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.

<table>
<thead>
<tr>
<th></th>
<th>BMW AFC</th>
<th>HERALD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Finance New Business (units)</td>
<td>221,892</td>
<td>32,246</td>
</tr>
<tr>
<td>Profit before Tax (mn. CNY)</td>
<td>2,630</td>
<td>84</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>16.8%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Penetration</td>
<td>37.2%</td>
<td>5%</td>
</tr>
</tbody>
</table>

(as of 12/2018)

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**SERVICED PORTFOLIO VOLUME GROWTH (bn. CNY)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 YTD May</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW AFC</td>
<td></td>
<td></td>
<td>+20%</td>
<td></td>
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<tr>
<td>Herald</td>
<td></td>
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</tbody>
</table>

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**RETAIL FINANCE SERVICED UNIT GROWTH (k.unit)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 YTD May</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW AFC</td>
<td></td>
<td></td>
<td>+28%</td>
<td></td>
</tr>
<tr>
<td>Herald</td>
<td></td>
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</tbody>
</table>
HERALD LEASING BEING PROFITABLE 2018 ONWARDS.
STRENGTH INCREASE IN OPERATIONAL EFFICIENCY AND PRUDENT RISK MANAGEMENT.

APPLICATION TURNAROUND TIME

- Auto Approval Rate (2018 YE): 57%
- Application Decision Rate (≤ 60 mins) for MUW: 91%

COST PER CONTRACT DEVELOPMENT

- BMW AFC
  - 2014: 2,344
  - 2015: 1,631
  - 2016: 1,262
  - 2017: 1,119
  - 2018: 946

- Herald

RISK SITUATION REMAINS STABLE

- BMW AFC & Herald NPL Ratio
  - 2015: 0.28%
  - 2016: 0.10%
  - 2017: 0.09%
  - 2018: 0.13%

- China Commercial Banks Avg.
  - 2015: 1.67%
  - 2016: 1.74%
  - 2017: 1.74%
  - 2018: 1.83%

>80% OF PORTFOLIO WITH VERY GOOD/GOOD CREDIT

- Rating 1-4, 82%
- Rating 1-4, 83%

Legend: MUW: Manual Underwriting
NPL: Non Performance Loan
* Before Herald acquisition
OUR KEY SUCCESS FACTORS.

BEST IN CLASS CAPTIVE
towards our customers whilst maximizing profitability and being compliant

PEOPLE AND COMPETENCIES
(strategic talent development)

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

ADVANCED RISK ENGINE
(data analytics in scorecard development)

BEST IN CLASS DIGITAL CUSTOMER JOURNEY
(eApplication, eContracting)
INCREASING **CUSTOMER REQUIREMENTS** ON **FINANCE AND SERVICE CONVENIENCE**…

CONVENIENCE AND HIGH SERVICE QUALITY

DIGITAL NATIVE

WILLINGNESS TO TRADE UP BY USING AUTO FINANCING

FAST GROWING FINANCE PENETRATION

Roland Berger Research, 2017 China Auto Finance Report
... 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

HASSEL FREE SERVICES
ANY PLACE, ANY TIME

Capital Markets Day | July 3rd, 2019
OFFERING VARIOUS FINANCE PRODUCTS 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
  - BMW Leasing: Low down payment, Return Option (Pilot)

- **Usage Model**
  - Operating Lease: + Insurance and Services

- **Mobility on Demand**
TOGETHER WE ARE CONTINUING OUR **JOINT SUCCESS STORY** IN CHINA.

### SUPPORT OF SALES
- Insurance Product
- Trusted Business Partner to NSC/BBA
- Extend Joy Product Family

### CUSTOMER INTERFACE
- eApplication rollout in November
- A.I. Chatbot for 24/7 Customer Interaction Go-live in July
- Online Payment & WeChat Pay

### PROFIT CONTRIBUTION
- 12 RPA live, 11 in pipeline
- Balanced Risk Portfolio
- Positive profitability outlook for Herald in 2019