

FINANCIAL STATEMENTS OF BMW AG

Financial Year 2015



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		2015	2014	Change in %
Revenues	€ million	72,384	66,599	8.7
Export ratio	%	83.0	81.7	
Production				
Automobiles ¹	units	2,279,503	2,165,566	5.3
Motorcycles	units	151,004	133,615	13.0
Sales volume				
Automobiles ¹	units	2,275,367	2,166,772	5.0
Motorcycles	units	144,291	133,635	8.0
Capital expenditure	€ million	2,748	3,150	12.8
Depreciation, amortisation and impairment losses	€ million	2,072	1,890	9.6
Workforce at end of year		84,860	80,675	5.2
Tangible, intangible and investment assets	€ million	14,619 ²	13,945	4.8
Current assets, prepayments and surplus of pension and similar plan assets over liabilities	€ million	20,358	20,291	0.3
Subscribed capital	€ million	657	656	0.2
Reserves	€ million	10,168	9,506	7.0
Equity	€ million	12,927	12,066	7.1
as % of tangible, intangible and investment assets	%	88.4	86.5	
Balance sheet total	€ million	34,977	34,236	2.2
Cost of materials	€ million	52,128	47,008	10.9
Personnel costs	€ million	7,576	6,786	11.6
Taxes	€ million	1,831	1,934	5.3
Net profit	€ million	2,741	3,229	15.1
Dividend	€ million	2,102 ³	1,904	10.4
per share of common stock with a par value of €1 each	€	3.20 ³	2.90	
per share of preferred stock with a par value of €1 each	€	3.22 ³	2.92	

¹ Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

² Including property, plant and equipment transferred in conjunction with the merger of BMW Forschung und Technik GmbH, Munich.

³ Proposed by the Board of Management.

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Financial Statements

Publication

The BMW AG Financial Statements and Management Report for the financial year 2015 will be submitted to the operator of the electronic version of the German Federal Gazette and can be obtained via the Company Register website. The Management Report of BMW AG is combined with the Group Management Report and published in the BMW Group Annual Report 2015.

The Annual Financial Statements and Management Report of BMW AG are also available on the BMW Group's website at www.bmwgroup.com/ir.

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in € million	Notes	2015	2014
Assets			
Intangible assets	1	353	405
Property, plant and equipment	2	11,016	10,304
Investments	3	3,250	3,236
Tangible, intangible and investment assets		14,619	13,945
Inventories	4	4,267	3,859
Trade receivables	5	628	697
Receivables from subsidiaries	5	6,229	5,200
Other receivables and other assets	5	1,820	2,502
Marketable securities	6	3,911	3,572
Cash and cash equivalents	7	2,478	3,073
Current assets		19,333	18,903
Prepayments		303	265
Surplus of pension and similar plan assets over liabilities	8	722	1,123
Total assets		34,977	34,236
Equity and liabilities			
Subscribed capital	9	657	656
Capital reserves	9	2,107	2,084
Revenue reserves	10	8,061	7,422
Unappropriated profit available for distribution		2,102	1,904
Equity		12,927	12,066
Registered profit-sharing certificates	11	30	31
Pension provisions		82	12
Other provisions		7,617	7,308
Provisions	12	7,699	7,320
Liabilities to banks		1,343	1,864
Trade payables		4,500	4,784
Liabilities to subsidiaries		6,690	6,872
Other liabilities		239	216
Liabilities	13	12,772	13,736
Deferred income	14	1,549	1,083
Total equity and liabilities		34,977	34,236

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Income Statement

in € million	Notes	2015	2014
Revenues	15	72,384	66,599
Cost of sales	16	-57,764	-51,812
Gross profit		<u>14,620</u>	<u>14,787</u>
Selling expenses		-3,427	-3,533
Administrative expenses		-2,610	-2,259
Research and development expenses		-4,758	-4,152
Other operating income and expenses	17 18	184	28
Result on investments	19	1,606	741
Financial result	20	-1,043	-449
Profit from ordinary activities		<u>4,572</u>	<u>5,163</u>
Income taxes	21	-1,782	-1,884
Other taxes		-49	-50
Net profit		<u>2,741</u>	<u>3,229</u>
Transfer to revenue reserves	22	-639	-1,325
Unappropriated profit available for distribution		<u>2,102</u>	<u>1,904</u>

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

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

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

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

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

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

Structured financial instruments are accounted for as a single asset, measured at the lower of their fair value or amortised cost.

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

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

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

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

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

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

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

market interest rate – calculated and published by the Deutsche Bundesbank – which corresponds to the remaining term of the provision. Provisions for statutory and non-statutory warranty obligations are recognised on the basis of current estimations of expected expenses, based on past experience with claims and outcomes relating to previously delivered vehicles. Any subsequent changes in estimates are recognised in profit or loss.

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

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

BMW AG invoices a number of its affiliated selling companies that are based outside the eurozone in the relevant local currency. The resulting currency exposures are hedged by derivative currency instruments. The underlying hedged items comprise highly probable forecast transactions which are aggregated with these derivative currency instruments into valuation units.

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

Deferred income relates to amounts received before the balance sheet date, which represent income for a specific period after the end of the reporting period. This also includes revenues billed for services which are rendered after the end of the reporting period. Revenues from sales with multiple components are analysed into the various performance components on the basis of fair values which can be determined objectively and reliably. The portion of revenues relating to services not

performed by the end of the reporting period are presented as deferred income.

Deferred taxes are calculated for temporary differences between the tax base and accounting carrying amounts of assets, liabilities and deferred/prepaid items. Deferred tax assets and liabilities are measured on the basis of a combined income tax rate of 30.7% relevant for the BMW AG tax group. This combined rate covers corporation tax, municipal trade tax and solidarity surcharge. In the case of temporary differences arising on assets, liabilities and deferred/prepaid items of partnership entities, in which BMW AG participates in the capacity of a shareholder, deferred taxes are measured on the basis of an income tax rate of 15.83% which covers corporation tax and solidarity surcharge. In the year under report, the BMW AG tax group has a surplus of deferred tax assets over deferred tax liabilities, mainly as a result of temporary differences between the tax base and accounting carrying amounts of provisions for pensions and similar obligations (before offset of plan assets), other provisions and property, plant and equipment. BMW AG, as head of the German tax group, has elected not to recognise the surplus amount of deferred tax assets.

The share-based remuneration programmes for Board of Management members and senior heads of department entitle BMW AG to elect whether to settle its commitments in cash or with shares of BMW AG common stock. Following the decision to settle in cash, the two share-based programmes are accounted for as cash-settled share-based transactions. Share-based programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) over the vesting period of the options and presented in the balance sheet as a provision. Further information regarding the two share-based programmes is provided in note 19 to the BMW Group Financial Statements 2015.

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in € million	1. 1. 2015	Acquisition or manufacturing costs				– 31. 12. 2015
		Additions from mergers*	Additions	Reclassifi- cations	Disposals	
Intangible assets	840	–	73	–	146	767
Land, titles to land, buildings, including buildings on third party land	5,551	2	143	195	30	5,861
Plant and machinery	23,075	12	1,532	1,040	940	24,719
Other facilities, factory and office equipment	1,403	7	127	8	115	1,430
Advance payments made and construction in progress	1,489	–	873	–1,243	–	1,119
Property, plant and equipment	31,518	21	2,675	–	1,085	33,129
Investments in subsidiaries	2,998	–	1	–	–	2,999
Participations	592	–	–	–	–	592
Non-current marketable securities	–	–	28	–	–	28
Other non-current loans receivable	2	–	1	–	–	3
Investments	3,592	–	30	–	–	3,622
Tangible, intangible and investment assets	35,950	21	2,778	–	1,231	37,518

* Merger of BMW Forschung und Technik GmbH, Munich.

1 – Intangible assets

Intangible assets comprise mainly purchased software, franchises and licenses. Scheduled amortisation in the year under report amounted to €125 million (2014:

€128 million). Advance payments for intangible assets amounted to €12 million (2014: €4 million).

2 – Property, plant and equipment

Additions to property, plant and equipment relate primarily to infrastructure improvements and product-related investments in plant and machinery. The merger of BMW Forschung und Technik GmbH, Munich with

BMW AG, Munich, also gave rise to additions in the year under report. Scheduled depreciation in the year under report totalled €1,947 million (2014: €1,762 million).

3 – Investments

BMW AG holds shares in SGL Carbon SE, Wiesbaden. The carrying amount of this investment was written down to its lower market value at the end of the reporting

period, giving rise to an impairment loss of €16 million (2014: €196 million).

Depreciation, amortisation and impairment losses				Carrying amount			
1.1.2015	Additions from mergers*	Current year	Disposals	31.12.2015	31.12.2015	31.12.2014	
435	-	125	146	414	353	405	Intangible assets
-2,420	-2	-146	-28	2,540	3,321	3,131	Land, titles to land, buildings, including buildings on third party land
17,720	11	-1,683	926	18,488	6,231	5,355	Plant and machinery
-1,074	-6	-118	113	1,085	345	329	Other facilities, factory and office equipment
-	-	-	-	-	1,119	1,489	Advance payments made and construction in progress
21,214	19	1,947	1,067	22,113	11,016	10,304	Property, plant and equipment
-	-	-	-	-	2,999	2,998	Investments in subsidiaries
-355	-	-13	-	368	224	237	Participations
-	-	3	-	3	25	-	Other non-current loans receivable
-1	-	-	-	1	2	1	
356	-	16	-	372	3,250	3,236	Investments
22,005	19	2,088	1,213	22,899	14,619	13,945	Tangible, intangible and investment assets

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4 – Inventories

in € million	31.12.2015	31.12.2014
Raw materials and supplies	736	666
Work in progress, unbilled contracts	369	299
Finished goods and goods for resale	3,162	2,891
Leased products	-	3
	4,267	3,859

5 – Receivables and other assets

in € million	31.12.2015	31.12.2014
Trade receivables	628	697
Receivables from subsidiaries	6,229	5,200
thereof due later than one year €40 million (2014: €155 million)		
Other receivables and other assets		
Receivables from other companies in which an investment is held	706	755
Other assets	1,114	1,747
thereof due later than one year €44 million (2014: €76 million)		
	1,820	2,502
	8,677	8,399

Receivables from subsidiaries relate to financing and trade receivables.

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

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

6 – Marketable securities

Marketable securities comprise mainly a special investment fund, money market funds and commercial paper. BMW AG holds all of the shares of the special investment fund. No restrictions are attached to the daily redemption of the fund.

The following table shows the acquisition cost and fair value of the different classes of items included in the special investment fund at 31 December 2015:

The acquisition cost for the shares in the special investment fund amounted to €3,552 million.

in € million	Acquisition cost		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Fixed-income securities	3,415	2,578	3,424	2,732
Shares	576	72	561	100
Receivables and payables	41	39	41	39
Other marketable securities	27	213	27	213
Cash and cash equivalents	3	6	3	6
Derivative instruments	-	-	2	-
	4,062	2,908	4,058	3,090

7 – Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, of which €10 million (2014: €16 million) relates to subsidiaries and cash on hand.

8 – Surplus of pension and similar plan assets over liabilities

Assets held to secure obligations relating to pensions and pre-retirement part-time work arrangements are offset against the related liabilities. The assets concerned comprise mainly holdings in investment fund assets.

The surplus arising on the offset of assets and liabilities can be analysed as follows:

in € million	31.12.2015	31.12.2014
For pre-retirement part-time working arrangements		
— fair value of designated plan assets	343	387
— obligations for settlement arrears	323	328
	<u>20</u>	<u>59</u>
For pension obligations	702	1,064
	<u>722</u>	<u>1,123</u>

Acquisition cost of the designated plan assets for pre-retirement part-time working arrangements amounted to €284 million (2014: €318 million). A reconciliation of

the surplus of €702 million (2014: €1,064 million) arising on the offset of assets and liabilities relating to pension obligations is shown in note 12.

9 – Subscribed capital and capital reserves

in € million	31.12.2015	31.12.2014
Subscribed capital	657	656
Capital reserves	2,107	2,084

BMW AG's issued share capital of €657 million comprises 601,995,196 shares of common stock, each with a par value of €1, and 54,809,404 shares of non-voting preferred stock, each with a par value of €1. Preferred stock bears an additional dividend of €0.02 per share. All of the Company's stock is issued to bearer.

309,944 shares of preferred stock were issued to employees at a reduced price of €53.66 per share in conjunction with an employee share scheme. These shares are entitled to receive dividends with effect from the financial year 2016. 84 shares of preferred stock were bought back via the stock exchange in order to service the Company's employee share scheme.

Issued share capital increased by €0.3 million as a result of the issue to employees of 309,860 shares of non-voting preferred stock. After servicing the Employee Share Programme for 2014 and 2015, the authorised capital of BMW AG therefore amounted to €4.5 million at the end of the reporting period. The Company is authorised to issue shares of non-voting preferred stock amounting to nominal €5.0 million prior to 14 May 2019. The share premium of €22.8 million arising on this share capital increase was transferred to capital reserves.

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10 – Revenue reserves

in € million	31.12.2015	31.12.2014
Statutory reserves	1	1
Other revenue reserves		
— Balance brought forward	7,421	6,096
— Transfer from net profit	639	1,325
	8,060	7,421
	8,061	7,422

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

arrangements gives rise to an amount of €1,379 million which is not available for distribution.

11 – Registered profit-sharing certificates

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

stock. A total of 627,475 registered profit-sharing certificates remained in place at 31 December 2015 (2014: 639,767 registered profit-sharing certificates).

12 – Provisions

in € million	31.12.2015	31.12.2014
Pension provisions	82	12
Tax provisions	602	1,178
Other provisions	7,015	6,130
	7,699	7,320

BMW AG provides pension benefits to its employees in various forms. The majority of current employees participate in a pension plan, the benefits of which are based on the relevant final salary of the employee.

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

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

The measurement of pension obligations is based, as in previous years, on the assumptions set out in the biometric tables of Prof. Dr. Klaus Heubeck (2005 G). In addition, the following assumptions are applied:

in %	31.12.2015	31.12.2014
Discount rate	3.89	4.53
Future salary increases	2.60	2.60
Future pension increases	1.60	1.60

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

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

The provision for pensions can be analysed as follows:

in € million	31.12.2015	31.12.2014
Fair value of assets held to cover pension obligations	7.781	7.258
Present value of defined benefit obligations	7.161	6.206
Surplus of pension and similar plan assets over liabilities	702	1.064
	<u>82</u>	<u>12</u>

If the fair value of the designated plan assets exceeds the pension obligations, the surplus amount is reported in the line item "Surplus of pension and similar plan assets over liabilities" (see note 8). Acquisition cost of the designated plan assets for pension obligations amounted to €6,461 million (2014: €5,493 million).

Expenses resulting from the reversal of the discounting of pension obligations, the effect of the change in the discount rate applied as well as income and expenses resulting from the measurement of assets which are offset against liabilities are reported as part of the finan-

cial result (note 20). All other components of pension expense are included in the income statement under costs by function.

Tax provisions decreased primarily as a result of tax payments made in 2015 for prior years.

Other provisions comprise mainly obligations for personnel-related expenses, warranties, selling activities, commodity and currency contracts and litigation and liability risks.

13 – Liabilities

in € million	31.12.2015		31.12.2014	
		Remaining term of up to one year		Remaining term of up to one year
Liabilities to banks	1,343	466	1,864	621
Trade payables	4,500	4,422	4,784	4,628
Liabilities to subsidiaries	6,690	6,390	6,872	6,572
Other liabilities				
— Advance payments received on orders	33	33	27	27
— Payables to entities in which a participation is held	17	17	11	11
— Liabilities to BMW Unterstützungsverein e.V.	3	-	4	-
— Sundry other liabilities	186	176	174	162
— thereof for social security	48	48	46	46
— thereof for taxes	14	14	7	7
	<u>239</u>	<u>226</u>	<u>216</u>	<u>200</u>
	<u>12,772</u>	<u>11,504</u>	<u>13,736</u>	<u>12,021</u>

Liabilities to subsidiaries relate to financing and trading. The total amount of liabilities with a remaining term of more than five years comprises liabilities to sub-

siaries amounting to €300 million (2014: €300 million) and liabilities to BMW Unterstützungsverein e.V. amounting to €3 million (2014: €4 million).

14 – Deferred income

Deferred income includes revenue received for services to be performed in future accounting periods. Revenues from sales with multiple components are analysed into the various performance components on the basis of fair values which can be determined objectively and reliably.

The increase is primarily attributable to higher income from service and maintenance contracts, for which all of the related work had not been carried out by the end of the reporting period.

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15 – Revenues

in € million	2015	2014
Automobiles	62,293	56,450
Motorcycles	1,335	1,241
Other revenues	8,756	8,908
	72,384	66,599
Germany	12,283	12,187
United Kingdom	6,853	5,655
Rest of Europe	15,132	13,581
North America	17,885	14,600
Asia	16,313	17,049
Other markets	3,918	3,527
	72,384	66,599

16 – Cost of sales

Cost of sales comprises mainly production material costs, bought-in goods and services, personnel expenses, depreciation and amortisation of assets, production-related rent and leasing expenses and warranty expenses.

Prior-year warranty expenses amounting to €510 million were transferred to BMW AG from a Group sales company.

17 – Other operating income

Other operating income totalling €3,640 million (2014: €2,253 million) include primarily realised exchange gains, other revenues and income from the reversal of provisions. Other operating income relating to prior

periods amounted to €171 million (2014: €260 million). Gains resulting from measurement of foreign currency items using closing exchange rates totalled €47 million (2014: €47 million).

18 – Other operating expenses

Other operating expenses amounted to €3,456 million (2014: €2,225 million). Significant items include realised exchange losses, allocations to provisions and expenses incurred for premiums on options. An expense

of €214 million (2014: €77 million) arose in the year under report from the measurement of foreign currency items at closing exchange rates.

19 – Result on investments

in € million	2015	2014
Income from investments	1	1
Income from profit and loss transfer agreements	1,606	741
Expense of assuming losses under profit and loss transfer agreements	-1	-1
	1,606	741

20 – Financial result

in € million	2015	2014
Other interest and similar income	229	208
— thereof from subsidiaries €124 million (2014: €105 million)		
Impairment losses on non-current investments and on current marketable securities	-16	-196
Interest and similar expenses	-1,256	-461
— thereof to subsidiaries €-137 million (2014: €-131 million)		
— thereof financial expense relating to pension and other long-term personnel provisions €-855 million (2014: €-64 million)		
— thereof expense from reversal of discounting on liabilities and other provisions €-159 million (2014: €-158 million)		
	-1,043	-449

The financing expense for pension and long-term personnel expense-related provisions results from netting the following items:

in € million	2015	2014
Income from fund assets offset against liabilities	98	545
Expense from unwinding discounted pension and long-term personnel expense-related provisions and effect of changes in interest rate	-953	-609
	-855	-64

21 – Income taxes

The expense for income taxes relates primarily to current tax for the financial year.

22 – Transfer to revenue reserves

An amount of €639 million was transferred from net profit for the year to other revenue reserves.

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Cost of materials

in € million	2015	2014
Cost of raw materials and goods for resale	49,963	45,229
Cost of purchased services	2,165	1,779
	52,128	47,008

Personnel expense

in € million	2015	2014
Wages and salaries	6,538	6,021
Social security, pension and welfare costs	1,038	765
— thereof pension costs € 169 million (2014: €– 54 million)	7,576	6,786
Average workforce during the year	2015	2014
Head office and Munich plant	33,351	31,050
Dingolfing plant	18,343	17,780
Regensburg plant	9,133	8,664
Landshut plant	3,796	3,399
Leipzig plant	4,666	4,179
Berlin plant	2,746	2,628
Branches	5,219	5,244
	77,254	72,944
Apprentices and students gaining work experience	6,038	5,990
	83,292	78,934

Fee expense

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

Contingent liabilities

in € million	31.12.2015	31.12.2014
Guarantees for bonds under the AMTN/EMTN programme	36,637	30,903
— thereof in favour of subsidiaries €36,637 million (2014: €30,903 million)		
Guarantees for commercial paper	5,554	6,054
— thereof in favour of subsidiaries €5,554 million (2014: €6,054 million)		
Guarantees for other debt capital transactions	5,601	5,093
— thereof in favour of subsidiaries €5,601 million (2014: €5,093 million)		
Other	1,193	1,032
— of which to subsidiaries €1,073 million (2014: €988 million)		
	48,985	43,082

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

BMW AG is liable for the full extent and amount of customer deposits taken in by the subsidiary, BMW Bank GmbH, Munich, instead of the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), of which BMW Bank GmbH is a member. The maximum liability per customer is capped at 30% of the relevant equity of BMW Bank GmbH.

Other financial obligations and off-balance-sheet transactions

Other financial obligations and off-balance sheet items totalled €2,546 million, and comprise mainly obligations arising from rental, leasing and maintenance contracts.

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

in € million	31.12.2015
2016	742
2017–2020	790
later than 2020	1,014
	2,546

Of these amounts, €995 million relate to subsidiaries.

Purchase commitments for capital expenditure are at a typical level for the industry.

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

Related party transactions

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

Derivative financial instruments

in € million	Nominal volume		Market values	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Currency-related contracts				
Forward currency contracts	43,437	23,734	-588	-592
thereof positive market values			565	284
thereof negative market values			-1,153	-876
Currency options	4,001	12,318	16	11
thereof positive market values			74	109
thereof negative market values			-58	-98
Cross currency swaps	41	139	2	1
thereof positive market values			3	3
thereof negative market values			-1	-2
	47,479	36,191	-570	-580
Interest rate-related instruments				
Interest swaps*	4,622	5,032	-	-
thereof positive market values			3	6
thereof negative market values			-3	-6
Purchasing-related instruments				
Commodity derivatives	4,244	4,180	-1,057	-409
thereof positive market values			5	61
thereof negative market values			-1,062	-470

* Previous year's figure adjusted.

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Provisions of €648 million (2014: €390 million) were recognised to cover negative market value changes. €31 million of option fees incurred in conjunction with currency option contracts are included in "Other assets" and €10 million of option fees are included in "Other liabilities". In addition, the fair values of forward currency contracts relating to sales companies are included in "Other assets" (positive amount of €32 million) and in "Other liabilities" (negative amount of €17 million).

The nominal amounts of derivative financial instruments correspond to the purchase or sale amounts or to the contracted amounts of hedged items. Nominal amounts denominated in foreign currencies are translated using the closing rate. The fair values for currency and interest-related transactions shown are measured on the ba-

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

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

Amounts were discounted at 31 December 2015 on the basis of the following interest rates:

in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	-0.04	0.70	0.83	-0.16	3.08
Interest rate for one year	-0.06	0.85	0.84	-0.12	3.07
Interest rate for five years	0.33	1.72	1.59	0.17	3.26
Interest rate for ten years	1.02	2.20	2.03	0.43	3.31

Valuation units

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

At 31 December 2015 BMW AG held currency derivative instruments with terms of up to 55 months (2014: 60 months). These currency derivatives are used to hedge the exchange rates relating to highly probable forecast foreign currency trade receivables and foreign currency financial assets. Derivative financial instruments also include back-to-back contracts entered into with subsidiaries and banks.

Hedges for future purchases of commodities relate to highly probable forecast transactions. Changes in prices of these raw materials have an impact on BMW AG's production costs. Hedging strategies have therefore been put in place for raw materials management purposes, based on forecast purchase volumes. Commodity derivative instruments with terms of up to 58 months were in place at the end of the reporting period (2014: 59 months).

In addition, BMW AG held interest rate derivative instruments at 31 December 2015 with terms of up to

99 months (2014: 36 months), including back-to-back derivative financial instruments entered into with subsidiaries and banks. Fixed-interest financial instruments are used as a hedge against interest-rate risks.

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

in € million	Volume hedged		Amount of risk hedged	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Currency risk hedges				
Assets	40	137	1	2
Forecast transactions	32,505	13,522	897	628
Executory contracts	-174	76	176	47
Interest rate hedges				
Assets	30	5	-	-
Executory contracts	-10	-11	3	5
Commodity hedges				
Forecast transactions	2,642	2,396	620	255

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

Since the principal features of the transactions included in a valuation unit are matched, changes in fair values or cash flows generally cancel each other. Hedging is in place for the whole term of the hedged item. Effectiveness is ensured as a general rule by the use of a critical term match.

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

Total remuneration of the Board of Management and the Supervisory Board

Subject to the approval of the proposed dividend at the Annual General Meeting of Shareholders, the remuneration of current members of the Board of Management for the financial year 2015 amounts to €35.5 million (2014: €35.4 million). This comprised fixed components of €7.7 million (2014: €7.7 million), variable components of €27.1 million (2014: €27.0 million) and a share-based compensation component totalling €0.7 million (2014: €0.7 million).

The grant of the share-based remuneration component related to 8,032 shares of BMW AG common stock and a corresponding cash-based settlement, measured at the relevant market shares price prevailing on grant date.

The remuneration of former members of the Board of Management and their surviving dependants amounted to €8.0 million (2014: €5.8 million).

Pension obligations to former members of the Board of Management and their dependants are fully covered by pension provisions amounting to €64.1 million (2014: €53.9 million).

The present value of pension obligations for the purposes of the Company Financial Statements is measured on the basis of an actuarial report using an interest rate of 3.89 %, compared to an interest rate of 2.51 % used in the Group Financial Statements.

The compensation of the members of the Supervisory Board for the financial year 2015 amounted to €5.1 million (2014: €4.8 million). This comprised fixed components of €2.0 million (2014: €2.0 million) and variable components of €3.1 million (2014: €2.8 million).

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

Further details about the remuneration system of current members of the Board of Management and of the Supervisory Board can be found in the Compensation Report included in the BMW Group Annual Report 2015. The Compensation Report is part of the Combined Company and Group Management Report.

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Disclosures pursuant to § 160 (1) no. 8 of the Stock Corporation Act (AktG)

A number of shareholdings in the Company exist at the end of the reporting period, which have been notified in accordance with § 21 (1) of the German Securities Trading Act (WpHG) and published (as shown below) in accordance with § 26 (1) WpHG with the objective of Europe-wide distribution.

On 7 August 2015, **Mr Stefan Quandt, Germany**, has informed us according to Article 21, Section 1 of the WpHG (German Securities Trading Act) that, via shares, his voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 20 %, 25 % and 30 % thresholds of voting rights on 3 August 2015 and on that day amounted to 34.19 % (this corresponds to 205,826,231 voting rights). 33.80 % of voting rights (this corresponds to 203,454,995 voting rights) are attributed to Mr Quandt in accordance with Article 22, Section 1, Sentence 1, No. 1 of the WpHG. Attributed voting rights are held by the following companies under his control, whose share of the voting rights in Bayerische Motoren Werke Aktiengesellschaft amounts to 3 percent or more: Johanna Quandt GmbH, Johanna Quandt GmbH & Co. KG für Automobilwerte, AQTON SE. Additional information: Exceeding thresholds as a consequence of hereditary succession with full attribution of a) the voting rights directly acquired by Mr Quandt and a coheir in undivided community of heirs as joint estate, b) the voting rights attributed to Johanna Quandt GmbH as a general partner of Johanna Quandt GmbH & Co. KG für Automobilwerte; the shares in Johanna Quandt GmbH are held by Mr Quandt and his coheir in undivided community of heirs as joint estate.

On 7 August 2015, **Ms Susanne Klatten, Germany**, has informed us according to Article 21, Section 1 of the WpHG (German Securities Trading Act) that, via shares, her voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 15 %, 20 % and 25 % thresholds of voting rights on 3 August 2015 and on that day amounted to 29.30 % (this corresponds to 176,409,217 voting rights). 28.91 % of voting rights (this corresponds to 174,037,981 voting rights) are attributed to Ms Klatten in accordance with Article 22, Section 1, Sentence 1, No. 1 of the WpHG. Attributed voting rights are held by the following companies under her control, whose share of the voting rights in Bayerische Motoren Werke Aktiengesellschaft amounts to 3 percent or more: Johanna Quandt GmbH, Johanna Quandt GmbH & Co. KG für Automobilwerte, Susanne Klatten Beteiligungs GmbH.

Additional information: Exceeding thresholds as a consequence of hereditary succession with full attribution of a) the voting rights directly acquired by Ms Klatten and a coheir in undivided community of heirs as joint estate, b) the voting rights attributed to Johanna Quandt GmbH as a general partner of Johanna Quandt GmbH & Co. KG für Automobilwerte; the shares in Johanna Quandt GmbH are held by Ms Klatten and her coheir in undivided community of heirs as joint estate.

BlackRock, Inc., Wilmington, DE, USA, has informed us according to Article 21, Section 1 WpHG (German Securities Trading Act) that by acquisition of shares to which voting rights are attached its voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 3 % threshold of voting rights on 20 May 2015 and on that day amounted to 3.15 % (this corresponds to 18,981,773 voting rights). 1.47 % of voting rights (this corresponds to 8,842,507 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 1 WpHG. 1.93 % of voting rights (this corresponds to 11,598,320 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 in connection with Sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure.

BlackRock Holdco 2, Inc., Wilmington, DE, USA, has informed us according to Article 21, Section 1 WpHG (German Securities Trading Act) that by acquisition of shares to which voting rights are attached its voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 3 % threshold of voting rights on 20 May 2015 and on that day amounted to 3.09 % (this corresponds to 18,608,731 voting rights). 1.47 % of voting rights (this corresponds to 8,842,507 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 1 WpHG. 1.86 % of voting rights (this corresponds to 11,225,278 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 in connection with Sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure.

BlackRock Financial Management, Inc., Wilmington, DE, USA, has informed us according to Article 21, Section 1

WpHG (German Securities Trading Act) that by acquisition of shares to which voting rights are attached its voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 3 % threshold of voting rights on 20 May 2015 and on that day amounted to 3.09 % (this corresponds to 18,608,731 voting rights). 1.47 % of voting rights (this corresponds to 8,842,507 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 1 WpHG. 0.01 % of voting rights (this corresponds to 64,412 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 1 WpHG. 1.85 % of voting rights (this corresponds to 11,164,448 voting rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 in connection with Sentence 2 WpHG. Please note that the total amount stated above does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure.

The **State of Norway**, represented by the Ministry of Finance, Oslo, Norway, has informed us according to Article 21, Section 1 WpHG that its voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 3 % threshold of voting rights on 28 September 2015 and on that day amounted to 3.01 % (this corresponds to 18,116,846 voting rights). 3.01 % of voting rights (this corresponds to 18,116,846 voting rights) are attributed to the State of Norway in accordance with Article 22, Section 1, Sentence 1, No. 1 WpHG. Attributed voting rights are held by Norges Bank which is controlled by the State of Norway and is holding 3 % or more of the voting rights in Bayerische Motoren Werke Aktiengesellschaft.

Norges Bank, Oslo, Norway, has informed us according to Article 21, Section 1 of the WpHG that its voting rights in Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany, have exceeded the 3 % threshold of voting rights on 28 September 2015 and on that day amounted to 3.01 % (this corresponds to 18,116,846 voting rights).

After the end of the reporting period, we have received further voting right notifications from the **State of Norway** according to Article 21, Section 1 WpHG. The most recent notification included the following information:

1. Details of issuer: Bayerische Motoren Werke Aktiengesellschaft, Petuelring 130, 80788 Munich, Germany.
2. Reason for notification: Acquisition/disposal of shares with voting rights.
3. Details of person subject to the

notification obligation: Name: The **State of Norway**. City and country of registered office: Oslo, Norway. 4. Names of shareholder(s) holding directly 3 % or more voting rights, if different from 3.: **Norges Bank**. 5. Date on which threshold was crossed or reached: 21.01.2016. 6. Total positions: % of voting rights attached to shares (total of 7.a.): Resulting situation 3.004 %. Previous notification 2.99 %. Total positions: % of voting rights through instruments total of 7.b.1 + 7.b.2): Resulting situation 0 %; Previous notification 0 %. Total positions: total of both in % (7.a. + 7.b.): Resulting situation 3.004 %; Previous notification 2.99 %. Total positions: total number of voting rights of issuer: Resulting situation 601,995,196; Previous notification / . 7. Notified details of the resulting situation; a. Voting rights attached to shares (Sec.s 21, 22 WpHG): ISIN DE0005190003, absolute indirect (Sec. 22 WpHG) 18,081,093; ISIN DE0005190003 in % indirect (Sec. 22 WpHG) 3.004 %. Total: 18,081,093; 3.004 %. 8. Information in relation to the person subject to the notification obligation: Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity: Name **Norges Bank**; % of voting rights (if at least held 3% or more): 3.004 %; 9. In case of proxy voting according to Sec. 22 para. 3 WpHG: not specified.

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

Voluntary notifications at 31 December 2015 relating to investments that exceed 10 % of the voting rights at the end of the reporting period are disclosed in the Management Report.

Declaration with respect to the Corporate Governance Code

The Declaration with respect to the Corporate Governance Code pursuant to § 161 AktG is reproduced in the Annual Report 2015 of the BMW Group and is available to shareholders on the BMW Group's website (www.bmwgroup.com/ir).

List of investments

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

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Harald Krüger (born 1965)

Chairman
(since 13. 05. 2015)

Production
(until 13. 05. 2015)

Mandates

- BMW (South Africa) (Pty) Ltd. (Chairman)
(until 13. 05. 2015)
- BMW Motoren GmbH (Chairman)
(until 15. 05. 2015)

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

Chairman
(until 13. 05. 2015)

Mandates

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

Milagros Caiña Carreiro-Andree (born 1962)

Human Resources, Industrial Relations Director

Dr.-Ing. Klaus Draeger (born 1956)

Purchasing and Supplier Network

Dr. Friedrich Eichiner (born 1955)

Finance

Mandates

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

Klaus Fröhlich (born 1960)

Development

Mandates

- HERE International B.V. (since 05. 12. 2015)

Dr. Ian Robertson (HonDSc) (born 1958)

Sales and Marketing BMW,
Sales Channels BMW Group

Mandates

- Dyson James Group Limited (until 31. 12. 2015)

Peter Schwarzenbauer (born 1959)

MINI, Motorcycles, Rolls-Royce,
Aftersales BMW Group

Mandates

- Rolls-Royce Motor Cars Limited (Chairman)

Oliver Zipse (born 1964)

Production
(since 13. 05. 2015)

Mandates

- BMW (South Africa) (Pty) Ltd. (Chairman)
(since 14. 05. 2015)
- BMW Motoren GmbH (Chairman)
(since 15. 05. 2015)

General Counsel:

Dr. Jürgen Reul

— Membership of other statutory supervisory boards.
— Membership of equivalent national or foreign boards of business enterprises.
-- Other mandates.

BMW AG

Notes to the Financial Statements
Members of the Supervisory Board

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

Member and Chairman since 13. 05. 2015
Former Chairman of the Board of
Management of BMW AG

Mandates

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

Prof. Dr.-Ing. Dr. h. c. Dr.-Ing. E. h.**Joachim Milberg** (born 1943)

Member from 2002 until 13. 05. 2015
Chairman until 13. 05. 2015
Chairman of the Board of Trustees of
BMW Stiftung Herbert Quandt
Former Chairman of the Board of
Management of BMW AG

Mandates

- Bertelsmann Management SE (Deputy Chairman)
- Bertelsmann SE & Co. KGaA (Deputy Chairman)
- Deere & Company

Manfred Schoch¹ (born 1955)

Member since 1988
Deputy Chairman
Chairman of the European and
General Works Council
Industrial Engineer

Stefan Quandt (born 1966)

Member since 1997
Deputy Chairman
Entrepreneur

Mandates

- DELTON AG (Chairman)
- AQTON SE (Chairman)
- Entrust Datacard Corp.

Stefan Schmid¹ (born 1965)

Member since 2007
Deputy Chairman
Chairman of the Works Council, Dingolfing

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

Member since 2008
Deputy Chairman
Chairman of the Executive Management of
Merck KGaA

Mandates

- Bertelsmann Management SE
- Bertelsmann SE & Co. KGaA
- Deutsche Lufthansa Aktiengesellschaft
- Verizon Communications Inc. (since 05. 11. 2015)

Christiane Benner² (born 1968)

Member since 2014
Second Chairman of IG Metall

Mandates

- Robert Bosch GmbH

¹ Employee representatives (company employees).

² Employee representatives (union representatives).

³ Employee representatives (members of senior management).

— Membership of other statutory supervisory boards.

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

-- Other mandates.

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Franz Haniel (born 1955)

Member since 2004

Entrepreneur

Mandates

- DELTON AG (Deputy Chairman)
- Franz Haniel & Cie. GmbH (Chairman)
- Heraeus Holding GmbH
- Metro AG (Chairman) (until 19.02.2016)
- TBG Limited

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

Member since 2008

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

Prof. Dr. rer. nat. Dr.-Ing. E. h.**Henning Kagermann** (born 1947)

Member since 2010

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

Mandates

- Deutsche Bank AG
- Deutsche Post AG
- Franz Haniel & Cie. GmbH (until 25.04.2015)
- Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München

Susanne Klatten (born 1962)

Member since 1997

Entrepreneur

Mandates

- ALTANA AG (Deputy Chairman)
- SGL Carbon SE (Chairman)
- UnternehmerTUM GmbH (Chairman)

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

Member since 2008

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

Mandates

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

Ulrich Kranz³ (born 1958)

Member since 2014

Head of Product Line BMW i

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

Member since 2009

Former Chairman and Chief Executive Officer of
Deere & Company

Mandates

- General Electric Company
- Northern Trust Corporation (until 21.04.2015)
- Verizon Communications Inc. (until 07.05.2015)

Horst Lischka² (born 1963)

Member since 2009

General Representative of IG Metall Munich

Mandates

- KraussMaffei Group GmbH
- MAN Truck & Bus AG
- Städtisches Klinikum München GmbH

Willibald Löw¹ (born 1956)

Member since 1999

Chairman of the Works Council, Landshut

¹ Employee representatives (company employees).² Employee representatives (union representatives).³ Employee representatives (members of senior management).

— Membership of other statutory supervisory boards.

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

-- Other mandates.

Wolfgang Mayrhuber (born 1947)
 Member from 2004 until 13. 05. 2015
 Chairman of the Supervisory Board of
 Deutsche Lufthansa Aktiengesellschaft

Mandates

- Deutsche Lufthansa Aktiengesellschaft (Chairman)
- Infineon Technologies AG (Chairman)
- Münchener Rückversicherungs-Gesellschaft
 Aktiengesellschaft in München
- HEICO Corporation

Simone Menne (born 1960)
 Member since 13. 05. 2015
 Member of the Board of Management, Finance,
 of Deutsche Lufthansa Aktiengesellschaft

Mandates

- Delvag Luftfahrtversicherungs-AG (Chairman)
- Deutsche Post AG
- LSG Lufthansa Service Holding AG (Chairman)
- Lufthansa Cargo AG
- Lufthansa Technik AG
- FWB Frankfurter Wertpapierbörse (Exchange Council)
- Miles & More GmbH (Chairman Advisory Board)

Dr. Dominique Mohabeer¹ (born 1963)
 Member since 2012
 Member of the Works Council, Munich

Brigitte Rödiger¹ (born 1963)
 Member since 2013
 Member of the Works Council, Dingolfing

Jürgen Wechsler² (born 1955)
 Member since 2011
 Regional Head of IG Metall Bavaria

Mandates

- Schaeffler AG (Deputy Chairman)
- Siemens Healthcare GmbH (since 29. 06. 2015)

Werner Zierer¹ (born 1959)
 Member since 2001
 Chairman of the Works Council, Regensburg

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Munich, 18 February 2016

**Bayerische Motoren Werke
Aktiengesellschaft**

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Klaus Fröhlich

Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

Oliver Zipse

BMW AG

Responsibility Statement by the Company's Legal Representatives

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

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements of Bayerische Motoren Werke Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and results of operations of the Company in accordance with German accounting principles, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Munich, 18 February 2016

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Klaus Fröhlich

Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

Oliver Zipse

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We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and its report on the position of the Company and the Group prepared by the Bayerische Motoren Werke Aktiengesellschaft for the business year from 1 January to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

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

Our audit has not led to any reservations.

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

Munich, 25 February 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

Pastor
Wirtschaftsprüfer

Feege
Wirtschaftsprüfer

BMW AG

Financial Calendar

Contacts

Annual Accounts Press Conference ————— 16 March 2016
 Analyst and Investor Conference ————— 17 March 2016
 Quarterly Report to 31 March 2016 ————— 3 May 2016
 Annual General Meeting ————— 12 May 2016
 Quarterly Report to 30 June 2016 ————— 2 August 2016
 Quarterly Report to 30 September 2016 ————— 4 November 2016

Annual Report 2016 ————— 21 March 2017
 Annual Accounts Press Conference ————— 21 March 2017
 Analyst and Investor Conference ————— 22 March 2017
 Quarterly Report to 31 March 2017 ————— 4 May 2017
 Annual General Meeting ————— 11 May 2017
 Quarterly Report to 30 June 2017 ————— 3 August 2017
 Quarterly Report to 30 September 2017 ————— 7 November 2017

Business and Finance Press —————

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 Investor Relations information is available directly at www.bmwgroup.com/ir. Information
 about the various BMW Group brands is available at www.bmw.com, www.mini.com
 and www.rolls-roycemotorcars.com.

BMW AG

Ten-year Comparison

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	2015	2014	2013	2012
Revenues ————— € million	72,384	66,599	60,474	58,805
— Change ————— %	8.7	10.1	2.8	6.9
— Export ratio ————— %	83.0	81.7	81.5	79.6
Production				
— Automobiles ¹ ————— units	2,279,503	2,165,566	2,006,366	1,861,826
— Motorcycles ² ————— units	151,004	133,615	110,127	113,811
Sales volume				
— Automobiles ¹ ————— units	2,275,367	2,166,772	1,995,903	1,868,158
— Motorcycles ² ————— units	144,291	133,635	110,039	110,857
Capital expenditure ————— € million	2,748	3,150	3,203	2,776
Depreciation, amortisation and impairment losses ————— € million	2,072	1,890	1,732	1,613
Workforce at end of year ³ —————	84,860	80,675	77,110	74,571
Tangible, intangible and investment assets ⁴ ————— € million	14,619	13,945	12,833	11,078
Current assets, prepayments and surplus of pension and similar plan assets over liabilities ————— € million	20,358	20,291	20,932	20,887
Subscribed capital ————— € million	657	656	656	656
Reserves ————— € million	10,168	9,506	8,166	7,568
Equity ————— € million	12,927	12,066	10,529	9,864
— as % of tangible, intangible and investment assets ————— %	88.4	86.5	82.0	89.0
Balance sheet total ————— € million	34,977	34,236	33,765	31,965
Cost of materials ————— € million	52,128	47,008	43,402	42,178
Personnel costs ³ ————— € million	7,576	6,786	6,419	6,030
Tax expense ————— € million	1,831	1,934	1,674	1,666
Net profit ————— € million	2,741	3,229	2,289	3,131
Dividend ————— € million	2,102 ⁵	1,904	1,707	1,640
— per share of common stock ————— €	3.20 ⁵	2.90	2.60	2.50
— per share of preferred stock ————— €	3.22 ⁵	2.92	2.62	2.52

¹ Including supplies of series parts to BMW Brilliance Automotive Ltd., Shenyang.

² From 2006 up to 2008 including BMW G 650 X assembly by Piaggio S. p. A., Pontedera.

³ From 2009 onward including personnel seconded from other group entities.

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

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

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

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

⁵ Proposed by the Board of Management.

2011	2010	2009	2008	2007	2006	
55,007	45,773	37,980	44,313	48,310	42,417	Revenues
20.2	20.5	14.3	8.3	13.9	1.5	Change
77.3	76.7	73.8	75.6	76.1	74.3	Export ratio
						Production
1,738,160	1,481,253	1,258,417	1,439,918	1,541,503	1,366,838	Automobiles ¹
110,360	99,236	82,631	104,220	104,396	103,759	Motorcycles ²
						Sales volume
1,723,637	1,460,923	1,231,893	1,446,055	1,551,490	1,358,119	Automobiles ¹
110,145	97,586	86,451	103,077	104,076	102,786	Motorcycles ²
2,032	1,582	1,667	2,064	1,670	1,324	Capital expenditure
1,578	1,540	1,505	1,569	1,791	1,765	Depreciation, amortisation and impairment losses
71,630	69,518	70,223	71,596	76,064	76,156	Workforce at end of year ³
9,663	8,273	6,984	6,643	9,909	10,171	Tangible, intangible and investment assets ⁴
17,845	16,073	17,663	16,673	12,707	10,874	Current assets, prepayments and surplus of pension and similar plan assets over liabilities
655	655	655	654	654	654	Subscribed capital
6,059	5,581	4,502	4,487	4,300	3,809	Reserves
8,222	7,088	5,354	5,338	5,648	4,921	Equity
85.1	85.7	76.7	80.4	57.0	48.4	as % of tangible, intangible and investment assets
27,508	24,346	24,647	23,316	22,616	21,045	Balance sheet total
39,324	32,875	28,300	34,044	36,638	31,867	Cost of materials
5,758	5,428	5,850	5,125	4,797	5,503	Personnel costs ³
2,096	1,106	403	-11	131	-75	Tax expense
1,970	1,506	202	384	1,184	485	Net profit
1,508	852	197	197	694	458	Dividend
2.30	1.30	0.30	0.30	1.06	0.70	per share of common stock
2.32	1.32	0.32	0.32	1.08	0.72	per share of preferred stock

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