

QUARTERLY REPORT

TO 31 MARCH 2015



BMW GROUP IN FIGURES

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		1st quarter 2015	1st quarter 2014	Change in %
Principle performance indicators reported on during the year				
BMW Group				
Workforce at 31 March ¹		117,554	111,378	5.5
Profit before tax	€ million	2,269	2,159 ²	5.1
Automotive segment				
Sales volume ³	units	526,669	487,024	8.1
Revenues	€ million	18,893	16,559	14.1
EBIT margin	% (change in %pts)	9.5	9.5	-
Motorcycles segment				
Sales volume	units	31,370	28,719	9.2
Further key performance figures				
Automotive segment				
Sales volume				
BMW ³	units	451,576	428,259	5.4
MINI	units	74,312	57,868	28.4
Rolls-Royce	units	781	897	-12.9
Total³		526,669	487,024	8.1
Production				
BMW ⁴	units	471,404	461,096	2.2
MINI	units	83,907	57,674	45.5
Rolls-Royce	units	963	1,154	-16.6
Total⁴		556,274	519,924	7.0
Motorcycles segment				
Production	units	43,357	38,649	12.2
Financial Services segment				
New contracts with retail customers		384,565	348,072	10.5
Operating cash flow Automotive segment				
	€ million	1,830	1,942 ²	-5.8
Revenues				
	€ million	20,917	18,235	14.7
— Automotive	€ million	18,893	16,559	14.1
— Motorcycles	€ million	567	472	20.1
— Financial Services	€ million	6,058	4,890	23.9
— Other Entities	€ million	2	2	-
— Eliminations	€ million	-4,603	-3,688	-24.8
Profit before financial result (EBIT)				
	€ million	2,521	2,090	20.6
— Automotive	€ million	1,794	1,580	13.5
— Motorcycles	€ million	115	64	79.7
— Financial Services	€ million	555	465	19.4
— Other Entities	€ million	40	10	-
— Eliminations	€ million	17	-29	-
Profit before tax				
	€ million	2,269	2,159 ²	5.1
— Automotive	€ million	1,634	1,643	-0.5
— Motorcycles	€ million	114	63	81.0
— Financial Services	€ million	559	453 ²	23.4
— Other Entities	€ million	-23	57	-
— Eliminations	€ million	-15	-57	-73.7
Income taxes				
	€ million	-753	-701 ²	-7.4
Net profit				
	€ million	1,516	1,458 ²	4.0
Earnings per share⁵				
	€	2.30/2.30	2.22/2.22	3.6/3.6

¹ Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

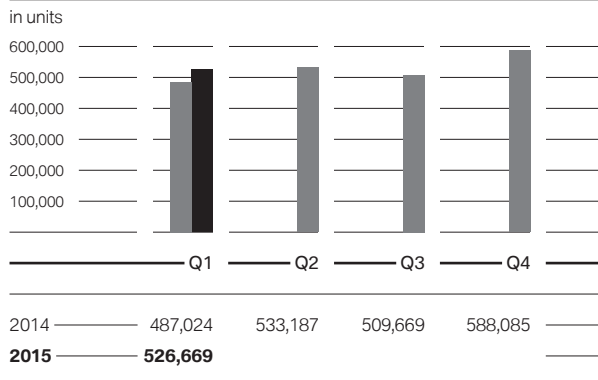
² Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 62,494 units, 2015: 72,185 units).

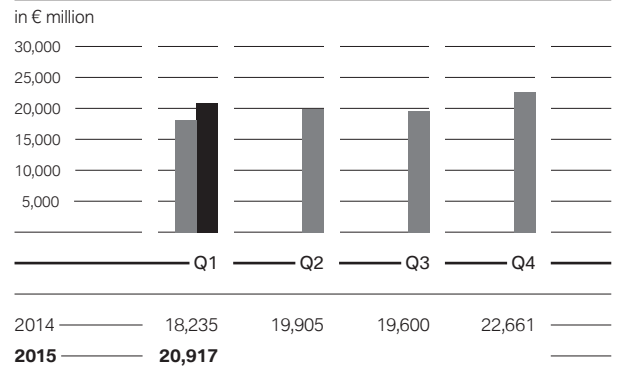
⁴ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,824 units, 2015, 69,353 units).

⁵ 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.

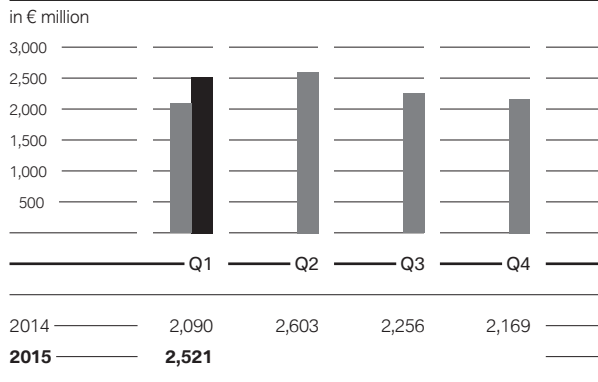
Sales volume of automobiles¹



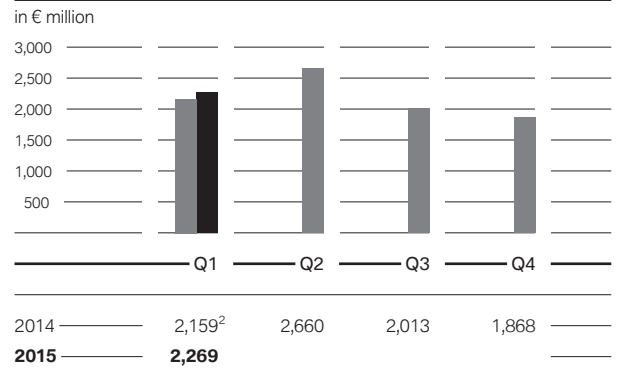
Revenues



Profit before financial result



Profit before tax



Good start to year for the BMW Group

The BMW Group continued to perform well during the first three months of 2015, selling 526,669¹ BMW, MINI and Rolls-Royce brand vehicles and setting a new sales volume record for the sixth quarter in succession (2014: 487,024¹ units; +8.1%).

In a favourable market environment, BMW Motorrad also registered its best-ever first-quarter sales volume performance, with motorcycles sales up by a solid 9.2% to 31,370 units (2014: 28,719 units).

The Financial Services segment benefited from the continued upward trend in the automobile sector and made a fine start to the year, concluding a total of 384,565 new lease and credit financing contracts with retail customers during the three-month period (2014: 348,072 contracts; +10.5%).

Revenues and earnings both up on previous year

The positive trend recorded by each of the three segments is also reflected in the Group's first-quarter revenues,

which climbed to €20,917 million (2014: €18,235 million; +14.7%). On the back of these positive developments, EBIT improved by 20.6% to €2,521 million (2014: €2,090 million) and profit before tax by 5.1% to €2,269 million (2014: €2,159² million), at both levels, a new first-quarter record for the BMW Group.

Workforce increased

The BMW Group had a worldwide workforce of 117,554 employees at the end of the first quarter 2015 (2014: 111,378 employees; +5.5%). The BMW Group continues to recruit engineers and skilled workers as needed, thus ensuring its ability to make further progress with innovative technologies, including developments in the field of digitisation. Achieving this aim is seen as an important aspect of extending the Group's competitive lead.

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 62,494 units, 2015: 72,185 units).

² Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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Bayerische Motoren Werke Aktiengesellschaft (BMWAG), which is based in Munich, Germany, is the parent company of the BMW Group. The primary business object of the BMW Group is the development, manufacture and sale of engines as well as all vehicles equipped with those engines. The BMW Group is sub-divided into the Automotive, Motorcycles, Financial Services and Other Entities segments (the latter primarily comprising holding companies and Group financing companies). The BMW Group operates on a global scale and is represented in more than 140 countries worldwide. Its research and innovation network is spread over twelve locations in five countries. The Group's production network currently comprises 30 locations in 14 countries.

Long-term thinking and responsible action have long been the cornerstones of our business success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategy. As a result of these endeavours, we have ranked among the most sustainable companies in the automobile industry for many years.

Further information regarding the BMW Group's business model and its internal management system can be found in the chapter "General Information on the BMW Group" in the Annual Report 2014 (page 18 et seq.).

INTERIM GROUP MANAGEMENT REPORT

Report on Economic Position
General Economic Environment in the first quarter 2015

Automobile markets in the first quarter 2015

The majority of the world's automobile markets continued their upward trend at the beginning of 2015. Among the major markets, the USA and most European countries saw robust growth. Decreases, however, were recorded in Japan and in some emerging markets.

In the USA, demand grew dynamically, continuing the trend observed in recent years. The US automobile market grew by 5.6% compared to the first three-month period of the previous year.

As a whole, Europe seems to be well on the road to recovery, with vehicle registration figures up by 8.5%. The fastest growth rates were again recorded in the southern countries of the EU, where market slumps had been most pronounced in recent years. The Spanish automobile market, for example, grew sharply by almost one third (+32.2%), while Italy managed a significant 13.6% increase. Among the major EU countries, solid growth rates were recorded in Germany (+6.4%), France (+7.2%) and the UK (+6.8%).

In Japan, registration figures were down by 15.0% on the same quarter one year earlier, when the market had benefited from purchases brought forward to pre-empt the value-added tax hike on 1 April 2014.

The automobile market in China saw continued growth during the first three months of the year, with new registrations rising by 15.5% despite the moderate economic slowdown.

The picture on emerging markets was inconsistent, with some countries doing less well than others, notably Brazil and Russia. Brazil saw a further 16.4% contraction in first-quarter registrations, while the Russian market slumped by more than one third (-36.4%) as economic recession began to take its toll.

Motorcycle markets in the first quarter 2015

Markets for 500 cc plus class motorcycles generally continued their upward trend at the beginning of 2015. The total number of new motorcycles registered worldwide went up by 3.3%. The European market grew by 8.2% in the first quarter, benefiting above all from the sharp recovery in Southern Europe. France recorded a relatively small increase of 0.5%, whereas markets in Spain (+26.5%), Italy (+10.0%) and Germany (+7.4%)

were significantly ahead year-on-year. The motorcycle market also showed good signs of recovery in the USA, growing by 5.8%.

Financial services market in the first quarter 2015

Low oil prices helped bolster economic growth in the first quarter 2015. One consequence of this was that inflation rates slowed down further, even showing some deflationary tendencies. In Europe, the European Central Bank (ECB) began buying government bonds at the beginning of the year in response to generally lower price levels. The massive expansion of money supply within the eurozone caused the euro to lose value against the US dollar and other currencies. As a result of the strong economic growth rate and low unemployment figures in the USA, the US Reserve Bank began the processes of preparing markets for a change in monetary policies. By contrast, the Bank of England and the Bank of Japan continued to pursue their respective expansive policies. In the long run, China wishes to slow down the extreme pace at which its economy has been growing in recent years. Nevertheless, the reference interest rate there was lowered in order to avoid the economy cooling off too rapidly. The central banks in Australia and Canada also resolved to reduce their benchmark rates.

Prices on the world's used car markets remained at the previous year's levels during the first quarter 2015, with selling prices fluctuating within normal ranges.

INTERIM GROUP MANAGEMENT REPORT

Report on Economic Position Automotive Segment

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BMW Group automobile sales volume at record level

The BMW Group set a new sales volume record in the first quarter with sales of 526,669¹ BMW, MINI and Rolls-Royce brand vehicles (2014: 487,024¹ units; +8.1%). The BMW and MINI brands each made substantial contributions to this excellent performance with new high first-quarter figures. Worldwide, the BMW Group sold 451,576¹ BMW brand vehicles (2014: 428,259¹ units; +5.4%) and 74,312 MINI brand vehicles (2014: 57,868; +28.4%). Rolls-Royce Motor Cars' first-quarter sales figure of 781 units was down on the previous year's high level (2014: 897 units; -12.9%).

Dynamic growth in Europe and America

In Europe, sales of the Group's three brands rose sharply by 9.6% to 234,849 units (2014: 214,210 units). Germany saw a 3.4% rise in sales volume to 64,610 units (2014: 62,502 units). In total, 53,534 BMW, MINI and Rolls-Royce brand vehicles were handed over to customers in the sales region Great Britain during the three-month period, significantly up on the previous year (2014: 46,500 units; +15.1%).

On the American continent, customers took delivery of 109,743 vehicles (2014: 99,840 units; +9.9%), with the USA accounting for most of the increase with sales up by 12.6% to 91,479 units (2014: 81,248 units).

In Asia, the BMW Group recorded a solid growth rate of 5.1% in the first quarter 2015, with 166,678¹ units sold (2014: 158,582¹ units). Sales in China were 6.4% up on the previous year at 115,078¹ units (2014: 108,143¹ units).

BMW at all-time high level¹

The BMW brand recorded a new sales volume record of 451,576 units in the first quarter of 2015 (2014: 428,259 units; +5.4%), thus retaining its position as world market leader in the premium segment. The BMW X5 as well as the 4, 5 and 6 Series, each market leaders in their relevant segments, remained the mainstays of success within the brand's model portfolio.

Sales of the BMW 1 Series were down on the previous year at 41,541 units (2014: 50,178 units; -17.2%), reflecting the fact that the Coupé and Convertible body variants are now reported as part of the 2 Series. In total, 27,930 BMW 2 Series cars were delivered to customers (2014: 2,608 units). Sales volume of 107,283 units was recorded for the BMW 3 Series during the period from January to March (2014: 116,671 units; -8.0%). Here too, the Coupé and Convertible models have become part of the 4 Series. First-quarter sales of the 4 Series totalled 36,545 units worldwide, more than twice the number sold one year earlier (2014: 17,709 units). The BMW 5 Series achieved a sales volume of 88,621 units (2014: 91,600 units; -3.3%).

With sales of 40,242 units - almost one third ahead of the previous year (2014: 31,025 units; +29.7%) - the BMW X5 was the most successful model within the BMW X family. By contrast, first-quarter sales of the BMW X1 and the BMW X3 fell to 30,435 units (2014: 43,262 units; -29.6%) and to 30,521 units (2014: 40,125 units; -23.9%) respectively.

Automotive

	1st quarter 2015	1st quarter 2014	Change in %
Sales volume ^{1,2}	526,669	487,024	8.1
Production ³	556,274	519,924	7.0
Revenues ²	18,893	16,559	14.1
Profit before financial result (EBIT)	1,794	1,580	13.5
Profit before tax	1,634	1,643	-0.5
EBIT margin ²	9.5	9.5	-
Workforce at 31 March	107,014	101,564	5.4

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 62,494 units, 2015: 72,185 units).

² Principal performance indicators reported on during the year.

³ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,824 units, 2015: 69,353 units).

Sales volume of BMW vehicles by model series*

in units

	1st quarter 2015	1st quarter 2014	Change in %
BMW 1 Series	41,541	50,178	-17.2
BMW 2 Series	27,930	2,608	-
BMW 3 Series	107,283	116,671	-8.0
BMW 4 Series	36,545	17,709	-
BMW 5 Series	88,621	91,600	-3.3
BMW 6 Series	6,977	8,223	-15.2
BMW 7 Series	8,803	12,670	-30.5
BMW X1	30,435	43,262	-29.6
BMW X3	30,521	40,125	-23.9
BMW X4	13,925	-	-
BMW X5	40,242	31,025	29.7
BMW X6	9,588	9,160	4.7
BMW Z4	2,529	3,006	-15.9
BMW i	6,636	2,022	-
BMW total	451,576	428,259	5.4

* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 62,494 units, 2015: 72,185 units).

Significant rise in MINI sales

74,312 MINI brand vehicles were sold worldwide in the first quarter (2014: 57,868 units), almost one third (28.4%) up on the previous year and a new first-quarter

record as well. Sales of the MINI 3- and 5-Door more than doubled to 47,922 units (2014: 17,860 units). A sales volume of 18,639 units (2014: 25,108 units; -25.8%) was recorded for the MINI Countryman.

Sales volume of MINI vehicles by model variant

in units

	1st quarter 2015	1st quarter 2014	Change in %
MINI 3- and 5-Door	47,922	17,860	-
MINI Convertible	3,595	3,831	-6.2
MINI Clubman	297	4,484	-93.4
MINI Countryman	18,639	25,108	-25.8
MINI Coupé	741	1,061	-30.2
MINI Roadster	991	1,449	-31.6
MINI Paceman	2,127	4,075	-47.8
MINI total	74,312	57,868	28.4

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Rolls-Royce below last year's figures

Although Rolls-Royce Motor Cars was unable to match its previous year's first-quarter performance, the 781 units sold nevertheless represented its second-best start to a year (2014: 897 units; -12.9%). The Rolls-Royce Ghost

was presented to 310 new owners in various parts of the world (2014: 305 units; +1.6%), while 383 customers opted for the Rolls-Royce Wraith (2014: 446 units; -14.1%).

Sales volume of Rolls-Royce vehicles by model variant

in units

	1st quarter 2015	1st quarter 2014	Change in %
Phantom	88	146	-39.7
Ghost	310	305	1.6
Wraith	383	446	-14.1
Rolls-Royce total	781	897	-12.9

Model offensive continued

The BMW Group continued its model offensive at the beginning of 2015. The new BMW 2 Series Convertible is the successor model to the 1 Series Convertible and has been on sale since February. The high-performance BMW X5 M and X6 M models were launched in March. The four-wheel-drive models combine the excellent characteristics of the successful X family with the high-performance flair synonymous with BMW's M series. The revised models of the BMW 6 Series and M6 vehicles as well as the BMW 1 Series also became available in March. The new BMW 6 Series Convertible, the new 6 Series Coupé and the new 6 Series Gran Coupé offer outstanding, premium-class, sporting sophistication in terms of driving dynamics, comfort, state-of-the-art technology and elegance. With the typical "M-model" balance between performance, efficiency, agility, comfort and luxury, the new BMW M6 series is in a class of its own. The 4.4-litre V8 turbo engine provides both extraordinary performance and outstanding efficiency.

In April, the new MINI John Cooper Works appeared in MINI showrooms for the first time. The high-performance model is powered by a 4-cylinder turbo engine and features unrivalled driving pleasure expected of this brand.

Automobile production higher

In total, 556,274* BMW, MINI and Rolls-Royce brand vehicles rolled off production lines during the first three months of the year (2014: 519,924* units; +7.0%), comprising 471,404* BMW (2014: 461,096* units; +2.2%), 83,907 MINI (2014: 57,674 units; +45.5%) and 963 Rolls-Royce (2014: 1,154 units; -16.6%).

Automotive segment EBIT margin at upper end of target range

The BMW Group continued to grow profitably in the first quarter 2015 on the back of its attractive range of models. The first-quarter EBIT margin came in as in the previous year at 9.5% and was therefore at the upper end of the target range of 8 to 10%.

Segment revenues rose sharply by 14.1% to €18,893 million (2014: €16,559 million), reaching a new high level for a first quarter. EBIT improved by €214 million to €1,794 million (2014: €1,580 million; +13.5%). At €1,634 million, segment profit before tax was on a par with the previous year (2014: €1,643 million; -0.5%), partially reflecting the somewhat dampening impact of the ongoing process of normalisation on the Chinese automobile market and the fair value measurement of commodity derivatives within the financial result.

Automotive segment workforce strengthened

The Automotive segment employed a workforce of 107,014 people at the end of the reporting period (2014: 101,564 employees), 5.4% more than one year earlier.

* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,824 units, 2015: 69,353 units).

INTERIM GROUP MANAGEMENT REPORT

Report on Economic Position Motorcycles Segment

Motorcycles sales well up on previous year

With a sales volume of 31,370 motorcycles in the first quarter of 2015, 9.2% up on the previous year's figure, BMW Motorrad recorded the best first quarter in its history (2014: 28,719 units). Within Europe, sales rose by 12.1% to 19,159 units (2014: 17,098 units), primarily driven by favourable market conditions in Southern Europe. Sales in Germany also rose significantly by 11.9% to 5,369 units (2014: 4,796 units). The French market performed extremely well with 3,155 units sold (2014: 2,725 units; +15.8%) during the period under report. In Italy, BMW Motorrad recorded first-quarter sales of 2,936 units (2014: 2,892 units; +1.5%). By contrast, the sales figure of 3,229 units in the USA did not quite match the previous year's high level (2014: 3,397 units; -4.9%).

Numerous new models available in time for the start of the season

The new R 1200 R, R 1200 RS, S 1000 RR, S 1000 XR and F 800 R models presented at the autumn trade fairs were all launched in time for the beginning of this year's motorcycling season. The new models have received broad acclaim from customers and the media alike and are expected to provide additional tailwind for the BMW Group's motorcycles business.

Motorcycle production increased

A total of 43,357 motorcycles were produced during the first quarter 2015, 12.2% more than one year earlier (2014: 38,649 motorcycles).

Growth in Motorcycles segment revenues and earnings

In line with its strong first-quarter sales volume performance, revenues for the Motorcycles segment rose by 20.1% to €567 million (2014: €472 million). EBIT for the quarter jumped to €115 million (2014: €64 million;

+79.7%), while profit before tax also surged by 81.0% to €114 million (2014: €63 million). At both levels, these figures marked the best quarterly earnings performance in the history of the Motorcycles segment.

Workforce up on previous year

The BMW Group employed 2,981 people in the Motorcycles segment at the end of the reporting period (2014: 2,791 employees; +6.8%).

Motorcycles

		1st quarter 2015	1st quarter 2014	Change in %
Sales volume*	units	31,370	28,719	9.2
Production	units	43,357	38,649	12.2
Revenues	€ million	567	472	20.1
Profit before financial result (EBIT)	€ million	115	64	79.7
Profit before tax	€ million	114	63	81.0
Workforce at 31 March		2,981	2,791	6.8

* Principal performance indicator reported on during the year.

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Financial Services segment starts year well

The Financial Services segment's worldwide portfolio of lease and financing contracts reached a new record level of 4,419,817 contracts at the end of the reporting period (2014: 4,170,318 contracts). This solid performance corresponded to an increase of 6.0%, measured at the relevant period ends. The segment's business volume in balance sheet terms grew to €104,348 million (31 December 2014: €96,390 million; +8.3%).

Significant growth in new business

The Financial Services segment concluded 384,565 new financing and lease contracts with retail customers during the first quarter – another new record figure – reflecting the continued buoyancy of the BMW Group's automobile business. Compared to the same quarter last year, the number of new contracts rose significantly by 10.5% (2014: 348,072 contracts). With 20.6% additional contracts, lease business benefited in particular from the segment's strong market position in the USA. Credit financing business also grew by 5.6% in the first quarter, despite a relentlessly challenging competitive environment.

The proportion of new BMW Group vehicles¹ leased or financed by the segment increased to 44.9% (2014: 40.5%; +4.4 percentage points).

In the pre-owned vehicle financing line of business, 79,425 new contracts for BMW and MINI brand vehicles were signed during the three-month period (2014: 83,777 contracts), a moderate decrease of 5.2%.

The total volume of new business pertaining to financing and lease contracts with retail customers in the first quarter amounted to €11,789 million, a significant increase of 27.8% on the same quarter last year (2014: €9,228 million).

The surge in new business also resulted in further growth of the overall contract portfolio with retail customers. Altogether, the Financial Services segment was managing a worldwide portfolio of 4,071,468 contracts at 31 March 2015, a solid year-on-year increase of 6.2% (2014: 3,835,335 contracts). All regions contributed to the growth. As in previous years, growth in the Asia/Pacific region was particularly dynamic and resulted in an 18.6% increase in the contract portfolio. Growth of 6.2% and 5.3% was achieved in the Europe/Middle East/Africa and the Americas regions respectively. The EU Bank finished 1.5% up on the previous year.

Solid growth for fleet business

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet".

Financial Services

		1st quarter 2015	1st quarter 2014	Change in %
New contracts with retail customers		384,565	348,072	10.5
Revenues	€ million	6,058	4,890	23.9
Profit before financial result (EBIT)	€ million	555	465	19.4
Profit before tax	€ million	559	453 ²	23.4
Workforce at 31 March		7,444	6,907	7.8
<hr/>				
		31.3.2015	31.12.2014	Change in %
Business volume in balance sheet terms ³	€ million	104,348	96,390	8.3

¹ The calculation only includes automobile markets, in which the Financial Services segment is represented by a consolidated entity.

² Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

³ Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

The total portfolio of fleet-related contracts increased to 563,394 contracts at the end of the reporting period (2014: 534,869 contracts; +5.3 %).

Slight drop in multi-brand financing

Multi-brand financing decreased slightly in the first quarter 2015, 39,429 new contracts signed during the three-month period (2014: 40,341 contracts; -2.3 %). A total portfolio of 468,992 contracts (2014: 458,120 contracts; +2.4 %) was in place at 31 March 2015.

Significant rise in dealership financing

The Financial Services segment is a strong and reliable partner, providing a well-designed range of financial products to the Group's dealer organisation. The total volume of dealership financing at the end of the reporting period stood at €15,719 million, 19.5 % up on the previous year, mainly due to exchange rate factors (2014: €13,155 million).

Higher volume of deposits

Deposit-taking represents an important source of refinancing for the BMW Group. At the end of the period under report, banking deposits worldwide totalled €13,580 million, to a significant increase of 11.1 % (2014: €12,225 million).

Growth in insurance business

Business with insurance products also grew in the first quarter 2015, with the number of new contracts up by 15.7 % to 289,119 contracts (2014: 249,842 contracts). The portfolio of insurance contracts also rose significantly to 2,968,302 contracts (2014: 2,633,672 contracts; +12.7 %).

Revenues and earnings significantly higher

The Financial Services segment's strong business performance is also reflected in new record revenues and earnings figures. First-quarter segment revenues totalled €6,058 million (2014: €4,890 million; +23.9 %). EBIT improved by 19.4 % to €555 million (2014: €465 million) and profit before tax by 23.4 % to €559 million (2014: €453* million).

Workforce up on previous year

The Financial Services segment employed a workforce of 7,444 people worldwide at 31 March 2015, 7.8 % more than one year earlier (2014: 6,907 employees).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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Earnings performance*

First-quarter sales of BMW, MINI and Rolls-Royce brand vehicles increased by 8.1 % to 526,669 units. This figure includes 72,185 units (2014: 62,494 units) manufactured by the joint venture, BMW Brilliance Automotive Ltd., Shenyang.

The BMW Group had a worldwide workforce of 117,554 employees at the end of the first quarter 2015 (2014: 111,378 employees). The BMW Group continues to recruit engineers and skilled workers as needed, thus ensuring its ability to make further progress with innovative technologies, including developments in the field of digitisation.

The BMW Group recorded a first-quarter net profit of €1,516 million (2014: €1,458 million). The post-tax return on sales was 7.2 % (2014: 8.0 %). Earnings per share were €2.30 both for common and preferred stock (2014: €2.22 in both cases).

Group revenues increased by 14.7 % to €20,917 million (2014: €18,235 million). Adjusted for exchange rate factors, revenues increased by 6.5 %, mainly reflecting higher sales volumes and the growth of Financial Services business.

External revenues of the segments also developed positively compared to the first quarter of the previous year. Revenues from sales of BMW, MINI and Rolls-Royce brand vehicles were significantly higher (10.6 %) than one year earlier (3.0 % adjusted for exchange rate factors). The currency impact was mainly attributable to the change in the average exchange rates of the US dollar, the Chinese renminbi and the British pound. First-quarter external revenues of the Motorcycles segment climbed significantly (20.5 %) compared to the previous year. The Financial Services segment recorded a 26.2 % increase in external revenues. Adjusted for exchange rate factors, external revenues of the Motorcycles and Financial Services segments increased by 15.8 % and 15.5 % respectively.

Group revenues comprise mainly the sale of automobiles, motorcycles and related products (2015: €14,980 million; 2014: €13,502 million), lease instalments (2015: €2,181 million; 2014: €1,869 million), the sale of vehicles previously leased to customers (2015: €2,276 million; 2014: €1,552 million) and interest income on loan financing (2015: €791 million; 2014: €689 million).

Group cost of sales, which were 15.2 % higher than in the previous year, comprised mainly manufacturing costs (2015: €9,267 million; 2014: €8,145 million), cost of sales directly attributable to financial services (2015: €4,964 million; 2014: €3,945 million) and research and development expenses (2015: €937 million; 2014: €987 million).

As a percentage of revenues, the research and development expense ratio decreased by 0.9 percentage points to 4.5 %. Research and development expenses include amortisation of capitalised development costs amounting to €257 million (2014: €265 million). Total research and development expenditure – comprising research costs, non-capitalised development costs and capitalised development costs (excluding systematic amortisation thereon) – amounted to €926 million in the first quarter (2014: €993 million). The research and development expenditure ratio was therefore 4.4 % (2014: 5.4 %). The proportion of development costs recognised as assets was 26.6 % (2014: 27.3 %).

Gross profit for the first quarter improved by 12.7 % to €4,356 million, resulting in a gross profit margin of 20.8 % (2014: 21.2 %).

Compared to the previous year, selling and administrative expenses rose by €126 million to €1,884 million. Overall, selling and administrative expenses were equivalent to 9.0 % (2014: 9.6 %) of revenues. Administrative expenses increased due to a number of factors, including the higher workforce size and higher expenses for new IT projects.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €1,106 million (2014: €957 million).

Other operating income and expenses improved by €65 million to give a net positive amount of €49 million for the first quarter 2015, mainly thanks to increased gains on the sale of non-current assets.

Profit before financial result (EBIT) finished at €2,521 million (2014: €2,090 million).

The financial result for the three-month period was a net negative amount of €252 million, a deterioration of €321 million compared to the first quarter 2014. The negative other financial result deteriorated by €194 million to €300 million, mostly reflecting the negative impact of interest-rate and commodity derivatives. The result from equity accounted investments, which includes the Group's share of the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, fell by €97 million to €128 million compared to the first quarter of the previous year. The decrease was mainly attributable to a lower contribution from BMW Brilliance Automotive Ltd., Shenyang, reflecting a range of factors including the impact of

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Revenues by segment in the first quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2015	2014	2015	2014	2015	2014
Automotive	14,655	13,253	4,238	3,306	18,893	16,559
Motorcycles	565	469	2	3	567	472
Financial Services	5,696	4,512	362	378	6,058	4,890
Other Entities	1	1	1	1	2	2
Eliminations	-	-	-4,603	-3,688	-4,603	-3,688
Group	20,917	18,235	-	-	20,917	18,235

preparing for production start-ups of new vehicles, capacity expansion measures and the increased level of competition on the market.

Profit before tax edged up to €2,269 million (2014: €2,159 million). The pre-tax return on sales was 10.8 % (2014: 11.8 %).

Income tax expense amounted to €753 million (2014: €701 million), corresponding to an effective tax rate of 33.2 % (2014: 32.5 %). The changed regional earnings mix as well as intergroup pricing issues contributed to the increase in the income tax expense for the period.

Earnings performance by segment

Revenues of the Automotive segment increased by 14.1 % to €18,893 million. Adjusted for exchange rate factors, the increase was 5.4 %, mainly reflecting higher sales volumes. At 17.9 %, the first-quarter gross profit margin was on a par with the previous year (18.8 %).

Selling and administrative expenses went up by €95 million to €1,590 million. Administrative expenses in the first quarter increased due to a number of factors, including the higher workforce size and higher expenses

for new IT projects. Overall, selling and administrative expenses were equivalent to 8.4 % (2014: 9.0 %) of revenues.

The net negative amount from other operating income and expenses improved by €43 million (2014: net negative amount of €44 million) mainly reflecting gains on the sale of non-current assets.

The profit before financial result (EBIT) amounted to €1,794 million (2014: €1,580 million), giving an unchanged EBIT margin of 9.5 %.

The Automotive segment's first-quarter financial result was a net negative amount of €160 million, a deterioration of €223 million compared to the previous year. Other financial result was adversely affected by commodity derivatives and deteriorated by €102 million to a net negative amount of €239 million. The result from equity accounted investments, which includes the segment's share of the results of BMW Brilliance Automotive Ltd., Shenyang, and the two DriveNow entities, fell by €97 million (2014: €225 million), mainly due to the lower contribution from BMW Brilliance Automotive Ltd., Shenyang, as described above.

Profit before tax by segment in the first quarter

in € million

	2015	2014*
Automotive	1,634	1,643
Motorcycles	114	63
Financial Services	559	453
Other Entities	-23	57
Eliminations	-15	-57
Profit before tax	2,269	2,159
Income taxes	-753	-701
Net profit	1,516	1,458

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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Overall, first-quarter profit before tax amounted to €1,634 million (2014: €1,643 million).

Motorcycles segment deliveries to customers were 9.2% up on the previous year, while segment revenues jumped by 20.1% (15.5% adjusted for exchange rate factors). Profit before tax for the first quarter improved by €51 million (2014: €63 million).

Financial Services segment revenues grew by 23.9% to €6,058 million (13.8% adjusted for exchange rate factors). The segment's revenue performance primarily reflects the growth of its contract portfolio. The gross profit margin, measured as a percentage of revenues, was 13.3% (2014: 13.5%). Selling and administrative expenses, at €247 million, were above their previous year's level (2014: €214 million). Other operating income and expenses deteriorated by €26 million. Overall, helped by positive currency factors, the Financial Services segment's first-quarter profit before tax rose by 23.4% to €559 million.

The Other Entities segment recorded a loss before tax of €23 million. The deterioration of €80 million compared to the same quarter last year was primarily due to fair value measurement losses on interest-rate derivatives.

The negative impact on first-quarter earnings at the level of profit before tax reported in the Eliminations column increased from €57 million to €15 million.

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 2015 and 2014, 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 for the period. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The cash inflow from operating activities in the first quarter 2015 decreased by €412 million to €989 million, in part attributable to the lower change in the level of provisions.

The cash outflow for investing activities amounted to €1,712 million (2014: €1,214 million) and was therefore 41.0% higher than in the previous year, mostly due the €1,005 million higher net investments in marketable securities and term deposits (2015: €994 million). By contrast, investments in intangible assets and property, plant and equipment (2015: €794 million) were €446 million lower than one year earlier.

Net cash outflows for financing activities totalled €931 million (2014: €338 million). Proceeds from the issue of bonds brought in €2,749 million (2014: €3,387 million), compared with an outflow of €1,886 million (2014: €1,975 million) for the repayment of bonds. The change in other financial liabilities and commercial paper gave rise to a cash outflow of €1,794 million (2014: €1,750 million).

Cash outflows for investing activities exceeded cash inflows from operating activities in the first quarter 2015 by €723 million. In the same period last year, there had been a surplus of €187 million.

After adjustment for the effects of exchange-rate fluctuations totalling a positive amount of €180 million (2014: negative amount of €19 million), the various cash flows resulted in a decrease in cash and cash equivalents of €1,474 million (2014: decrease of €170 million).

The cash flow statement for the Automotive segment shows that the cash inflows from operating activities exceeded cash outflows from investing activities by €133 million (2014: €713 million). Adjusted for net investments in marketable securities and term deposits amounting to €927 million (2014: €19 million), the excess amount was €1,060 million (2014: €732 million).

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

in € million	2015	2014*
Cash inflow from operating activities	1,830	1,942
Cash outflow from investing activities	-1,697	-1,229
Net investment in marketable securities and term deposits	927	19
Free cash flow Automotive segment	1,060	732

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Cash outflows for operating activities of the Financial Services segment are driven primarily by cash flows relating to leased products and receivables from sales financing and totalled €1,382 million (2014: €11 million). The cash inflow from investing activities totalled €9 million (2014: €30 million).

Net financial assets of the Automotive segment comprise the following:

in € million	31.3.2015	31.12.2014
Cash and cash equivalents	4,734	5,752
Marketable securities and investment funds	3,501	3,366
Intragroup net financial assets	10,160	8,583
Financial assets	18,395	17,701
Less: external financial liabilities*	-3,358	-3,478
Net financial assets Automotive segment	15,037	14,223

* Excluding derivative financial instruments.

Refinancing

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. Further details regarding the principles and objectives of financial management are contained in the Group Financial Statements at 31 December 2014.

During the period from January to March 2015, BMW Group entities issued one euro-benchmark bond with a volume of €1.5 billion and one bond for 500 million Australian dollars. A US private placement for 300 million US dollars and further EMTN private placements in various currencies with a total volume of €832 million were also transacted. The first quarter also saw the issue of one promissory note for 10 billion Japanese yen and the execution of one ABS transaction with a volume of 1 billion US dollar in the USA. The regular issue of commercial paper and deposits received by the Group's banking subsidiaries are also used to refinance the BMW Group.

Net assets

The Group balance sheet total increased by €11,287 million (7.3%) compared to the end of the previous financial year to stand at €166,090 million at 31 March 2015. Adjusted for exchange rate factors, the balance sheet total increased by 2.1%. The currency impact was mainly attributable to the appreciation in the value of a number of currencies against the euro, most notably the US dollar, the British pound and the Chinese renminbi.

The increase in non-current assets on the assets side of the balance sheet related primarily to receivables from sales financing (10.3%), leased products (7.8%) and deferred tax assets (55.0%).

Within current assets, increases were registered in particular for inventories (15.6%), receivables from sales financing (6.0%), financial assets (22.4%) and trade receivables (28.1%). By contrast, cash and cash equivalents decreased by 19.2%.

Non-current receivables from sales financing accounted for 24.9% (2014: 24.2%) of total assets, current receivables from sales financing for 15.0% (2014: 15.2%). Adjusted for exchange rate factors, non-current receivables from sales financing went up by 3.8%, while current receivables from sales financing remained unchanged. At the end of the reporting period, leased products accounted for 19.6% of total assets, similar to their level one year earlier (19.5%). Adjusted for exchange rate factors, leased products went up by 1.4%. The growth in business reported by the Financial Services segment is reflected in the increase in non-current receivables from sales financing and in the higher level of leased products.

Deferred tax assets rose by €1,134 million to €3,195 million in the first quarter, mainly as a result of lower fair values of derivative financial instruments recognised directly in equity and the effect of remeasurements of the net defined benefit liability for pension plans.

Inventories increased by €1,725 million to €12,814 million during the three-month period and accounted for 7.7% (2014: 7.2%) of total assets. Most of the increase related to finished goods, including the impact of stocking up in conjunction with the introduction of new models and the general increase in business volumes. Adjusted for exchange rate factors, the increase was 9.2%.

Current financial assets increased by €1,204 million to €6,588 million, mainly due to net investments in marketable securities and term deposits.

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Trade receivables went up by €604 million compared to the end of the previous financial year and accounted for 1.7% of total assets (2014: 1.4%). Adjusted for exchange rate factors, they increased by 22.0%.

Cash and cash equivalents fell by €1,474 million to €6,214 million compared to 31 December 2014.

On the equity and liabilities side of the balance sheet, increases were recorded for non-current (10.6%) and current financial liabilities (12.2%), pension provisions (33.8%), current other provisions (10.3%) and trade payables (8.9%). By contrast, Group equity decreased by 3.5%.

Non-current and current financial liabilities increased from €80,649 to €89,784 million during the three-month period (+6.0% adjusted for changes in exchange rates). Changes in currency derivatives and the issue of new bonds were the main factors driving the increase in non-current and current financial liabilities.

Pension provisions jumped from €4,604 million to €6,159 million during the three-month period, mainly as a result of the lower discount factors used in Germany, the UK and the USA.

The €802 million increase in current other liabilities was attributable in particular to higher payables to entities with which an investment relationship exists, higher other taxes as well as the expansion of service and leasing business and the related impact on amounts recognised as deferred income.

Trade payables went up from €7,709 million to €8,393 million (+6.3% adjusted for changes in exchange rates) mainly reflecting higher production volumes. Trade payables accounted for 5.1% of the balance sheet total at the end of the reporting period (2014: 5.0%).

Group equity fell by €1,310 million to €36,127 million, mainly as a result of fair values losses on derivative financial instruments recognised directly in equity (€4,637 million). Remeasurements of the net defined benefit liability for pension plans, mainly due to the lower discount rates used in Germany, the UK and the USA, caused equity to fall by a further €1,604 million. By contrast, the profit attributable to shareholders of BMW AG (€1,512 million) had a positive impact on equity. Deferred taxes on items recognised directly in equity and currency translation differences increased equity by €2,146 million and €1,347 million respectively. The fair value measurement of marketable securities increased equity by €27 million, whereas income and expenses relating to equity accounted investments and

recognised directly in equity (before tax) reduced equity by €130 million. Minority interests increased by €29 million.

The Group equity ratio at the end of the reporting period was 21.8% (31 December 2014: 24.2%). The equity ratio of the Automotive segment was 34.6% (31 December 2014: 39.2%) and that of the Financial Services segment was 9.0% (31 December 2014: 8.8%).

Overall, the earnings performance, financial position and net assets position of the BMW Group continued to develop positively throughout the three-month period under report.

Related party relationships

Further information on transactions with related parties can be found in note 30 to the Interim Group Financial Statements.

Events after the end of the reporting period

No events have occurred after the balance sheet date which could have a major impact on the earnings performance, financial position or net assets of the BMW Group.

INTERIM GROUP MANAGEMENT REPORT

Report on Outlook, Risks and Opportunities
Report on Outlook

The report on outlook, risks and opportunities describes the expected development of the BMW Group, together with associated material risks and opportunities, from the perspective of Group management.

The report on outlook, risks and opportunities contains forward-looking assertions based on the BMW Group's expectations and assessments, which are, by their very nature, subject to uncertainty. As a result, actual outcomes, including those attributable to political and economic developments, could differ substantially – either positively or negatively – from the expectations described below. Further information is also available in the section "Report on risks and opportunities" of the Annual Report 2014 (page 70 et seq.).

Further information on the assumptions used in the BMW Group's outlook can be found in the "Outlook" section of the Annual Report 2014 (page 65 et seq.).

Economic outlook in 2015

The global economy is predicted to grow by around 3.5% in 2015. However, this level of growth is only likely to be achieved if the major risks currently facing the world do not materialise. Developments in China in particular must be kept under close observation, as there is still a distinct danger of its property market collapsing. Asset prices have also risen sharply again in other countries in the wake of the highly expansive monetary policies still being pursued worldwide. Although the initial interest rate increases in the USA expected in the course of the year could help alleviate the situation, they could also lead to renewed turbulence, similar to that witnessed last year after tapering was first announced. Despite encouraging economic trends in Europe, the risks facing the common-currency area have increased again since the elections in Greece. A further destabilising factor is the lack of solutions for the ongoing political and military conflicts in Ukraine and the Middle East. Any further escalations are likely to have a negative impact on both energy prices and world trade. Further information on political and global economic risks can be found in the Risk Report section of the Annual Report 2014.

The eurozone's economy managed to pull itself from recession over the course of the previous year and should now pick up more momentum in 2015, with a growth rate rising slightly to 1.3%. The German economy should follow a similar pattern and is forecast to grow slightly more quickly at 1.8%. Although France's economic recovery is likely to gather some pace during the current year, unaddressed structural problems are unlikely to allow a growth rate of more than 1.0%. After three straight years of recession, Italy's economy is again steering

towards a modest growth rate of 0.5%. Spain, on the other hand, seems to be taking far more decisive steps along the path of growth and its economic output is expected to climb by 2.3% in 2015. In the UK, the economy is set to continue growing strongly this year at a rate of 2.6% on the back of steady domestic demand.

At 3.0%, the pace of growth should remain high again in the USA throughout the current year. The trend on both the property and job markets is expected to continue upwards. Although low inflation makes it unnecessary to put up interest rates quickly, wages have again risen significantly, which may well lead to higher inflation in the medium term.

In Japan, the VAT hike caused a recession in summer 2014, which in turn led to economic stagnation for the year as a whole. However, there are signs that the economy will recover slightly in 2015 at a growth rate of 0.9%.

Guided by government policy, China's economy is likely to remain on track towards normalisation with a growth rate of around 7.0%. High risks remain, however, particularly from a possible overheating of the country's property market and the high rate of debt. Either of these factors could possibly trigger a slowdown in growth.

In India, economic momentum is set to increase strongly to 7.1%. The pace of growth in many other emerging economies, however, has slowed down. Once again this year, the Brazilian (–0.6%) and Russian economies (–4.2%) are likely to bring up the rear in terms of growth. In Russia, the general downward trend seems to be worsening under the pressure of economic sanctions.

Automobile markets in 2015

The BMW Group expects automobile markets to grow by a total of 1.5% worldwide this year. New vehicle registrations in both the USA and Europe are predicted to grow at healthy rates. Although China's economy will continue to expand faster than in these two regions, the pace of growth is forecast to be less dynamic than in recent years.

The upswing on Europe's automobile markets is set to continue throughout the current year, with the number of vehicles sold rising by 3.8% to around 13.5 million units. In Germany, new registrations should rise by 2.1% to approximately 3.1 million vehicles. Demand in France, however, is expected to grow more quickly (+6.7%), with 1.8 million new vehicles entering the roads. In Italy too, new registrations are set to rise by 5.0% to

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1.4 million units. We expect new registrations in the UK to consolidate somewhat in 2015 (2.5 million units; +0.5%). In sharp contrast, the Spanish market is predicted to grow dynamically again in 2015, with new registrations surging by 18.9% to around 1.0 million units.

In the USA, first-time registrations are expected to climb by 2.9% to around the 17-million mark. China continues to consolidate its position as the largest automobile market worldwide, even though momentum is likely to be somewhat weaker at 7.3% (20.3 million units) this year. By contrast, the Japanese market is exhibiting a distinct downward trend in 2015, with new registrations forecast to fall by 8.9% to 4.9 million units.

Registration figures in Russia are set to drop at an even more pronounced rate. The current recession is hitting the automobile market hard and is likely to cause the market to shrink by more than one third to 1.5 million units (-37.7%). The automobile market is also contracting in Brazil, albeit at a significantly lower pace, to a predicted 3.3 million units in 2015 (-2.0%).

Motorcycle markets in 2015

The markets for 500 cc plus motorcycles should continue to recover slightly in 2015. Registrations are expected to rise slightly across Europe, including increases on a similar scale for the major motorcycle markets in Germany, Spain, Italy and France. The USA is also likely to see a continuation of the positive trend.

Financial Services sector in 2015

The massive supply of money currently being orchestrated by central banks is bringing down the cost of financing public-sector debt, thus providing greater scope for public spending, but at the same time reducing the pressure to consolidate budgets. In the USA, the Federal Reserve Bank is expected to begin tightening its monetary policy by the end of the year. For the eurozone we predict a continuation of the current expansive policy, which means interest rates are liable to remain stable throughout 2015. Influenced by long-term low inflation rates and the increase in the value of the British pound, reference interest rates in the UK are also likely to remain unchanged. Looser monetary policies in Australia, Japan and Canada can also not be ruled out. These countries are particularly impacted by slowing demand from China and the low price of oil. Interest rates on money and capital markets should remain relatively stable overall in 2015, assuming there is no further deterioration of political conditions in the eurozone and Russia.

Vehicle residual values are expected to remain stable in most markets over the course of 2015. After a stabilising phase in Southern Europe in recent years, there are now signs of a slight upward market trend, with volumes still at a low level.

Expected impact on the BMW Group in 2015

Future developments on international automobile markets also have a direct impact on the BMW Group. After the uncertainties that have dominated recent years, we now expect Europe to build on its modest recovery. North America is likely to see a continuation of the positive trend in 2015. The pace of growth in China, however, is expected to be less dynamic than in recent years. The situation on the Russian car market is likely to remain tense over the forecast period.

Outlook for the BMW Group in 2015**The BMW Group in 2015**

Profit before tax: solid growth expected

The BMW Group is well positioned to remain on course in 2015 and forecasts a solid rise in Group profit before tax compared to the preceding year (2014: €8,707 million). However, the scale of the increase during the forecast period is likely to be held down by fierce competition on automobile markets, rising personnel costs, continued high levels of upfront expenditure to safeguard business viability going forward and future challenges arising in the wake of the normalisation of the Chinese market. A number of risks will also have to be faced, including the precarious state of the Russian market and macroeconomic uncertainties in Europe. We expect our attractive model range to generate positive momentum, which will help us achieve our target of balanced growth on all major markets.

Workforce at year-end: solid increase expected

The BMW Group will continue to recruit staff in 2015 and, based on our latest forecasts, we expect a solid increase in the size of the workforce (2014: 116,324 employees), driven by automobile and motorcycle sales growth and the rapid pace of innovation.

Automotive segment in 2015

Deliveries to customers (motorcycles):
solid increase expected

We expect the pace of growth in the Automotive segment to remain high in 2015. Assuming economic conditions continue to be stable, we predict a solid rise in deliveries to customers (2014: 2,117,965 units) to a new high level, which will, in all probability, enable the BMW Group

to maintain its position as the world's foremost premium car manufacturer in 2015.

Attractive new models and dynamic market conditions, particularly in North America, should have a positive impact on car sales. After some negative developments in recent years, European automobile markets are expected to stage a slight recovery overall. Nevertheless, the sector environment is likely to remain challenging. The automobile market in China is expected to "normalise" to an increasing extent.

The new 2 Series Convertible was added to the BMW 2 Series with effect from the end of February. The four-wheel-drive BMW X5 M and X6 M models have been available since March. These high-powered models combine the characteristic features of the successful BMW X family – exclusivity, robustness, agility and everyday usability – with the commitment to high performance that defines an M vehicle. The new, facelifted BMW 1 Series, unveiled at the Geneva Motor Show, will provide additional sales momentum and has also been available since March. With a fully revamped engine range and additional features that reduce fuel consumption and emissions, the new BMW 1 Series will again be playing a pioneering role in the introduction of newly developed BMW EfficientDynamics technologies. Revised models of the BMW 6 Series and M6 vehicles were brought onto markets during the same month. In April, the new MINI John Cooper Works appeared in MINI showrooms for the first time. The high-performance model is powered by a 4-cylinder turbo engine and features the unrivalled driving pleasure expected of this brand.

The seven-seater BMW 2 Series Gran Tourer made its world debut at the Geneva International Motor Show. With this vehicle, the BMW Group is again making its mark in a new automobile segment. With its generous interior spaciousness, versatility and flexibility, the BMW 2 Series Gran Tourer is the first BMW to be launched in the multi-purpose vehicle segment. The highly efficient BMW X5 xDrive40e will come onto the market in autumn. It is the first BMW brand Sports Activity Vehicle to combine the intelligent BMW xDrive all-wheel-drive system with a more advanced plug-in hybrid system and represents a further important step in the transfer of innovative drivetrain systems from BMW i models to the BMW Group's core brand.

We also expect the MINI brand to generate new sales impetus in 2015, driven, among other factors, by the low average age of its model range (2.5 years). The new

MINI Clubman will be presented in 2015 and feature a wide range of high-value details, plenty of room as well as functionality, and carefully selected materials.

Carbon fleet emissions*: slight decrease expected

We will continue to work hard this year to reduce carbon emissions across the entire fleet. Overall, we expect fleet emissions to decrease slightly in 2015 (2014: 130 g CO₂/km).

Revenues: significant increase expected

The generally positive trend in business predicted for the BMW Group is also expected to have a positive impact on Automotive segment revenues. Due to exchange rate factors, we expect a significant rise in revenues over the forecast period (2014: €75,173 million). In the Annual Report 2014 a "solid rise" in revenues was predicted.

EBIT margin in target range between 8 and 10 % expected

The Automotive segment continues to target an EBIT margin within a range of between 8 and 10 % (2014: 9.6 %).

We expect to see a moderate drop in segment RoCE (2014: 61.7 %). However, the long-term target RoCE of at least 26 % for the Automotive segment will be clearly surpassed.

Motorcycles segment in 2015

Deliveries to customers: solid increase expected

We expect the Motorcycles segment's upward trend to continue, helped by a positive contribution from the new models – R 1200 R, R 1200 RS, S 1000 RR, S 1000 XR and F 800 R – all of which were launched in time for the start of the season. Within a positive market environment, we forecast solid growth in BMW motorcycle sales over the forecast period (2014: 123,495 units).

Return on capital employed (RoCE) in line with last year's level expected

We expect the impetus provided by new models to help keep segment RoCE in line with last year's level (2014: 21.8 %).

Financial Services segment in 2015

Return on equity (RoE) expected in line with last year's level. Based on our assessment, the Financial Services segment will continue to perform well in 2015. Despite rising equity capital requirements worldwide, we forecast RoE in line with last year's level (2014: 19.4 %), thus remaining ahead of the target of at least 18 %.

* EU-28.

INTERIM GROUP MANAGEMENT REPORT

Report on Outlook, Risks and Opportunities
Report on Risks and Opportunities

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Overall assessment by Group management for the full year 2015

We forecast a continuation of the upward trend in 2015 and expect to achieve profitable growth on the back of a range of factors, including the introduction of numerous new models. Despite the aforementioned challenges, Group profit before tax is forecast to rise solidly, thus reflecting the anticipated solid growth in sales volume. Automotive segment revenues, however, are expected to rise significantly due to exchange rate factors. At the same time, we foresee a slight decrease in carbon emissions¹ from our fleet of vehicles. We aim to achieve profitable growth through a solid increase in the size of the workforce across the Group. The Automotive segment's EBIT margin is set to remain within the target range of between 8 and 10 %. Based on the planned level of capital expenditure, we expect a moderate decrease in the Automotive segment's RoCE. The Financial Services segment's RoE should remain in line with last year's level. Nevertheless, both performance indicators will be higher than their long-term targets of 26 % and 18 % re-

spectively. For the Motorcycles segment, we forecast a solid increase in sales volume and RoCE in line with last year's level. Depending on the political and economic situation actual business performance could, however, differ from our current expectations.

Report on risks and opportunities

As a globally operating enterprise, the BMW Group is constantly confronted with a broad range of risks, but also with numerous opportunities. Making full use of the opportunities that present themselves is the basis for its corporate success. Risks are also taken consciously in order to achieve growth, profitability, greater efficiency and sustainable levels of future business. There have been no material changes to the overall risk profile compared to that described in the Group Management Report 2014. Further information on risks and opportunities, and on the methods employed to manage them, can also be found in the "Report on risks and opportunities" section of the Annual Report 2014 (page 70 et seq.).

Principal performance indicators

	2014	2015 Outlook
BMW Group		
Workforce at end of year	116,324	solid increase
Profit before tax	€ million 8,707	solid increase
Automotive segment		
Sales volume ²	units 2,117,965	solid increase
Fleet emissions ¹	g CO ₂ /km 130	slight decrease
Revenues	€ million 75,173	significant increase
EBIT margin	% 9.6	unchanged between 8 and 10
Return on capital employed	% 61.7	moderate decrease
Motorcycles segment		
Sales volume	units 123,495	solid increase
Return on capital employed	% 21.8	in line with last year's level
Financial Services segment		
Return on equity	% 19.4	in line with last year's level

¹ EU-28.

² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 275,891 units).

INTERIM GROUP MANAGEMENT REPORT

BMW Stock and Capital Markets

BMW stock and capital markets in first quarter 2015

After a volatile year in 2014, stock markets have performed extremely well during the first quarter 2015. The buoyant mood in European financial centres is primarily attributable to the monetary policies being pursued by the ECB. The interest rate for the Euro-system's main refinancing operations is currently at an historic low. In addition, the ECB started its previously announced bond-buying programme in March. These measures, combined with the sharp loss in value of the euro against the US dollar, were the primary drivers behind the gains made by European stock indices.

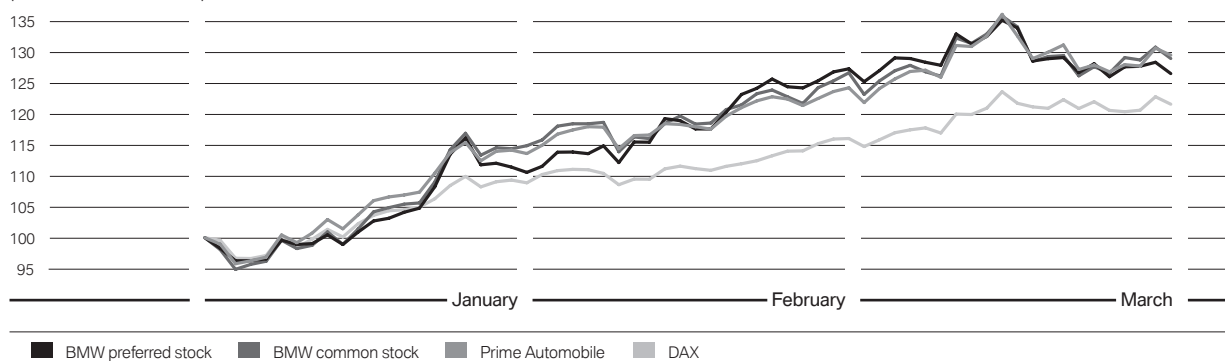
The German stock index (DAX) finished the first quarter at 11,966 points, only slightly below the historical high it reached in mid-March (12,168 points). The index nevertheless remains at a high level, standing on 31 March 2015 a full 22.0% above its level at the end of the financial year 2014 and just 1.7% below its all-time high. The Prime Automobile Performance Index followed a similar trend at the beginning of the first quarter and rose initially to 2,039 points, thus creating a new record. The index finished the first quarter at 1,934 points, 29.8% higher than at the end of the financial year 2014.

Both categories of BMW stock recorded new highs during the first quarter. BMW common stock reached a new all-time high of €122.60 on 16 March. It was unable to maintain this level, however, and closed on 31 March 2015 at €116.45, 29.7% higher than three months earlier. BMW preferred stock recorded a new high of €92.19 in March before closing at the end of

the first quarter at €86.21, 27.1% higher than at the end of the financial year 2014 and 6.5% below its historical high.

Development of BMW stock compared to stock exchange indices

(Index: 30.12.2014 = 100)



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Income Statements for Group and Segments for the first quarter

in € million

	Note	Group		Automotive	
		2015	2014*	2015	2014
Revenues	5	20,917	18,235	18,893	16,559
Cost of sales	6	-16,561	-14,371	-15,508	-13,440
Gross profit		4,356	3,864	3,385	3,119
Selling and administrative expenses	7	-1,884	-1,758	-1,590	-1,495
Other operating income	8	295	154	238	111
Other operating expenses	8	-246	-170	-239	-155
Profit before financial result		2,521	2,090	1,794	1,580
Result from equity accounted investments	9	128	225	128	225
Interest and similar income	10	42	43	91	76
Interest and similar expenses	10	-122	-93	-140	-101
Other financial result	11	-300	-106	-239	-137
Financial result		-252	69	-160	63
Profit before tax		2,269	2,159	1,634	1,643
Income taxes	12	-753	-701	-551	-534
Net profit/loss		1,516	1,458	1,083	1,109
Attributable to minority interest		4	4	-1	2
Attributable to shareholders of BMW AG		1,512	1,454	1,084	1,107
Basic earnings per share of common stock in €	13	2.30	2.22		
Basic earnings per share of preferred stock in €	13	2.30	2.22		
Dilutive effects	13	-	-		
Diluted earnings per share of common stock in €	13	2.30	2.22		
Diluted earnings per share of preferred stock in €	13	2.30	2.22		

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Statement of Comprehensive Income for Group for the first quarter

in € million

	Note	2015	2014*
Net profit		1,516	1,458
Remeasurement of the net liability for defined benefit pension plans		-1,604	-280
Deferred taxes		585	115
Items not expected to be reclassified to the income statement in the future		-1,019	-165
Available-for-sale securities		27	-9
Financial instruments used for hedging purposes		-4,637	44
Other comprehensive income from equity accounted investments		-130	-9
Deferred taxes		1,561	-15
Currency translation foreign operations		1,347	2
Items expected to be reclassified to the income statement in the future		-1,832	13
Other comprehensive income for the period after tax	14	-2,851	-152
Total comprehensive income		-1,335	1,306
Total comprehensive income attributable to minority interests		4	4
Total comprehensive income attributable to shareholders of BMW AG		-1,339	1,302

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Motorcycles		Financial Services		Other Entities		Eliminations		
2015	2014	2015	2014*	2015	2014	2015	2014	
567	472	6,058	4,890	2	2	-4,603	-3,688	Revenues
-403	-358	-5,251	-4,232	-	-	4,601	3,659	Cost of sales
<u>164</u>	<u>114</u>	<u>807</u>	<u>658</u>	<u>2</u>	<u>2</u>	<u>-2</u>	<u>-29</u>	Gross profit
-49	-50	-247	-214	-4	-4	6	5	Selling and administrative expenses
-	-	3	32	57	28	-3	-17	Other operating income
-	-	-8	-11	-15	-16	16	12	Other operating expenses
<u>115</u>	<u>64</u>	<u>555</u>	<u>465</u>	<u>40</u>	<u>10</u>	<u>17</u>	<u>-29</u>	Profit before financial result
-	-	-	-	-	-	-	-	Result from equity accounted investments
-	-	2	-1	289	310	-340	-344	Interest and similar income
-1	-1	-1	-7	-288	-300	308	316	Interest and similar expenses
-	-	3	-6	-64	37	-	-	Other financial result
<u>-1</u>	<u>-1</u>	<u>4</u>	<u>-12</u>	<u>-63</u>	<u>47</u>	<u>-32</u>	<u>-28</u>	Financial result
<u>114</u>	<u>63</u>	<u>559</u>	<u>453</u>	<u>-23</u>	<u>57</u>	<u>-15</u>	<u>-57</u>	Profit before tax
-37	-20	-175	-140	6	-23	4	16	Income taxes
<u>77</u>	<u>43</u>	<u>384</u>	<u>313</u>	<u>-17</u>	<u>34</u>	<u>-11</u>	<u>-41</u>	Net profit/loss
-	-	5	2	-	-	-	-	Attributable to minority interest
<u>77</u>	<u>43</u>	<u>379</u>	<u>311</u>	<u>-17</u>	<u>34</u>	<u>-11</u>	<u>-41</u>	Attributable to shareholders of BMW AG
								Basic earnings per share of common stock in €
								Basic earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

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		Note	Group		Automotive	
in € million			31.3.2015	31.12.2014	31.3.2015	31.12.2014
Assets						
	Intangible assets	15	6,453	6,499	5,959	5,999
	Property, plant and equipment	16	17,303	17,182	16,990	16,863
	Leased products	17	32,506	30,165	1	3
	Investments accounted for using the equity method	18	1,117	1,088	1,117	1,088
	Other investments	18	385	408	5,140	5,110
	Receivables from sales financing	19	41,307	37,438	-	-
	Financial assets	20	2,051	2,024	414	447
	Deferred tax	21	3,195	2,061	5,598	3,253
	Other assets	22	1,500	1,094	4,037	3,662
	Non-current assets		105,817	97,959	39,256	36,425
	Inventories	23	12,814	11,089	12,387	10,698
	Trade receivables		2,757	2,153	2,354	1,887
	Receivables from sales financing	19	24,992	23,586	-	-
	Financial assets	20	6,588	5,384	5,170	3,952
	Current tax	21	1,943	1,906	1,164	1,186
	Other assets	22	4,965	5,038	19,119	19,231
	Cash and cash equivalents		6,214	7,688	4,734	5,752
	Current assets		60,273	56,844	44,928	42,706
	Total assets		166,090	154,803	84,184	79,131

Equity and liabilities

		Note	Group		Automotive	
in € million			31.3.2015	31.12.2014	31.3.2015	31.12.2014
	Subscribed capital	24	656	656		
	Capital reserves	24	2,005	2,005		
	Revenue reserves	24	36,114	35,621		
	Accumulated other equity	24	-2,894	-1,062		
	Equity attributable to shareholders of BMW AG	24	35,881	37,220		
	Minority interest	24	246	217		
	Equity		36,127	37,437	29,149	31,045
	Pension provisions		6,159	4,604	3,978	2,741
	Other provisions	25	4,690	4,268	4,157	3,777
	Deferred tax	26	1,574	1,974	651	421
	Financial liabilities	27	47,730	43,167	4,433	1,933
	Other liabilities	28	4,495	4,275	5,927	5,445
	Non-current provisions and liabilities		64,648	58,288	19,146	14,317
	Other provisions	25	4,783	4,522	4,073	3,746
	Current tax	26	1,508	1,590	890	1,050
	Financial liabilities	27	42,054	37,482	5,286	3,250
	Trade payables		8,393	7,709	7,568	6,929
	Other liabilities	28	8,577	7,775	18,072	18,794
	Current provisions and liabilities		65,315	59,078	35,889	33,769
	Total equity and liabilities		166,090	154,803	84,184	79,131

								Assets	
Motorcycles		Financial Services		Other Entities		Eliminations			
31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014		
53	54	440	445	1	1	-	-	-	Intangible assets
279	285	34	34	-	-	-	-	-	Property, plant and equipment
-	-	38,049	35,366	-	-	-5,544	-5,204	-	Leased products
-	-	-	-	-	-	-	-	-	Investments accounted for using the equity method
-	-	6	6	5,755	5,808	-10,516	-10,516	-	Other investments
-	-	41,307	37,438	-	-	-	-	-	Receivables from sales financing
-	-	223	210	2,592	1,751	-1,178	-384	-	Financial assets
-	-	308	287	429	367	-3,140	-1,846	-	Deferred tax
20	20	2,131	1,913	22,683	21,895	-27,371	-26,396	-	Other assets
352	359	82,498	75,699	31,460	29,822	-47,749	-44,346		Non-current assets
417	383	10	8	-	-	-	-	-	Inventories
208	128	194	137	1	1	-	-	-	Trade receivables
-	-	24,992	23,586	-	-	-	-	-	Receivables from sales financing
-	-	1,020	1,048	1,665	898	-1,267	-514	-	Financial assets
-	-	100	102	679	618	-	-	-	Current tax
-	-	3,969	3,953	38,010	36,682	-56,133	-54,828	-	Other assets
-	-	1,391	1,783	89	153	-	-	-	Cash and cash equivalents
625	511	31,676	30,617	40,444	38,352	-57,400	-55,342		Current assets
977	870	114,174	106,316	71,904	68,174	-105,149	-99,688		Total assets

								Equity and liabilities	
Motorcycles		Financial Services		Other Entities		Eliminations			
31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014		
-	-	10,232	9,357	12,060	12,031	-15,314	-14,996	-	Subscribed capital
-	-	-	-	-	-	-	-	-	Capital reserves
-	-	-	-	-	-	-	-	-	Revenue reserves
-	-	-	-	-	-	-	-	-	Accumulated other equity
-	-	-	-	-	-	-	-	-	Equity attributable to shareholders of BMWAG
-	-	-	-	-	-	-	-	-	Minority interest
-	-	10,232	9,357	12,060	12,031	-15,314	-14,996		Equity
78	78	85	75	2,018	1,710	-	-	-	Pension provisions
163	160	309	273	61	58	-	-	-	Other provisions
-	-	5,737	5,078	22	13	-4,836	-3,538	-	Deferred tax
-	-	15,579	14,695	28,896	26,923	-1,178	-384	-	Financial liabilities
400	357	24,347	23,680	55	51	-26,234	-25,258	-	Other liabilities
641	595	46,057	43,801	31,052	28,755	-32,248	-29,180		Non-current provisions and liabilities
64	62	438	432	208	282	-	-	-	Other provisions
-	-	204	162	414	378	-	-	-	Current tax
-	-	21,604	19,122	16,431	15,624	-1,267	-514	-	Financial liabilities
230	192	593	571	2	17	-	-	-	Trade payables
42	21	35,046	32,871	11,737	11,087	-56,320	-54,998	-	Other liabilities
336	275	57,885	53,158	28,792	27,388	-57,587	-55,512		Current provisions and liabilities
977	870	114,174	106,316	71,904	68,174	-105,149	-99,688		Total equity and liabilities

INTERIM GROUP FINANCIAL STATEMENT

Condensed Cash Flow Statements for Group and Segments for the period
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	Group		
in € million	2015	2014*	
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4 INTERIM GROUP MANAGEMENT REPORT			
4 General Information	Net profit	1,516	1,458
5 Report on Economic Position	Depreciation and amortisation of tangible, intangible and investment assets	1,106	957
16 Events after the End of the Reporting Period	Change in provisions	-12	267
17 Report on Outlook, Risks and Opportunities	Change in leased products and receivables from sales financing	-930	-900
21 BMW Stock and Capital Markets	Change in deferred taxes	186	217
	Changes in working capital	-1,055	-942
	Other	178	344
22 INTERIM GROUP FINANCIAL STATEMENTS	Cash inflow/outflow from operating activities	989	1,401
22 Income Statements for Group and Segments	Investment in intangible assets and property, plant and equipment	-794	-1,240
22 Statement of Comprehensive Income for Group	Net investment in marketable securities and term deposits	-994	11
24 Balance Sheets for Group and Segments	Other	76	15
26 Cash Flow Statements for Group and Segments	Cash inflow/outflow from investing activities	-1,712	-1,214
28 Group Statement of Changes in Equity	Cash inflow/outflow from financing activities	-931	-338
30 Notes to the Group Financial Statements	Effect of exchange rate on cash and cash equivalents	180	-21
	Effect of changes in composition of Group on cash and cash equivalents	-	2
46 OTHER INFORMATION	Change in cash and cash equivalents	-1,474	-170
46 Financial Calendar	Cash and cash equivalents as at 1 January	7,688	7,671
47 Contacts	Cash and cash equivalents as at 31 March	6,214	7,501

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Automotive		Financial Services		
2015	2014*	2015	2014*	
1,083	1,109	384	313	Net profit
1,083	935	8	6	Depreciation and amortisation of tangible, intangible and investment assets
144	327	-17	-18	Change in provisions
3	-6	-930	-937	Change in leased products and receivables from sales financing
267	197	12	9	Change in deferred taxes
-914	-918	-49	-32	Changes in working capital
164	298	-790	584	Other
1,830	1,942	-1,382	-11	Cash inflow/outflow from operating activities
-785	-1,227	-1	-1	Investment in intangible assets and property, plant and equipment
-927	-19	10	31	Net investment in marketable securities and term deposits
15	17	-	-	Other
-1,697	-1,229	9	30	Cash inflow/outflow from investing activities
-1,232	-1,078	992	99	Cash inflow/outflow from financing activities
81	-9	-11	-11	Effect of exchange rate on cash and cash equivalents
-	2	-	-	Effect of changes in composition of Group on cash and cash equivalents
-1,018	-372	-392	107	Change in cash and cash equivalents
5,752	6,775	1,783	879	Cash and cash equivalents as at 1 January
4,734	6,403	1,391	986	Cash and cash equivalents as at 31 March

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Group Statement of Changes in Equity to 31 March 2015

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in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2014*	24 –	656	1,990	33,122
Net profit		–	–	–1,454
Other comprehensive income for the period after tax		–	–	–165
Comprehensive income 31 March 2014*		–	–	1,289
Other changes		–	–	–
31 March 2014*	24 –	656	1,990	34,411

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2015	24 –	656	2,005	35,621
Net profit		–	–	–1,512
Other comprehensive income for the period after tax		–	–	–1,019
Comprehensive income 31 March 2015		–	–	493
Other changes		–	–	–
31 March 2015	24 –	656	2,005	36,114

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	Total	
Translation differences	Securities	Derivative financial instruments				
<u>-1,627</u>	<u>135</u>	<u>1,136</u>	<u>35,412</u>	<u>188</u>	<u>35,600</u>	1 January 2014*
-	-	-	1,454	4	1,458	Net profit
-30	-21	64	-152	-	-152	Other comprehensive income for the period after tax
<u>-30</u>	<u>-21</u>	<u>64</u>	<u>1,302</u>	<u>4</u>	<u>1,306</u>	Comprehensive income 31 March 2014*
7	-	-	7	-3	4	Other changes
<u>-1,650</u>	<u>114</u>	<u>1,200</u>	<u>36,721</u>	<u>189</u>	<u>36,910</u>	31 March 2014*

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	Total	
Translation differences	Securities	Derivative financial instruments				
<u>-723</u>	<u>141</u>	<u>-480</u>	<u>37,220</u>	<u>217</u>	<u>37,437</u>	1 January 2015
-	-	-	1,512	4	1,516	Net profit
-1,545	-26	-3,403	-2,851	-	-2,851	Other comprehensive income for the period after tax
<u>1,545</u>	<u>26</u>	<u>-3,403</u>	<u>-1,339</u>	<u>4</u>	<u>-1,335</u>	Comprehensive income 31 March 2015
-	-	-	-	25	25	Other changes
<u>822</u>	<u>167</u>	<u>-3,883</u>	<u>35,881</u>	<u>246</u>	<u>36,127</u>	31 March 2015

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1 – Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2014 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 2015, 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 2014 Group Financial Statements. The BMW Group applies the option of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 2015 have also 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 2014.

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 periods under report.

In order to provide a better insight into the net assets, financial position and earnings performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the 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 2014.

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 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 IFRS 10 (Consolidated Financial Statements) such assets remain in the Group Financial Statements although they have been legally sold, since all the conditions relevant for control are met. 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 2015 totalled €11.5 billion (31 December 2014: €10.9 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 2015 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 Interim 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 – Group reporting entity

The BMW Group Financial Statements for the first quarter 2015 include, besides BMW AG, 21 German and 167 foreign subsidiaries. This includes one special purpose securities fund and 30 special purpose trusts, almost all of which are used for asset backed financing. In addition, three joint operations are consolidated proportionately.

Compared to the corresponding period last year, three subsidiaries and six special purpose trusts have been consolidated for the first time. Six subsidiaries and eight special purpose trusts ceased to be consolidated companies compared to the same period last year.

LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG was merged with LARGUS Grundstücks-Verwaltungsgesellschaft mbH and ceased to be a separate consolidated company in the first quarter 2015.

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

3 – Currency translation

The exchange rates applied for currency translation purposes in accordance with the modified closing rate

method, and which have a material impact on the Group Financial Statements, were as follows:

	Closing rate	Closing rate	Average rate	Average rate
	31.3.2015	31.12.2014	1st quarter 2015	1st quarter 2014
US Dollar	1.07	1.21	1.13	1.37
British Pound	0.72	0.78	0.74	0.83
Chinese Renminbi	6.66	7.53	7.02	8.36
Japanese Yen	128.79	144.95	134.10	140.83
Russian Rouble	62.44	70.98	70.88	48.05

For further information regarding foreign currency translation, reference is made to note 5 of the Group

Financial Statements of BMW AG for the year ended 31 December 2014.

4 – Financial reporting rules

(a) Financial reporting rules applied for the first time in the first quarter 2015

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first quarter 2015:

Standard/Interpretation	Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Impact on BMW Group
IAS 19 – Employment Benefits: Employee Contributions (Amendments to IAS 19)	21.11.2013	1.7.2014	1.2.2015 ¹	Insignificant
IFRIC 21 – Levies	20.5.2013	1.1.2014	17.6.2014 ²	Insignificant
Annual Improvements to IFRS 2010–2012	12.12.2013	1.7.2014	1.2.2015 ¹	Insignificant
Annual Improvements to IFRS 2011–2013	12.12.2013	1.7.2014	1.1.2015	Insignificant

¹ Mandatory application in annual periods beginning on or after 1 February 2015.

² Mandatory application in annual periods beginning on or after 17 June 2014.

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

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/ 28.10.2010/ 16.12.2011/ 19.11.2013/ 24.7.2014	1.1.2018	No	Significant in principle
IFRS 10/ — Sale or Contribution of Assets between an IAS 28 Investor and an Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	11.9.2014	1.1.2016	No	Insignificant
IFRS 10/ — Investment Entities: Applying the IFRS 12/ Consolidation Exception (Amendments to IAS 28 IFRS 10, IFRS 12 and IAS 28)	18.12.2014	1.1.2016	No	Insignificant
IFRS 11 — Acquisition of an Interest in a Joint Operation – (Amendments to IFRS 11)	6.5.2014	1.1.2016	No	Insignificant
IFRS 14 — Regulatory Deferral Accounts	30.1.2014	1.1.2016	No	Insignificant
IFRS 15 — Revenue from Contracts with Customers	28.5.2014	1.1.2017	No	Significant in principle
IAS 1 — Presentation of Financial Statements – (Initiative to Improve Disclosure Require- ments – Amendments to IAS 1)	18.12.2014	1.1.2016	No	Significant in principle
IAS 16/ — Clarification of Acceptable Methods of IAS 38 Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	12.5.2014	1.1.2016	No	Insignificant
IAS 16/ — Agriculture: Bearer Plants IAS 41 (Amendments to IAS 16 and IAS 41)	30.6.2014	1.1.2016	No	None
IAS 27 — Equity Method in Separate Financial Statements (Amendments to IAS 27)	12.8.2014	1.1.2016	No	None
Annual Improvements to IFRS 2012–2014	25.9.2014	1.1.2016	No	Insignificant

In November 2009 the IASB issued IFRS 9 (Financial Instruments) as part of a project to revise the accounting 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 initially only with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts.

Financial assets are measured at either amortised cost or fair value. IFRS 9 harmonises the various rules contained in IAS 39 and reduces the number of valuation categories for financial instruments 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.

In October 2010, additional rules for financial liabilities were added to IFRS 9. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to the measurement of an entity's own credit risk at fair value. A package of amendments to IFRS 9 was announced on 19 November 2013. On the one hand, the amendments overhaul the requirements for hedge accounting by introducing a new hedge accounting model. They also enable entities to change the accounting for liabilities they have elected to measure at fair value, such that fair value changes due to changes in "own credit risk" would not require to be recognised in profit or loss. The mandatory effective date of 1 January 2015 was removed and a new application date of 1 January 2018 set. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2014 the IASB issued IFRS 15 (Revenue from Contracts with Customers) together with the Financial Accounting Standards Board. The objective of the new Standard is to assimilate all the various existing requirements and Interpretations relating to revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC-31 Revenue – Barter Transactions involving Advertising Services) in a single Standard. The new Standard also stipulates uniform revenue recognition principles for all sectors and all categories.

The new Standard is based on a five-step model, which sets out the rules for revenue from contracts with customers. Lease arrangements, insurance contracts, financial instruments and specified contractual rights and obligations relating to non-monetary transactions between entities within the same sector are excluded from the scope of the Standard. Revenue can be recognised either over time or at a specific point in time. The five-step model describes the five steps necessary to recognise revenue on the basis of the transfer of control:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to separate performance obligations
5. Recognise revenue when a performance obligation is satisfied.

In the case of multi-component transactions or transactions with variable consideration, it is possible that revenue may have to be recognised earlier or later under IFRS 15 compared with the previous Standard.

A major difference to the previous Standard is the increased scope of discretion for estimates and the introduction of thresholds that could influence the amount and timing of revenue recognition.

The Standard is mandatory for the first time for annual periods beginning on or after 1 January 2017. Early adoption is permitted under IFRS. The impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

In December 2014, the IASB issued Amendments to IAS 1 as part of its disclosure initiative. The amendments relate primarily to clarifications relating to the presentation of financial reports.

Firstly, disclosures are only required to be made in the notes if their inclusion is material for users of the financial statements. This also applies when an IFRS Standard explicitly specifies a minimum list of disclosures. Secondly, items to be presented in the balance sheet, income statement and comprehensive income can be aggregated or disaggregated by using subtotals. Thirdly, it clarifies that an entity's share of other comprehensive income of equity-accounted entities is required to be analysed – within the Statement of Comprehensive Income – to show “components, which will be subsequently reclassified to profit and loss” and “components, which will be not subsequently reclassified to profit and loss”. Fourthly, it is stressed that there is no requirement to use the standard template for the notes and that the emphasis should be on structuring the notes based on the relevance for the specific reporting entity.

The Standard is mandatory for the first time for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The potential impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

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5 Revenues

Revenues by activity comprise the following:

in € million	1st quarter 2015	1st quarter 2014
Sales of products and related goods	14,980	13,502
Income from lease instalments	2,181	1,869
Sale of products previously leased to customers	2,276	1,552
Interest income on loan financing	791	689
Other income	689	623
Revenues	20,917	18,235

An analysis of revenues by segment is shown in the segment information in note 31.

6 Cost of sales

Cost of sales includes €9,267 million (2014: €8,145 million) in the first quarter relating to manufacturing costs.

Cost of sales includes €4,964 million (2014: €3,945 million) in the first quarter relating to financial services business.

First-quarter cost of sales includes research and development expenses of €937 million (2014: €987 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €257 million (2014: €265 million).

7 Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,254 million for the three-month period to 31 March 2015 (2014: €1,207 million).

Administrative expenses, comprising expenses for administration not attributable to development, production or sales functions, amounted to €630 million in the first quarter (2014: €551 million).

8 Other operating income and expenses

Other operating income in the first quarter totalled €295 million (2014: €154 million), while other operating expenses amounted to €246 million (2014: €170 mil-

lion). 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 €128 million (2014: €225 million). These figures include the results of

the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

10 Net interest result

in € million	1st quarter 2015	1st quarter 2014*
Interest and similar income	42	43
Interest and similar expenses	-122	-93
Net interest result	-80	-50

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

11 – Other financial result

in € million	1st quarter 2015	1st quarter 2014
Result on investments	-	-1
Sundry other financial result	-300	-105
Other financial result	-300	-106

12 – Income taxes

Taxes on income comprise the following:

in € million	1st quarter 2015	1st quarter 2014*
Current tax expense	567	482
Deferred tax expense	186	219
Income taxes	753	701

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

The effective tax rate for the three-month period to 31 March 2015 was 33.2 % (2014: 32.5 %) and corresponds to the best estimate of the weighted average

annual income tax rate for the full year. This tax rate has been applied to the pre-tax profit for the interim reporting periods.

13 – Earnings per share

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

	1st quarter 2015	1st quarter 2014*
Profit attributable to shareholders of BMW AG — € million	1,511.7	1,454.0
Profit attributable to common stock — € million	1,386.2	1,333.8
Profit attributable to preferred stock — € million	125.5	120.2
Average number of common stock shares in circulation — number	601,995,196	601,995,196
Average number of preferred stock shares in circulation — number	54,499,544	54,259,787
Basic earnings per share of common stock — €	2.30	2.22
Basic earnings per share of preferred stock — €	2.30	2.22

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Basic 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 basic earnings per share.

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

in € million	1st quarter 2015	1st quarter 2014
Remeasurement of the net liability for defined benefit pension plans	-1,604	-280
Deferred taxes	585	115
Items not expected to be reclassified to the income statement in the future	-1,019	-165
Available-for-sale securities	27	-9
— thereof gains/losses arising in the period under report	90	1
— thereof reclassifications to the income statement	-63	-10
Financial instruments used for hedging purposes	-4,637	44
— thereof gains/losses arising in the period under report	-4,878	153
— thereof reclassifications to the income statement	241	-109
Other comprehensive income from equity accounted investments	-130	-9
Deferred taxes	1,561	-15
Currency translation foreign operations	1,347	2
Items expected to be reclassified to the income statement in the future	-1,832	13
Other comprehensive income for the period after tax	-2,851	-152

Deferred taxes for the three-month period related to following items:

in € million	1st quarter 2015			1st quarter 2014		
	Before tax	Deferred tax expense/ income	After tax	Before tax	Deferred tax expense/ income	After tax
Remeasurement of the net liability for defined benefit pension plans	-1,604	585	-1,019	-280	115	-165
Available-for-sale securities	27	-1	26	-9	-12	-21
Financial instruments used for hedging purposes	-4,637	1,480	-3,157	44	3	47
Other comprehensive income from equity accounted investments	-130	82	-48	-9	-6	-15
Currency translation foreign operations	1,347	-	1,347	2	-	2
Other comprehensive income	-4,997	2,146	-2,851	-252	100	-152

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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, software and acquired customer lists. Capitalised development costs amounted to €5,442 million at the end of the reporting period (31 December 2014: €5,453 million). Additions to development costs in the first quarter 2015 totalled €246 million (2014: €271 million). The amortisation expense for the period was €257 million (2014: €265 million).

At 31 March 2015 other intangible assets amounted to €647 million (31 December 2014: €682 million), including a brand-name right with a carrying amount of €50 million (31 December 2014: €46 million) and con-

cessions, protected rights and licenses with a carrying amount of €365 million (31 December 2014: €394 million). During the first three months of 2015, €3 million (2014: €2 million) was invested in other intangible assets. Amortisation on other intangible assets in the first quarter totalled €43 million (2014: €45 million).

In addition, intangible assets include goodwill of €33 million (31 December 2014: €33 million) allocated to the Automotive cash-generating unit and goodwill of €331 million (31 December 2014: €331 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €50 million (31 December 2014: €46 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 2015 totalled €545 million (2014: €967 million). The depreciation expense for the period amounted to €806 million (2014: €647 million), while disposals amounted to €10 million (2014: €15 million).

Purchase commitments for property, plant and equipment totalled €2,386 million at the end of the reporting period (31 December 2014: €2,247 million).

17 – Leased products

Additions to leased products and depreciation thereon amounted to €3,936 million (2014: €2,992 million) and €899 million (2014: €879 million) respectively. Disposals amounted to €2,629 million (2014: €1,837 mil-

lion). The translation of foreign currency financial statements resulted in a net positive translation difference of €1,933 million (2014: net negative translation difference of €65 million).

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

Investments accounted for using the equity method relate to the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate primarily to investments in non-consolidated subsidiaries, joint ventures, joint operations and associated companies, participations and non-current marketable securities. No impairment losses were recognised on investments during the first three months of the year.

19 – Receivables from sales financing

Receivables from sales financing totalling €66,299 million (31 December 2014: €61,024 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €41,307 million (31 December 2014: €37,438 million) with a remaining term of more than one year.

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Financial assets comprise:

in € million	31.3.2015	31.12.2014
Derivative instruments	3,007	2,888
Marketable securities and investment funds	4,125	3,972
Loans to third parties	14	12
Credit card receivables	258	239
Other	1,235	297
Financial assets	8,639	7,408
thereof non-current	2,051	2,024
thereof current	6,588	5,384

A description of the measurement of derivatives is provided in note 29.

21 – Income tax assets

Income tax assets totalling €1,943 million (31 December 2014: €1,906 million) include claims amounting to €483 million (31 December 2014: €653 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

Other assets comprise the following items:

in € million	31.3.2015	31.12.2014
Other taxes	1,047	1,078
Receivables from subsidiaries	719	721
Receivables from other companies in which an investment is held	980	1,055
Prepayments	1,533	1,323
Collateral receivables	418	412
Sundry other assets	1,768	1,543
Other assets	6,465	6,132
thereof non-current	1,500	1,094
thereof current	4,965	5,038

23 – Inventories

Inventories comprise the following:

in € million	31.3.2015	31.12.2014
Raw materials and supplies	1,055	918
Work in progress, unbilled contracts	1,071	944
Finished goods and goods for resale	10,688	9,227
Inventories	12,814	11,089

24 – Equity

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

Number of shares issued

At 31 March 2015 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 at the end of the reporting period – also unchanged from 31 December 2014 – into 54,499,544 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 passed a resolution at the 2014 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 million prior to 14 May 2019 by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. Based on this authorisation, 239,757 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €4.8 million at the end of the reporting period. The BMW Group did not hold any treasury shares at 31 March 2015.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2014 at €2,005 million.

25 – Other provisions

Other provisions, at €9,473 million (31 December 2014: €8,790 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

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.

Revenue reserves increased during the three-month period to stand at €36,114 million at 31 March 2015 (31 December 2014: €35,621 million). Revenue reserves increased during the first quarter 2015 by the net profit attributable to the shareholders of BMW AG amounting to €1,512 million (2014*: €1,454 million) and was reduced by €1,019 million (2014: decreased by €165 million) for remeasurements of net defined benefit liability for pension plans, net of related deferred tax recognised directly in equity.

Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, 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 €246 million (31 December 2014: €217 million). This includes a minority interest of €4 million in the results for the period (31 December 2014: €19 million).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Current other provisions amounted to €4,783 million at the end of the reporting period (31 December 2014: €4,522 million).

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26 – Income tax liabilities

Income tax liabilities totalling €1,508 million (31 December 2014: €1,590 million) include obligations amounting to €754 million (31 December 2014: €956 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.

Current tax liabilities comprise €212 million (31 December 2014: €151 million) for taxes payable and €1,296 million (31 December 2014: €1,439 million) for tax provisions.

27 – Financial liabilities

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

in € million	31.3.2015	31.12.2014
Bonds	37,741	35,489
Liabilities to banks	12,279	11,554
Liabilities from customer deposits (banking)	13,580	12,466
Commercial paper	3,971	5,599
Asset backed financing transactions	11,537	10,884
Derivative instruments	9,139	3,143
Other	1,537	1,514
Financial liabilities	89,784	80,649
thereof non-current	47,730	43,167
thereof current	42,054	37,482

During the first quarter 2015, a number of bonds were issued in various currencies with a total volume of €2,884 million (2014: €3,371 million). Repayments during the three-month period amounted to €1,801 million (2014: €1,957 million). Currency translation differences accounted for most of the remainder of the change in bonds.

Further information relating to the change in other items within financial liabilities is provided in the Interim Group Management Report. A description of the measurement of derivatives is provided in note 29.

28 – Other liabilities

Other liabilities comprise the following items:

in € million	31.3.2015	31.12.2014
Other taxes	1,073	943
Social security	73	78
Advance payments from customers	563	565
Deposits received	888	768
Payables to subsidiaries	84	162
Payables to other companies in which an investment is held	276	5
Deferred income	6,024	5,488
Other	4,091	4,041
Other liabilities	13,072	12,050
thereof non-current	4,495	4,275
thereof current	8,577	7,775

29 – 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 2015 on the basis of the following interest rates:

ISO Code in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	0.05	0.32	0.73	0.01	4.80
Interest rate for one year	0.08	0.46	0.71	0.15	4.57
Interest rate for five years	0.25	1.54	1.34	0.28	4.37
Interest rate for ten years	0.57	2.06	1.69	0.58	4.43

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 are taken into account in the measurement of derivative financial instruments. The supply of data to the model used to calculate fair values also takes account of tenor and currency basis spreads, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on their disposal. In addition, the Group's own default risk and that of counterparties is taken into account in the form of credit default swap contracts

which have matching 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 13 (Fair Value Measurement). This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (Level 1),
2. 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 the end of the reporting period:

31 March 2015 in € million	Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	4,025	-	-
Other investments – available-for-sale	256	-	-
Derivative instruments (assets)			
— Cash flow hedges	-	408	-
— Fair value hedges	-	1,396	-
— Other derivative instruments	-	1,203	-
Derivative instruments (liabilities)			
— Cash flow hedges	-	5,404	-
— Fair value hedges	-	1,250	-
— Other derivative instruments	-	2,485	-

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	31 December 2014			Level hierarchy in accordance with IFRS 13		
	in € million			Level 1	Level 2	Level 3
2 BMW GROUP IN FIGURES						
4 INTERIM GROUP MANAGEMENT REPORT						
4 General Information	Marketable securities, investment fund shares and collateral assets – available-for-sale					
5 Report on Economic Position		3,772	-	-	-	-
16 Events after the End of the Reporting Period	Other investments – available-for-sale					
17 Report on Outlook, Risks and Opportunities		231	-	-	-	-
21 BMW Stock and Capital Markets	Derivative instruments (assets)					
	— Cash flow hedges					
		-	708	-	-	-
	— Fair value hedges					
		-	1,294	-	-	-
	— Other derivative instruments					
		-	886	-	-	-
22 INTERIM GROUP FINANCIAL STATEMENTS	Derivative instruments (liabilities)					
22 Income Statements for Group and Segments	— Cash flow hedges					
22 Statement of Comprehensive Income for Group		-	1,302	-	-	-
24 Balance Sheets for Group and Segments	— Fair value hedges					
26 Cash Flow Statements for Group and Segments		-	721	-	-	-
28 Group Statement of Changes in Equity	— Other derivative instruments					
30 Notes to the Group Financial Statements		-	1,120	-	-	-

As in the financial year 2014, there were no reclassifications within the level hierarchy during the first quarter of 2015.

In situations where a fair value was required to be measured for a financial instrument only for disclosure purposes, this was achieved using the discounted cash flow method and taking account of the BMW Group's own

default risk. For this reason, the fair values calculated can be allocated to Level 2.

In the case of financial instruments held by the BMW Group which are not measured at fair value, the carrying amounts of such instruments correspond as a general rule to fair values. The following items are the main exceptions to this general rule:

in € million	31.3.2015		31.12.2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans and receivables – Receivables from sales financing	68,286	66,299	62,642	61,024
Other liabilities – Bonds	38,360	37,741	36,083	35,489

30 – 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 already included in the Group Financial Statements of BMW AG as consolidated companies. 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.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures, joint operations 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.

For the first three months of 2015, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with affiliated, non-consolidated subsidiaries, joint ventures, joint operations and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

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 2015 for an amount of €1,149 million (2014: €1,118 million). At 31 March 2015, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €845 million (31 December 2014: €943 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, amounted to €271 million (31 December 2014: €- million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first three months of 2015 for an amount of €4 million (2014: €1 million).

All relationships of BMW Group entities with the **joint ventures** DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs 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.

Transactions of Group companies with SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, are proportionately consolidated on the basis of 49% shareholdings (**joint operations**). The remaining 51% of the transactions continue to be reported in the Group Financial Statements (non-consolidated portion) and are described below. All relationships with the joint operations are attributable to the ordinary activities of the entities concerned. All transactions were conducted on the basis of arm's length principles. At 31 March 2015, loans receivable from the joint operations amounted to €134 million (31 December 2014: €111 million). Interest income recognised on these loans in the first quarter 2015 amounted to €0.9 million (2014: €0.3 million). Goods and services received by Group companies from the joint operations totalled €13 million (2014: €11 million). Amounts payable to the joint operations at the end of the reporting period totalled €5 million (31 December 2014: €5 million).

Business transactions between BMW Group entities and **associated companies** are small in scale, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and Deputy Chairman 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 three months of 2015.

In addition, companies of the DELTON Group used vehicles provided by the BMW Group, mostly in the form of leasing contracts. Stefan Quandt is also the indirect majority shareholder of Solarwatt GmbH, Dresden. Cooperation arrangements are in place between BMW AG and Solarwatt GmbH, Dresden, within the field of electromobility. The focus of this collaboration is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first quarter 2015 Solarwatt GmbH, Dresden, leased vehicles from the BMW Group. The service, cooperation and lease contracts referred to above are not material for the BMW Group. They 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 three months of 2015, 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 vehicle lease contracts concluded on an arm's length basis, companies of the BMW Group have not entered into any contracts with members of the Board of Management or Supervisory 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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31 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 2014. 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 2014.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	2015	2014	2015	2014
External revenues	14,655	13,253	565	469
Inter-segment revenues	4,238	3,306	2	3
Total revenues	18,893	16,559	567	472
Segment result	1,794	1,580	115	64
Result from equity accounted investments	128	225	-	-
Capital expenditure on non-current assets	785	1,227	8	12
Depreciation and amortisation on non-current assets	1,083	935	16	16

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

	Automotive		Motorcycles	
in € million	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Investments accounted for using the equity method	1,117	1,088	-	-
Segment assets	11,598	11,489	621	575

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

in € million	1st quarter 2015	1st quarter 2014*
Reconciliation of segment result		
— Total for reportable segments	2,445	2,154
— Financial result of Automotive segment and Motorcycles segment	-161	62
— Elimination of inter-segment items	-15	-57
Group profit before tax	2,269	2,159
Reconciliation of capital expenditure on non-current assets		
— Total for reportable segments	5,909	5,147
— Elimination of inter-segment items	-1,179	-951
Total Group capital expenditure on non-current assets	4,730	4,196
Reconciliation of depreciation and amortisation on non-current assets		
— Total for reportable segments	3,207	2,754
— Elimination of inter-segment items	-1,202	-918
Total Group depreciation and amortisation on non-current assets	2,005	1,836

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2015	2014*	2015	2014	2015	2014	2015	2014*	
5,696	4,512	1	1	-	-	20,917	18,235	External revenues
362	378	1	1	-4,603	-3,688	-	-	Inter-segment revenues
6,058	4,890	2	2	-4,603	-3,688	20,917	18,235	Total revenues
559	453	-23	57	-176	5	2,269	2,159	Segment result
-	-	-	-	-	-	128	225	Result from equity accounted investments
5,116	3,908	-	-	-1,179	-951	4,730	4,196	Capital expenditure on non-current assets
2,108	1,803	-	-	-1,202	-918	2,005	1,836	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014	
-	-	-	-	-	-	1,117	1,088	Investments accounted for using the equity method
10,232	9,357	65,124	61,516	78,515	71,866	166,090	154,803	Segment assets

in € million		31.3.2015	31.12.2014
Reconciliation of segment assets			
Total for reportable segments		87,575	82,937
Non-operating assets – Other Entities segment		6,780	6,658
Operating liabilities – Financial Services segment		103,942	96,959
Interest-bearing assets – Automotive and Motorcycles segments		43,225	39,449
Liabilities of Automotive and Motorcycles segments not subject to interest		29,717	28,488
Elimination of inter-segment items		-105,149	-99,688
Total Group assets		166,090	154,803

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2	BMW GROUP IN FIGURES	Annual General Meeting	13 May 2015
4	INTERIM GROUP MANAGEMENT REPORT	Quarterly Report to 30 June 2015	4 August 2015
4	General Information	Quarterly Report to 30 September 2015	3 November 2015
5	Report on Economic Position		
16	Events after the End of the Reporting Period	Annual Report 2015	16 March 2016
17	Report on Outlook, Risks and Opportunities	Annual Accounts Press Conference	16 March 2016
21	BMW Stock and Capital Markets	Analyst and Investor Conference	17 March 2016
22	INTERIM GROUP FINANCIAL STATEMENTS	Quarterly Report to 31 March 2016	3 May 2016
22	Income Statements for Group and Segments	Annual General Meeting	12 May 2016
22	Statement of Comprehensive Income for Group	Quarterly Report to 30 June 2016	2 August 2016
24	Balance Sheets for Group and Segments	Quarterly Report to 30 September 2016	4 November 2016
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The BMW Group on the Internet

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