

BMW GROUP FINANCIAL SERVICES BANKERS DAY CHINA.

SERGE NAUDIN, PRESIDENT AND CEO OF BMW GROUP FINANCIAL SERVICES CHINA



21st July 2020

**BMW
GROUP** THE NEXT
100 YEARS 
Financial Services



Rolls-Royce
Motor Cars Limited

BMW GROUP FINANCIAL SERVICES SET-UP IN MAINLAND CHINA.

BMW AUTOMOTIVE FINANCE (CHINA) CO., LTD.

(BMW AFC), JV by BMW Group (58%) and BBA (42%), incorporated 2010

- **RETAIL LOAN**
- **WHOLESALE LOAN**



HERALD INTERNATIONAL FINANCIAL LEASING CO., LTD.

(HERALD), JV by BMW Group (58%) and BBA (42%), acquired in 2016

- **LEASING**
- **MOTORRAD**
- **CONSULTING SERVICE***

* Consulting and Third Party Administration (TPA) services to AWP Business Services (Beijing) Co., Ltd., delivered by Herald Hezhong (Beijing) Automotive Trading Co. Ltd, a wholly owned subsidiary of HERALD.

BUSINESS LINES IN MAINLAND CHINA AT A GLANCE.



**BMW AFC
RETAIL FINANCE**

CNY 89 BN.



**BMW AFC
COMMERCIAL FINANCE**

CNY 13 BN.



**HERALD
LEASING**

CNY 12 BN.

(Serviced Portfolio as of 12/2019)

FINANCIAL SERVICES CHINA

CONTINUOUS BUSINESS GROWTH OVER PAST YEARS.

	BMW AFC	HERALD
Retail Finance New Business (units)	273,100	39,830
Profit before Tax (mn. CNY)	3,338	311
Return on Equity	18.7%	18.6%
Penetration	37.7%*	5.4%

(as of 12/2019)

SERVICED PORTFOLIO GROWTH (bn. CNY)

■ BMW AFC ■ Herald



RETAIL FINANCE SERVICED UNIT GROWTH (k. units)



VALUE PROPOSITION OF FINANCIAL SERVICES WITHIN THE BMW GROUP.

SUPPORT OF SALES



- FINANCING PARTNERS OF BMW GROUP.
- STRENGTHEN AUTOMOTIVE BRANDS.
- ACCELERATE BMW DREAM.

CUSTOMER INTERFACE



- SERVICE AND LOYALIZE ALL BMW GROUP CUSTOMERS.
- WIN NEW CUSTOMERS.

PROFIT CONTRIBUTION

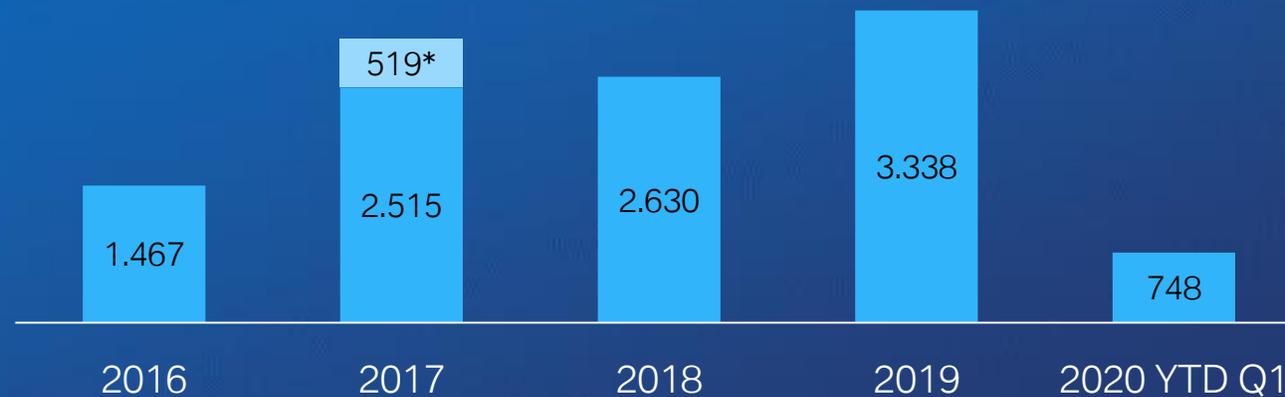


- INDEPENDENT PROFIT CONTRIBUTION TO BMW GROUP.
- RETURN ON EQUITY TARGET.

FINANCIAL SERVICES CHINA PROFITABILITY DEVELOPMENT.



BMW AFC PROFIT BEFORE TAX (mn.CNY)

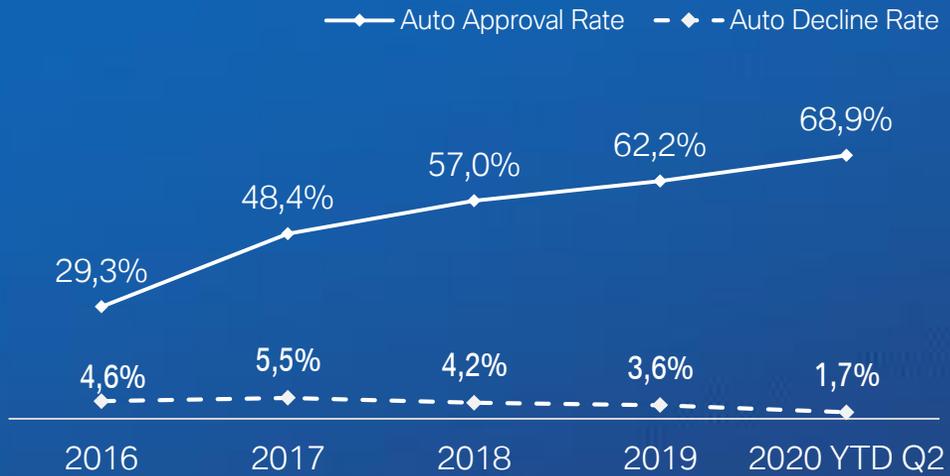


HERALD LEASING PROFIT BEFORE TAX (mn.CNY)



OPERATIONAL EFFICIENCY IS CONSTANTLY INCREASING THROUGH PROCESS AUTOMATION AND DIGITALIZATION.

AUTO DECISION RATE (incl. AFC & HIL)



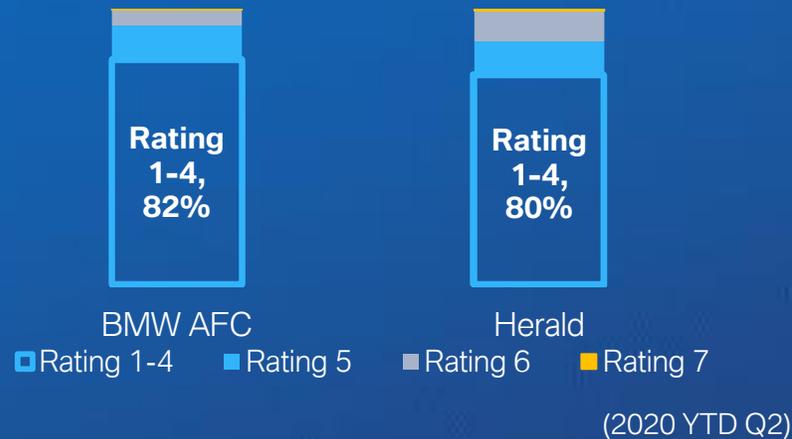
COST PER CONTRACT DEVELOPMENT



FINANCIAL SERVICES CHINA

STABLE AND PRUDENT RISK PORTFOLIO.

>80% PORTFOLIO OF CUSTOMER WITH VERY GOOD/GOOD CREDIT



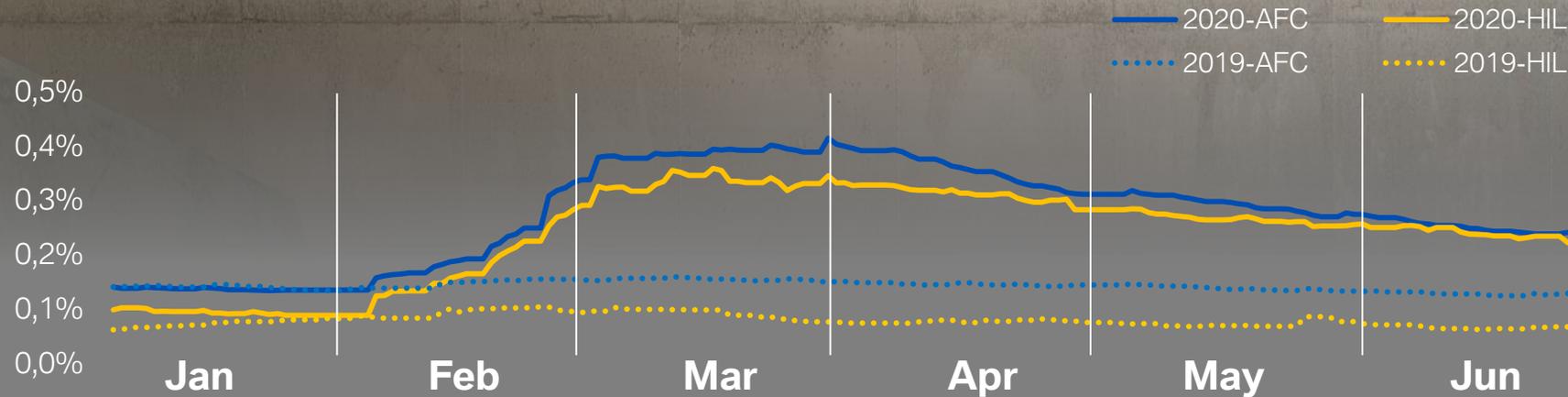
RISK SITUATION REMAINS STABLE

31-180 Days Delinquency Ratio



CRISIS RESPONSE AND BUSINESS RAMP-UP.

Delinquency Ratio (31-180 days)



PHASE I, II, III Business Ramp Up

Phase I: Business Continuity:

- Workforce protection
- Initiate solutions to mitigate business impact and risks

Phase II: Road to Recovery:

- Customer care incl. special policies and services
- Dealer support

Phase III: Sustainable Growth:

- Enlarged product offers and joint campaigns
- Strategy implementation to strengthen competitive advantage

INVEST IN PEOPLE AND NEW TECHNOLOGY. EXCELLENCE IN CUSTOMER SERVICE.



PEOPLE & COMPETENCIES
(strategic talent development)



OPERATION EFFICIENCY
(Automation and
mixed sourcing strategy)



**ADVANCED
RISK ENGINE**
(data analytics in
scorecard development)



**EXCELLENT
CUSTOMER SERVICES**
(24/7 A.I. Chatbot,
Online Self Service)

OUR VISION: DIGITAL CHAMPION.

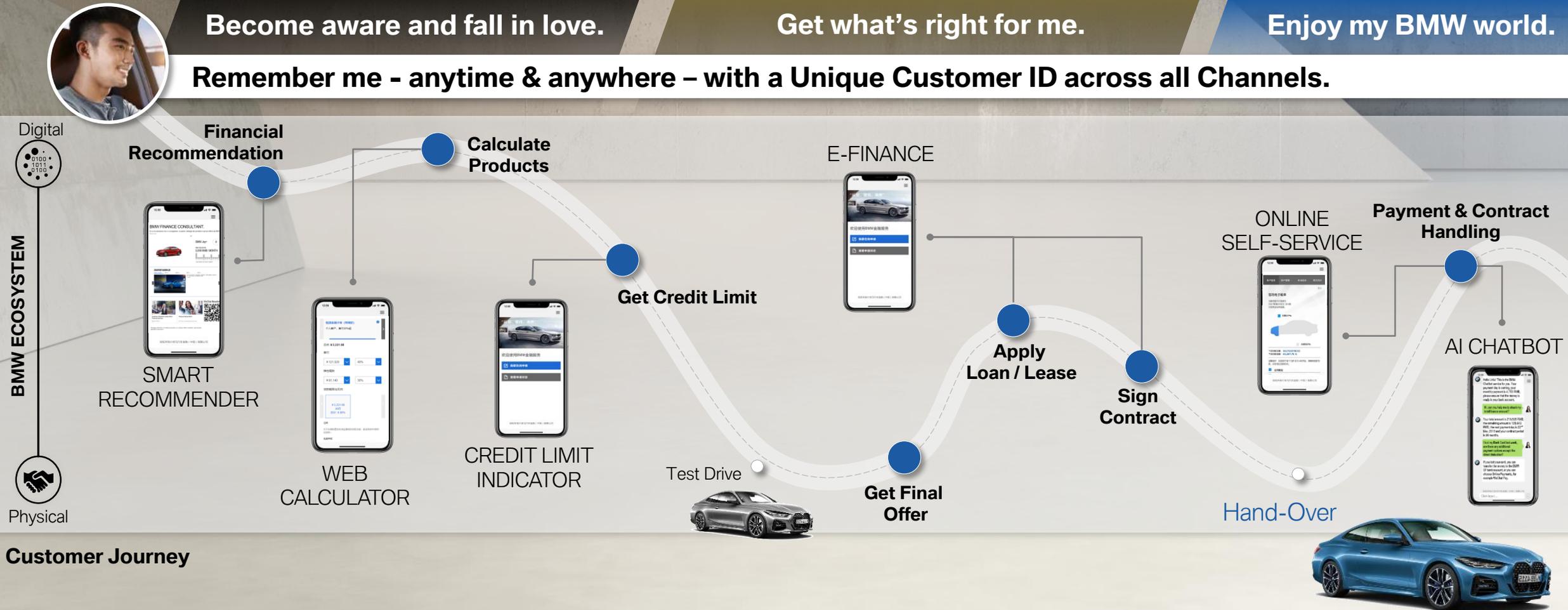
Financial services integrated into a holistic group ecosystem across all channels and online-to-offline touchpoints for a seamless personalized journey - anytime anywhere.

Become aware and fall in love.

Get what's right for me.

Enjoy my BMW world.

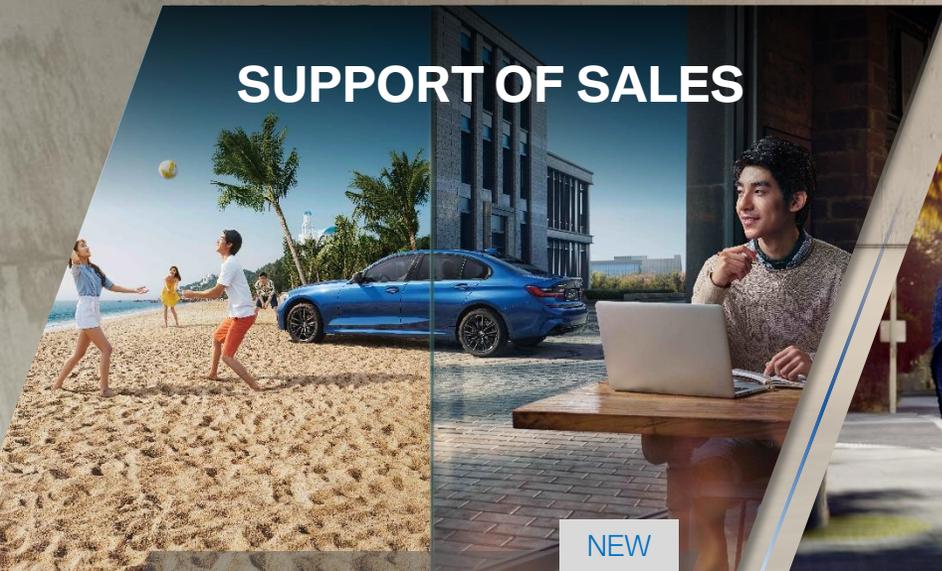
Remember me - anytime & anywhere - with a Unique Customer ID across all Channels.



Customer Journey

TOGETHER WE ARE CONTINUING OUR JOINT SUCCESS STORY IN CHINA.

SUPPORT OF SALES



NEW

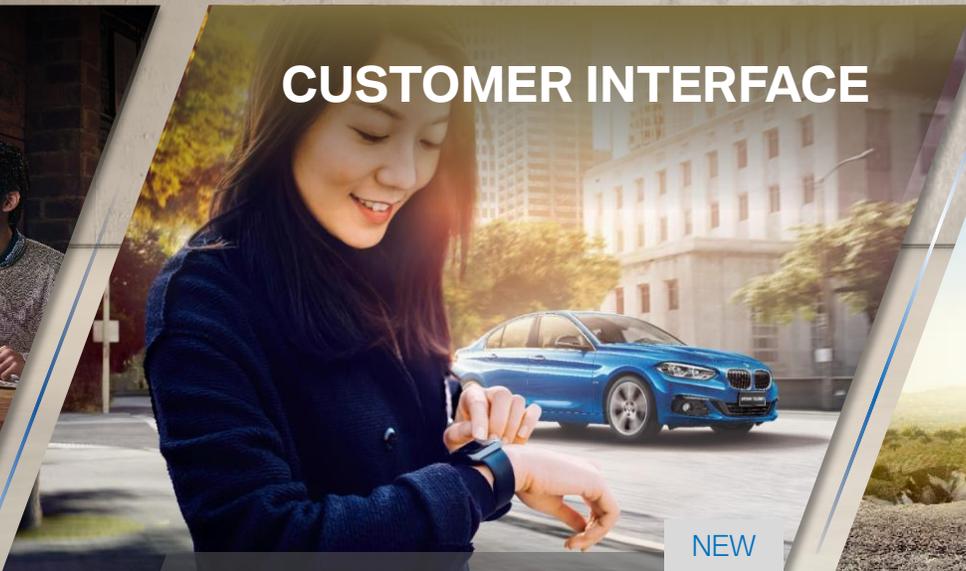
Enlarged SF Offer

NEW

Corporate Sales by Herald Leasing

Strategic Role within the Value China of BMW Group China

CUSTOMER INTERFACE



NEW

National Roll-out of eFinance

NEW

Upgraded A.I. Chatbot and Auto QC Technology in Customer Services

Omni-channel Campaigns

PROFIT CONTRIBUTION



NEW

Strengthen Operational Excellence via RPA, OCR & new IT System

Balanced Risk Portfolio

Stable Profitability Outlook

Legend: RPA: Robotic Process Automation
QC: Quality Control
OCR: Optical Character Recognition

THANK YOU.