

# BMW GROUP FINANCIAL SERVICES CAPITAL MARKETS DAY CHINA.

SERGE NAUDIN, PRESIDENT OF BMW GROUP FINANCIAL SERVICES REGION CHINA



3 July 2019

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



# BMW GROUP FINANCIAL SERVICES SET-UP IN MAINLAND CHINA.



Joint venture by BMW Group (58%) and BBA (42%)

## BMW AFC

RETAIL LOAN

WHOLESALE LOAN

**BMW AUTOMOTIVE FINANCE  
(CHINA) CO., LTD. (BMW AFC)**

Joint venture by BMW Group (58%) and BBA (42%)

## HERALD LEASING

LEASING

INSURANCE (business development)

**HERALD INTERNATIONAL FINANCIAL  
LEASING CO., LTD. (Herald)**



# BUSINESS LINES IN MAINLAND CHINA.

**PORTFOLIO REACHED  
CNY 100 BN.  
IN 2018**

**BMW AFC  
RETAIL FINANCE**



**CNY 80 BN.**

**BMW AFC  
COMMERCIAL FINANCE**



**CNY 12 BN.**

**HERALD LEASING**



**CNY 9 BN.**

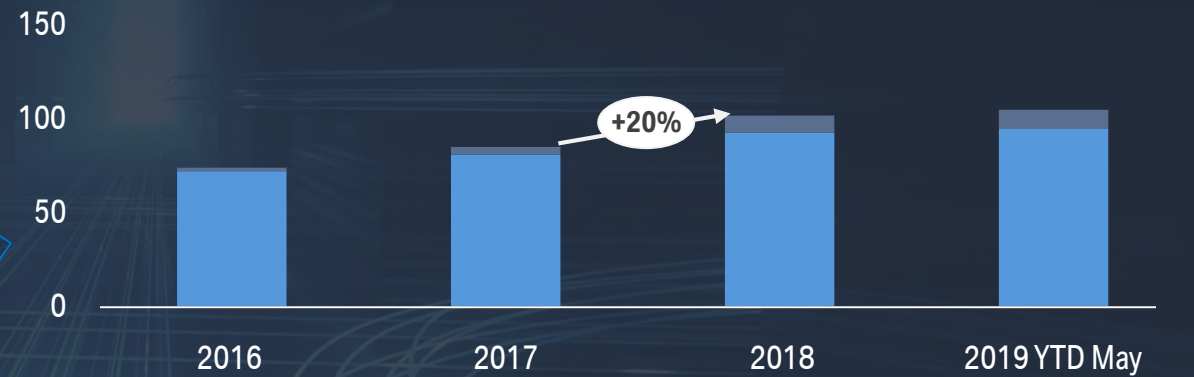
(Serviced Portfolio as of 12/2018)

# FINANCIAL SERVICES CHINA CONTINUES GROWING ITS BUSINESS.

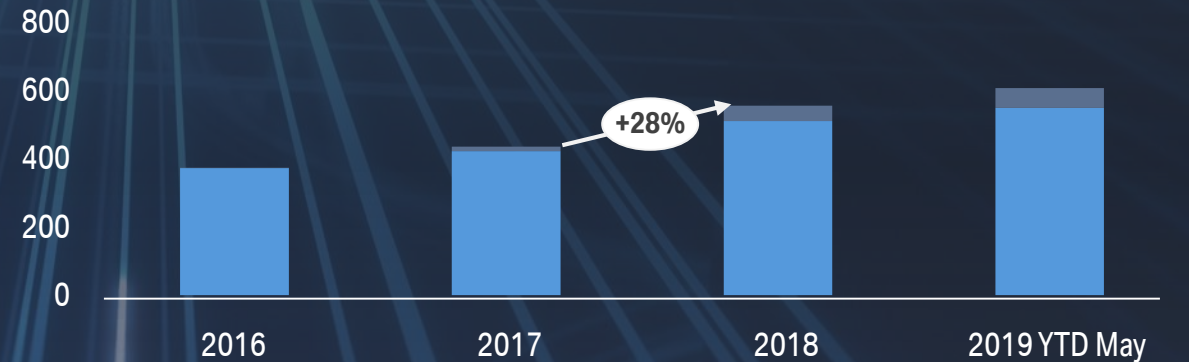
	BMW AFC	HERALD
Retail Finance New Business (units)	221,892	32,246
Profit before Tax (mn. CNY)	2,630	84
Return on Equity	16.8%	7.8%
Penetration	37.2%	5%

(as of 12/2018)

SERVICED PORTFOLIO VOLUME GROWTH (bn. CNY)



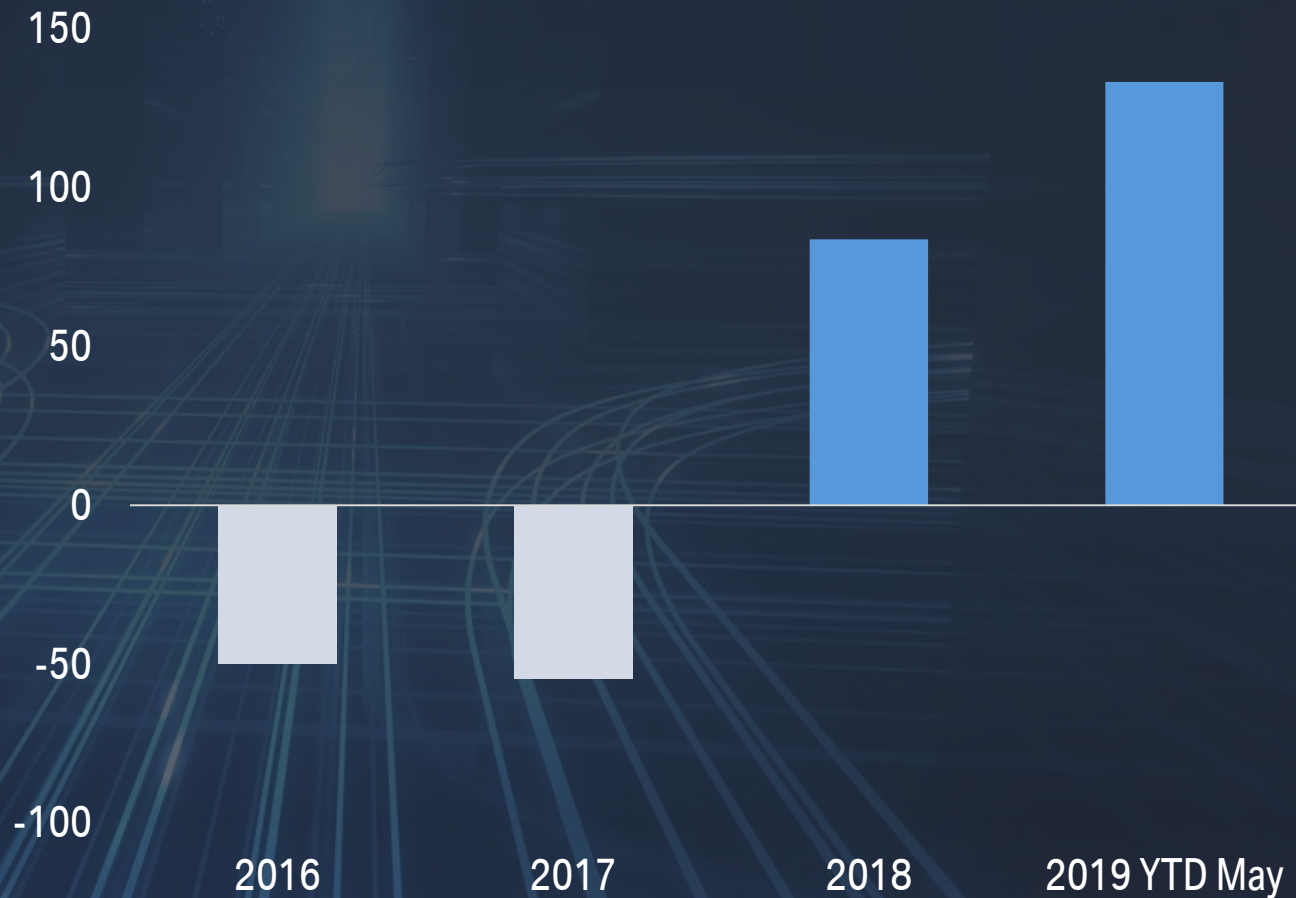
RETAIL FINANCE SERVICED UNIT GROWTH (k.unit)





# HERALD LEASING BEING PROFITABLE 2018 ONWARDS.

## PROFIT BEFORE TAX (mn.CNY)



# STRONG INCREASE IN OPERATIONAL EFFICIENCY AND PRUDENT RISK MANAGEMENT.

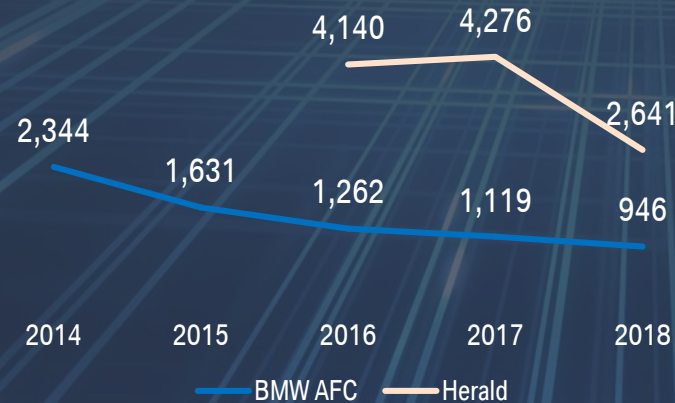


## APPLICATION TURNAROUND TIME



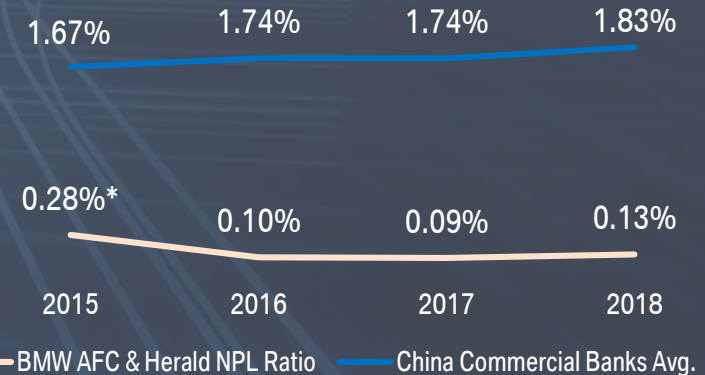
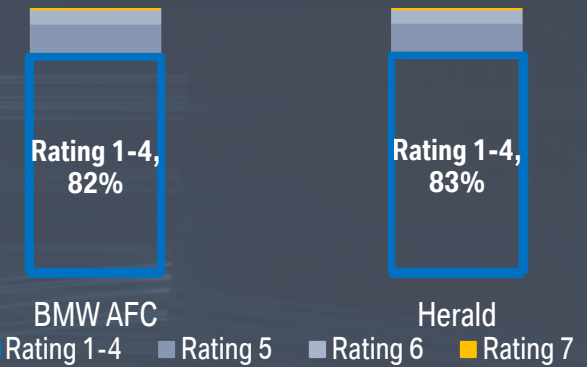
Auto Approval Rate  
(2018 YE)

Application Decision Rate  
(≤ 60 mins) for MUW



## COST PER CONTRACT DEVELOPMENT

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



## RISK SITUATION REMAINS STABLE

\* Before Herald acquisition

Legend: MUW: Manual Underwriting  
NPL: Non Performance Loan



# OUR KEY SUCCESS FACTORS.



**PEOPLE AND COMPETENCIES  
(strategic talent development)**



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



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



**BEST IN CLASS DIGITAL  
CUSTOMER JOURNEY  
(eApplication, eContracting)**

# INCREASING CUSTOMER REQUIREMENTS ON FINANCE AND SERVICE CONVENIENCE...



**DIGITAL NATIVE**

**CONVENIENCE AND HIGH SERVICE QUALITY**



**FAST GROWING FINANCE PENETRATION**

**WILLINGNESS TO TRADE UP BY USING AUTO FINANCING**





# ... OFFERING FULLY DIGITALIZED CUSTOMER JOURNEY AND 24/7 SERVICES.

## DIGITAL CUSTOMER JOURNEY

AWARENESS

PURCHASE

SERVICE

SF Recommender



SF Web Calculator



eApplication



eContracting



Online Self Service



AI Chat Bot



24/7

HASSEL FREE SERVICES  
ANY PLACE, ANY TIME

# ...OFFERING VARIOUS FINANCE PRODUCT TAILORED TO CUSTOMER DEMANDS AND MARKET NEEDS.

## OWNERSHIP MODEL

### Standard Loan

Less expense on gross interests



### Bonus Payment

Less pressure for last payment



### Balloon Payment

Shorter time of changing cars



## USAGE MODEL

### BMW Leasing

+ Low down payment  
Return Option (Pilot)



+ Insurance and Services

## MOBILITY ON DEMAND

### Operating Lease





# TOGETHER WE ARE CONTINUING OUR **JOINT SUCCESS STORY** IN CHINA.

## SUPPORT OF SALES



NEW

Insurance Product

Trusted Business Partner to NSC/BBA

Extend Joy Product Family

NEW

## CUSTOMER INTERFACE



NEW

eApplication rollout in November

A.I. Chatbot for 24/7 Customer  
Interaction Go-live in July

NEW

Online Payment & WeChat Pay

## PROFIT CONTRIBUTION



NEW

12 RPA live, 11 in pipeline

Balanced Risk Portfolio

Positive profitability outlook for  
Herald in 2019