

BMW GROUP FINANCIAL SERVICES CHINA.

SERGE NAUDIN

PRESIDENT & CEO OF BMW GROUP FINANCIAL SERVICES REGION CHINA



July 2021

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



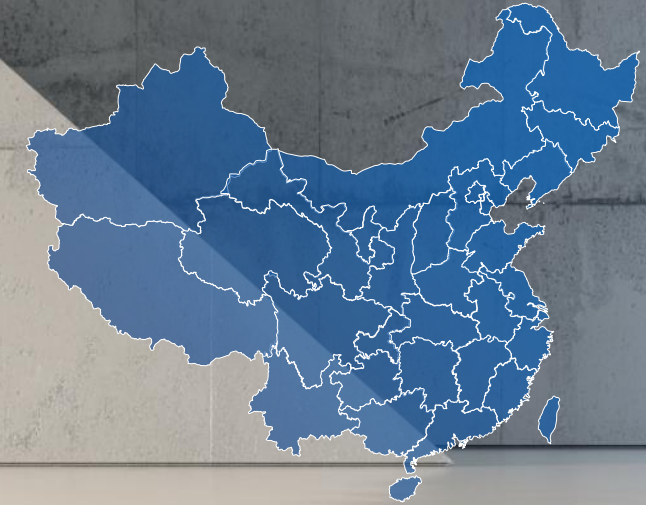
Rolls-Royce
Motor Cars Limited

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 in 2010

- RETAIL LOAN
- WHOLESALE LOAN



HERALD INTERNATIONAL FINANCIAL LEASING CO., LTD.

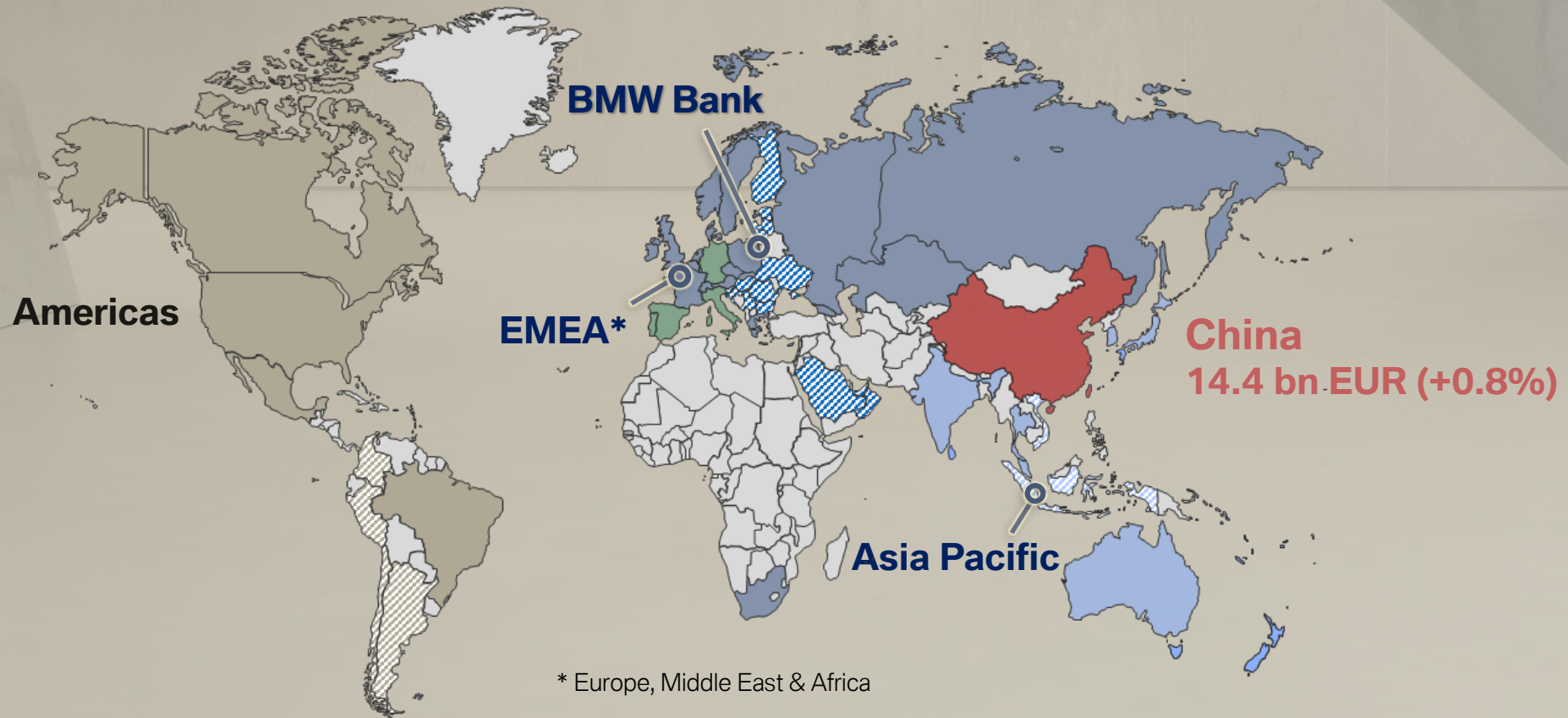
(HERALD), JV by BMW Group (58%) and BBA (42%), acquired in 2016

- LEASING
- MOTORRAD
- SERVICE



BMW GROUP FINANCIAL SERVICES SERVICED PORTFOLIO. (2020 COMPARED TO 2019).

2020 Total: 139.0 bn EUR (-5.4%)



BUSINESS LINES IN MAINLAND CHINA AT A GLANCE.

SERVICED PORTFOLIO 2020.



➤ BMW AFC RETAIL FINANCE: **87.9 BN. CNY**

➤ BMW AFC COMMERCIAL FINANCE: **14.6 BN. CNY**

➤ HERALD LEASING: **13.3 BN. CNY**

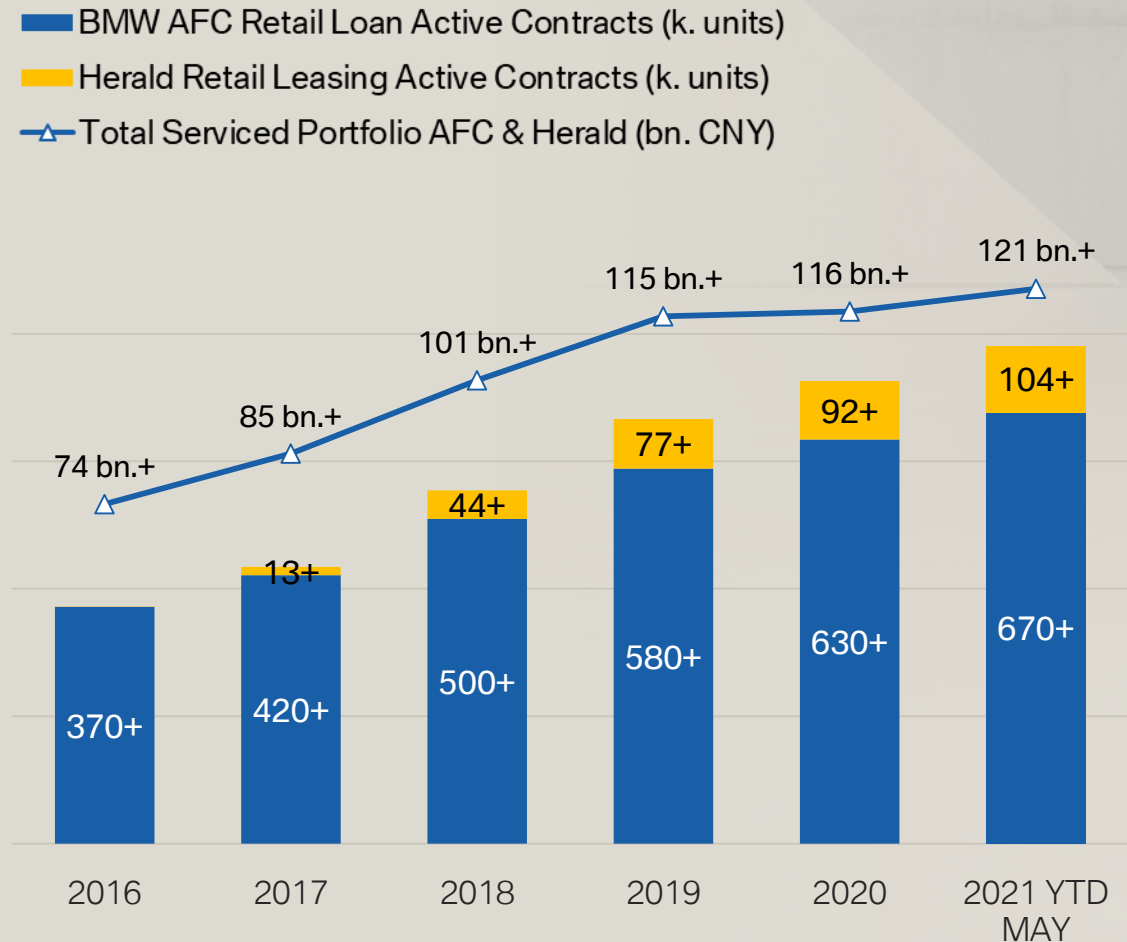
(as of 12/2020, BMW Group Accounting Policy)

FINANCIAL SERVICES CHINA CONTINUOUS BUSINESS GROWTH OVER PAST YEARS.

2020	BMW AFC	HERALD
Retail Finance New Business (units)	240,558	33,790
Profit before Tax* (mn. CNY)	3,130	400
Return on Equity	15.5%	20.9%
Penetration	31%	4%

(*as of 12/2020, BMW Group Accounting Policy)

Business Development



FINANCIAL SERVICES CHINA PROFITABILITY DEVELOPMENT.



PROFIT BEFORE TAX*



* Apply BMW Group Accounting Policy

** incl. AFC one-time effect on PbT: 2017 due to equity injection and lending quota control; 2019 due to risk provision release after data fix in IFRS9 and others

VALUE PROPOSITION OF FINANCIAL SERVICES WITHIN THE BMW GROUP.



SUPPORT OF SALES

- FINANCING PARTNERS OF THE GROUP.
- STRENGTHEN AUTOMOTIVE BRANDS.
- ACCELERATE BMW DREAM.
- INCREASE CUSTOMER LOYALTY.



CUSTOMER INTERACTION

- BENCHMARK FOR OMNICHANNEL CUSTOMER JOURNEY.
- WIN INCREMENTAL CUSTOMERS.



SUSTAINABLE GROWTH

- #1 EMPLOYER.
- CORPORATE SOCIAL RESPONSIBILITY.
- RETURN ON EQUITY.

DIGITALIZATION ADDRESSES THE OVERALL COMPANY. CONSISTENT INVESTMENT TO IMPROVE OUR EFFICIENCY, ACCURACY AND SERVICE LEVEL TOWARDS CUSTOMERS.

Business Automation



Optimize and automate process for business:

- Robot Process Automation
- A. I. Technologies e.g. Chatbot & Voicebot
- Optical Character Recognition

Future-proof business system & infrastructure

Intelligent Customer Service



Modular Digital Service:

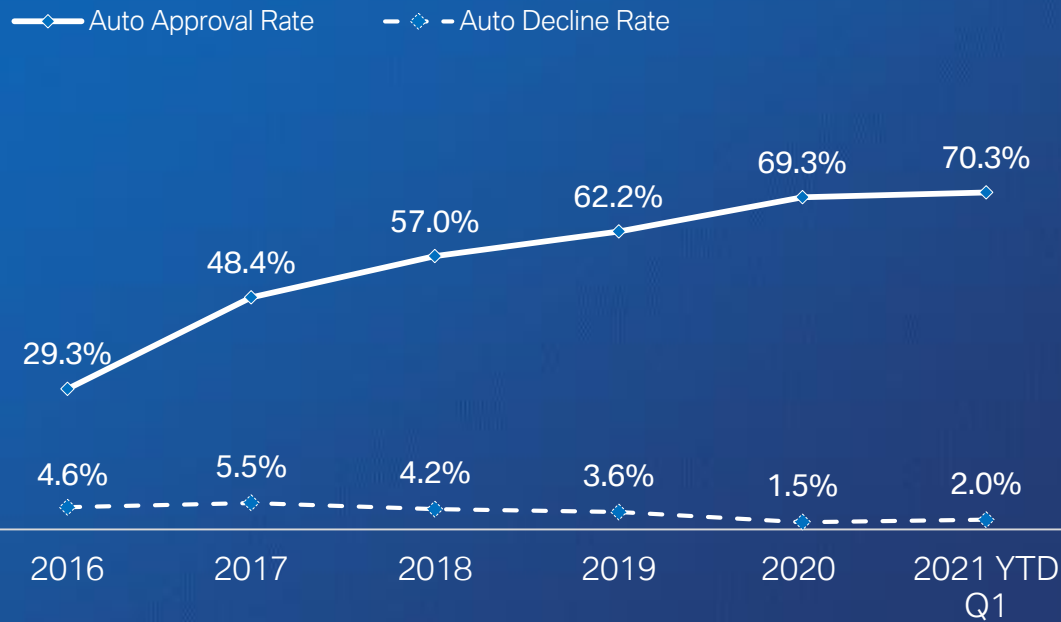
- eFinance (usage 80%+)
- Credit Pre-check
- 24/7 Online Self Service

Multi-channel access with Unique Customer ID

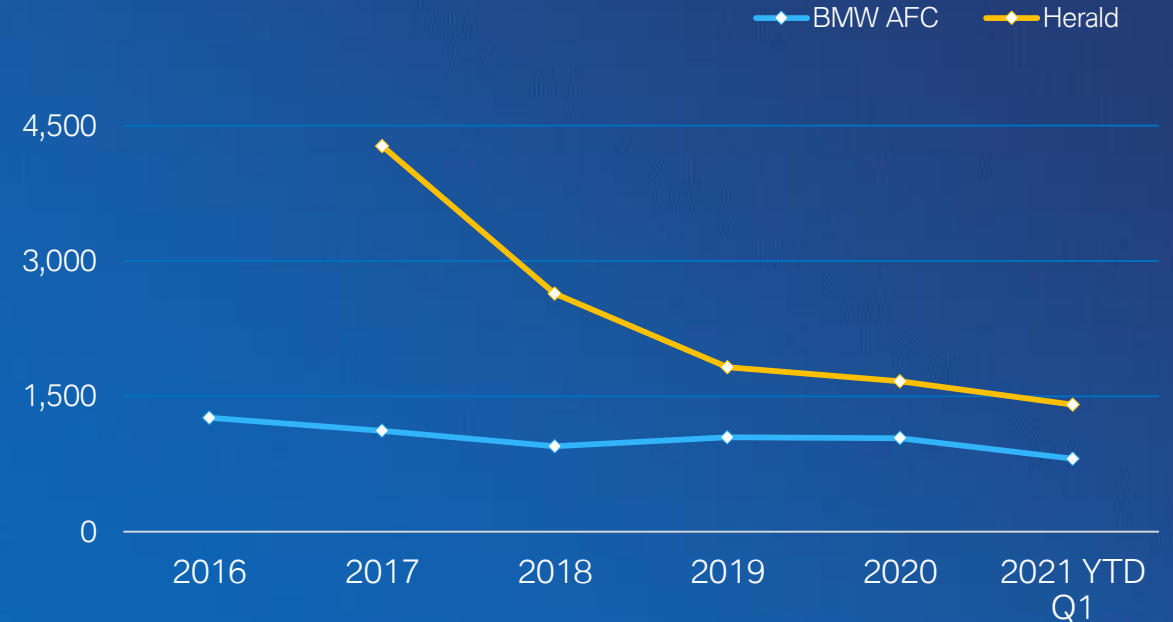
System integration & upgrade for better service

COST EFFICIENCY IS CONSTANTLY INCREASING VIA PROCESS AUTOMATION, E.G. AUTO DECISION.

AUTO DECISION RATE (incl. AFC & Herald)



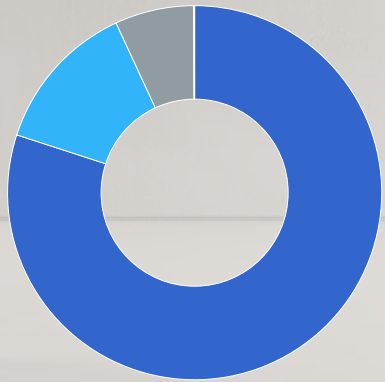
COST PER CONTRACT DEVELOPMENT



MATURE RISK MANAGEMENT.

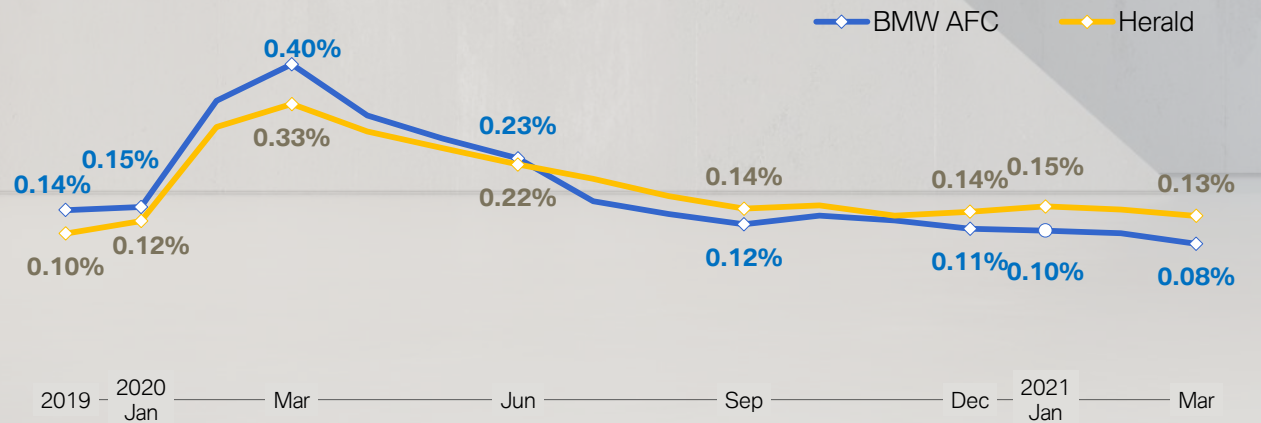
CUSTOMER PROFILE REMAINS STABLE & CREDIT RISK SITUATION IMPROVES

>80%
PORTFOLIO OF
CUSTOMER
WITH **VERY
GOOD/GOOD**
CREDIT
(2021 YTD Q1)



■ Rating 1-4 ■ Rating 5 ■ Rating 6 ■ Rating 7

Delinquency (31-180 Days)



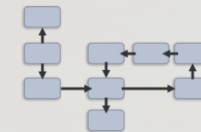
COMPREHENSIVE OPERATIONAL RISK MANAGEMENT



Risk Profile & Monitor



Business Continuity Plan



Internal Control

WE HAVE A CLEAR FOCUS & STRATEGY.

OUR SUCCESSFUL BUSINESS DEVELOPMENT OFFERS FURTHER BUSINESS OPPORTUNITIES FOR OUR PARTNERS.

We have **STRONG ECOSYSTEM.**

We own **PREMIUM CUSTOMER PROFILE & QUALITY.**

We are heavily **INVESTING IN TECHNOLOGIES.**

We are driven by **STRONG GOVERNANCE.**

We aim for **#1 EMPLOYER.**



THANK YOU.

