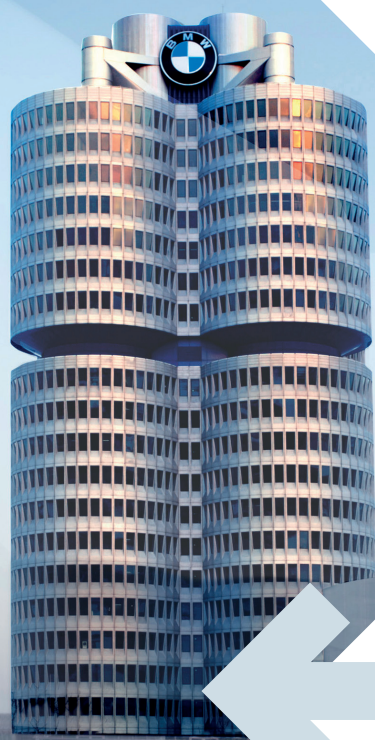


# QUARTERLY REPORT

TO 31 MARCH 2013



**Q1** — 31 March 2013

**BMW  
GROUP**



**Rolls-Royce**  
Motor Cars Limited

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|                                               |           | 1st quarter 2013 | 1st quarter 2012         | Change in % |
|-----------------------------------------------|-----------|------------------|--------------------------|-------------|
| <b>Automotive segment</b>                     |           |                  |                          |             |
| <b>Sales volume<sup>1</sup></b>               |           |                  |                          |             |
| BMW                                           | units     | 381,404          | 356,548                  | 7.0         |
| MINI                                          | units     | 66,154           | 68,210                   | -3.0        |
| Rolls-Royce                                   | units     | 642              | 770                      | -16.6       |
| <b>Total</b>                                  |           | <b>448,200</b>   | <b>425,528</b>           | <b>5.3</b>  |
| <b>Production<sup>1</sup></b>                 |           |                  |                          |             |
| BMW                                           | units     | 410,926          | 378,024                  | 8.7         |
| MINI                                          | units     | 70,449           | 82,129                   | -14.2       |
| Rolls-Royce                                   | units     | 787              | 747                      | 5.4         |
| <b>Total</b>                                  |           | <b>482,162</b>   | <b>460,900</b>           | <b>4.6</b>  |
| <b>Motorcycles segment</b>                    |           |                  |                          |             |
| <b>Sales volume<sup>2</sup></b>               |           |                  |                          |             |
| BMW                                           | units     | 24,732           | 24,373                   | 1.5         |
| <b>Production<sup>3</sup></b>                 |           |                  |                          |             |
| BMW                                           | units     | 35,221           | 34,364                   | 2.5         |
| <b>Financial Services segment</b>             |           |                  |                          |             |
| New contracts with retail customers           |           | 340,328          | 305,984                  | 11.2        |
| <b>Workforce to 31 March<sup>4</sup></b>      |           |                  |                          |             |
| BMW Group                                     |           | 106,470          | 101,260                  | 5.1         |
| <b>Financial figures</b>                      |           |                  |                          |             |
| <b>Operating cash flow Automotive segment</b> | € million | <b>1,968</b>     | <b>2,184<sup>5</sup></b> | <b>-9.9</b> |
| <b>Revenues</b>                               | € million | <b>17,546</b>    | <b>18,293</b>            | <b>-4.1</b> |
| — Automotive                                  | € million | 15,907           | 16,159                   | -1.6        |
| — Motorcycles                                 | € million | 436              | 448                      | -2.7        |
| — Financial Services                          | € million | 4,830            | 4,800                    | 0.6         |
| — Other Entities                              | € million | 1                | 1                        | -           |
| — Eliminations                                | € million | -3,628           | -3,115                   | -16.5       |
| <b>Profit before financial result (EBIT)</b>  | € million | <b>2,039</b>     | <b>2,134<sup>6</sup></b> | <b>-4.5</b> |
| — Automotive                                  | € million | 1,582            | 1,880 <sup>6</sup>       | -15.9       |
| — Motorcycles                                 | € million | 51               | 37                       | 37.8        |
| — Financial Services                          | € million | 450              | 426                      | 5.6         |
| — Other Entities                              | € million | 17               | 13                       | 30.8        |
| — Eliminations                                | € million | -61              | -222                     | 72.5        |
| <b>Profit before tax</b>                      | € million | <b>2,003</b>     | <b>2,080<sup>6</sup></b> | <b>-3.7</b> |
| — Automotive                                  | € million | 1,516            | 1,822 <sup>6</sup>       | -16.8       |
| — Motorcycles                                 | € million | 50               | 37                       | 35.1        |
| — Financial Services                          | € million | 449              | 434                      | 3.5         |
| — Other Entities                              | € million | 67               | -19 <sup>6</sup>         | -           |
| — Eliminations                                | € million | -79              | -194                     | 59.3        |
| <b>Income taxes</b>                           | € million | <b>-691</b>      | <b>-728<sup>6</sup></b>  | <b>5.1</b>  |
| <b>Net profit</b>                             | € million | <b>1,312</b>     | <b>1,352<sup>6</sup></b> | <b>-3.0</b> |
| <b>Earnings per share<sup>7</sup></b>         | €         | <b>1.99/1.99</b> | <b>2.05/2.05</b>         | <b>-2.9</b> |

<sup>1</sup> Including the BMW Brilliance joint venture.

<sup>2</sup> Husqvarna, 1,110 motorcycles (until 5 March 2013); 2,642 motorcycles (2012).

<sup>3</sup> Husqvarna, 1,569 motorcycles (until 5 March 2013); 3,361 motorcycles (2012).

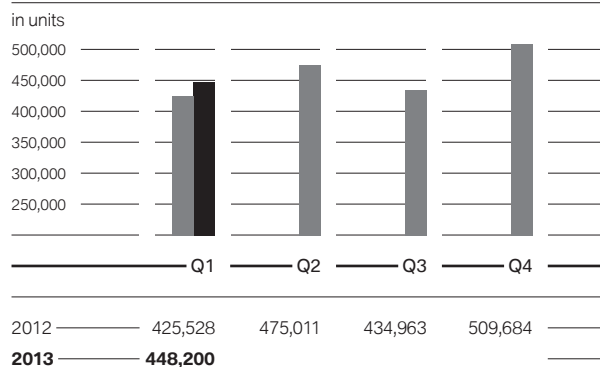
<sup>4</sup> Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

<sup>5</sup> Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

<sup>6</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

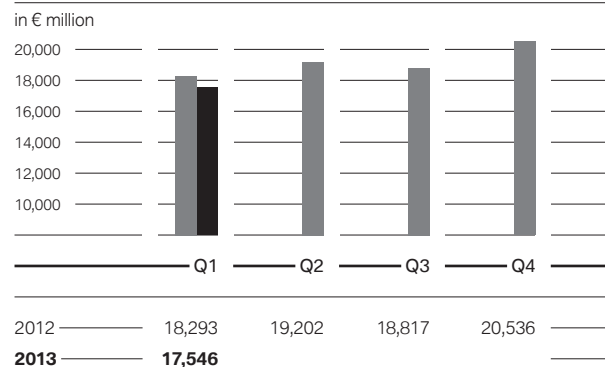
<sup>7</sup> Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

### Sales volume of automobiles\*

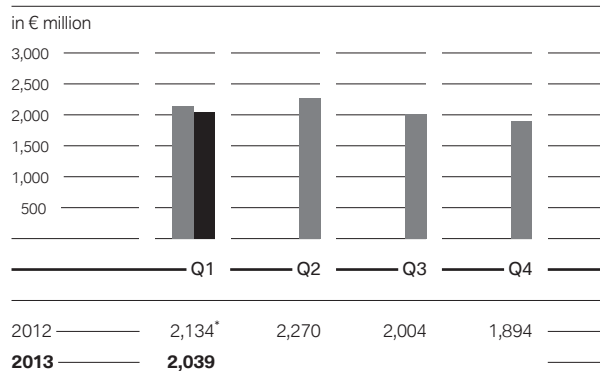


\* Including the BMW Brilliance joint venture.

### Revenues

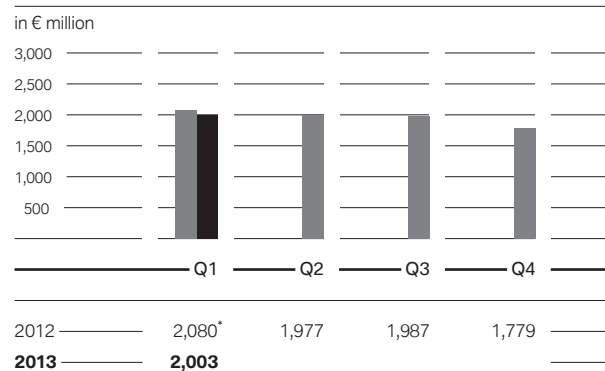


### Profit before financial result



\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

### Profit before tax



\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

## INTERIM GROUP MANAGEMENT REPORT

### The BMW Group – an Overview

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#### BMW Group starts the new financial year well

Despite the increasingly uncertain political and economic climate, the BMW Group remained firmly on track throughout the first quarter of 2013 and again surpassed the previous year's first-quarter record figure by selling a total of 448,200<sup>1</sup> vehicles (2012: 425,528<sup>1</sup> vehicles; +5.3 %). The BMW brand started the year particularly well, achieving a new first-quarter sales volume record with 381,404<sup>1</sup> units sold (2012: 356,548<sup>1</sup> units; +7.0 %). At 66,154 units, first-quarter sales of the MINI were very slightly down on the previous year's record figure (2012: 68,210 units; –3.0 %). Rolls-Royce handed over the keys to 642 luxury vehicles to customers during the first three months of the year (2012: 770 units; –16.6 %).

Despite operating in a predominantly contracting market, the Motorcycles segment performed well during the reporting period, selling a total of 24,732 BMW motorcycles over the three-month period (2012: 24,373 units) and surpassing the previous year's figure by 1.5 %.

The Financial Services segment benefited from current developments in the automobile sector and made a fine start to the year. A total of 340,328 new lease and credit financing contracts were concluded with retail customers during the first three months of the year (2012: 305,984 contracts; +11.2 %). At 31 March 2013 the segment was managing a portfolio of 3,905,891 lease and credit financing contracts with retail customers and dealers worldwide (2012: 3,646,111 contracts; +7.1 %).

#### Revenues and earnings<sup>2</sup> at high levels

Group revenues also remained at a high level in the first quarter, thanks to the good sales volume performance, and totalled €17,546 million (2012: €18,293 million; –4.1 %). Expenditure for future technologies, increasingly tough competition and higher personnel expenses continued to put pressure on earnings. Despite these circumstances, the Group achieved a first-quarter EBIT of €2,039 million, practically equalling the previous year's all-time high figure (2012: €2,134 million; –4.5 %). Group net profit for the period amounted to €2,003 million (2012: €2,080 million; –3.7 %).

First-quarter revenues for the Automotive segment came in at €15,907 million and were thus marginally lower than one year earlier (2012: €16,159 million; –1.6 %). Segment EBIT fell to €1,582 million (2012: €1,880 million; –15.9 %) and segment profit before tax to €1,516 million (2012: €1,822 million; –16.8 %), influenced in both cases by expenditure for future technologies, increased competition and the regional sales mix.

Revenues in the Motorcycles segment totalled €436 million for the first quarter (2012: €448 million; –2.7 %). EBIT, however, improved by more than one third to €51 million (2012: €37 million; +37.8 %), with profit before tax increasing on a similar scale to €50 million (2012: €37 million; +35.1 %).

Financial Services business developed extremely positively, with both revenues and segment profit at record levels. First-quarter revenues amounted to €4,830 million and were thus marginally ahead of the previous year's high figure (2012: €4,800 million; +0.6 %). EBIT improved by 5.6 % to reach €450 million (2012: €426 million) and profit before tax rose by 3.5 % to €449 million (2012: €434 million).

#### Workforce increased

At 31 March 2013 the BMW Group had a worldwide workforce of 106,470 employees (2012: 101,260 employees; +5.1 %). The increase was mainly attributable to the unbroken strong demand for BMW Group cars on the one hand and the establishing of the network for electromobility on the other.

#### New models and concept studies on display at spring trade fairs

The BMW Group presented numerous new models at the trade fairs in Detroit, Geneva and Shanghai held early in the year. The model revision of the BMW Z4 has been available since March and the new M6 Gran Coupé will be launched on the markets in June. The new BMW 3 Series Gran Turismo will be available from mid-2013 onwards, making its debut as the 3 Series' third body variant. The presentation of the BMW Concept 4 Series Coupé provided the public with a foretaste of new developments in store for the second half of 2013.

A seventh model was added to the MINI brand range in March 2013 in the form of the MINI Paceman. This is the first Sports Activity Coupé to appear in the segment for compact premium vehicles and continues in the brand's tradition of adding new vehicle concepts to its range of models. Rolls-Royce Motor Cars presented the world debut of the Wraith at the Geneva Car Show, the most powerful Rolls-Royce ever built. The Wraith has a unique design and will be unleashed towards the end of 2013.

In February, the Motorcycles segment saw the launch of the new F 800 GT and a number of other special models (R 1200 R, R 1200 RT and R 1200 GS Adventure) to mark BMW Motorrad's 90-year anniversary. This was followed in March by the entrance of the new R 1200 GS, BMW Motorrad's most successful motorcycle to date, which sets new standards for long-distance enduros.

<sup>1</sup> Including the BMW Brilliance joint venture.

<sup>2</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

## INTERIM GROUP MANAGEMENT REPORT

### General Economic Environment

#### Car markets continue to perform divergently

Car markets grew by only 1.0% worldwide in the first quarter of 2013 compared to one year earlier. Business continued to grow in some regions, such as the USA and China, while markets in Europe and Japan suffered sharp drops in demand.

Despite uncertainties caused by the prospect of future fiscal consolidation, the US market remained buoyant and grew by 6.4% compared to the first quarter last year. The average age of vehicles on its roads has risen continuously as a result of lower consumer spending caused by the economic and financial crisis in 2008 and is creating robust demand as the need to replace ageing vehicles becomes more urgent.

This trend contrasts starkly with Europe, where the impact of the euro crisis caused demand to slump by 9.8% overall during the first three months of the year. Not only did Italy (–12.8%), France (–14.3%) and Spain (–11.5%) see double-digit drops; demand in Germany also fell by 12.9% compared to the same quarter last year. The only major country to report an increase in new car registrations was the United Kingdom (+7.4%).

The car market in Japan was 10.0% down, coming after a year of exceptionally high demand in 2012 caused by a catch-up effect in the wake of the catastrophe in Fukushima in 2011.

China remained the world's largest car market in the first quarter of 2013 and grew by 22.4% amid very positive sentiment indicators. The Russian market stagnated at a growth rate of only 0.3%. Car registrations in Brazil were at a similar level to the previous year (+2.2%), partly reflecting the impact of increased taxes on industrial products introduced in February.

#### Motorcycle markets mostly down

The 500 cc plus class segment of the world's motorcycle markets in the first quarter was 17.3% down on the previous year. The negative trend seen in Europe in recent years continued unabated, exacerbated by the impact of an unusually long winter (–22.5%). The German market contracted by 15.2%. Double-digit decreases were also recorded in the United Kingdom (–13.8%), France (–25.0%), Spain (–31.7%) and Italy (–35.5%). Sales of motorcycles in the USA were also down on the previous year (–17.3%). The Brazilian market contracted by 11.6%. The only country to register an increase was Japan, where the market grew by 11.4%.

#### Financial markets remain volatile

High sovereign debt levels, rising unemployment and economic problems in southern Europe all point to a continuation of the crisis in Europe. The prevailing uncertainty is a constant source of fluctuation on international financial markets, in some cases on quite a dramatic scale, as seen most recently with the Cyprus crisis.

The European Central Bank left reference interest rates unchanged during the first quarter of 2013. Reference rates also remained at historical lows in the USA, Japan and the UK. On the whole, risk spreads were at low levels throughout the reporting period.

Credit business was largely stable compared to the situation one year earlier. Nonetheless, the situation in southern European countries remains difficult due to ongoing uncertainty regarding economic prospects in this region.

Used car markets performed robustly during the first quarter of 2013, the principal exception being southern Europe, where demand remained weak.

# INTERIM GROUP MANAGEMENT REPORT

## Automotive

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### Sales volume increase for the BMW Group

In total, 448,200<sup>1</sup> BMW, MINI and Rolls-Royce brand cars were sold during the first quarter 2013, 5.3 % more than one year earlier (2012: 425,528<sup>1</sup> units), and the highest number ever sold in a first quarter in the Group's history. With a sales volume of 381,404<sup>1</sup> units, the BMW brand also recorded a new high for a first quarter, surpassing the previous year's three-month figure by 7.0 % (2012: 356,548<sup>1</sup> units). We additionally sold 66,154 MINI brand (2012: 68,210 units; – 3.0 %) and 642 Rolls-Royce brand vehicles (2012: 770 units; – 16.6 %) during the period under report.

### Growth across all regions

Sales volume increases in Europe (207,243 units; + 3.1 %), the Americas (96,488 units; + 5.0 %) and Asia (130,219<sup>1</sup> units; + 9.5 %) all contributed to evenly balanced growth for the BMW Group. At 63,419 units, sales in Germany during the first three months of the year edged up by 0.6 % compared to the previous year. The Group registered particularly strong growth in Great Britain, with a total of 45,757 units sold (+ 17.4 %). Good growth was also achieved in Russia (9,394 units; + 21.0 %). By contrast, sales figures for Italy (16,006 units; – 5.1 %) and France (15,343 units; – 7.4 %) were down on the previous year.

The number of cars sold in the USA went up by 4.2 % to 79,117 units. An increase was also recorded in China

with 86,224<sup>1</sup> units (+ 7.5 %). In Japan, the number of cars sold rose by 7.2 % to 15,007 units.

### New quarterly sales volume record for BMW brand<sup>1</sup>

The first quarter also saw a new record sales volume for the BMW brand (381,404 units; + 7.0 %), enabling us to retain market leadership in the premium segment. The BMW X1, BMW 3, 5 and 7 Series all asserted their leading positions in their various segments.

Sales of the BMW 1 Series totalled 53,906 units, almost equalling the previous year's level (– 0.5 %). During the quarter ended 31 March 2013 we sold 109,309 units of the BMW 3 Series, a jump of 19.9 % compared to the previous year. 85,731 BMW 5 Series vehicles were delivered to customers worldwide (+ 4.3 %). Sales of the BMW 6 Series rose sharply to 6,174 units (+ 32.7 %). The BMW 7 Series was handed over to 12,390 customers (– 30.3 %). The number of BMW Z4 sold fell to 2,982 units (– 28.0 %).

The various models of the BMW X family enjoyed strong demand during the first quarter of 2013, with sales of the BMW X1 surging by 27.6 % to 37,680 units and sales of the BMW X3 (36,189 units) and the BMW X5 (27,274 units) up in each case by 2.7 %. The BMW X6's first-quarter sales volume figure fell by 11.6 % to 9,769 units.

## Automotive

|                                       |           | 1st quarter 2013 | 1st quarter 2012   | Change in % |
|---------------------------------------|-----------|------------------|--------------------|-------------|
| Sales volume <sup>1</sup>             | units     | 448,200          | 425,528            | 5.3         |
| Production <sup>1</sup>               | units     | 482,162          | 460,900            | 4.6         |
| Revenues                              | € million | 15,907           | 16,159             | – 1.6       |
| Profit before financial result (EBIT) | € million | 1,582            | 1,880 <sup>2</sup> | – 15.9      |
| Profit before tax                     | € million | 1,516            | 1,822 <sup>2</sup> | – 16.8      |
| Workforce to 31 March                 |           | 97,210           | 92,252             | 5.4         |

<sup>1</sup> Including the BMW Brilliance joint venture.

<sup>2</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.



## Sales volume of BMW vehicles by model variant\*

in units

|                     | 1st quarter 2013 | 1st quarter 2012 | Change in %  |
|---------------------|------------------|------------------|--------------|
| <b>BMW 1 Series</b> |                  |                  |              |
| Three-door          | 8,133            | 2,400            | -            |
| Five-door           | 38,967           | 41,626           | -6.4         |
| Coupé               | 3,715            | 5,717            | -35.0        |
| Convertible         | 3,091            | 4,417            | -30.0        |
|                     | <b>53,906</b>    | <b>54,160</b>    | <b>-0.5</b>  |
| <b>BMW 3 Series</b> |                  |                  |              |
| Sedan               | 78,094           | 63,077           | 23.8         |
| Touring             | 21,549           | 14,603           | 47.6         |
| Coupé               | 5,127            | 7,302            | -29.8        |
| Convertible         | 4,539            | 6,207            | -26.9        |
|                     | <b>109,309</b>   | <b>91,189</b>    | <b>19.9</b>  |
| <b>BMW 5 Series</b> |                  |                  |              |
| Sedan               | 68,376           | 61,345           | 11.5         |
| Touring             | 12,402           | 14,321           | -13.4        |
| Gran Turismo        | 4,953            | 6,565            | -24.6        |
|                     | <b>85,731</b>    | <b>82,231</b>    | <b>4.3</b>   |
| <b>BMW 6 Series</b> |                  |                  |              |
| Coupé               | 1,567            | 2,384            | -34.3        |
| Convertible         | 1,334            | 2,267            | -41.2        |
| Gran Coupé          | 3,273            | -                | -            |
|                     | <b>6,174</b>     | <b>4,651</b>     | <b>32.7</b>  |
| <b>BMW 7 Series</b> |                  |                  |              |
|                     | <b>12,390</b>    | <b>17,786</b>    | <b>-30.3</b> |
| <b>BMW X1</b>       |                  |                  |              |
|                     | <b>37,680</b>    | <b>29,532</b>    | <b>27.6</b>  |
| <b>BMW X3</b>       |                  |                  |              |
|                     | <b>36,189</b>    | <b>35,248</b>    | <b>2.7</b>   |
| <b>BMW X5</b>       |                  |                  |              |
|                     | <b>27,274</b>    | <b>26,563</b>    | <b>2.7</b>   |
| <b>BMW X6</b>       |                  |                  |              |
|                     | <b>9,769</b>     | <b>11,048</b>    | <b>-11.6</b> |
| <b>BMW Z4</b>       |                  |                  |              |
|                     | <b>2,982</b>     | <b>4,140</b>     | <b>-28.0</b> |
| <b>BMW total</b>    | <b>381,404</b>   | <b>356,548</b>   | <b>7.0</b>   |

\* Including the BMW Brilliance joint venture.

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### Paceman added to MINI model range

The Paceman became the seventh model within the MINI family in mid-March 2013 and had notched up 729 units sold by the end of the period under report. The MINI Roadster recorded sales volume of 2,288 units, more than twice the number sold in the corresponding period last

year (2012: 980 units). Sales of the MINI Countryman climbed by 7.1 % to 23,559 units, whereas the Hatch (29,519 units; –3.8 %), the Convertible (4,165 units; –30.2 %), the Clubman (3,951 units; –28.7 %) and the Coupé (1,943 units; –35.9 %) all recorded lower sales volumes than one year earlier.

#### Sales volume of MINI vehicles by model variant

in units

|                         | 1st quarter 2013 | 1st quarter 2012 | Change in %  |
|-------------------------|------------------|------------------|--------------|
| <b>MINI Hatch</b>       | <u>29,519</u>    | <u>30,692</u>    | <u>–3.8</u>  |
| <b>MINI Convertible</b> | <u>4,165</u>     | <u>5,969</u>     | <u>–30.2</u> |
| <b>MINI Clubman</b>     | <u>3,951</u>     | <u>5,539</u>     | <u>–28.7</u> |
| <b>MINI Countryman</b>  | <u>23,559</u>    | <u>22,001</u>    | <u>7.1</u>   |
| <b>MINI Coupé</b>       | <u>1,943</u>     | <u>3,029</u>     | <u>–35.9</u> |
| <b>MINI Roadster</b>    | <u>2,288</u>     | <u>980</u>       | <u>–</u>     |
| <b>MINI Paceman</b>     | <u>729</u>       | <u>–</u>         | <u>–</u>     |
| <b>MINI total</b>       | <u>66,154</u>    | <u>68,210</u>    | <u>–3.0</u>  |

### Rolls-Royce announces new model

Rolls-Royce Motor Cars will be adding the Wraith to its model range towards the end of the year. The Rolls-Royce Phantom performed robustly with 108 units sold during the first three months of the year (–4.4 %). We handed

over 47 units of the Phantom Coupé (including the Drophead Coupé) during the period under report, 14.6 % more than in the previous year. 487 customers took delivery of the Rolls-Royce Ghost (–20.9 %).

#### Sales volume of Rolls-Royce vehicles by model variant

in units

|                                                | 1st quarter 2013 | 1st quarter 2012 | Change in %  |
|------------------------------------------------|------------------|------------------|--------------|
| <b>Rolls-Royce</b>                             |                  |                  |              |
| Phantom (including Phantom Extended Wheelbase) | <u>108</u>       | <u>113</u>       | <u>–4.4</u>  |
| Coupé (including Drophead Coupé)               | <u>47</u>        | <u>41</u>        | <u>14.6</u>  |
| Ghost                                          | <u>487</u>       | <u>616</u>       | <u>–20.9</u> |
| <b>Rolls-Royce total</b>                       | <u>642</u>       | <u>770</u>       | <u>–16.6</u> |



### **Car production increased**

In total, 482,162<sup>1</sup> BMW, MINI and Rolls-Royce brand cars were manufactured during the period from January to March (2012: 460,900<sup>1</sup> units; + 4.6 %). This figure included 410,926<sup>1</sup> BMW brand vehicles (2012: 378,024<sup>1</sup> units; + 8.7 %) and 70,449 MINI brand vehicles (2012: 82,129 units; – 14.2 %). The sharp decrease in MINI sales was caused by renovation work carried out at the Oxford plant over a period of four weeks. In addition, Rolls-Royce Motor Cars manufactured 787 vehicles (2012: 747 vehicles; + 5.4 %) during the first quarter.

### **Revenues and earnings<sup>2</sup> at high levels**

First-quarter revenues in the Automotive segment amounted to €15,907 million and were thus at a similar scale to the previous year's high level (2012: €16,159 million; – 1.6 %). Segment EBIT amounted to €1,582 million (2012: €1,880 million; – 15.9 %), while profit before tax totalled €1,516 million (2012: €1,822 million; – 16.8 %).

### **Automotive segment workforce increased**

At 31 March 2013, the Automotive segment had 97,210 employees, 5.4 % more than one year earlier (2012: 92,252 employees).

<sup>1</sup> Including the BMW Brilliance joint venture.

<sup>2</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

# INTERIM GROUP MANAGEMENT REPORT

## Motorcycles

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### Motorcycle sales volume increased

The number of BMW motorcycles sold worldwide during the first quarter 2013 grew by 1.5 % to 24,732 units (2012: 24,373<sup>1</sup> units), marking the best first quarter in the history of BMW Motorrad. Sales volume figures developed divergently from one country to the next.

In Europe, the number of motorcycles sold fell by 8.9 % to 14,300 units, with sales figures down in all countries due to the long winter. The German market saw a moderate 2.1 % decrease in sales volume to 4,309 units, while in Italy, sales slumped by 19.3 % to 2,454 units. Volume drops were also recorded in France (2,240 units; –8.2 %), Great Britain (1,235 units; –10.6 %) and Spain (921 units; –20.7 %).

The number of motorcycles sold in the USA during the first quarter rose by 13.9 % to 3,259 units. Sales in Brazil went up by 5.5 % to 1,543 units. Motorcycle sales in Japan increased by 24.4 % to 770 units.

### Motorcycle production volume expanded

A total of 35,221 BMW brand motorcycles rolled off the production lines during the three-month period under report (2012: 34,364<sup>2</sup> units), a 2.5 % increase compared with the previous year.

### Sharp improvement in earnings

Helped by a good first-quarter sales volume performance, segment revenues totalled €436 million and were therefore not far short of the previous year's figure (2012:

€448 million; –2.7 %). EBIT improved by more than one third to €51 million to become the best result ever recorded for a first quarter by the Motorcycles segment (2012: €37 million; +37.8 %). This was also the case for the segment profit before tax, which increased to €50 million (2012: €37 million; +35.1 %).

### Workforce size reduced

The BMW Group employed 2,742 people in the Motorcycles segment at 31 March 2013, a decrease of 7.3 % compared to the end of the previous financial year owing to the sale of Husqvarna Motorcycles.

### Realigned strategy for Motorcycles business

Under the realigned strategy adopted for the Motorcycles segment, the BMW Group intends to focus on the strengths of the BMW brand. Pierer Industrie AG, Austria, acquired Husqvarna Motorcycles with effect from 6 March 2013 following receipt of approval for the transaction from the Austrian Merger Control Authorities.

## Motorcycles

|                                       |           | 1st quarter 2013 | 1st quarter 2012 | Change in % |
|---------------------------------------|-----------|------------------|------------------|-------------|
| Sales volume BMW <sup>1</sup>         | units     | 24,732           | 24,373           | 1.5         |
| Production BMW <sup>2</sup>           | units     | 35,221           | 34,364           | 2.5         |
| Revenues                              | € million | 436              | 448              | –2.7        |
| Profit before financial result (EBIT) | € million | 51               | 37               | 37.8        |
| Profit before tax                     | € million | 50               | 37               | 35.1        |
| Workforce to 31 March                 |           | 2,742            | 2,957            | –7.3        |

<sup>1</sup> Husqvarna, 1,110 motorcycles (until 5 March 2013); 2,642 motorcycles (2012).

<sup>2</sup> Husqvarna, 1,569 motorcycles (until 5 March 2013); 3,361 motorcycles (2012).

## INTERIM GROUP MANAGEMENT REPORT

### Financial Services

#### Strong performance continues in first quarter 2013

The Financial Services segment continued to perform well during the first quarter 2013. With a portfolio of 3,905,891 contracts, the number of lease and financing contracts in place with dealers and retail customers at the end of the three-month period was 7.1 % up on one year earlier (2012: 3,646,111 contracts). Business volume in balance sheet terms rose by 2.0 % and stood at €82,595 million at the end of the reporting period (2012: €80,974 million).

#### New business grows strongly

A total of 340,328 new lease and financing contracts were concluded with retail customers during the first three months of the year, an increase of 11.2 % compared to the same quarter last year (2012: 305,984 contracts), with leasing business up by 9.6 % and credit financing by 12.1 %. As a percentage of total new business, leasing accounted for approximately one third (33.8 %) and credit financing for two thirds (66.2 %).

The proportion of new BMW Group cars leased or financed by the Financial Services segment during the quarter increased to 44.2 % (2012: 38.2 %; + 6.0 percentage points). The sharp rise in new business was mainly attributable to positive developments in the USA.

The used car financing line of business registered a 3.6 % rise in the number of contracts entered into for BMW and MINI brand cars, with 74,767 new contracts signed in the period from January to March 2013 (2012: 72,143 contracts).

The total value of all new lease and financing contracts concluded with retail customers in this period amounted to €9,174 million (2012: €8,274 million; + 10.9 %).

The strong growth in new business had a positive impact on the overall size of the contract portfolio with retail customers. Overall, 3,595,511 retail business contracts were being managed at 31 March 2013 (2012: 3,365,056 contracts), 6.8 % more than one year earlier. The portfolio of contracts on hand grew by 9.6 % in the Europe/Middle East region, by 5.3 % in the Americas region and by 1.3 % for the EU bank. The Asia/Pacific region reported particularly dynamic growth and the portfolio of contracts here grew by 24.4 %.

#### Fleet business remains on growth course

In its international multi-brand fleet business, which operates under the brand name "Alphabet", the BMW Group offers a wide range of sustainable solutions to its customers. The total portfolio of fleet-related contracts

### Financial Services

|                                       |           | 1st quarter 2013 | 1st quarter 2012 | Change in % |
|---------------------------------------|-----------|------------------|------------------|-------------|
| New contracts with retail customers   |           | 340,328          | 305,984          | 11.2        |
| Revenues                              | € million | 4,830            | 4,800            | 0.6         |
| Profit before financial result (EBIT) | € million | 450              | 426              | 5.6         |
| Profit before tax                     | € million | 449              | 434              | 3.5         |
| Workforce to 31 March                 |           | 6,390            | 5,929            | 7.8         |

|                                         |           | 31.3.2013 | 31.12.2012 | Change in % |
|-----------------------------------------|-----------|-----------|------------|-------------|
| Business volume in balance sheet terms* | € million | 82,595    | 80,974     | 2.0         |

\* calculated on the basis of the Financial Services segment balance sheet

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went up by 5.9% to stand at 508,560 contracts at 31 March 2013 (2012: 480,348 contracts), thus consolidating Alphabet's firm position among the top four providers in Europe.

#### **Sharp rise in multi-brand financing**

Multi-brand financing volumes increased sharply again, with a total of 43,970 new contracts signed during the first quarter, surpassing the previous year's equivalent figure by 16.7% (2012: 37,691 contracts). The total number of contracts in this line of business grew accordingly by 11.2% to 427,942 contracts (2012: 384,834 contracts).

#### **Increased dealer financing volumes**

In addition to retail customer financing, the Financial Services segment also offers a range of financing products to the BMW Group's dealer organisation. The volume of this business during the three-month period totalled €12,866 million (2012: €11,317 million; +13.7%).

#### **Deposit business up on previous year**

Deposit business constitutes an important source of refinancing for the BMW Group. The deposit volume worldwide grew by 3.1% during the period under report and totalled €13,428 million at 31 March 2013 (2012: €13,018 million).

#### **Insurance business on growth course**

Business with insurance products grew significantly during the period from January to March, with the number of new contracts rising by 13.1% to 245,919 and the total portfolio increasing to 2,341,448 contacts (2012: 2,053,170 contracts; +14.0%).

#### **Revenues and earnings at record levels**

First-quarter revenues amounted to €4,830 million and were thus marginally ahead of the previous year's record figure (2012: €4,800 million; +0.6%). Earnings also reached new heights, with EBIT up by 5.6% to €450 million (2012: €426 million) and profit before tax up by 3.5% to €449 million (2012: €434 million).

#### **Workforce increased**

At 31 March 2013, the Financial Services segment had 6,390 employees, 7.8% more than one year earlier (2012: 5,929 employees).

## INTERIM GROUP MANAGEMENT REPORT

BMW Group – Capital Market Activities in the first quarter 2013

### BMW stock in the first quarter 2013

Generally speaking, the new stock exchange year started well. Political uncertainties in the wake of the Italian elections and the risk of state bankruptcy in Cyprus have increasingly cast a shadow over the markets as the year has progressed.

The upward trend of the German stock index (DAX) continued throughout most of the first quarter 2013 and, at 8,074 points, came close to its all-time high of 8,151 points. The index lost ground again, however, towards the end of the quarter and closed on 28 March 2013 at 7,795 points, 2.4 % higher than at the end of the trading year 2012. The Prime Automobile Performance Index also started the year well, but, ultimately, finished the quarter 2.6 % down at 950 points.

Similarly, BMW stock got off to a flying start. BMW common stock registered an all-time high of €76.16 on the first day of trading in the new financial year and repeated the feat on 28 January. However, after all the positive developments seen in the previous year and during the early part of 2013, BMW common stock lost some of its initial gains and closed on 28 March 2013 at €67.31, 7.7 % lower than at the end of the previous financial year. BMW preferred stock performed somewhat better and managed to gain 2.2 % to finish the quarter at €49.84, after seeing a new all-time high of €51.77 during the three-month period.

The US dollar gained ground against the euro during the period under report, finishing the quarter at US dollar

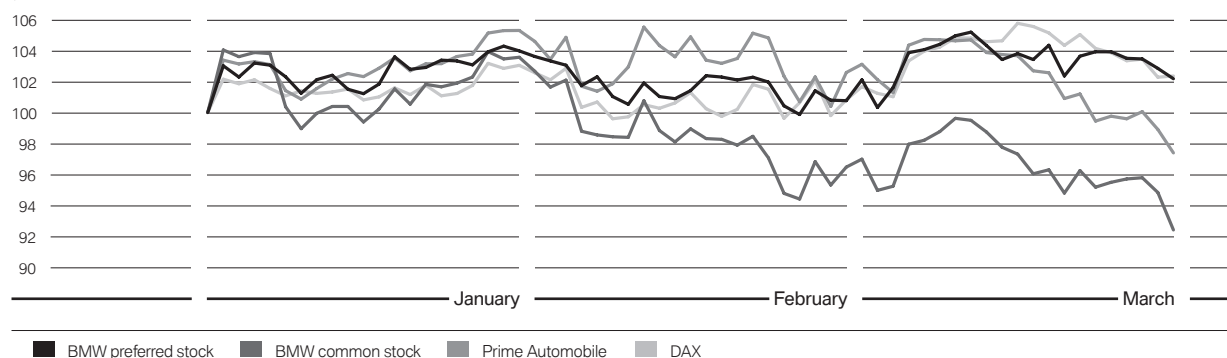
1.28 to the euro, gaining 2.9 % on the exchange rate prevailing at the end of 2012 (31 December 2012: US dollar 1.32 to the euro).

### Refinancing remains successful

The BMW Group uses a broadly diversified and flexible range of funding sources to finance its operating activities. Almost all of the funds raised are used to finance the BMW Group's Financial Services business. During the period from January to March 2013, the BMW Group issued two euro-benchmark bonds with a volume of €1.75 billion and a bond for 200 million Australian dollars as well as raising funds through private placements in various currencies with an approximate volume of €670 million. In addition, three ABS transactions totaling almost €1.5 billion were placed in the USA, Japan and Canada. The regular issue of commercial paper and funds received in conjunction with our deposit business are also used to refinance the BMW Group.

Development of BMW stock compared to stock exchange indices

(Index: 28.12.2012 = 100)



## INTERIM GROUP MANAGEMENT REPORT

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#### Earnings performance\*

First-quarter sales of BMW, MINI and Rolls-Royce brand cars increased by 5.3 % to 448,200 units.

The BMW Group recorded a net profit for the period of €1,312 million, which was €40 million lower than in the previous year. The post-tax return on sales was 7.5 % (2012: 7.4 %). Earnings per share of common and preferred stock were €1.99 and €1.99 respectively (2012: €2.05 and €2.05 respectively).

First-quarter group revenues decreased by 4.1 % to €17,546 million (2012: €18,293 million). Tougher competition and the higher level of revenues eliminated due to the increased volume of new leasing business contributed to this development. Excluding the effect of currency fluctuations, revenues were down 3.1 % on the previous year.

External revenues from the sale of BMW, MINI and Rolls-Royce brand cars fell by 5.8 %. Motorcycles business revenues were 2.0 % down on the previous year. Revenues generated with Financial Services operations increased by 1.0 %. As in the previous year, no revenues arose in the “Other Entities” segment.

First-quarter cost of sales amounted to €13,967 million and were thus 3.9 % lower than in the previous year. Overall, the gross profit fell by 4.9 %. The gross profit margin for the quarter was 20.4 % (2012: 20.6 %).

The gross profit margin recorded by the Automotive segment was 18.1 % (2012: 20.2 %) and that of the Motorcycles segment was 21.1 % (2012: 17.9 %). The gross profit margin of the Financial Services segment improved from 13.3 % to 13.9 %.

Research and development costs went up by 1.6 % to €988 million, driven by continued development activities for new products and technologies, and increased as a proportion of revenues by 0.3 percentage points to 5.6 % (2012: 5.3 %). Research and development expenses include amortisation of capitalised development costs amounting to €275 million (2012: €301 million). Total re-

search and development expenditure amounted to €953 million (2012: €862 million). This figure comprises research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs. The research and development expenditure ratio for the first quarter 2013 was therefore 5.4 % (2012: 4.7 %). The proportion of development costs recognised as assets was 25.2 % (2012: 22.2 %).

Selling and administrative expenses went down by 2.8 % compared to the same quarter last year. One factor for this decrease was the lower amount incurred for market launches of new models in the two corresponding periods. The ratio of sales and administrative expenses to revenues was 9.1 % (2012: 8.9 %). Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €901 million (2012: €872 million).

The net income reported for other operating income and other operating expenses amounted to €48 million, an improvement of €44 million compared to the first quarter last year. Gains on the disposal of assets and income from the reversal of provisions had a positive impact on earnings.

As a result of the various factors referred to above, the profit before financial result for the first quarter 2013 amounted to €2,039 million (2012: €2,134 million).

The financial result was a net expense of €36 million, which represented an improvement of €18 million over the first quarter last year (2012: net expense of €54 million). This includes the result from equity accounted investments totalling €85 million (2012: €43 million), comprising the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the joint ventures with the SGL Carbon Group and the two DriveNow entities. Other financial result includes net fair value losses on commodity derivatives. Overall, other financial result deteriorated from a net expense of €47 million in the first quarter 2012 to a net expense of €85 million in the period under report. First-quarter net interest result improved by €14 million compared to one year earlier.

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

**Revenues by segment in the first quarter**

in € million

|                    | External<br>revenues |               | Inter-segment<br>revenues |          | Total<br>revenues |               |
|--------------------|----------------------|---------------|---------------------------|----------|-------------------|---------------|
|                    | 2013                 | 2012          | 2013                      | 2012     | 2013              | 2012          |
| Automotive         | 12,664               | 13,447        | 3,243                     | 2,712    | 15,907            | 16,159        |
| Motorcycles        | 432                  | 441           | 4                         | 7        | 436               | 448           |
| Financial Services | 4,450                | 4,405         | 380                       | 395      | 4,830             | 4,800         |
| Other Entities     | -                    | -             | 1                         | 1        | 1                 | 1             |
| Eliminations       | -                    | -             | -3,628                    | -3,115   | -3,628            | -3,115        |
| <b>Group</b>       | <b>17,546</b>        | <b>18,293</b> | <b>-</b>                  | <b>-</b> | <b>17,546</b>     | <b>18,293</b> |

Taking all these factors into consideration, the profit before tax decreased to €2,003 million (2012: €2,080 million). The pre-tax return on sales was 11.4 % (2012: 11.4 %).

Income tax expense amounted to €691 million (2012: €728 million), resulting in an effective tax rate of 34.5 % (2012: 35.0 %).

**Earnings performance by segment\***

Automotive segment revenues went down by 1.6 % to €15,907 million (2012: €16,159 million), while profit before tax for the quarter fell from €1,822 million to €1,516 million.

Revenues of the Motorcycles segment slipped by 2.7 % compared to the previous year and amounted to

**Profit before tax by segment in the first quarter**

in € million

|                          | 2013         | 2012*        |
|--------------------------|--------------|--------------|
| Automotive               | 1,516        | 1,822        |
| Motorcycles              | 50           | 37           |
| Financial Services       | 449          | 434          |
| Other Entities           | 67           | -19          |
| Eliminations             | -79          | -194         |
| <b>Profit before tax</b> | <b>2,003</b> | <b>2,080</b> |
| Income taxes             | -691         | -728         |
| <b>Net profit</b>        | <b>1,312</b> | <b>1,352</b> |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.



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€436 million for the three-month period. The pre-tax segment result improved by €13 million to €50 million.

Financial Services segment revenues grew by 0.6 % to €4,830 million. The pre-tax segment result increased by €15 million to €449 million (2012: €434 million).

The Other Entities segment recorded a pre-tax profit of €67 million (2012: pre-tax loss of €19 million), whereby the major improvement compared to the previous year related to the financial result.

#### Financial position\*

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the first quarters of 2013 and 2012, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group and segment net profit. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The BMW Group uses various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt, cash funds are also allocated internally in line with business requirements, including the use of dividends and similar transactions. In this context, it is possible that cash funds may be transferred from one segment to another. Up to the first quarter 2012, these cash inflows and outflows were reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of inter-segment transactions, the method of presentation was changed with effect from the second quarter 2012. Intragroup inter-segment dividends have been reported as part of cash flows from financing activities since the second quarter and similar transactions have been reported as such since the 2012 Group Financial Statements. The reclassification from operating activities to financing activities

\* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

resulted in the first quarter 2012 in a decrease (increase) in the operating cash flow of the Automotive segment (Financial Services segment). The figures for the first quarter 2012 were restated accordingly (impact in 2012: in the Automotive segment: decrease of €109 million; in the Financial Services segment: increase of €34 million).

The cash inflow from operating activities in the first quarter of 2013 decreased by €1,614 million to €677 million (2012: €2,291 million). This reduction was primarily caused by rises in leased products and receivables from sales financing totalling €1,124 million (2012: reduction of €55 million) in light of the good sales volume performance and an increase in working capital of €571 million (2012: decrease of €315 million).

The cash outflow for investing activities, at €1,588 million (2012: €967 million) was 64.2 % higher than in the previous year. This surge was primarily due to a €602 million increase in investments in intangible assets and property plant and equipment, which totalled €1,201 million in the first quarter 2013 (2012: €599 million). Net disbursements for marketable securities resulted in a cash outflow of €374 million (2012: €334 million).

Cash inflow from financing activities totalled €450 million (2012: €266 million). Proceeds from the issue of bonds totalled €2,575 million (2012: €5,677 million), compared with an outflow of €2,408 million (2012: €2,662 million) for the repayment of bonds. The change in other financial liabilities and commercial paper gave rise to a cash inflow of €283 million (2012: cash outflow of €2,749 million).

The cash outflow for investing activities exceeded cash inflow from operating activities in the first quarter 2013 by €911 million. In the same quarter last year there had been a surplus of €1,324 million.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group with a positive impact of €34 million in the first quarter 2013 (2012: negative impact of €17 million), the various cash flows resulted in a reduction in cash and cash equivalents of €427 million (2012: increase of €1,573 million).

The cash flow statement for the Automotive segment shows that the cash inflow from operating activities exceeded the cash outflow for investing activities by €164 million (2012: €1,242 million). Adjusted for net investments in marketable securities amounting to €464 million (2012: €284 million), mainly in conjunc-

tion with strategic liquidity planning, the excess amount was €628 million (2012: €1,526 million).

Free cash flow of the Automotive segment can be analysed as follows:

| in € million                             | 31.3.2013  | 31.3.2012*   |
|------------------------------------------|------------|--------------|
| Cash inflow from operating activities    | 1,968      | 2,184        |
| Cash outflow for investing activities    | -1,804     | -942         |
| Net investment in marketable securities  | 464        | 284          |
| <b>Free cash flow Automotive segment</b> | <b>628</b> | <b>1,526</b> |

\* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

The cash outflow for operating activities of the Financial Services segment is influenced primarily by cash flows relating to leased products and receivables from sales financing and totalled €116 million in the three-month period under report (2012: cash inflow of €365 million).

The cash inflow from investing activities totalled €94 million (2012: cash outflow of €53 million).

Net financial assets of the Automotive segment comprise the following:

| in € million                                   | 31.3.2013     | 31.12.2012    |
|------------------------------------------------|---------------|---------------|
| Cash and cash equivalents                      | 6,528         | 7,484         |
| Marketable securities and investment funds     | 2,680         | 2,205         |
| Intragroup net financial assets                | 6,884         | 5,862         |
| <b>Financial assets</b>                        | <b>16,092</b> | <b>15,551</b> |
| Less: external financial liabilities*          | -2,019        | -2,224        |
| <b>Net financial assets Automotive segment</b> | <b>14,073</b> | <b>13,327</b> |

\* excluding derivative financial instruments

### Net assets position\*

The Group balance sheet total increased by €2,777 million to stand at €134,612 million at 31 March 2013. Adjusted for changes in exchange rates, the balance sheet total increased by 1.7%.

The main factors behind the increase on the assets side of the balance sheet were non-current and current re-

ceivables from sales financing (1.8%), leased products (2.2%), inventories (8.6%), other assets (10.4%) and intangible assets (5.9%). This contrasted with decreases of €427 million and €380 million respectively in cash and cash equivalents and non-current financial assets compared to 31 December 2012.

Leased products as well as non-current and current receivables from sales financing increased by €539 million and €951 million respectively as a result of increased

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

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business volumes. Adjusted for changes in exchange rates, leased products went up by 1.6 % and receivables from sales financing by 1.4 %.

The carrying amount of inventories increased by €832 million compared to 31 December 2012. Adjusted for exchange rate factors, the increase was 7.9 %.

The higher level of other current assets relates primarily to receivables from participations and subsidiaries and prepayments.

At €5,512 million, the carrying amount of intangible assets was €305 million higher than at 31 December 2012. Capital expenditure for intangible assets during the first quarter 2013 amounted to €384 million (2012: €12 million) and includes the acquisition of licenses amounting to €378 million, which are being amortised on a straight-line basis over a period of six years. Amortisation on other intangible assets in the first quarter totalled €42 million (2012: €23 million).

On the equity and liabilities side of the balance sheet, the increase was due primarily to the increase in equity (3.9 %), non-current financial liabilities (3.0 %) and trade payables (6.6 %).

Group equity rose by €1,205 million to €31,811 million. The application of revised IAS 19 increased the opening balance of revenue reserves by €204 million. Profit attributable to shareholders of BMW AG amounting to €1,307 million increased equity. Currency translation differences reduced equity by €35 million. Deferred taxes on items recognised directly in equity had the effect of reducing equity by €21 million. Group equity increased by €302 million on account of remeasurements of net liability for defined benefit pension plans, primarily as a result of the higher discount rate used in Germany. Fair value measurement of derivative financial instruments (€363 million) and marketable securities (€9 million) had a negative impact on equity. Income and expenses relating to equity accounted investments and recognised directly in equity, net deferred tax, decreased equity by €36 million. Minority interests went up by €60 million.

Other non-current financial liabilities increased by €1,192 million to €40,287 million, mainly reflecting rises of €487 million and €549 million in bonds and asset-backed financing.

Overall, the earnings performance, financial position and net assets position of the BMW Group continued to develop positively during the quarter under report.

## INTERIM GROUP MANAGEMENT REPORT

### Risk Management Outlook

#### Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2012 (Annual Report, page 66 et seq.).

#### Risks for global economy remain high

The global economy is predicted to grow at an approximate rate of 2.0% in 2013. However, it is difficult to make an accurate forecast for the current year due to a number of issues, including rising public-sector debt levels in major industrialised countries, over-capacities in China and centres of conflict in the Middle East as well as in Asia.

Economic output in the euro zone is expected to fall slightly by 0.3%. The German economy is likely to grow at a modest rate of only 0.7%. Early indicators in France meanwhile point to a small drop (–0.2%) in gross domestic product. Expectations for Italy have deteriorated in the face of political uncertainty in the wake of parliamentary elections (–1.5%). Spain's economic output is also likely to see a continuation of the downward trend on a similar scale. The UK economy seems set to grow by 0.7% in 2013.

The moderate recovery in the USA is predicted to continue in 2013 with a growth rate of approximately 1.9%. Currently it looks as though the negative impact on purchasing power from tax increases and expenditure cuts will be largely neutralised by momentum coming from the employment and property markets. Overall, however, growth should progress at roughly the previous year's level, thus enabling the US economy to continue its upward trend.

The performance of the Japanese economy in 2013 will greatly depend on the policies adopted by the newly elected government. The outlook for the Japanese economy has improved in recent months (+1.1%), given the prospect of expansionary monetary and fiscal policies.

The Chinese economy is generally expected to regain some of its momentum and grow by 8.0% in the current year. Economic stimulus programmes are expected to make a significant contribution to the growth rate. High property price levels and over-capacities in the construction and heavy industries sectors nevertheless remain a risk for Chinese economic growth.

The Indian and Brazilian economies are expected to grow by 6.0% and 3.0% respectively. Russia's GDP is forecast to expand by 3.0%.

#### Car markets in 2013

The world's car markets are forecast to grow by approximately 3.4% in 2013, primarily driven by emerging markets.

The car market in the USA will continue to recover, growing at an approximate rate of 4.2% to 15.1 million units, still well below its long-term average.

The Chinese passenger car market is expected to grow by approximately 8.5% to 14.4 million units, roughly in line with the general economy, thanks to the positive climate for consumer spending.

The total number of new car registrations in Europe is forecast to drop to around 12.2 million units in 2013 (–2.3%). At 3.1 million units, the German market is likely to reach last year's level. The UK is also expected to repeat the previous year's performance, with 2.05 million new car registrations (+0.1%). The car market in France is expected to contract by approximately 4.1% to 1.8 million units. The drop in the forecast for Italy is now even more pronounced, due to the high degree of political uncertainty after the parliamentary elections. The number of new car registrations here is set to fall by 6.9% to 1.3 million units.

The car market in Japan is expected to return to a normal level of 4.9 million units in 2013 (–6.2%), owing to the previous year's figure being influenced by the catch-up effect in the wake of the natural catastrophe in 2011.

New registrations in Russia are forecast to grow by 8.8% to approximately 3.0 million units. A similarly high growth rate is predicted for the Brazilian car market, where demand for new vehicles is set to rise by 8.7% to some 4.0 million units.

#### Motorcycle markets in 2013

After a difficult first quarter, we now expect the 500 cc plus class segment of the international motorcycle markets to stabilise as the year progresses. Although the generally negative trend continues in Europe, there should be a moderate rise in volumes in Japan. Germany, Brazil and the USA should return to stable market levels over the course of the year.

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### The financial services market in 2013

The sovereign debt crisis is bound to be an issue during the remainder of the year, particularly in Europe, with no quick sustainable solution likely to be found in the foreseeable future. In view of these circumstances, there is little chance of the situation improving in Europe. From today's perspective, the probability of a rise in interest rates in Europe and the USA is relatively low.

Economies in the Asian and American regions are enjoying a sustainable upward trend, so that credit risks are unlikely to change significantly compared to 2012.

Used car prices seem set to remain under pressure in southern Europe for the foreseeable future, while most other used car markets are expected to develop robustly on the basis of current market levels.

### Outlook for the BMW Group in 2013

High public-sector debt levels, particularly in Europe, will continue to pose a risk to economic growth in the foreseeable future. Further risks come from uncertainties stoked by the fear of a slowdown in economic growth in China and by the politically precarious situation in a number of crisis regions. All of these factors taken together make it increasingly difficult for the BMW Group to forecast future performance with accuracy.

We expect vehicle sales to rise to a new record level in 2013, and thus enable the BMW Group to remain the world's foremost premium car manufacturer. It is important to us that the global distribution of our sales is evenly balanced. Due to high levels of expenditure for new technologies and models as well as investment in the production network, we expect to report Group profit before tax for 2013 on a similar scale to 2012.

With our focus on "premium", as the world's leading provider, we benefit to an exceptional extent from high demand for premium segment vehicles. The popularity of our models remains high, in particular for the BMW 1, 3, 5 and 6 series as well as the BMW X family.

New models will provide further momentum to sales volumes over the remainder of the year. We presented numerous new models and concept studies at the

various trade fairs held in Detroit, Geneva and Shanghai. The model revision of the BMW Z4 has been available since March and the new M6 Gran Coupé will be launched in June. The new BMW 3 Series Gran Turismo will become available from mid-2013 onwards as the third body variant of the 3 Series family. The BMW Concept 4 Series Coupé, with its own distinct design compared to the 3 Series, provides a foretaste of the model to be launched during the second half of 2013. The BMW Concept X4 amply demonstrates how the aesthetics of a Sports Activity Vehicle can be reconciled with the sporty flair of a Coupé. The BMW Concept Active Tourer is the ultimate example of how convenience and functionality can be fused with the dynamism of a BMW within the premium compact car segment. Last but not least, the BMW i3 will go on sale at the end of the year as the first series-built electric vehicle made by the BMW Group for the metropolitan regions of the world. This completely newly developed premium car of the future combines an absolutely new drivetrain system with the rigorous use of CFRP. The innovative BMW i3 simultaneously demonstrates the BMW Group's expertise in the field of lightweight construction.

Demand for the MINI also remains very high. Accordingly, in March 2013 MINI added the Paceman to its model range, the first Sports Activity Coupé to enter the segment for compact premium vehicles. In the same month, Rolls-Royce Motor Cars celebrated the world debut of the Wraith at the Geneva Motor Show and will launch this new model by the end of 2013.

The BMW Group has a very stable financial base. We use the strong cash flow generated by our business and our excellent access to capital markets to sharpen our leading competitive edge and to pursue our strategy of ensuring that the BMW Group remains the world's foremost provider of premium products and services.

### Automotive segment

We will continue to invest in innovation, technologies of the future and the increased internationalisation of our production network over the course of the current year. Strong sales volume growth should enable the Automotive segment to post good results over the course of 2013. Assuming that economic conditions do not deteriorate



rate, we forecast single-digit sales volume growth for the Group and hence a new sales volume record for the year.

Our targets for earnings remain unchanged, namely to achieve an EBIT margin within the target corridor of between 8 % and 10 % and a RoCE exceeding 26 %. Depending on political and economic developments, however, actual results could end up being above or below the target corridor. The financial position of the Automotive segment is also likely to remain very strong throughout 2013.

#### **Motorcycles segment**

Thanks to its attractive and extremely young model range, we forecast a further rise in motorcycle sales in 2013, with impetus additionally being generated by the full availability of the Scooter and the new R 1200 GS. Increased sales volumes in 2013 should result in higher revenues and earnings, compared to the previous year, in which earnings were negatively impacted by expenses incurred in realigning the Group's Motorcycles business.

#### **Financial Services segment**

The good business performance reported for the first three months of the year should continue throughout 2013. Assuming macroeconomic conditions remain stable, we forecast a further increase in the contract portfolio for the current financial year. Our RoE target of at least 18 % for the year 2013 remains unchanged.

The scale of credit risks in Europe largely depends on how the sovereign debt crisis pans out. As long as the economies of Asia and the Americas continue to perform well, we do not expect to experience any significant change in the risk profile for credit business.

We assume that market conditions in the used car line of business will stay more or less unchanged. The situation in southern European countries is likely to remain difficult.

## INTERIM GROUP FINANCIAL STATEMENT

Income Statements for Group and Segments for the period from 1 January to 31 March 2013  
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#### Income Statement for Group and Segments for the first quarter

in € million

|                                                           | Note | Group        |              | Automotive   |              |
|-----------------------------------------------------------|------|--------------|--------------|--------------|--------------|
|                                                           |      | 2013         | 2012*        | 2013         | 2012*        |
| Revenues                                                  | 5    | 17,546       | 18,293       | 15,907       | 16,159       |
| Cost of sales                                             | 6    | -13,967      | -14,529      | -13,031      | -12,888      |
| <b>Gross profit</b>                                       |      | <b>3,579</b> | <b>3,764</b> | <b>2,876</b> | <b>3,271</b> |
| Selling and administrative expenses                       | 7    | -1,588       | -1,634       | -1,328       | -1,374       |
| Other operating income                                    | 8    | 156          | 181          | 134          | 150          |
| Other operating expenses                                  | 8    | -108         | -177         | -100         | -167         |
| <b>Profit before financial result</b>                     |      | <b>2,039</b> | <b>2,134</b> | <b>1,582</b> | <b>1,880</b> |
| Result from equity accounted investments                  | 9    | 85           | 43           | 85           | 43           |
| Interest and similar income                               | 10   | 42           | 55           | 71           | 100          |
| Interest and similar expenses                             | 10   | -78          | -105         | -110         | -165         |
| Other financial result                                    | 11   | -85          | -47          | -112         | -36          |
| <b>Financial result</b>                                   |      | <b>-36</b>   | <b>-54</b>   | <b>-66</b>   | <b>-58</b>   |
| <b>Profit before tax</b>                                  |      | <b>2,003</b> | <b>2,080</b> | <b>1,516</b> | <b>1,822</b> |
| Income taxes                                              | 12   | -691         | -728         | -529         | -640         |
| <b>Net profit/loss</b>                                    |      | <b>1,312</b> | <b>1,352</b> | <b>987</b>   | <b>1,182</b> |
| Attributable to minority interest                         |      | 5            | 7            | 4            | 7            |
| <b>Attributable to shareholders of BMW AG</b>             |      | <b>1,307</b> | <b>1,345</b> | <b>983</b>   | <b>1,175</b> |
| <b>Earnings per share of common stock in €</b>            | 13   | <b>1.99</b>  | 2.05         |              |              |
| <b>Earnings per share of preferred stock in €</b>         | 13   | <b>1.99</b>  | 2.05         |              |              |
| Dilutive effects                                          | 13   | -            | -            |              |              |
| <b>Diluted earnings per share of common stock in €</b>    | 13   | <b>1.99</b>  | 2.05         |              |              |
| <b>Diluted earnings per share of preferred stock in €</b> | 13   | <b>1.99</b>  | 2.05         |              |              |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

#### Statement of Comprehensive Income for Group for the period from 1 January to 31 March

in € million

|                                                                                    | Note | 2013 <sup>1</sup> | 2012 <sup>1,2</sup> |
|------------------------------------------------------------------------------------|------|-------------------|---------------------|
| <b>Net profit</b>                                                                  |      | <b>1,312</b>      | <b>1,352</b>        |
| Remeasurement of net liability for defined benefit pension plans                   |      | 302               | -534                |
| Currency translation foreign operations                                            |      | -35               | -122                |
| Deferred taxes                                                                     |      | -147              | -132                |
| Other comprehensive income from equity accounted investments                       |      | 23                | -11                 |
| <b>Items not expected to be reclassified to the income statement in the future</b> |      | <b>143</b>        | <b>-535</b>         |
| Available-for-sale securities                                                      |      | -9                | 25                  |
| Financial instruments used for hedging purposes                                    |      | -363              | 887                 |
| Deferred taxes                                                                     |      | 126               | -336                |
| Other comprehensive income after tax from equity accounted investments             |      | -59               | 42                  |
| <b>Items expected to be reclassified to the income statement in the future</b>     |      | <b>-305</b>       | <b>618</b>          |
| <b>Other comprehensive income for the period after tax</b>                         | 14   | <b>-162</b>       | <b>83</b>           |
| <b>Total comprehensive income</b>                                                  |      | <b>1,150</b>      | <b>1,435</b>        |
| Total comprehensive income attributable to minority interests                      |      | 5                 | 7                   |
| <b>Total comprehensive income attributable to shareholders of BMW AG</b>           |      | <b>1,145</b>      | <b>1,428</b>        |

<sup>1</sup> Presentation adjusted in accordance with revised IAS 1.

<sup>2</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.



| Motorcycles |       | Financial Services |       | Other Entities |       | Eliminations |       |                                                           |
|-------------|-------|--------------------|-------|----------------|-------|--------------|-------|-----------------------------------------------------------|
| 2013        | 2012* | 2013               | 2012* | 2013           | 2012* | 2013         | 2012  |                                                           |
| 436         | 448   | 4,830              | 4,800 | 1              | 1     | 3,628        | 3,115 | Revenues                                                  |
| 344         | 368   | 4,160              | 4,160 | -              | -     | 3,568        | 2,887 | Cost of sales                                             |
| 92          | 80    | 670                | 640   | 1              | 1     | 60           | 228   | <b>Gross profit</b>                                       |
| 45          | 46    | 216                | 211   | 6              | 4     | 7            | 1     | Selling and administrative expenses                       |
| 5           | 4     | 8                  | 8     | 35             | 32    | 26           | 13    | Other operating income                                    |
| 1           | 1     | 12                 | 11    | 13             | 16    | 18           | 18    | Other operating expenses                                  |
| 51          | 37    | 450                | 426   | 17             | 13    | 61           | 222   | <b>Profit before financial result</b>                     |
| -           | -     | -                  | -     | -              | -     | -            | -     | Result from equity accounted investments                  |
| -           | -     | 1                  | -     | 348            | 391   | 378          | 436   | Interest and similar income                               |
| 1           | -     | 1                  | -     | 326            | 404   | 360          | 464   | Interest and similar expenses                             |
| -           | -     | 1                  | 8     | 28             | 19    | -            | -     | Other financial result                                    |
| 1           | -     | 1                  | 8     | 50             | 32    | 18           | 28    | Financial result                                          |
| 50          | 37    | 449                | 434   | 67             | 19    | 79           | 194   | <b>Profit before tax</b>                                  |
| 17          | 12    | 151                | 146   | 24             | 2     | 30           | 68    | Income taxes                                              |
| 33          | 25    | 298                | 288   | 43             | 17    | 49           | 126   | <b>Net profit/loss</b>                                    |
| -           | -     | 1                  | -     | -              | -     | -            | -     | Attributable to minority interest                         |
| 33          | 25    | 297                | 288   | 43             | 17    | 49           | 126   | <b>Attributable to shareholders of BMW AG</b>             |
|             |       |                    |       |                |       |              |       | <b>Earnings per share of common stock in €</b>            |
|             |       |                    |       |                |       |              |       | <b>Earnings per share of preferred stock in €</b>         |
|             |       |                    |       |                |       |              |       | Dilutive effects                                          |
|             |       |                    |       |                |       |              |       | <b>Diluted earnings per share of common stock in €</b>    |
|             |       |                    |       |                |       |              |       | <b>Diluted earnings per share of preferred stock in €</b> |

# INTERIM GROUP FINANCIAL STATEMENT

Balance Sheets for Group and Segments to 31 March 2013

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## Assets

|                                                   | Note | Group          |                | Automotive    |               |
|---------------------------------------------------|------|----------------|----------------|---------------|---------------|
| in € million                                      |      | 31.3.2013      | 31.12.2012*    | 31.3.2013     | 31.12.2012*   |
| Intangible assets                                 | 15   | 5,512          | 5,207          | 4,958         | 4,648         |
| Property, plant and equipment                     | 16   | 13,342         | 13,341         | 13,070        | 13,053        |
| Leased products                                   | 17   | 25,007         | 24,468         | 120           | 128           |
| Investments accounted for using the equity method | 18   | 501            | 514            | 501           | 514           |
| Other investments                                 | 18   | 555            | 548            | 4,937         | 4,789         |
| Receivables from sales financing                  | 19   | 32,462         | 32,309         | -             | -             |
| Financial assets                                  | 20   | 1,768          | 2,148          | 581           | 759           |
| Deferred tax                                      | 21   | 2,123          | 1,967          | 2,408         | 2,217         |
| Other assets                                      | 22   | 929            | 803            | 3,153         | 3,862         |
| <b>Non-current assets</b>                         |      | <b>82,199</b>  | <b>81,305</b>  | <b>29,728</b> | <b>29,970</b> |
| Inventories                                       | 23   | 10,557         | 9,725          | 10,181        | 9,366         |
| Trade receivables                                 |      | 2,797          | 2,543          | 2,418         | 2,305         |
| Receivables from sales financing                  | 19   | 21,403         | 20,605         | -             | -             |
| Financial assets                                  | 20   | 4,662          | 4,612          | 3,205         | 2,746         |
| Current tax                                       | 21   | 1,050          | 966            | 926           | 775           |
| Other assets                                      | 22   | 4,001          | 3,664          | 16,416        | 16,162        |
| Cash and cash equivalents                         |      | 7,943          | 8,370          | 6,528         | 7,484         |
| Assets held for sale                              | 24   | -              | 45             | -             | -             |
| <b>Current assets</b>                             |      | <b>52,413</b>  | <b>50,530</b>  | <b>39,674</b> | <b>38,838</b> |
| <b>Total assets</b>                               |      | <b>134,612</b> | <b>131,835</b> | <b>69,402</b> | <b>68,808</b> |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

## Equity and liabilities

|                                                      | Note | Group          |                | Automotive    |               |
|------------------------------------------------------|------|----------------|----------------|---------------|---------------|
| in € million                                         |      | 31.3.2013      | 31.12.2012*    | 31.3.2013     | 31.12.2012*   |
| Subscribed capital                                   | 25   | 656            | 656            | -             | -             |
| Capital reserves                                     | 25   | 1,973          | 1,973          | -             | -             |
| Revenue reserves                                     | 25   | 30,006         | 28,544         | -             | -             |
| Accumulated other equity                             | 25   | -991           | -674           | -             | -             |
| <b>Equity attributable to shareholders of BMW AG</b> | 25   | <b>31,644</b>  | <b>30,499</b>  | -             | -             |
| Minority interest                                    | 25   | 167            | 107            | -             | -             |
| <b>Equity</b>                                        |      | <b>31,811</b>  | <b>30,606</b>  | <b>29,209</b> | <b>28,202</b> |
| Pension provisions                                   |      | 3,506          | 3,813          | 1,913         | 2,358         |
| Other provisions                                     | 26   | 3,502          | 3,441          | 3,161         | 3,103         |
| Deferred tax                                         | 27   | 3,519          | 3,081          | 847           | 492           |
| Financial liabilities                                | 28   | 40,287         | 39,095         | 1,943         | 1,775         |
| Other liabilities                                    | 29   | 3,368          | 3,404          | 3,185         | 3,394         |
| <b>Non-current provisions and liabilities</b>        |      | <b>54,182</b>  | <b>52,834</b>  | <b>11,049</b> | <b>11,122</b> |
| Other provisions                                     | 26   | 3,198          | 3,246          | 2,588         | 2,605         |
| Current tax                                          | 27   | 1,268          | 1,482          | 1,091         | 1,269         |
| Financial liabilities                                | 28   | 30,154         | 30,412         | 1,175         | 1,289         |
| Trade payables                                       |      | 6,859          | 6,433          | 6,006         | 5,669         |
| Other liabilities                                    | 29   | 7,140          | 6,792          | 18,284        | 18,652        |
| Liabilities in conjunction with assets held for sale | 24   | -              | 30             | -             | -             |
| <b>Current provisions and liabilities</b>            |      | <b>48,619</b>  | <b>48,395</b>  | <b>29,144</b> | <b>29,484</b> |
| <b>Total equity and liabilities</b>                  |      | <b>134,612</b> | <b>131,835</b> | <b>69,402</b> | <b>68,808</b> |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

|             |                    |                |              |           |            |           |            | Assets                                            |
|-------------|--------------------|----------------|--------------|-----------|------------|-----------|------------|---------------------------------------------------|
| Motorcycles | Financial Services | Other Entities | Eliminations |           |            |           |            |                                                   |
| 31.3.2013   | 31.12.2012         | 31.3.2013      | 31.12.2012   | 31.3.2013 | 31.12.2012 | 31.3.2013 | 31.12.2012 |                                                   |
| 70          | 72                 | 483            | 486          | 1         | 1          | -         | -          | Intangible assets                                 |
| 235         | 242                | 37             | 46           | -         | -          | -         | -          | Property, plant and equipment                     |
| -           | -                  | 28,730         | 28,060       | -         | -          | -3,843    | -3,720     | Leased products                                   |
| -           | -                  | -              | -            | -         | -          | -         | -          | Investments accounted for using the equity method |
| -           | -                  | 7              | 7            | 5,760     | 5,761      | -10,149   | -10,009    | Other investments                                 |
| -           | -                  | 32,462         | 32,309       | -         | -          | -         | -          | Receivables from sales financing                  |
| -           | -                  | 110            | 126          | 1,554     | 1,730      | -477      | -467       | Financial assets                                  |
| -           | -                  | 288            | 279          | 397       | 349        | -970      | -878       | Deferred tax                                      |
| -           | -                  | 1,385          | 1,330        | 18,317    | 16,995     | -21,926   | -21,384    | Other assets                                      |
| 305         | 314                | 63,502         | 62,643       | 26,029    | 24,836     | -37,365   | -36,458    | <b>Non-current assets</b>                         |
| 367         | 348                | 9              | 11           | -         | -          | -         | -          | Inventories                                       |
| 218         | 114                | 160            | 123          | 1         | 1          | -         | -          | Trade receivables                                 |
| -           | -                  | 21,403         | 20,605       | -         | -          | -         | -          | Receivables from sales financing                  |
| -           | -                  | 685            | 813          | 1,208     | 1,480      | -436      | -427       | Financial assets                                  |
| -           | -                  | 80             | 132          | 44        | 59         | -         | -          | Current tax                                       |
| -           | 31                 | 3,472          | 3,573        | 28,100    | 30,285     | -43,987   | -46,387    | Other assets                                      |
| -           | -                  | 1,306          | 797          | 109       | 89         | -         | -          | Cash and cash equivalents                         |
| -           | 45                 | -              | -            | -         | -          | -         | -          | Assets held for sale                              |
| 585         | 538                | 27,115         | 26,054       | 29,462    | 31,914     | -44,423   | -46,814    | <b>Current assets</b>                             |
| 890         | 852                | 90,617         | 88,697       | 55,491    | 56,750     | -81,788   | -83,272    | <b>Total assets</b>                               |

|             |                    |                |              |           |            |           |            | Equity and liabilities                               |
|-------------|--------------------|----------------|--------------|-----------|------------|-----------|------------|------------------------------------------------------|
| Motorcycles | Financial Services | Other Entities | Eliminations |           |            |           |            |                                                      |
| 31.3.2013   | 31.12.2012         | 31.3.2013      | 31.12.2012   | 31.3.2013 | 31.12.2012 | 31.3.2013 | 31.12.2012 |                                                      |
| -           | -                  | 8,132          | 7,633        | 8,404     | 8,466      | -13,934   | -13,695    | Subscribed capital                                   |
| -           | -                  | -              | -            | -         | -          | -         | -          | Capital reserves                                     |
| -           | -                  | -              | -            | -         | -          | -         | -          | Revenue reserves                                     |
| -           | -                  | -              | -            | -         | -          | -         | -          | Accumulated other equity                             |
| -           | -                  | -              | -            | -         | -          | -         | -          | <b>Equity attributable to shareholders of BMWAG</b>  |
| -           | -                  | -              | -            | -         | -          | -         | -          | Minority interest                                    |
| -           | -                  | -              | -            | -         | -          | -         | -          | <b>Equity</b>                                        |
| 29          | 29                 | 88             | 88           | 1,476     | 1,338      | -         | -          | Pension provisions                                   |
| 141         | 135                | 170            | 173          | 30        | 30         | -         | -          | Other provisions                                     |
| -           | -                  | 4,976          | 4,777        | 11        | 5          | -2,315    | -2,193     | Deferred tax                                         |
| -           | -                  | 14,610         | 14,174       | 24,211    | 23,613     | -477      | -467       | Financial liabilities                                |
| 361         | 246                | 20,224         | 19,653       | 18        | 18         | -20,420   | -19,907    | Other liabilities                                    |
| 531         | 410                | 40,068         | 38,865       | 25,746    | 25,004     | -23,212   | -22,567    | <b>Non-current provisions and liabilities</b>        |
| 57          | 114                | 315            | 289          | 235       | 235        | 3         | 3          | Other provisions                                     |
| -           | -                  | 94             | 136          | 83        | 77         | -         | -          | Current tax                                          |
| -           | -                  | 17,514         | 16,830       | 11,901    | 12,720     | -436      | -427       | Financial liabilities                                |
| 253         | 277                | 595            | 474          | 5         | 13         | -         | -          | Trade payables                                       |
| 49          | 21                 | 23,899         | 24,470       | 9,117     | 10,235     | -44,209   | -46,586    | Other liabilities                                    |
| -           | 30                 | -              | -            | -         | -          | -         | -          | Liabilities in conjunction with assets held for sale |
| 359         | 442                | 42,417         | 42,199       | 21,341    | 23,280     | -44,642   | -47,010    | <b>Current provisions and liabilities</b>            |
| 890         | 852                | 90,617         | 88,697       | 55,491    | 56,750     | -81,788   | -83,272    | <b>Total equity and liabilities</b>                  |

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Cash Flow Statements for Group and Segments for the period  
from 1 January to 31 March 2013

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|                                                                               | Group         |                   |
|-------------------------------------------------------------------------------|---------------|-------------------|
| in € million                                                                  | 2013          | 2012 <sup>1</sup> |
| Net profit                                                                    | 1,312         | 1,352             |
| Depreciation and amortisation of tangible, intangible and investment assets   | 908           | 872               |
| Change in provisions                                                          | -29           | 263               |
| Change in leased products and receivables from sales financing                | -1,124        | 55                |
| Change in deferred taxes                                                      | 167           | 149               |
| Changes in working capital                                                    | -571          | 315               |
| Other                                                                         | 14            | -715              |
| <b>Cash inflow / outflow from operating activities</b>                        | <b>677</b>    | <b>2,291</b>      |
| Investment in intangible assets and property, plant and equipment             | -1,201        | -599              |
| Net investment in marketable securities                                       | -374          | -334              |
| Other                                                                         | -13           | -34               |
| <b>Cash inflow / outflow from investing activities</b>                        | <b>-1,588</b> | <b>-967</b>       |
| <b>Cash inflow / outflow from financing activities</b>                        | <b>450</b>    | <b>266</b>        |
| <b>Effect of exchange rate on cash and cash equivalents</b>                   | <b>34</b>     | <b>-28</b>        |
| <b>Effect of changes in composition of Group on cash and cash equivalents</b> | <b>-</b>      | <b>11</b>         |
| <b>Change in cash and cash equivalents</b>                                    | <b>-427</b>   | <b>1,573</b>      |
| Cash and cash equivalents as at 1 January                                     | 8,370         | 7,776             |
| <b>Cash and cash equivalents as at 31 March</b>                               | <b>7,943</b>  | <b>9,349</b>      |

<sup>1</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

<sup>2</sup> Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

| Automotive    |                     | Financial Services |                   |                                                                               |
|---------------|---------------------|--------------------|-------------------|-------------------------------------------------------------------------------|
| 2013          | 2012 <sup>1,2</sup> | 2013               | 2012 <sup>2</sup> |                                                                               |
| 987           | 1,182               | 298                | 288               | Net profit                                                                    |
| 878           | 853                 | 5                  | 6                 | Depreciation and amortisation of tangible, intangible and investment assets   |
| 33            | 285                 | 39                 | 7                 | Change in provisions                                                          |
| 8             | 1                   | -1,208             | -100              | Change in leased products and receivables from sales financing                |
| 191           | 88                  | 61                 | 104               | Change in deferred taxes                                                      |
| -493          | 285                 | 88                 | 58                | Changes in working capital                                                    |
| 364           | -510                | 601                | 2                 | Other                                                                         |
| <u>1,968</u>  | <u>2,184</u>        | <u>-116</u>        | <u>365</u>        | <b>Cash inflow / outflow from operating activities</b>                        |
| -1,190        | -585                | -2                 | -3                | Investment in intangible assets and property, plant and equipment             |
| -464          | -284                | 91                 | -51               | Net investment in marketable securities                                       |
| -150          | -73                 | 5                  | 1                 | Other                                                                         |
| <u>-1,804</u> | <u>-942</u>         | <u>94</u>          | <u>-53</u>        | <b>Cash inflow / outflow from investing activities</b>                        |
| <u>-1,147</u> | <u>-182</u>         | <u>525</u>         | <u>520</u>        | <b>Cash inflow / outflow from financing activities</b>                        |
| <u>27</u>     | <u>-15</u>          | <u>6</u>           | <u>-10</u>        | <b>Effect of exchange rate on cash and cash equivalents</b>                   |
| <u>-</u>      | <u>10</u>           | <u>-</u>           | <u>1</u>          | <b>Effect of changes in composition of Group on cash and cash equivalents</b> |
| <u>-956</u>   | <u>1,055</u>        | <u>509</u>         | <u>823</u>        | <b>Change in cash and cash equivalents</b>                                    |
| 7,484         | 5,829               | 797                | 1,518             | Cash and cash equivalents as at 1 January                                     |
| <u>6,528</u>  | <u>6,884</u>        | <u>1,306</u>       | <u>2,341</u>      | <b>Cash and cash equivalents as at 31 March</b>                               |

# INTERIM GROUP FINANCIAL STATEMENT

## Group Statement of Changes in Equity to 31 March 2013

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in € million ————— Note ————— Subscribed capital ————— Capital reserves ————— Revenue reserves\* —————

|                                                           |      |            |              |               |
|-----------------------------------------------------------|------|------------|--------------|---------------|
| <b>1 January 2012</b> , as originally reported            | 25 — | <b>655</b> | <b>1,955</b> | <b>26,102</b> |
| Impact of application of revised IAS 19 —————             |      | —          | —            | 241           |
| <b>1 January 2012</b> (adjusted)                          | 25 — | <b>655</b> | <b>1,955</b> | <b>26,343</b> |
| Net profit —————                                          |      | —          | —            | 1,345         |
| Other comprehensive income for the period after tax ————— |      | —          | —            | –402          |
| <b>Comprehensive income 31 March 2012</b>                 |      | <b>—</b>   | <b>—</b>     | <b>943</b>    |
| Other changes —————                                       |      | —          | —            | —             |
| <b>31 March 2012</b> (adjusted)                           | 25 — | <b>655</b> | <b>1,955</b> | <b>27,286</b> |

in € million ————— Note ————— Subscribed capital ————— Capital reserves ————— Revenue reserves —————

|                                                           |      |            |              |               |
|-----------------------------------------------------------|------|------------|--------------|---------------|
| <b>1 January 2013</b> , as originally reported            | 25 — | <b>656</b> | <b>1,973</b> | <b>28,340</b> |
| Impact of application of revised IAS 19 —————             |      | —          | —            | 204           |
| <b>1 January 2013</b> (adjusted)                          | 25 — | <b>656</b> | <b>1,973</b> | <b>28,544</b> |
| Net profit —————                                          |      | —          | —            | 1,307         |
| Other comprehensive income for the period after tax ————— |      | —          | —            | 155           |
| <b>Comprehensive income 31 March 2013</b>                 |      | <b>—</b>   | <b>—</b>     | <b>1,462</b>  |
| Other changes —————                                       |      | —          | —            | —             |
| <b>31 March 2013</b>                                      | 25 — | <b>656</b> | <b>1,973</b> | <b>30,006</b> |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.



| Accumulated other equity |            |                                  | Equity attributable to shareholders of BMW AG* | Minority interest | Total*        |                                                     |
|--------------------------|------------|----------------------------------|------------------------------------------------|-------------------|---------------|-----------------------------------------------------|
| Translation differences  | Securities | Derivative financial instruments |                                                |                   |               |                                                     |
| <u>-863</u>              | <u>-61</u> | <u>-750</u>                      | <u>27,038</u>                                  | <u>65</u>         | <u>27,103</u> | 1 January 2012, as originally reported              |
| -                        | -          | -                                | 241                                            | -                 | 241           | Impact of application of revised IAS 19             |
| <u>-863</u>              | <u>-61</u> | <u>-750</u>                      | <u>27,279</u>                                  | <u>65</u>         | <u>27,344</u> | 1 January 2012 (adjusted)                           |
| -                        | -          | -                                | 1,345                                          | 7                 | 1,352         | Net profit                                          |
| -133                     | 5          | -613                             | -83                                            | -                 | 83            | Other comprehensive income for the period after tax |
| <u>-133</u>              | <u>5</u>   | <u>613</u>                       | <u>1,428</u>                                   | <u>7</u>          | <u>1,435</u>  | <b>Comprehensive income 31 March 2012</b>           |
| -7                       | -          | -                                | -7                                             | -7                | -             | Other changes                                       |
| <u>-989</u>              | <u>-56</u> | <u>-137</u>                      | <u>28,714</u>                                  | <u>65</u>         | <u>28,779</u> | 31 March 2012 (adjusted)                            |
|                          |            |                                  |                                                |                   |               |                                                     |
| Accumulated other equity |            |                                  | Equity attributable to shareholders of BMW AG  | Minority interest | Total         |                                                     |
| Translation differences  | Securities | Derivative financial instruments |                                                |                   |               |                                                     |
| <u>-984</u>              | <u>108</u> | <u>202</u>                       | <u>30,295</u>                                  | <u>107</u>        | <u>30,402</u> | 1 January 2013, as originally reported              |
| -                        | -          | -                                | 204                                            | -                 | 204           | Impact of application of revised IAS 19             |
| <u>-984</u>              | <u>108</u> | <u>202</u>                       | <u>30,499</u>                                  | <u>107</u>        | <u>30,606</u> | 1 January 2013 (adjusted)                           |
| -                        | -          | -                                | 1,307                                          | 5                 | 1,312         | Net profit                                          |
| -12                      | -4         | -301                             | -162                                           | -                 | -162          | Other comprehensive income for the period after tax |
| <u>-12</u>               | <u>-4</u>  | <u>-301</u>                      | <u>1,145</u>                                   | <u>5</u>          | <u>1,150</u>  | <b>Comprehensive income 31 March 2013</b>           |
| -                        | -          | -                                | -                                              | 55                | 55            | Other changes                                       |
| <u>-996</u>              | <u>104</u> | <u>-99</u>                       | <u>31,644</u>                                  | <u>167</u>        | <u>31,811</u> | 31 March 2013                                       |

## INTERIM GROUP FINANCIAL STATEMENT

Notes to the Group Financial Statement to 31 March 2013  
Accounting Principles and Policies

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### 1 – Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2012 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union (EU) at that date. The interim Group Financial Statements (Interim Report) at 31 March 2013, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting methods as those utilised in the 2012 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 2013 have been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2012.

In order to improve clarity, various items are aggregated in the income statement and balance sheet. These items are disclosed and analysed separately in the notes.

A Statement of Comprehensive Income is presented at Group level reconciling the net profit to comprehensive income for the period.

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the Interim Group Financial Statements also include balance sheets and income statements for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automotive and Financial Services segments.

In order to facilitate the sale of its products, the BMW Group provides various financial services – mainly loan and lease financing – to both retail customers and dealers. The inclusion of the financial services activities of the Group therefore has an impact on the Interim Group Financial Statements.

Inter-segment transactions – relating primarily to internal sales of products, the provision of funds and the related

interest – are eliminated in the “Eliminations” column. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the Group Financial Statements of BMW AG for the year ended 31 December 2012.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well-established financing instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to “service” the receivables and receives an appropriate fee for these services. In accordance with IAS 27 (Consolidated and Separate Financial Statements) and the interpretation contained in SIC-12 (Consolidation – Special Purpose Entities) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 31 March 2013 totalled €10.7 billion (31 December 2012: €9.4 billion).

In addition to credit financing and leasing contracts, the Financial Services segment also brokers insurance business via cooperation arrangements entered into with local insurance companies. These activities are not material to the BMW Group as a whole.

The Interim Group Financial Statements at 31 March 2013 have neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

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

The preparation of the Group Financial Statements requires management to make certain assumptions and judgements and to use estimations that can affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All assumptions and estimates are based on factors known at the end of the

reporting period. They are determined on the basis of the most likely outcome of future business developments. Actual amounts could differ from those assumptions and estimates if business conditions develop differently

to the Group's expectations at the end of the reporting period. Estimates and underlying assumptions are checked regularly.

## 2 – Consolidated companies

The BMW Group Financial Statements for the first quarter 2013 include, besides BMW AG, 24 German and 162 foreign subsidiaries. This includes four special purpose securities funds and 26 special purpose trusts, almost all of which are used for asset backed financing.

No entities were consolidated for the first time during the first quarter 2013.

Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE,

were sold during the three-month period and therefore ceased to be consolidated companies.

Compared to the same period last year, four subsidiaries, one special purpose securities fund and six special purpose trusts are consolidated for the first time. In addition, seven subsidiaries, three special purpose securities funds and three special purpose trusts ceased to be consolidated companies.

The changes to the composition of the Group do not have a material impact on the earnings performance, financial position or net assets of the Group.

## 3 – Adjustments as a result of IAS 19 (revised 2011)

In June 2011 the IASB published amendments to IAS 19 (Employee Benefits), in particular in relation to post-retirement benefits and pensions. The revised Standard was endorsed by the EU in June 2012. The revised version of IAS 19 is mandatory for annual periods beginning on or after 1 January 2013.

As a result of the revised Standard, the BMW Group has made amendments in connection with the measurement of obligations for pensions and pre-retirement part-time working arrangements.

The change in the measurement of pension obligations relates primarily to the treatment of other expected administrative costs.

The requirement to recognise past service cost immediately as expense (rather than spread such costs over the term of the obligations) also resulted in an adjustment to pension provisions.

The adjustments to the provision for pre-retirement part-time working arrangements result from a change in the measurement of top-up amounts, which are now required, in accordance with revised IAS 19.8, to be recognised as other long-term employee benefits. Under the new rules, the expense for top-up amounts is required to be recognised over the period of the working phase of

such arrangements and then released over the period of the work-free phase (rather than recognising the full amount as a provision at the start of the working phase).

The revised version of IAS 19 also changes the presentation of financial result in the income statement. As a result of the fact that the net interest is now required to be computed on the basis of the net liability from defined benefit pension plans, the expense arising from unwinding the interest on pension obligations is now offset against interest income from plan assets. The statement of total comprehensive income now includes the line item "Remeasurement of the net liability for defined benefit pension plans". In previous financial statements (up to the Group Financial Statements for the year ended 31 December 2012), the corresponding amounts were designated as "actuarial gains and losses on defined benefit pension benefits, similar obligations and plan assets".

The removal of the corridor method and other amendments to IAS 19 do not have any impact on the BMW Group.

The new rules are required to be applied retrospectively. For this reason, the opening balance sheet at 1 January 2012, the prior year comparative financials and the opening balance sheet at 1 January 2013 have been adjusted and made comparable.

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The following tables show the impact on the opening balance sheet at 1 January 2012, on the balance sheet at 31 December 2012, on the income statement and state-

ment of comprehensive income for the first quarter 2012:

### Change in Balance Sheet presentation

| 1 January 2012<br>in € million                          | As originally<br>reported | Adjustment | As reported |
|---------------------------------------------------------|---------------------------|------------|-------------|
| Total assets                                            | 123,429                   | -7         | 123,422     |
| — thereof deferred taxes                                | 1,926                     | -45        | 1,881       |
| — thereof other assets                                  | 3,913                     | 38         | 3,951       |
| Total provisions and liabilities                        | 96,326                    | -248       | 96,078      |
| — thereof pension provisions                            | 2,183                     | -187       | 1,996       |
| — thereof other provisions                              | 6,253                     | -103       | 6,150       |
| — thereof deferred taxes                                | 3,273                     | 42         | 3,315       |
| Total equity                                            | 27,103                    | 241        | 27,344      |
| — thereof equity attributable to shareholders of BMW AG | 27,038                    | 241        | 27,279      |
| — thereof revenue reserves                              | 26,102                    | 241        | 26,343      |

| 31 December 2012<br>in € million                        | As originally<br>reported | Adjustment | As reported |
|---------------------------------------------------------|---------------------------|------------|-------------|
| Total assets                                            | 131,850                   | -15        | 131,835     |
| — thereof deferred taxes                                | 2,001                     | -34        | 1,967       |
| — thereof other assets                                  | 4,448                     | 19         | 4,467       |
| Total provisions and liabilities                        | 101,448                   | -219       | 101,229     |
| — thereof pension provisions                            | 3,965                     | -152       | 3,813       |
| — thereof other provisions                              | 6,795                     | -108       | 6,687       |
| — thereof deferred taxes                                | 3,040                     | 41         | 3,081       |
| Total equity                                            | 30,402                    | 204        | 30,606      |
| — thereof equity attributable to shareholders of BMW AG | 30,295                    | 204        | 30,499      |
| — thereof revenue reserves                              | 28,340                    | 204        | 28,544      |

### Change in Income Statement presentation

| First quarter 2012<br>in € million                 | As originally<br>reported | Adjustment | As reported |
|----------------------------------------------------|---------------------------|------------|-------------|
| Administrative expenses                            | -400                      | 2          | -398        |
| Profit before financial result                     | 2,132                     | -2         | 2,134       |
| — Interest and similar income                      | 187                       | -132       | 55          |
| — Interest and similar expenses                    | -239                      | 134        | -105        |
| Financial result                                   | -56                       | 2          | -54         |
| Profit before tax                                  | 2,076                     | 4          | 2,080       |
| Income tax                                         | -727                      | -1         | -728        |
| Net profit                                         | 1,349                     | 3          | 1,352       |
| Profit attributable to shareholders of BMW AG      | 1,342                     | 3          | 1,345       |
| Earnings per share of common stock in €            | 2.05                      | -          | 2.05        |
| Earnings per share of preferred stock in €         | 2.05                      | -          | 2.05        |
| Diluted earnings per share of common stock in €    | 2.05                      | -          | 2.05        |
| Diluted earnings per share of preferred stock in € | 2.05                      | -          | 2.05        |

### Change in presentation of the Statement of Comprehensive Income\*

| First quarter 2012<br>in € million                                          | As originally<br>reported | Adjustment | As reported |
|-----------------------------------------------------------------------------|---------------------------|------------|-------------|
| Net profit                                                                  | 1,349                     | 3          | 1,352       |
| Remeasurement of net liability for defined benefit pension plans            | -541                      | -7         | -534        |
| Deferred taxes                                                              | -135                      | -3         | -132        |
| Items not expected to be reclassified to the income statement in the future | -539                      | 4          | -535        |
| Other comprehensive income for the period after tax                         | -79                       | 4          | -83         |
| Total comprehensive income                                                  | 1,428                     | -7         | 1,435       |
| Total comprehensive income attributable to shareholders of BMW AG           | 1,421                     | -7         | 1,428       |

\* Presentation adjusted in accordance with revised IAS 1.

In comparison to the adjustments recorded at 1 January 2013 and for the first quarter 2012, there would have been no significant impact on the balance sheet, income statement and statement of total comprehensive income at 31 March 2013 or the period then ended from applying the previous version of IAS 19.

The adjustments resulting from revised IAS 19 do not have any cash flow impact. For this reason, there are no changes in the overall operating cash flow for the Group and the segments in the first quarter 2012. There are, however, some shifts between individual reconciliation line items within operating activities.

## 4 – New financial reporting rules

### (a) Financial reporting rules applied for the first time in the first quarter 2013

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first quarter 2013:

| Standard / Interpretation                                                                                 | Date of<br>issue by IASB | Date of<br>mandatory<br>application<br>IASB | Date of<br>mandatory<br>application<br>EU | Expected impact<br>on BMW Group |
|-----------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|-------------------------------------------|---------------------------------|
| IFRS 1 — Amendments with Respect to Fixed Transition Dates and Severe Inflation                           | 20.12.2010               | 1.7.2011                                    | 1.1.2013                                  | None                            |
| IFRS 1 — Amendments relating to Government Loans at a Below Market Rate of Interest                       | 13.3.2012                | 1.1.2013                                    | 1.1.2013                                  | Insignificant                   |
| IFRS 7 — Notes Disclosures: Offsetting of Financial Assets and Financial Liabilities                      | 16.12.2011               | 1.1.2013                                    | 1.1.2013                                  | Insignificant                   |
| IFRS 13 — Fair Value Measurement                                                                          | 12.5.2011                | 1.1.2013                                    | 1.1.2013                                  | Significant in principle        |
| IAS 1 — Changes to Presentation of Items in Other Comprehensive Income (OCI)                              | 16.6.2011                | 1.7.2012                                    | 1.7.2012*                                 | Significant in principle        |
| IAS 12 — Amendments to Deferred Taxes: Realisation of Underlying Assets                                   | 20.12.2010               | 1.1.2012                                    | 1.1.2013                                  | Insignificant                   |
| IAS 19 — Changes in Accounting for Employee Benefits, in particular for Termination Benefits and Pensions | 16.6.2011                | 1.1.2013                                    | 1.1.2013                                  | Significant in principle        |
| IFRIC 20 — Stripping Costs in the Production Phase of a Mine                                              | 19.10.2011               | 1.1.2013                                    | 1.1.2013                                  | None                            |
| Annual Improvements to IFRS 2009–2011                                                                     | 17.5.2012                | 1.1.2013                                    | 1.1.2013                                  | Insignificant                   |

\* Mandatory application in annual periods beginning on or after 1 July 2012.

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

The following Standards, Revised Standards and Amendments issued by the IASB during previous ac-

counting periods, were not mandatory for the period under report and were not applied in the first quarter of the financial year 2013:

| Standard/Interpretation                                                          | Date of issue by IASB                    | Date of mandatory application IASB | Date of mandatory application EU | Expected impact on BMW Group |
|----------------------------------------------------------------------------------|------------------------------------------|------------------------------------|----------------------------------|------------------------------|
| IFRS 9 — Financial Instruments                                                   | 12.11.2009/<br>28.10.2010/<br>16.12.2011 | 1.1.2015                           | No                               | Significant in principle     |
| IFRS 10 — Consolidated Financial Statements                                      | 12.5.2011                                | 1.1.2013                           | 1.1.2014                         | Significant in principle     |
| IFRS 11 — Joint Arrangements                                                     | 12.5.2011                                | 1.1.2013                           | 1.1.2014                         | Significant in principle     |
| IFRS 12 — Disclosure of Interests in Other Entities                              | 12.5.2011                                | 1.1.2013                           | 1.1.2014                         | Significant in principle     |
| Changes in Transitional Regulations (IFRS 10, IFRS 11 and IFRS 12)               | 28.6.2012                                | 1.1.2013                           | No                               | Significant in principle     |
| Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)                  | 31.10.2012                               | 1.1.2014                           | No                               | Insignificant                |
| IAS 27 — Separate Financial Statements                                           | 12.5.2011                                | 1.1.2013                           | 1.1.2014                         | None                         |
| IAS 28 — Investments in Associates and Joint Ventures                            | 12.5.2011                                | 1.1.2013                           | 1.1.2014                         | None                         |
| IAS 32 — Presentation – Offsetting of Financial Assets and Financial Liabilities | 16.12.2011                               | 1.1.2014                           | 1.1.2014                         | Insignificant                |

In November 2009 the IASB issued IFRS 9 (Financial Instruments: Disclosures) as the first part of its project to change the accounting treatment for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts. It applies a uniform approach to accounting for a financial asset either at amortised cost or fair value and replaces the various rules contained in IAS 39. Under the new rules, there will only be two, instead of four, measurement categories for financial instruments recognised on the assets side of the balance sheet. The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics of the financial assets.

In October 2010, additional rules for financial liabilities were added. The requirements for financial liabilities

contained in IAS 39 remain unchanged with the exception of new requirements relating to an entity's own credit risk when it exercises the fair value option. IFRS 9 is mandatory for financial years beginning on or after 1 January 2015. The BMW Group will not apply IFRS 9 early. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2011 the IASB issued three new Standards – IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) – as well as amendments to IAS 27 (Consolidated and Separate Financial Statements) and to IAS 28 (Investments in Associates) all relating to accounting for business combinations. The Standards are mandatory for the first time for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The new Standards are required to be applied retrospectively. EU endorsement stipulates a later mandatory date (from 1 January 2014) due to increased implementation expense.



IFRS 10 replaces the consolidation guidelines contained in IAS 27 and SIC-12 (Consolidation – Special Purpose Entities). The requirements for separate financial statements remain unchanged in the revised version of IAS 27.

IFRS 10 introduces a uniform model which establishes control as the basis for consolidation – control of a subsidiary entity by a parent entity – and which can be applied to all entities. The control concept must therefore be applied both to parent-subsidiary relationships based on voting rights as well as to parent-subsidiary relationships arising from other contractual arrangements. Under the control concept established in IFRS 10, an investor controls another entity when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). This Standard sets out the requirements for accounting for joint arrangements and places the emphasis on the rights and obligations that arise from such arrangements. IFRS 11 distinguishes between two types of joint arrangements, namely joint operations and joint ventures, and therefore results in a change in the classification of joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint operators to account for their share of assets and liabilities in the joint operation (and their share of income and expenses). Joint venturers are required to account for their investment using the equity method. The withdrawal of IAS 31 means the removal of the option to account for joint ventures using either the proportionate consolidation or the equity method. The equity method must be applied in accordance with amended IAS 28.

IFRS 12 sets out the requirements for disclosures relating to all types of interests in other entities, including joint arrangements, associated companies, structured entities and unconsolidated entities.

The amendments to the transitional regulations in IFRS 10, IFRS 11 and IFRS 12 have the objective of making

it easier for entities to apply the Standards retrospectively. The amendments also restrict the requirement to disclose comparative amounts to the immediately preceding reporting period at the date of first-time application.

The BMW Group is currently investigating the impact on the Group Financial Statements of applying IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28. The removal of the option for accounting for joint ventures does not have any impact since the BMW Group accounts for joint ventures using the equity method. It is currently being investigated whether any joint ventures will be required to be reclassified as joint operations as a result of the introduction of IFRS 11. The BMW Group does not intend to adopt the Standard early.



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Notes to the Income Statement

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### 5 – Revenues

Revenues by activity comprise the following:

| in € million                                    | 1st quarter 2013 | 1st quarter 2012 |
|-------------------------------------------------|------------------|------------------|
| Sales of products and related goods             | 12,889           | 13,700           |
| Income from lease instalments                   | 1,765            | 1,671            |
| Sale of products previously leased to customers | 1,563            | 1,617            |
| Interest income on loan financing               | 713              | 738              |
| Other income                                    | 616              | 567              |
| <b>Revenues</b>                                 | <b>17,546</b>    | <b>18,293</b>    |

An analysis of revenues by segment is shown in the segment information in note 32.

### 6 – Cost of sales

Cost of sales in the first quarter include €3,918 million (2012: €3,969 million) relating to financial services business.

The latter comprises all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €275 million (2012: €301 million).

First-quarter cost of sales includes research and development expenses of €988 million (2012: €972 million).

### 7 – Selling and administrative expenses

Selling expenses amounted to €1,117 million in the first quarter 2013 (2012: €1,236 million) and comprise mainly marketing, advertising and sales personnel costs.

Administrative expenses in the first quarter amounted to €471 million (2012\*: €398 million) and comprise expenses for administration not attributable to development, production or sales functions.

### 8 – Other operating income and expenses

Other operating income in the first quarter totalled €156 million (2012: €181 million), while other operating expenses amounted to €108 million (2012: €177 million).

These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

### 9 – Result from equity accounted investments

The result from equity accounted investments in the first quarter was a positive amount of €85 million (2012: €43 million) and includes the results of the BMW Group's interests in the joint ventures BMW Brilliance Auto-

tive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

### 10 – Net interest result

| in € million                  | 1st quarter 2013 | 1st quarter 2012* |
|-------------------------------|------------------|-------------------|
| Interest and similar income   | 42               | 55                |
| Interest and similar expenses | -78              | -105              |
| <b>Net interest result</b>    | <b>-36</b>       | <b>-50</b>        |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

## 11 – Other financial result

| in € million                  | 1st quarter 2013 | 1st quarter 2012 |
|-------------------------------|------------------|------------------|
| Result on investments         | 1                | 1                |
| Sundry other financial result | -86              | -48              |
| <b>Other financial result</b> | <b>-85</b>       | <b>-47</b>       |

## 12 – Income taxes

Taxes on income comprise the following:

| in € million         | 1st quarter 2013 | 1st quarter 2012* |
|----------------------|------------------|-------------------|
| Current tax expense  | 524              | 579               |
| Deferred tax expense | 167              | 149               |
| <b>Income taxes</b>  | <b>691</b>       | <b>728</b>        |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

The effective tax rate for the three-month period to 31 March 2013 was 34.5 % (2012: 35.0 %).

## 13 – Earnings per share

The computation of earnings per share is based on the following figures:

|                                                         | 1st quarter 2013            | 1st quarter 2012* |
|---------------------------------------------------------|-----------------------------|-------------------|
| Profit attributable to the shareholders                 | € million 1,306.7           | 1,345.4           |
| Profit attributable to common stock                     | € million (rounded) 1,199.1 | 1,235.5           |
| Profit attributable to preferred stock                  | € million (rounded) 107.6   | 109.9             |
| Average number of common stock shares in circulation    | number 601,995,196          | 601,995,196       |
| Average number of preferred stock shares in circulation | number 53,994,217           | 53,571,372        |
| <b>Earnings per share of common stock</b>               | € 1.99                      | 2.05              |
| <b>Earnings per share of preferred stock</b>            | € 1.99                      | 2.05              |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation.

In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per

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

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Notes to the Statement of Comprehensive Income

Notes to the Balance Sheet

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### 14 – Disclosures relating to total comprehensive income

Other comprehensive income for the period after tax comprises the following<sup>1</sup>:

| in € million                                                                       | 1st quarter 2013 | 1st quarter 2012 <sup>2</sup> |
|------------------------------------------------------------------------------------|------------------|-------------------------------|
| Remeasurement of net liability for defined benefit pension plans                   | 302              | -534                          |
| Currency translation foreign operations                                            | -35              | -122                          |
| Deferred taxes                                                                     | -147             | 132                           |
| Other comprehensive income from equity accounted investments                       | 23               | -11                           |
| <b>Items not expected to be reclassified to the income statement in the future</b> | <b>143</b>       | <b>-535</b>                   |
| Available-for-sale securities                                                      | -9               | 25                            |
| — thereof arising in the period under report gains/losses                          | 8                | 28                            |
| — thereof reclassifications to the income statement                                | -17              | -3                            |
| Financial instruments used for hedging purposes                                    | -363             | 887                           |
| — thereof arising in the period under report gains/losses                          | -425             | 817                           |
| — thereof reclassifications to the income statement                                | 62               | 70                            |
| Deferred taxes                                                                     | 126              | -336                          |
| Other comprehensive income after tax from equity accounted investments             | -59              | 42                            |
| <b>Items expected to be reclassified to the income statement in the future</b>     | <b>-305</b>      | <b>618</b>                    |
| <b>Other comprehensive income for the period after tax</b>                         | <b>-162</b>      | <b>83</b>                     |

<sup>1</sup> Presentation adjusted in accordance with revised IAS 1.

<sup>2</sup> Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Deferred taxes on components of other comprehensive income in the first quarter are as follows:

| in € million                                                                   | 1st quarter 2013 |                   |              | 1st quarter 2012* |                   |              |
|--------------------------------------------------------------------------------|------------------|-------------------|--------------|-------------------|-------------------|--------------|
|                                                                                | Before<br>tax    | Deferred<br>taxes | After<br>tax | Before<br>tax     | Deferred<br>taxes | After<br>tax |
| Available-for-sale securities                                                  | -9               | 5                 | -4           | 25                | -20               | 5            |
| Financial instruments used for hedging purposes                                | -363             | 121               | -242         | 887               | -316              | 571          |
| Exchange differences on translating foreign operations                         | -35              | -                 | -35          | -122              | -                 | -122         |
| Remeasurement of net liability for<br>defined benefit pension plans            | 302              | -147              | 155          | -534              | 132               | -402         |
| Other comprehensive income for the period from<br>equity accounted investments | -56              | 20                | -36          | 45                | -14               | 31           |
| <b>Other comprehensive income</b>                                              | <b>-161</b>      | <b>-1</b>         | <b>-162</b>  | <b>301</b>        | <b>-218</b>       | <b>83</b>    |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

### 15 – Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 31 March 2013 amounted to €4,312 million (31 December 2012: €4,347 million). Additions to development costs in the first quarter totalled €240 million (2012:

€191 million). The amortisation expense for the period was €275 million (2012: €301 million). At 31 March 2013 other intangible assets amounted to €831 million (31 December 2012: €491 million). Capital expenditure for intangible assets during the first quarter 2013 was €384 million (2012: €12 million) and includes the acquisition of licenses amounting to €378 million, which are being amortised on a straight-line basis over a period

of six years. Amortisation on other intangible assets in the first quarter totalled €42 million (2012: €23 million).

In addition, intangible assets include a brand-name right amounting to €42 million (31 December 2012: €44 million), goodwill of €33 million (31 December 2012: €33 million) allocated to the Automotive cash-generating

unit and goodwill of €336 million (31 December 2012: €336 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €42 million (31 December 2012: €44 million) are subject to restrictions on title.

#### 16 – Property, plant and equipment

Capital expenditure for property, plant and equipment in the first three months of 2013 totalled €587 million (2012:

€396 million). The depreciation expense for the same period amounted to €584 million (2012: €548 million), with disposals totalling €11 million (2012: €19 million).

#### 17 – Leased products

Additions to leased products and depreciation thereon in the first three months of 2013 amounted to €4,061 million (2012: €2,818 million) and €1,666 million (2012: €914 million) respectively. Disposals amounted to

€2,021 million (2012: €1,823 million). The translation of foreign currency financial statements resulted in a net positive translation difference of €165 million (2012: net negative translation difference of €196 million).

#### 18 – Investments accounted for using the equity method and other investments

Investments accounted for using the equity method comprise the Group's investments in the joint ventures BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate primarily to investments in non-consolidated subsidiaries, interests in associated companies not accounted for using the equity method, participations and non-current marketable securities. No impairment losses were recognised on investments in the first quarter.

#### 19 – Receivables from sales financing

Receivables from sales financing totalling €53,865 million (31 December 2012: €52,914 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €32,462 million (31 December 2012: €32,309 million) with a remaining term of more than one year.

#### 20 – Financial assets

| in € million                               | 31.3.2013    | 31.12.2012   |
|--------------------------------------------|--------------|--------------|
| Derivative instruments                     | 2,514        | 2,992        |
| Marketable securities and investment funds | 3,042        | 2,655        |
| Loans to third parties                     | 51           | 44           |
| Credit card receivables                    | 228          | 234          |
| Other                                      | 595          | 835          |
| <b>Financial assets</b>                    | <b>6,430</b> | <b>6,760</b> |
| thereof non-current                        | 1,768        | 2,148        |
| thereof current                            | 4,662        | 4,612        |

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## 21 – Income tax assets

Income tax assets totalling €1,050 million (31 December 2012: €966 million) include claims amounting to €561 million (31 December 2012: €638 million) which

are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

## 22 – Other assets

| in € million                                                    | 31.3.2013    | 31.12.2012*  |
|-----------------------------------------------------------------|--------------|--------------|
| Other taxes                                                     | 832          | 796          |
| Receivables from subsidiaries                                   | 776          | 738          |
| Receivables from other companies in which an investment is held | 772          | 676          |
| Prepayments                                                     | 1,133        | 1,043        |
| Collateral receivables                                          | 626          | 555          |
| Sundry other assets                                             | 791          | 659          |
| <b>Other assets</b>                                             | <b>4,930</b> | <b>4,467</b> |
| thereof non-current                                             | 929          | 803          |
| thereof current                                                 | 4,001        | 3,664        |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

## 23 – Inventories

Inventories comprise the following:

| in € million                         | 31.3.2013     | 31.12.2012   |
|--------------------------------------|---------------|--------------|
| Raw materials and supplies           | 903           | 786          |
| Work in progress, unbilled contracts | 912           | 827          |
| Finished goods and goods for resale  | 8,742         | 8,112        |
| <b>Inventories</b>                   | <b>10,557</b> | <b>9,725</b> |

## 24 – Assets held for sale and liabilities in conjunction with assets held for sale

In the financial year 2012 the Board of Management of BMW AG decided to realign its strategic direction for the Motorcycles segment in view of the changing nature of motorcycle markets, demographic developments and stricter environmental requirements. The BMW Group intends to broaden its product range, in particular in the fields of urban mobility and e-mobility, in order to open up future growth opportunities. In line with the decision to focus on the BMW Motorrad brand, and considering the declining size of the relevant markets, it was considered a sensible move to sell the Husqvarna Motorcycles brand.

In December 2012, BMW AG, Munich, and Pierer Industrie AG, Wels, reached agreement with regard to the sale of Husqvarna Motorcycles S. r. l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE, to Pierer Industrie AG, Wels. Following approval of the transaction by the Austrian Merger Control Authorities, the Husqvarna Group was sold on 6 March 2013 and is therefore no longer included in the group reporting entity. A gain of €4.8 million arising on deconsolidation of the Husqvarna Group is reported in other operating income within the Motorcycles segment.

## 25 – Equity

The Group Statement of Changes in Equity is shown on pages 28 and 29.

### Number of shares issued

At 31 March 2013 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares of common stock with a par-value of €1. Preferred stock issued by BMW AG was divided into 53,994,217 shares (31 December 2012: 53,994,217 shares) with a par-value of €1. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

The shareholders have passed a resolution at the Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to €5.0 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Based on this authorisation, 1,798,055 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €3.2 million at 31 March 2013. The BMW Group did not hold any treasury shares at the end of the reporting period.

### Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2012 at €1,973 million.

## 26 – Other provisions

Other provisions, at €6,700 million (31 December 2012\*: €6,687 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

## 27 – Income tax liabilities

Income tax liabilities totalling €1,268 million (31 December 2012: €1,482 million) include obligations amounting to €796 million (31 December 2012: €806 million) which are expected to be settled after more than twelve months. Some of the liabilities may be settled earlier than this depending on the timing of proceedings.

### Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated companies. In addition, revenue reserves include both positive and negative goodwill arising on the consolidation of Group companies prior to 31 December 1994. The opening balance of revenue reserves increased as at 1 January 2013 by €204 million as a result of the adoption of revised IAS 19.\* In previous years, revenue reserves were reported in the Consolidated Statement of Changes in Equity separately for pension obligations and for other revenue reserves.

\* Further information is provided in note 3.

### Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign operations, the effects of recognising changes in the fair value of derivative financial instruments and marketable securities directly in equity and the related deferred taxes recognised directly in equity.

### Minority interests

Equity attributable to minority interests amounted to €167 million (31 December 2012: €107 million). This includes a minority interest of €5 million in the results for the period (31 December 2012: €26 million).

Current other provisions at 31 March 2013 amounted to €3,198 million (31 December 2012\*: €3,246 million).

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Current tax liabilities comprise €233 million (31 December 2012: €438 million) for taxes payable and €1,035 million (31 December 2012: €1,044 million) for tax provisions.

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## 28 – Financial liabilities

Financial liabilities include all obligations of the BMW Group relating to financing activities. Financial liabilities comprise the following:

| in € million                                 | 31.3.2013     | 31.12.2012    |
|----------------------------------------------|---------------|---------------|
| Bonds                                        | 29,999        | 29,852        |
| Liabilities to banks                         | 9,503         | 9,484         |
| Liabilities from customer deposits (banking) | 13,428        | 13,018        |
| Commercial paper                             | 3,306         | 4,577         |
| Asset backed financing transactions          | 10,659        | 9,411         |
| Derivative instruments                       | 2,123         | 1,790         |
| Other                                        | 1,423         | 1,375         |
| <b>Financial liabilities</b>                 | <b>70,441</b> | <b>69,507</b> |
| thereof non-current                          | 40,287        | 39,095        |
| thereof current                              | 30,154        | 30,412        |

## 29 – Other liabilities

Other liabilities comprise the following items:

| in € million                                               | 31.3.2013     | 31.12.2012    |
|------------------------------------------------------------|---------------|---------------|
| Other taxes                                                | 860           | 713           |
| Social security                                            | 80            | 76            |
| Advance payments from customers                            | 574           | 668           |
| Deposits received                                          | 365           | 466           |
| Payables to subsidiaries                                   | 206           | 236           |
| Payables to other companies in which an investment is held | 3             | 1             |
| Deferred income                                            | 4,778         | 4,512         |
| Other                                                      | 3,642         | 3,524         |
| <b>Other liabilities</b>                                   | <b>10,508</b> | <b>10,196</b> |
| thereof non-current                                        | 3,368         | 3,404         |
| thereof current                                            | 7,140         | 6,792         |

## 30 – Financial instruments

The fair values shown are computed using market information available at the balance sheet date, on the basis of prices quoted by the contract partners or using appropriate measurement methods e.g. discounted cash flow models. In the latter case, amounts were discounted at 31 March 2013 on the basis of the following interest rates:

| ISO Code<br>in %             | EUR  | USD  | GBP  | JPY  |
|------------------------------|------|------|------|------|
| Interest rate for six months | 0.14 | 0.22 | 0.48 | 0.14 |
| Interest rate for one year   | 0.16 | 0.25 | 0.46 | 0.17 |
| Interest rate for five years | 0.93 | 0.94 | 0.96 | 0.27 |
| Interest rate for ten years  | 1.72 | 2.06 | 1.95 | 0.66 |



The interest rates derived from interest-rate structures are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

Derivative financial instruments are measured at their fair value. The fair values of derivative financial instruments are determined using measurement models, as a consequence of which there is a risk that the amounts calculated could differ from realisable market prices on disposal. Observable financial market price spreads (e.g. for liquidity risks) are taken into account in the measurement of derivative financial instruments, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on the disposal of those instruments. In addition, the valuation takes into account, the Group's own default risk and that of counterparties in the form of credit default swap (CDS)

spreads which have appropriate terms and which can be observed on the market.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (level 1),
3. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (level 2) or
3. using input factors not based on observable market data (level 3).

The following table shows the amounts allocated to each measurement level at 31 March 2013:

| 31 March 2013                                                                            |       | Level hierarchy in accordance with IFRS 7 |         |         |  |
|------------------------------------------------------------------------------------------|-------|-------------------------------------------|---------|---------|--|
| in € million                                                                             |       | Level 1                                   | Level 2 | Level 3 |  |
| Marketable securities, investment fund shares and collateral assets – available-for-sale | 3,320 |                                           |         |         |  |
| Other investments – available-for-sale                                                   | 399   |                                           |         |         |  |
| Derivative instruments (assets)                                                          |       |                                           |         |         |  |
| — Cash flow hedges                                                                       |       |                                           | 813     |         |  |
| — Fair value hedges                                                                      |       |                                           | 1,160   |         |  |
| — Other derivative instruments                                                           |       |                                           | 541     |         |  |
| Derivative instruments (liabilities)                                                     |       |                                           |         |         |  |
| — Cash flow hedges                                                                       |       |                                           | 923     |         |  |
| — Fair value hedges                                                                      |       |                                           | 424     |         |  |
| — Other derivative instruments                                                           |       |                                           | 776     |         |  |

| 31 December 2012                                                                         |       | Level hierarchy in accordance with IFRS 7 |         |         |  |
|------------------------------------------------------------------------------------------|-------|-------------------------------------------|---------|---------|--|
| in € million                                                                             |       | Level 1                                   | Level 2 | Level 3 |  |
| Marketable securities, investment fund shares and collateral assets – available-for-sale | 2,812 |                                           |         |         |  |
| Other investments – available-for-sale                                                   | 391   |                                           |         |         |  |
| Derivative instruments (assets)                                                          |       |                                           |         |         |  |
| — Cash flow hedges                                                                       |       |                                           | 925     |         |  |
| — Fair value hedges                                                                      |       |                                           | 1,457   |         |  |
| — Other derivative instruments                                                           |       |                                           | 610     |         |  |
| Derivative instruments (liabilities)                                                     |       |                                           |         |         |  |
| — Cash flow hedges                                                                       |       |                                           | 701     |         |  |
| — Fair value hedges                                                                      |       |                                           | 320     |         |  |
| — Other derivative instruments                                                           |       |                                           | 769     |         |  |

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As in the previous year's financial statements, there were no significant reclassifications within the level hierarchy during the first quarter 2013.

In the case of financial instruments held by BMW Group which are not measured at fair value, the carrying

| in € million                                             | 31.3.2013  |                   | 31.12.2012 |                   |
|----------------------------------------------------------|------------|-------------------|------------|-------------------|
|                                                          | Fair value | – Carrying amount | Fair value | – Carrying amount |
| Loans and receivables – Receivables from sales financing | 55,617     | 53,865            | 54,374     | 52,914            |
| Other liabilities – Bonds                                | 30,542*    | 29,999            | 29,966     | 29,852            |

\* Optimised system-based fair value measurement with effect from first quarter 2013.

### 31 – Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group or which are controlled by the BMW Group, must be disclosed unless such parties are not already included in the Group Financial Statements as consolidated companies. Control is defined as ownership of more than one half of the voting power of BMW AG or the power to direct, by statute or agreement, the financial and operating policies of the management of the Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the BMW Group is presumed when a party holds 20 % or more of the voting power of BMW AG. In addition, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the BMW Group, this applies to members of the Board of Management and Supervisory Board.

In the first quarter 2013, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with non-consolidated subsidiaries, joint ventures and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

amounts of such instruments correspond in general to fair values. The following items are exceptions to this general rule:

The BMW Group maintains normal business relationships with non-consolidated subsidiaries. Transactions with these companies are small in scale, arise in the normal course of business and are conducted on the basis of arm's length principles.

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first quarter 2013 for an amount of €821 million (2012: €648 million). At 31 March 2013, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €690 million (31 December 2012: €608 million). As at the end of the previous financial year, there were no payables from Group companies to BMW Brilliance Automotive Ltd., Shenyang, at 31 March 2013. Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first quarter 2013 for an amount of €4 million (2012: €3 million).

All relationships of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, arise in the normal course of business. All transactions with these entities were conducted on the basis of arm's length principles. At 31 March 2013 receivables of Group companies for loans disbursed to the joint ventures amounted to €82 million (31 December 2012: €68 million). Interest income earned on these in-

tragroup loans in the first quarter 2013 amounted to €1 million (2012: €1 million). Goods and services received by Group companies from the joint ventures during the period under report totalled €5 million (2012: €1 million). At 31 March 2013 payables of Group companies to the joint ventures amounted to €3 million (31 December 2012: €1 million).

All relationships of BMW Group entities with the joint ventures DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungen GmbH, Munich, are conducted on the basis of arm's length principles. Transactions with these entities arise in the normal course of business and are small in scale.

The BMW Group maintains normal business relationships with associated companies. Transactions with these companies are small in scale, arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and member of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first quarter 2013. In addition, companies of the DELTON Group acquired vehicles on the basis of arm's length principles from the BMW Group, mostly in the form of leasing contracts. These service and lease contracts, which are not material for the BMW Group, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the first quarter 2013, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

Apart from the transactions referred to above, companies of the BMW Group did not enter into any contracts with members of the Board of Management or Super-

visory Board of BMW AG. The same applies to close members of the families of those persons.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions and pre-retirement part-time work arrangements in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity, which is a registered association (eingetragener Verein) under German law, does not have any assets of its own. It did not have any income or expenses during the period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e.V., Munich.

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## 32 – Explanatory notes to segment information

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2012. No changes have been made

either in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2012.

Segment information by operating segment for the first quarter 2013 is as follows:

| Segment information by operating segment            |               |               |             |            |
|-----------------------------------------------------|---------------|---------------|-------------|------------|
|                                                     | Automotive    |               | Motorcycles |            |
| in € million                                        | 2013          | 2012*         | 2013        | 2012       |
| External revenues                                   | 12,664        | 13,447        | 432         | 441        |
| Inter-segment revenues                              | 3,243         | 2,712         | 4           | 7          |
| <b>Total revenues</b>                               | <b>15,907</b> | <b>16,159</b> | <b>436</b>  | <b>448</b> |
| Segment result                                      | 1,582         | 1,880         | 51          | 37         |
| Capital expenditure on non-current assets           | 1,243         | 634           | 9           | 11         |
| Depreciation and amortisation on non-current assets | 879           | 854           | 18          | 13         |

|                | Automotive |             | Motorcycles |            |
|----------------|------------|-------------|-------------|------------|
| in € million   | 31.3.2013  | 31.12.2012* | 31.3.2013   | 31.12.2012 |
| Segment assets | 10,297     | 10,991      | 570         | 405        |

Segment figures for the first quarter can be reconciled to the corresponding Group figures as follows:

| in € million                                                           | 1st quarter 2013 | 1st quarter 2012* |
|------------------------------------------------------------------------|------------------|-------------------|
| Reconciliation of segment result                                       |                  |                   |
| — Total for reportable segments                                        | 2,149            | 2,332             |
| — Financial result of Automotive segment and Motorcycles segment       | –67              | –58               |
| — Elimination of inter-segment items                                   | –79              | –194              |
| <b>Group profit before tax</b>                                         | <b>2,003</b>     | <b>2,080</b>      |
| Reconciliation of capital expenditure on non-current assets            |                  |                   |
| — Total for reportable segments                                        | 5,403            | 4,212             |
| — Elimination of inter-segment items                                   | –131             | –795              |
| <b>Total Group capital expenditure on non-current assets</b>           | <b>5,272</b>     | <b>3,417</b>      |
| Reconciliation of depreciation and amortisation on non-current assets  |                  |                   |
| — Total for reportable segments                                        | 2,562            | 2,416             |
| — Elimination of inter-segment items                                   | 5                | –630              |
| <b>Total Group depreciation and amortisation on non-current assets</b> | <b>2,567</b>     | <b>1,786</b>      |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

| Financial Services |       | Other Entities |       | Reconciliation to Group figures |       | Group  |        |                                                     |
|--------------------|-------|----------------|-------|---------------------------------|-------|--------|--------|-----------------------------------------------------|
| 2013               | 2012  | 2013           | 2012* | 2013                            | 2012  | 2013   | 2012*  |                                                     |
| 4,450              | 4,405 | -              | -     | -                               | -     | 17,546 | 18,293 | External revenues                                   |
| 380                | 395   | 1              | 1     | 3,628                           | 3,115 | -      | -      | Inter-segment revenues                              |
| 4,830              | 4,800 | 1              | 1     | 3,628                           | 3,115 | 17,546 | 18,293 | Total revenues                                      |
| 449                | 434   | 67             | 19    | 146                             | 252   | 2,003  | 2,080  | Segment result                                      |
| 4,151              | 3,567 | -              | -     | 131                             | 795   | 5,272  | 3,417  | Capital expenditure on non-current assets           |
| 1,665              | 1,549 | -              | -     | 5                               | 630   | 2,567  | 1,786  | Depreciation and amortisation on non-current assets |

| Financial Services |               | Other Entities |              | Reconciliation to Group figures |               | Group     |               |                |
|--------------------|---------------|----------------|--------------|---------------------------------|---------------|-----------|---------------|----------------|
| 31.3.2013          | - 31.12.2012* | 31.3.2013      | - 31.12.2012 | 31.3.2013                       | - 31.12.2012* | 31.3.2013 | - 31.12.2012* |                |
| 8,132              | 7,633         | 49,392         | 50,685       | 66,221                          | 62,121        | 134,612   | 131,835       | Segment assets |

| in € million                                                                 | 31.3.2013      | 31.12.2012*    |
|------------------------------------------------------------------------------|----------------|----------------|
| Reconciliation of segment assets                                             |                |                |
| — Total for reportable segments                                              | 68,391         | 69,714         |
| — Non-operating assets – Other Entities segment                              | 6,099          | 6,065          |
| — Operating liabilities – Financial Services segment                         | 82,485         | 81,064         |
| — Interest-bearing assets – Automotive and Motorcycles segments              | 35,778         | 36,321         |
| — Liabilities of Automotive and Motorcycles segments not subject to interest | 23,647         | 21,943         |
| — Elimination of inter-segment items                                         | -81,788        | -83,272        |
| <b>Total Group assets</b>                                                    | <b>134,612</b> | <b>131,835</b> |

\* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

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| Annual General Meeting                | 14 May 2013     |
| Quarterly Report to 30 June 2013      | 1 August 2013   |
| Quarterly Report to 30 September 2013 | 5 November 2013 |
| Annual Report 2013                    | 19 March 2014   |
| 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 |

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**The BMW Group on the Internet** 

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about the various BMW Group brands is available at [www.bmw.com](http://www.bmw.com), [www.mini.com](http://www.mini.com)  
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