rights) were attributable to BlackRock, Inc. pursuant to § 22 Section 1 sentence 1, no. 6 in connection with sentence 2 WpHG (Securities Trading Act).”

**Notification pursuant to § 26 (1) sentence 1 WpHG (Securities Trading Act) on 23 March 2012:**

– “BlackRock Financial Management, Inc., with its seat in New York, NY, U.S.A., has informed us in accordance with § 21 Section 1 WpHG (Securities Trading Act) its voting rights in Bayerische Motoren Werke Aktiengesellschaft exceeded the threshold of 3 % of the voting rights on 12 March 2012 and amounted to 3.9787 % (23,951,672 voting rights). 3.9787 % (23,951,672 voting rights) were attributable to BlackRock Financial Management, Inc. pursuant to § 22 Section 1 sentence 1, no. 6 in connection with sentence 2 WpHG (Securities Trading Act). BlackRock Holdco 2, Inc., with its seat in Wilmington, DE, U.S.A., has informed us in accordance with § 21 Section 1 WpHG (Securities Trading Act) its voting rights in Bayerische Motoren Werke Aktiengesellschaft exceeded the threshold of 3 % of the voting rights on 12 March 2012 and amounted to 3.9787 % (23,951,672 voting rights). 3.9787 % (23,951,672 voting rights) were attributable to BlackRock Holdco 2, Inc. pursuant to § 22 Section 1 sentence 1, no. 6 in connection with sentence 2 WpHG (Securities Trading Act).”

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

The Declaration with respect to the Corporate Governance Code pursuant to § 161 AktG is reproduced in the Annual Report 2013 of the BMW Group and is available to shareholders on the BMW Group's website ([www.bmwgroup.com/ir](http://www.bmwgroup.com/ir)).

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

For financial years beginning after 1 January 2011, BMW AG has added a share-based remuneration component to the existing compensation system for Board of Management members.

Subject to the approval of the proposed dividend at the Annual General Meeting of Shareholders, the remuneration of current members of the Board of Management for the financial year 2013 amounts to €34.5 million (2012: €31.4 million). This comprised fixed components of €7.9 million (2012: €7.5 million), variable components of €25.9 million (2012: €23.2 million) and a share-based compensation component totalling €0.7 million (2012: €0.7 million).

The grant of the share-based remuneration component related to 9,534 shares of BMW AG common stock and a corresponding cash-based settlement, measured at the relevant market shares price prevailing on grant date.

The remuneration of former members of the Board of Management and their surviving dependants amounted to €4.7 million (2012: €3.8 million).

Pension obligations to former members of the Board of Management and their dependants are fully covered by pension provisions amounting to €50.8 million (2012: €49.3 million).

The present value of pension obligations for the purposes of the Company Financial Statements is measured on the basis of an actuarial report using an interest rate of 4.89 %, compared to an interest rate of 3.50 % used in the Group Financial Statements.

The compensation of the members of the Supervisory Board for the financial year 2013 amounted to €4.6 million (2012: €4.5 million). This comprised fixed components of €2.0 million (2012: €1.6 million) and variable components of €2.6 million (2012: €2.9 million).



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

Further details about the remuneration system of current members of the Board of Management and of the Supervisory Board can be found in the Compensation Report included in the BMW Group Annual Report 2013. The Compensation Report is part of the Combined Company and Group Management Report.

Munich, 20 February 2014

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer

Milagros Caiña Carreiro-Andree

Dr.-Ing. Herbert Diess

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Harald Krüger

Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

**BMW AG**

## Responsibility Statement by the Company's Legal Representatives

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**Responsibility Statement of the Legal Representatives  
of the Company pursuant to § 264 (2) sentence 3 and  
§ 289 (1) sentence 5 HGB**

“To the best of our knowledge, and in accordance with the applicable reporting principles, we confirm that the annual financial statements of Bayerische Motoren Werke Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.”

Munich, 20 February 2014

**Bayerische Motoren Werke**  
Aktiengesellschaft

The Board of Management

Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer

Milagros Caiña Carreiro-Andree

Dr.-Ing. Herbert Diess

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Harald Krüger

Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

**BMW AG**

## Auditor's Report (Translation)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and its report on the position of the Company and the Group prepared by the Bayerische Motoren Werke Aktiengesellschaft for the business year from 1 January to 31 December 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

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

Our audit has not led to any reservations.

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

Munich, 5 March 2014

**KPMG AG**

Wirtschaftsprüfungsgesellschaft

Pastor  
WirtschaftsprüferHuber-Straßer  
Wirtschaftsprüferin

## BMW AG

## Ten-year Comparison

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	2013	2012	2011	2010
Revenues ————— € million	<b>60,474</b>	58,805	55,007	45,773
— Change ————— %	<b>2.8</b>	6.9	20.2	20.5
— Export ratio ————— %	<b>81.5</b>	79.6	77.3	76.7
Production				
— Automobiles <sup>1</sup> ————— units	<b>2,006,366</b>	1,861,826	1,738,160	1,481,253
— Motorcycles <sup>2</sup> ————— units	<b>110,127</b>	113,811	110,360	99,236
Sales volume				
— Automobiles <sup>1</sup> ————— units	<b>1,995,903</b>	1,868,158	1,723,637	1,460,923
— Motorcycles <sup>2</sup> ————— units	<b>110,039</b>	110,857	110,145	97,586
Capital expenditure ————— € million	<b>3,203</b>	2,776	2,032	1,582
Depreciation, amortisation and impairment losses ————— € million	<b>1,732</b>	1,613	1,578	1,540
Workforce at end of year <sup>3</sup> —————	<b>77,110</b>	74,571	71,630	69,518
Tangible, intangible and investment assets <sup>4</sup> ————— € million	<b>12,833</b>	11,078	9,663	8,273
Current assets, prepayments and surplus of pension and similar plan assets over liabilities ————— € million	<b>20,932</b>	20,887	17,845	16,073
Subscribed capital ————— € million	<b>656</b>	656	655	655
Reserves ————— € million	<b>8,166</b>	7,568	6,059	5,581
Equity ————— € million	<b>10,529</b>	9,864	8,222	7,088
— as % of tangible, intangible and investment assets ————— %	<b>82.0</b>	89.0	85.1	85.7
Balance sheet total ————— € million	<b>33,765</b>	31,965	27,508	24,346
Cost of materials ————— € million	<b>43,402</b>	42,178	39,324	32,875
Personnel costs <sup>3</sup> ————— € million	<b>6,419</b>	6,030	5,758	5,428
Taxes ————— € million	<b>1,674</b>	1,666	2,096	1,106
Net profit ————— € million	<b>2,289</b>	3,131	1,970	1,506
Dividend ————— € million	<b>1,707</b> <sup>5</sup>	1,640	1,508	852
— per share of common stock ————— €	<b>2.60</b> <sup>5</sup>	2.50	2.30	1.30
— per share of preferred stock ————— €	<b>2.62</b> <sup>5</sup>	2.52	2.32	1.32

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

<sup>2</sup> From 2006 up to 2008 including BMW G 650 X assembly by Piaggio S. p. A.

<sup>3</sup> From 2009 onward including personnel seconded from other group entities.

<sup>4</sup> From 2010 onward including property, plant and equipment transferred in conjunction with the merger of BMW Ingenieur-Zentrum GmbH + Co oHG, Dingolfing.

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

<sup>5</sup> Proposed by the Board of Management.

<sup>6</sup> Before buy-back of treasury shares.

2009	2008	2007	2006	2005	2004	
37,980	44,313	48,310	42,417	41,801	40,597	Revenues
14.3	8.3	13.9	1.5	3.0	10.1	Change
73.8	75.6	76.1	74.3	73.0	72.5	Export ratio
						Production
1,258,417	1,439,918	1,541,503	1,366,838	1,323,119	1,250,345	Automobiles <sup>1</sup>
82,631	104,220	104,396	103,759	92,012	93,836	Motorcycles <sup>2</sup>
						Sales volume
1,231,893	1,446,055	1,551,490	1,358,119	1,334,426	1,241,659	Automobiles <sup>1</sup>
86,451	103,077	104,076	102,786	95,343	91,797	Motorcycles <sup>2</sup>
1,667	2,064	1,670	1,324	1,472	2,321	Capital expenditure
1,505	1,569	1,791	1,765	1,770	1,535	Depreciation, amortisation and impairment losses
70,223	71,596	76,064	76,156	76,536	77,252	Workforce at end of year <sup>3</sup>
6,984	6,643	9,909	10,171	10,577	10,893	Tangible, intangible and investment assets <sup>4</sup>
17,663	16,673	12,707	10,874	9,225	8,910	Current assets, prepayments and surplus of pension and similar plan assets over liabilities
655	654	654	654	661	674	Subscribed capital
4,502	4,487	4,300	3,809	4,023	4,516	Reserves
5,354	5,338	5,648	4,921	5,108	5,609	Equity
76.7	80.4	57.0	48.4	48.3	51.5	as % of tangible, intangible and investment assets
24,647	23,316	22,616	21,045	19,802	19,803	Balance sheet total
28,300	34,044	36,638	31,867	31,010	29,501	Cost of materials
5,850	5,125	4,797	5,503	6,128	5,888	Personnel costs <sup>3</sup>
403	11	131	75	37	327	Taxes
202	384	1,184	485	424	747	Net profit
197	197	694	458	424 <sup>6</sup>	419	Dividend
0.30	0.30	1.06	0.70	0.64	0.62	per share of common stock
0.32	0.32	1.08	0.72	0.66	0.64	per share of preferred stock

**BMW AG**

## Financial Calendar

Annual Accounts Press Conference ————— 19 March 2014  
Analyst and Investor Conference ————— 20 March 2014  
Quarterly Report to 31 March 2014 ————— 6 May 2014  
Annual General Meeting ————— 15 May 2014  
Quarterly Report to 30 June 2014 ————— 5 August 2014  
Quarterly Report to 30 September 2014 ————— 4 November 2014

Annual Report 2014 ————— 18 March 2015  
Annual Accounts Press Conference ————— 18 March 2015  
Analyst and Investor Conference ————— 19 March 2015  
Quarterly Report to 31 March 2015 ————— 6 May 2015  
Annual General Meeting ————— 13 May 2015  
Quarterly Report to 30 June 2015 ————— 4 August 2015  
Quarterly Report to 30 September 2015 ————— 3 November 2015

**BMW AG**

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**The BMW Group on the Internet** 

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**PUBLISHED BY**  
Bayerische Motoren Werke  
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80788 Munich  
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