

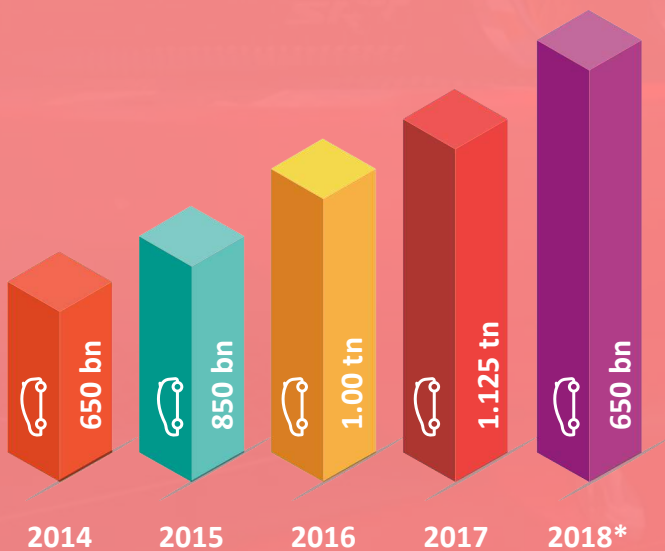
CHINA AUTO FINANCE MARKET



Overview

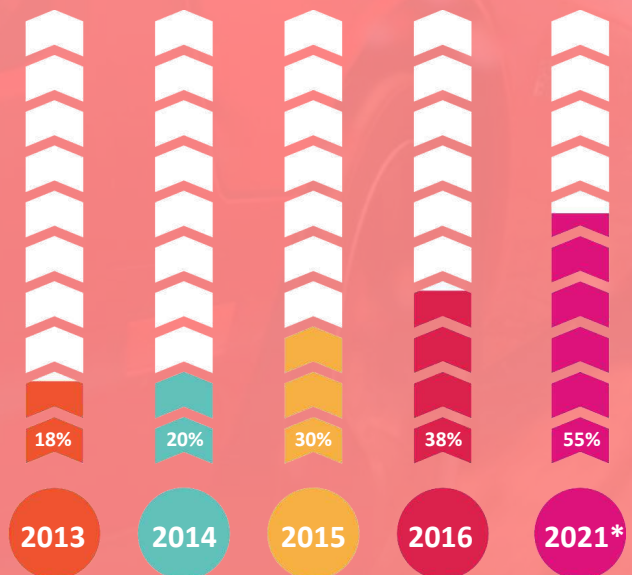
Currently, China is the largest automobile market in the world, both in terms of demand and supply. China constituted around 30% of global auto sales in 2017, up from roughly 10% in 2007. With a market size of around RMB1.0 trillion in 2016, China is fast developing its auto finance market and has a huge potential for growth. The Chinese auto finance industry is flourishing with auto finance penetration rate expected to reach ~50% by 2020.

MARKET SIZE OF AUTO FINANCE MARKET



* Estimate

AUTO FINANCE PENETRATION RATE



* Estimate

AUTO FINANCE MARKET SEGMENTS



Forecast for auto lease penetration in China

Used Car Finance

As per the China Auto Dealers Association, China's used vehicle sales increased 19% to 12.2 million units in 2017. Given that 40% of used cars in the country are bought on credit, it is projected that China's second-hand vehicle financing market will reach a trillion yuan by 2022. Further, used car sales are forecasted to hit 20.0 million vehicles in 2020.



Growth forecast for car rental market in China

Internet Auto Finance

With the entrance of Chinese tech companies like Alibaba and Tencent and rise in the number of internet users, online auto finance transactions have become tremendously popular in China nowadays. China's online automobile transactions have grown at a CAGR of 65.5% in the 2012-16 period, which is expected to reach around 41.3% from 2016 to 2021.

Auto Financial Leasing

In 2016, the Chinese auto market generated around 600,000 leasing originations, representing a penetration rate of 2.5%. Over the next 10 years, China will witness a golden decade for its auto leasing market.



Forecast for used car finance penetration rate in China

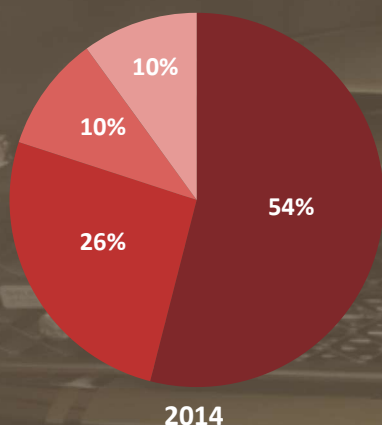
Car Rentals

The car rental industry in China has developed rapidly in the past five years through 2017 and is expected to reach a market size of RMB 58 billion in 2018.



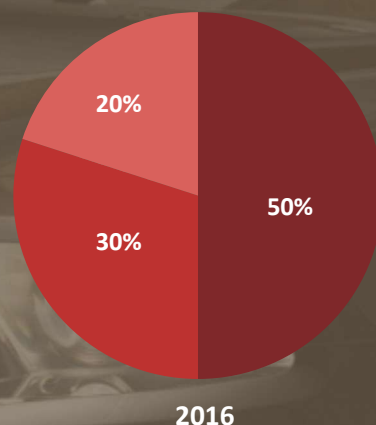
Growth in online transactions (As % of auto sales)

Key Drivers Responsible for Growth in the Industry



2014

- Commercial Banks
- Leasing companies
- Auto finance companies
- Others



2016

- Commercial Banks
- Auto finance companies
- Car leasing cos, Internet finance cos and others

Key Drivers Responsible for Growth in the Industry



Younger generation is more receptive to auto credit loans



Broader financing channels



Legal and regulatory environment improvements



Lower down payment/low monthly payment



Promotional prices on the loan/financing lease vehicle



Changing consumer behavior

Impact of Auto Finance on

Total Vehicle Sales in China

Total Car Production in China



Top Companies Offering Loans in the Country

(banks and non-banks)

OEM-related Auto Finance Companies



SAIC-GMAC Automotive Finance Co., Ltd. (SAIC-GMAC)



Volkswagen Finance (China)



Chery HuiYin Motor Finance Service Co., Ltd.



BYD Auto Finance Company Limited



Ford Automotive Finance (China) Limited



Dongfeng Nissan Auto Finance Co., Ltd.



Herald International Financial Leasing



Toyota Motor Finance (China) Co., Ltd.



BMW Automotive Finance (China) Co., Ltd.



Yulon Motor Finance (China) Co., Ltd.



Changan Auto Finance Co., Ltd.



GAC-SOFINCO Automobile Finance Co., Ltd.

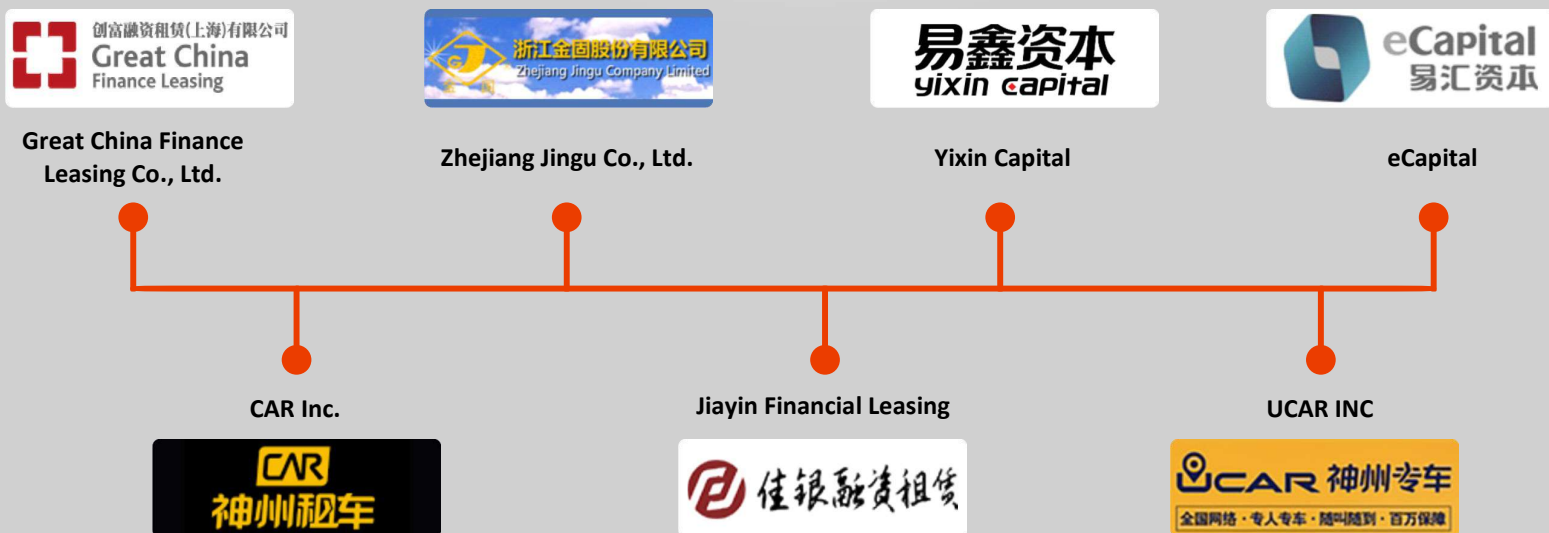


Genius Auto Finance Co., Ltd

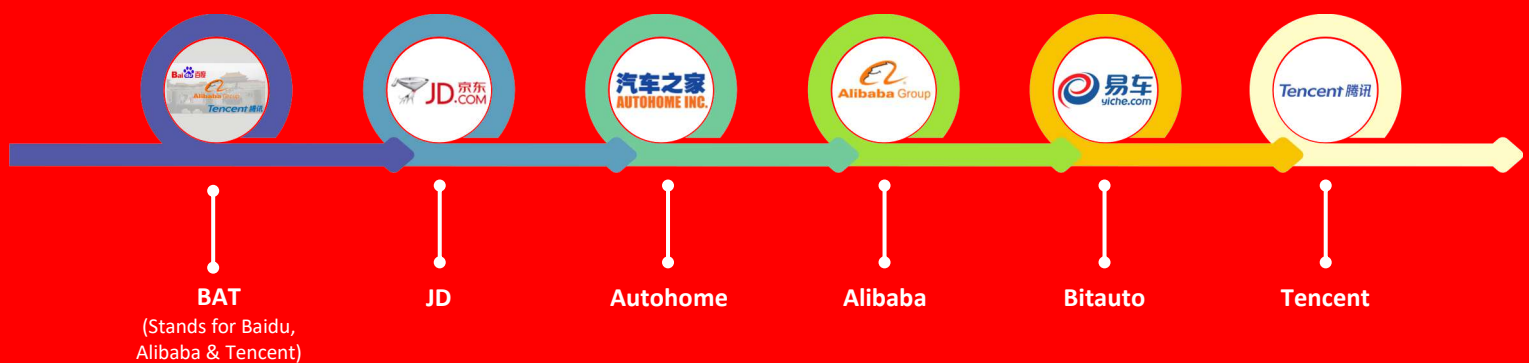
Auto Finance Related Dealers



Other Auto Finance Companies



Internet Auto Finance Companies





Decimal View

The Chinese auto finance market is heading for a robust expansion. In 2017, approximately 10.6 million vehicles were sold under auto finance loans in China, which is expected to reach around 14.0 million by 2020. Likewise, China's auto finance market would witness a high-speed growth in the next five years and might surge eightfold from its current value.

DECiMAL POiNT

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