



# INVESTORS PRESENTATION

FIRST-HALF 2019 RESULTS

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# AGENDA

- ① RCI BANQUE OVERVIEW
- ② OPERATING HIGHLIGHTS
- ③ FINANCIAL POLICY AND FUNDING
- ④ APPENDICES

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# RCI BANQUE OVERVIEW



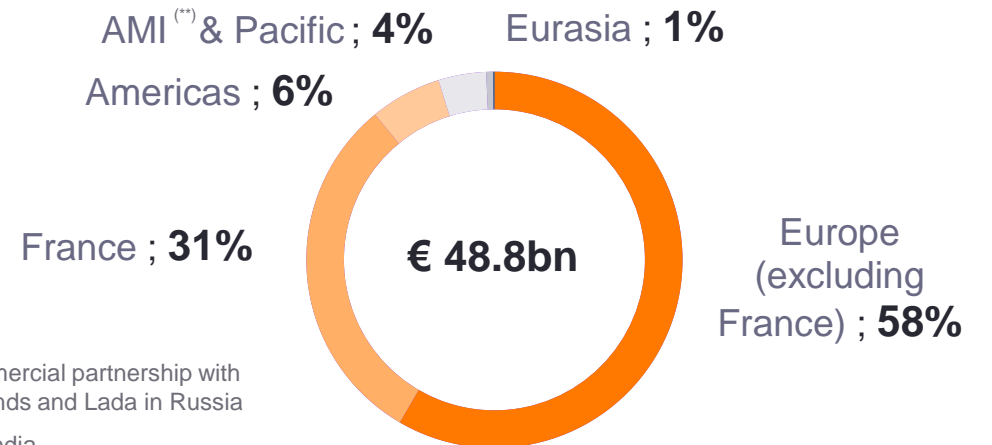
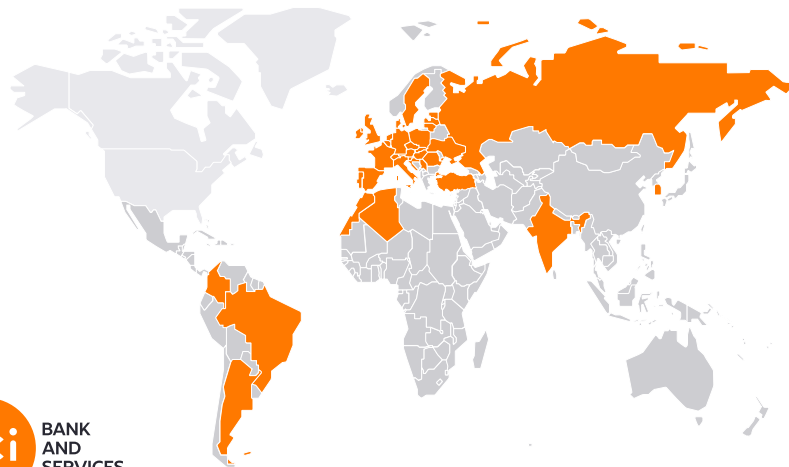
# IDENTITY AND FIRST-HALF 2019 KEY FIGURES

## ● RCI Banque identity:

- Renault-Nissan Alliance brands finance company
- 100% owned by Renault SA
- Bank status since 1991
- ECB supervision since 2016
- Retail, corporates and dealers inventory financing
- **9** brands financed (\*) in **36** countries

## ● First-half 2019 key figures:

- Equity: **€5.6bn**
- Net customer deposits: **€16.7bn**
- Penetration rate: **41.3%**
- New contracts (in k units) : **919**
- Commercial assets : **€48.8bn** of which:



(\*) Since February 2018, commercial partnership with Mitsubishi Motors in Netherlands and Lada in Russia

(\*\*) AMI: Africa, Middle-East, India

# RATINGS



- **Moody's ratings :**

- Long-term : **Baa1**
- Outlook : **Stable** <sup>(1)</sup>
- Short-term : **P-2**
- Strengths : « high and stable earning stream; limited credit losses; essential to its parent's strategy; strong profitability through the credit cycle; limited refinancing risk, increasing deposit base and adequate liquidity buffer »
- Weaknesses : « lack of business diversification; large exposures to car dealers; car market cyclical by nature; reliant on wholesale funding »

- **Standard and Poor's ratings:**

- Long-term : **BBB**
- Outlook : **Negative** <sup>(3)</sup>
- Short-term : **A-2**
- Strengths : « strong and recurring risk-adjusted profitability; regulated bank insulated from its corporate parent; strong capitalization; striking balance between growth and profitability; low cost base and effective cost control »
- Weaknesses : « predominantly wholesale-funded; business concentration in car financing; dependence on parent's franchise and product cycles »

- **Independent ratings from parent Renault S.A** supported by bank status and independent funding

- Renault : **Baa3, stable outlook/ P-3** <sup>(2)</sup>

<sup>(1)</sup> Since March 14th 2019

<sup>(2)</sup> Since March 07th 2019

- Renault : **BBB, negative outlook / A-2** <sup>(4)</sup>

<sup>(3)</sup> Since February 26th 2019

<sup>(4)</sup> Since February 20th 2019

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## OPERATING HIGHLIGHTS

NB: FIGURES RELATED TO COMMERCIAL ACTIVITY (PENETRATION RATE, NEW FINANCINGS, CONTRACTS PROCESSED) INCLUDE EQUITY METHOD CONSOLIDATED ENTITIES. BALANCE SHEET FIGURES (OUTSTANDINGS) EXCLUDE THESE ENTITIES

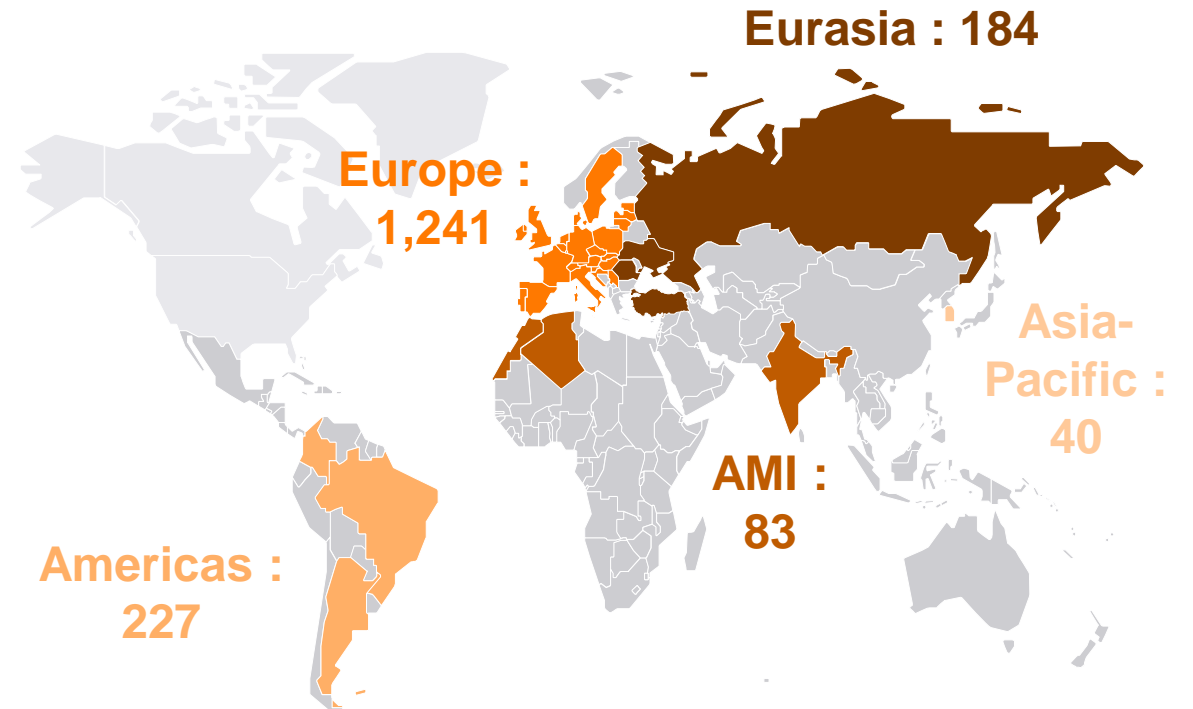
# CAR MARKET AND ALLIANCE SALES (\*) ON RCI PERIMETER



- Evolution vs. first-half 2018:

	Market	Alliance
Europe	- 4.1%	- 4.7% <sup>(1)</sup>
Eurasia	- 12.2%	-16.7%
Americas	- 7.1%	- 7.4%
Africa, Middle-East, India	- 12.5%	- 19.4% <sup>(2)</sup>
Asia-Pacific	- 3.5%	- 11.3% <sup>(3)</sup>
<b>Total RCI perimeter</b>	<b>- 6.2%</b>	<b>- 7.4%</b>

- First-half 2019 Alliance sales (in k units): 1,775



(1) Renault Group: -0.5%, Nissan Group: -21.4%

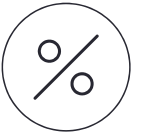
(2) of which India: -24% and Morocco: -12.1%

(3) Korea exclusively

(\*) Personal Car (PC) + Light Utility Vehicle (LUV) market and Alliance sales

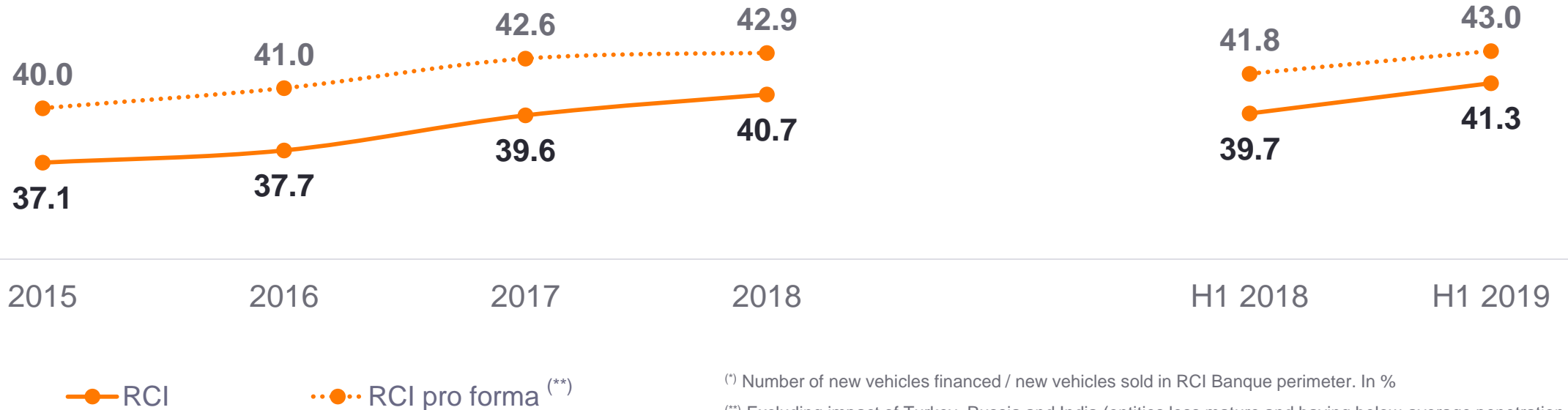


# PENETRATION RATE (\*)



- Financing penetration rate at **41.3% (+1.6 pts vs. H1 2018)**, of which:

- Renault : **41.7% (+1.5pts)**
- Dacia : **44.5% (+1.8pts)**
- Renault Samsung Motors : **57.6% (+3.2pts)**
- Nissan-Infiniti-Datsun : **35% (+0.2pt)**



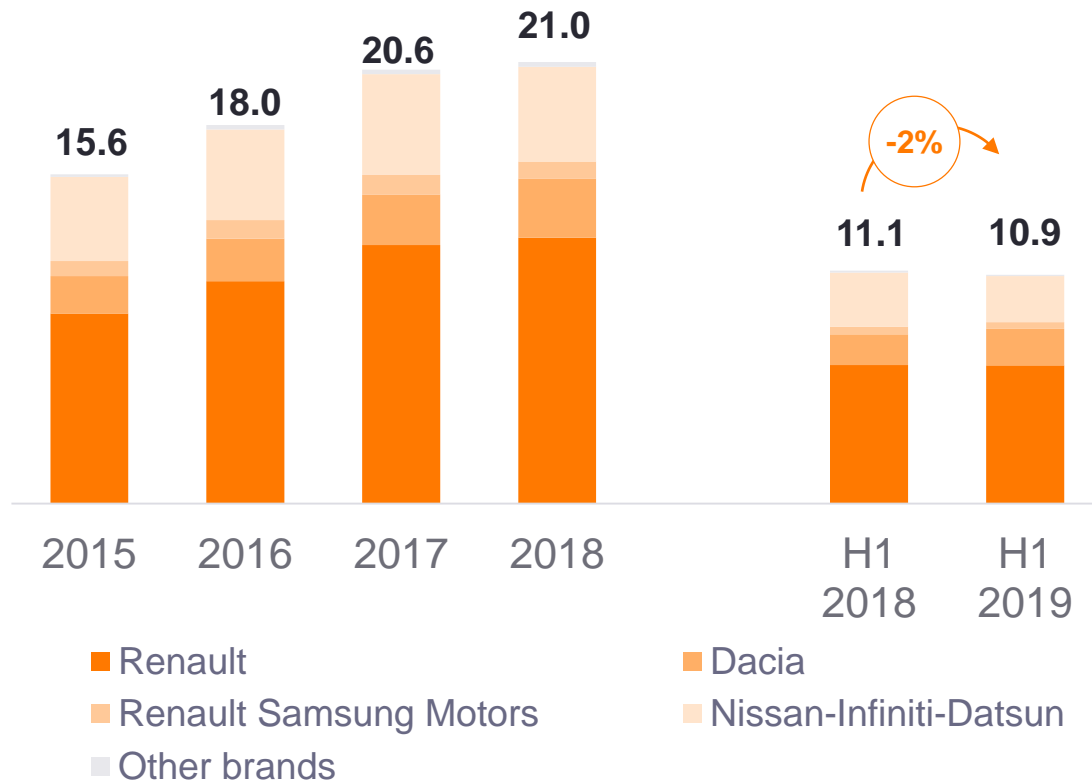
(\*) Number of new vehicles financed / new vehicles sold in RCI Banque perimeter. In %

(\*\*) Excluding impact of Turkey, Russia and India (entities less mature and having below-average penetration rates)

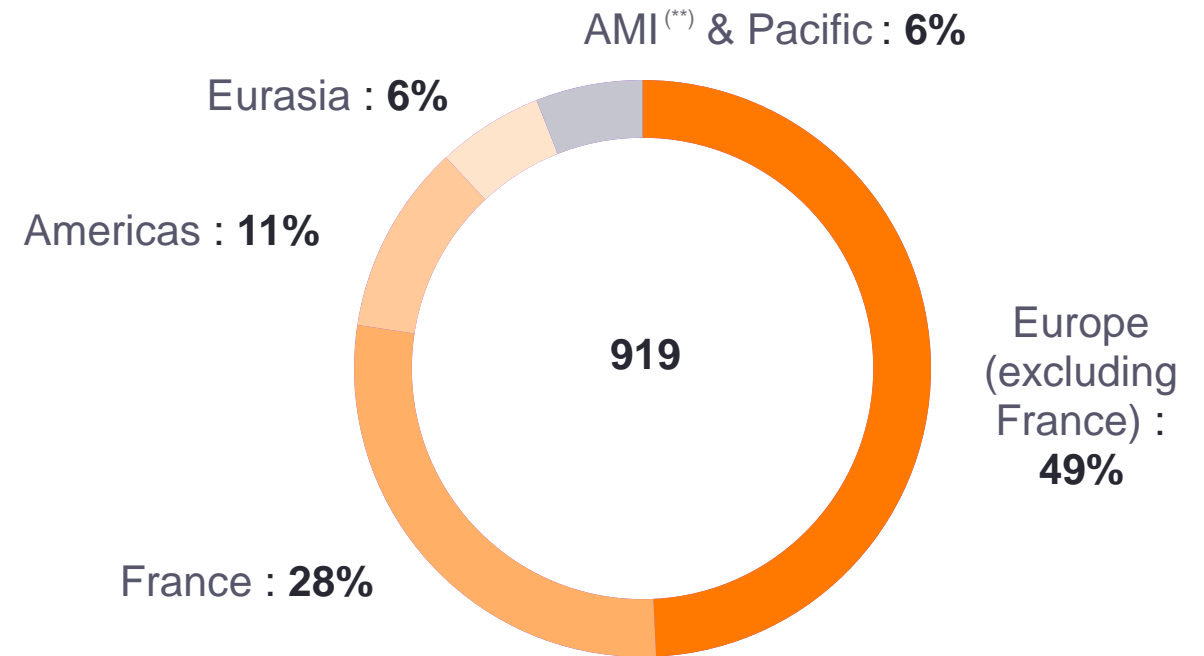


# BREAKDOWN OF NEW PRODUCTION

- New financings (\*) by brand (€bn):



- New contracts geographical breakdown (in k units):



(\*) Excluding cards and personal loans

(\*\*) AMI: Africa, Middle-East, India

# ASSETS AND RESULTS



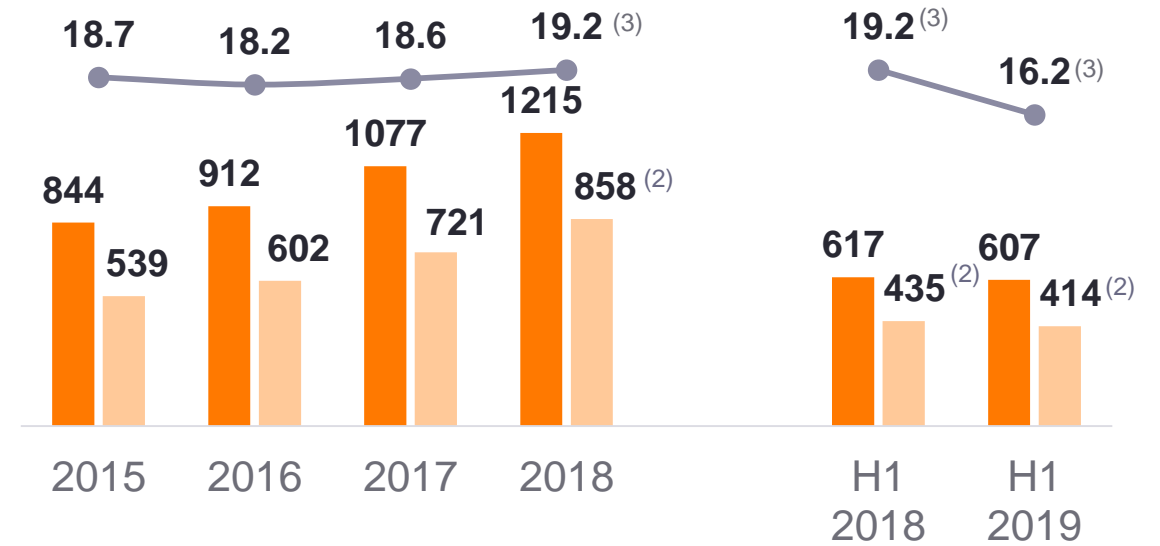
## ● Net assets <sup>(1)</sup>:



■ Customer net assets (€bn)

■ Dealer net assets (€bn)

## ● ROE and results:



■ Pre-tax results (€m)

■ After-tax results (€m) <sup>(4)</sup>

● ROE without non-recurring elements (%)

<sup>(1)</sup> Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment

<sup>(2)</sup> After-tax result is impacted by deferred tax elements resulting from announced changes in corporate income tax under France's Finance Law: +€42m in H1 2018, +€47m FY 2018 and -€15.4m in H1 2019

<sup>(3)</sup> Excluding deferred tax impact, ROE came to 17.4% in H1 2018, 18.1% FY 2018 and 16.8% in H1 2019

<sup>(4)</sup> Owners of the parent

# FINANCIAL PERFORMANCE



- Profit and loss aggregates <sup>(1)</sup> in percentage of average performing assets:

	2015	2016	2017	2018	H1 2019
<b>Net banking income <sup>(2)</sup></b>	<b>4.75</b>	<b>4.41</b>	<b>4.11</b>	<b>4.34</b>	<b>4.35</b>
Cost of risk <sup>(3)</sup>	-0.33	-0.31	-0.11	-0.33	-0.40
Operating expenses	-1.49	-1.39	-1.32	-1.27	-1.36 <sup>(4)</sup>
<b>Operating income</b>	<b>2.94</b>	<b>2.71</b>	<b>2.68</b>	<b>2.74</b>	<b>2.59</b>
OEIC and equity method <sup>(5)</sup>	0.01	0.03	0.04	0.00	0.03
<b>Pre-tax income</b>	<b>2.95</b>	<b>2.74</b>	<b>2.72</b>	<b>2.74</b>	<b>2.62</b>

<sup>(1)</sup> Analytical breakdown derived from RCI Banque's financial controlling system

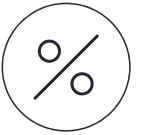
<sup>(2)</sup> Excluding non-recurring elements

<sup>(3)</sup> Including country risk

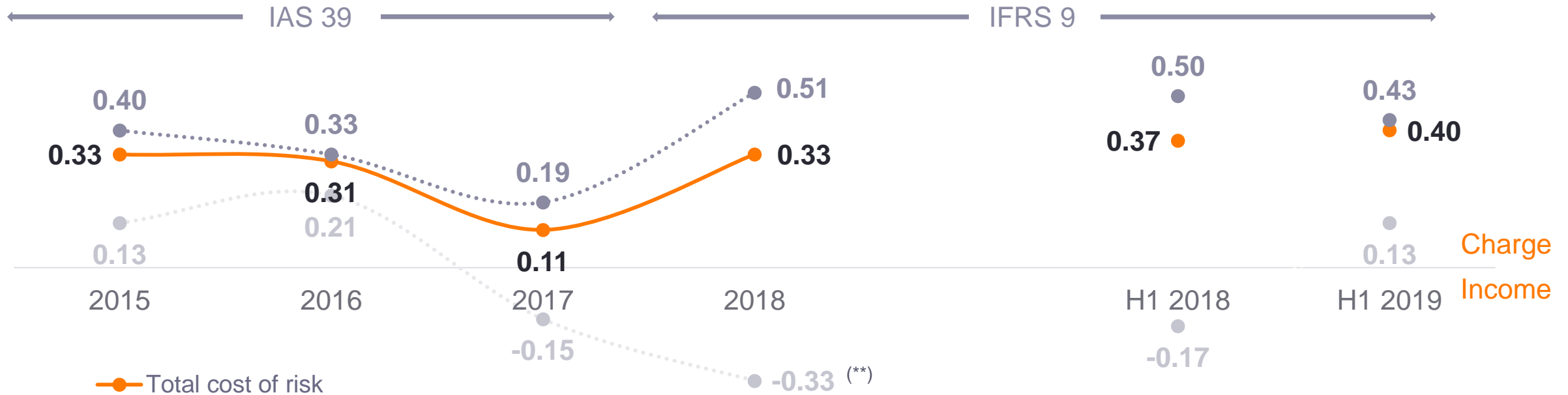
<sup>(4)</sup> Impact of the IFRIC 21 standard requiring the recognition in advance in January of taxes to be paid over the year. Between June 2019 and June 2018, the expense ratio decreased by 1 bp from 1.37% in N-1 to 1.36%.

<sup>(5)</sup> Other exceptional income and charges and share of equity-accounted companies' result

# COST OF RISK (\*)



- Cost of risk in percentage of average performing assets at **0.40% (+3bp vs. H1 2018)** :



Charge  
Income

- Total cost of risk
- Customer cost of risk
- Dealer cost of risk

(\*) Cost of risk = Impairment allowances - Reversal of impairment + Losses on receivables written off - Amounts recovered on loans written off  
 (\*\*) Improvement in the economic environment, a variable used in calibrating provisions on sound Dealer outstandings, led to reversals of provisions on the Dealer financing portfolio. The cost of risk was thus negative (income)

# RESIDUAL VALUE METRICS



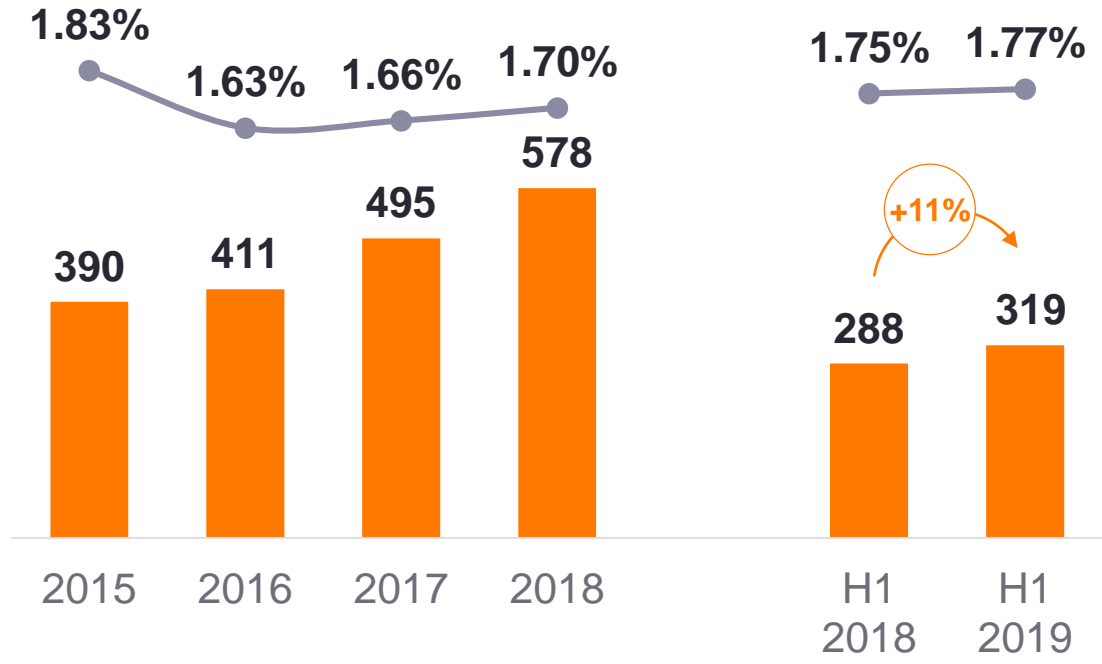
- **Residual value risk borne by RCI Banque:**
  - In most countries, residual value risk carried by carmakers or dealers
  - Residual value exposure borne by RCI Banque mostly located in the UK
  - Low and controlled overall exposure on residual values

	2015	2016	2017	2018	H1 2019
Residual value risk (€m)	1,649	1,899	1,981	1,944	1,905
Provisions (€m)	15	36	67	61	65
Provisions (%)	0.9%	1.9%	3.4%	3.1%	3.4%

# SERVICES

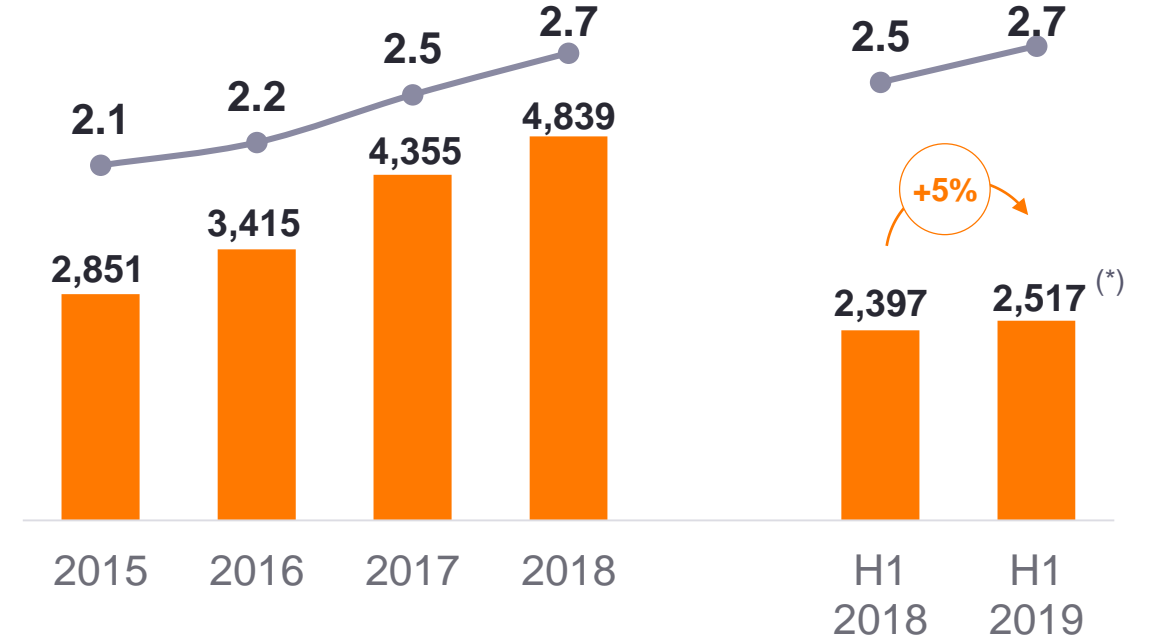


● **Margin on services:**



■ Margin on services (€m)  
 ●— Marge in % of average customer assets

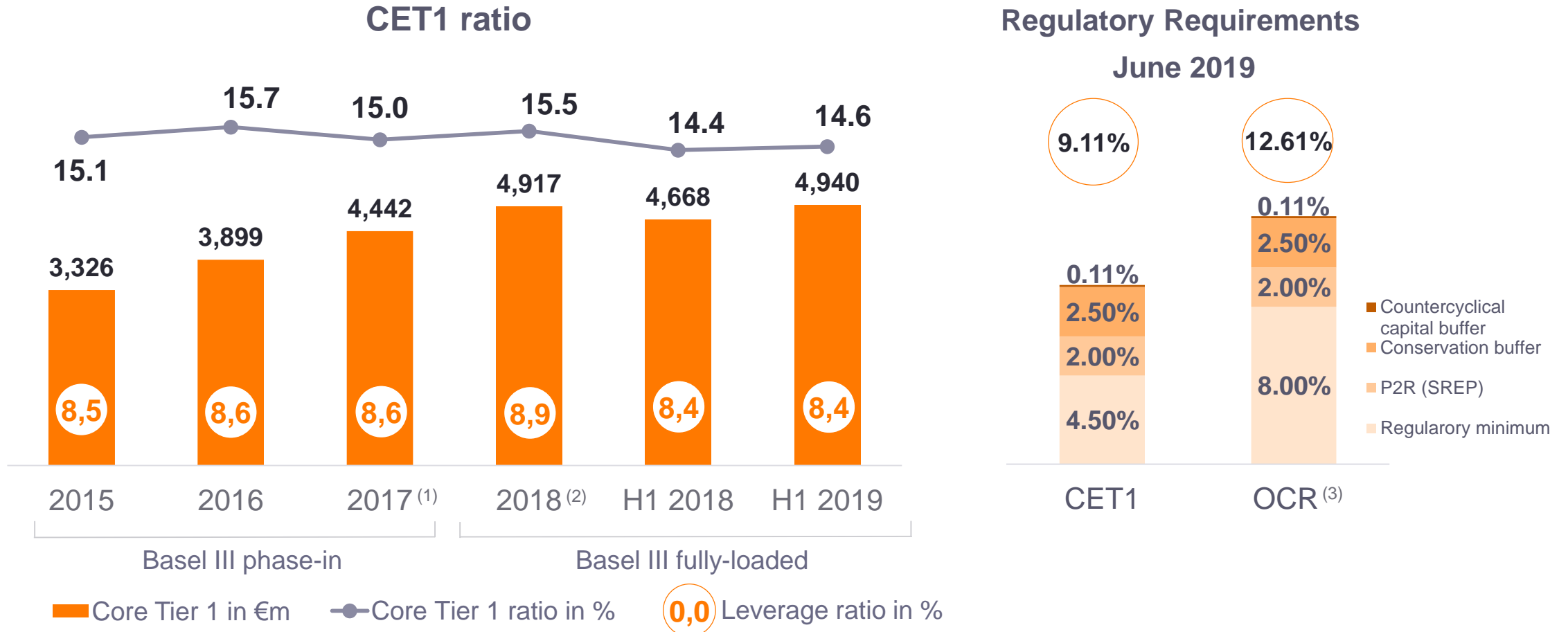
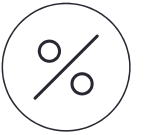
● **New services contracts:**



■ Services contracts (thousands)  
 ●— Ratio of services sold per vehicle contract

(\*) Of which 1,316k€ (52.3%) car centric, 813k€ (32.3%) finance centric and 387k€ (15.4%) customer centric contracts

# CAPITAL RATIO AND REGULATORY REQUIREMENTS



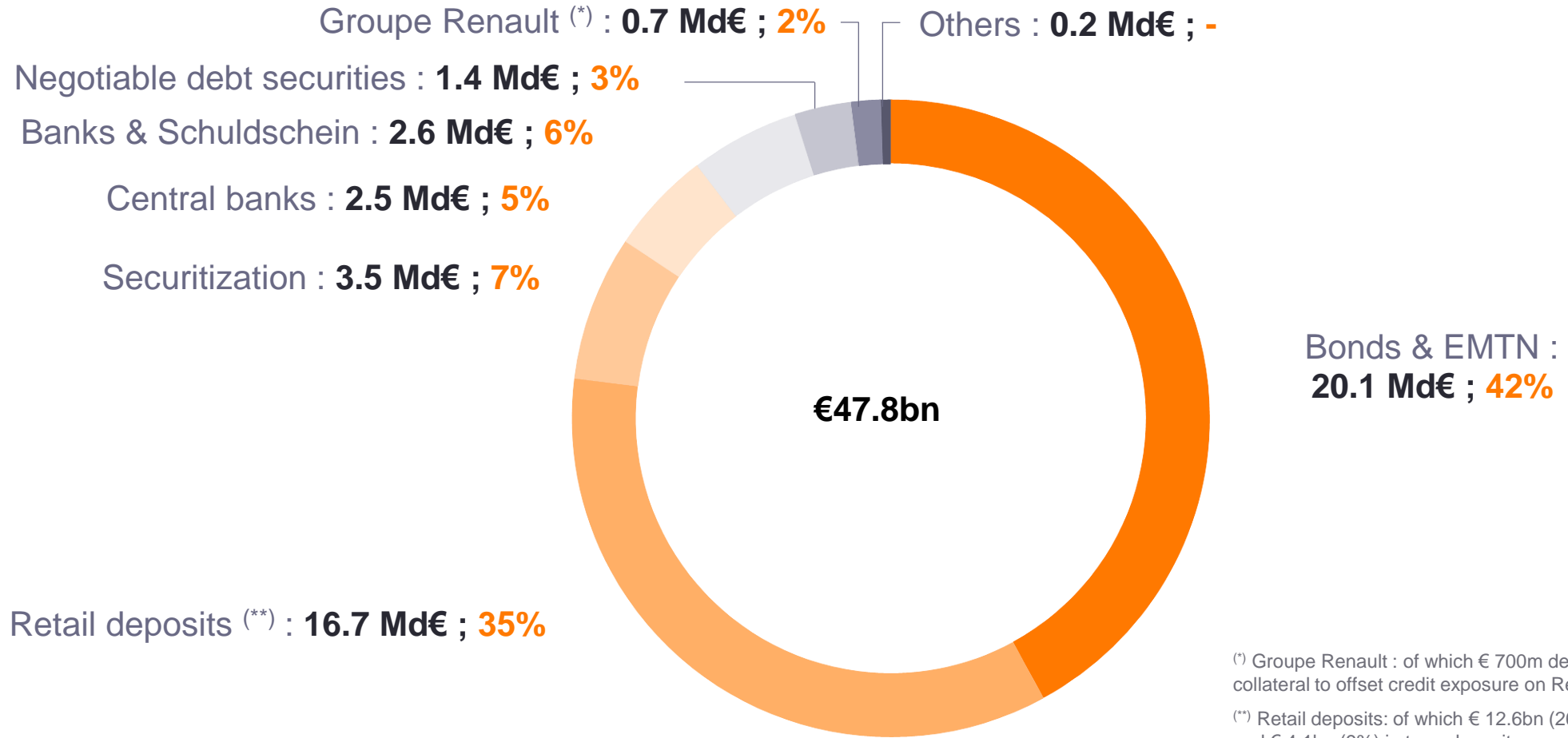
<sup>(1)</sup> 2017: The ratio includes a recalibration of certain parameters of internal models used for risk weighted assets calculation, and the impact of IFRS 9 first application  
<sup>(2)</sup> 2018: IFRS9 impact taken up front with no use of transitional arrangements. Impact on solvency ratio estimated to -0.06%  
<sup>(3)</sup> Overall Capital Requirement



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# FINANCIAL POLICY AND FUNDING

# DEBT STRUCTURE AT END OF JUNE 2019



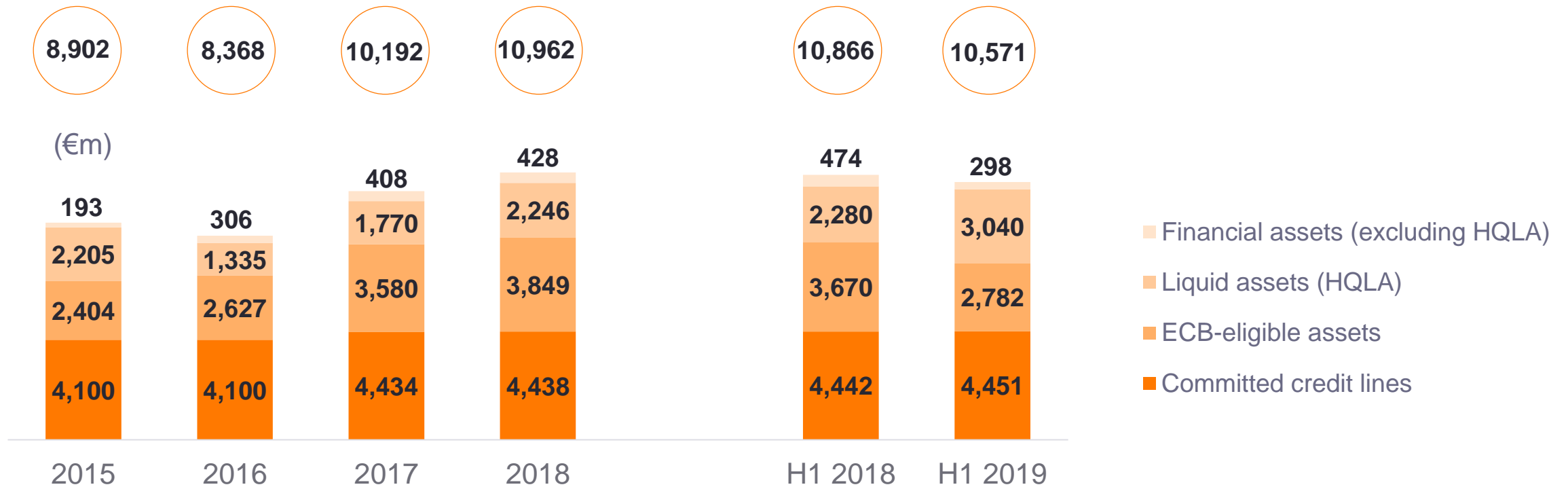
(\*) Groupe Renault : of which € 700m deposit granted as collateral to offset credit exposure on Renault owned dealers

(\*\*) Retail deposits: of which € 12.6bn (26%) in sight deposits and € 4.1bn (9%) in term deposits

# LIQUIDITY RESERVE (\*)



● Liquidity reserve at **€10.6bn**:



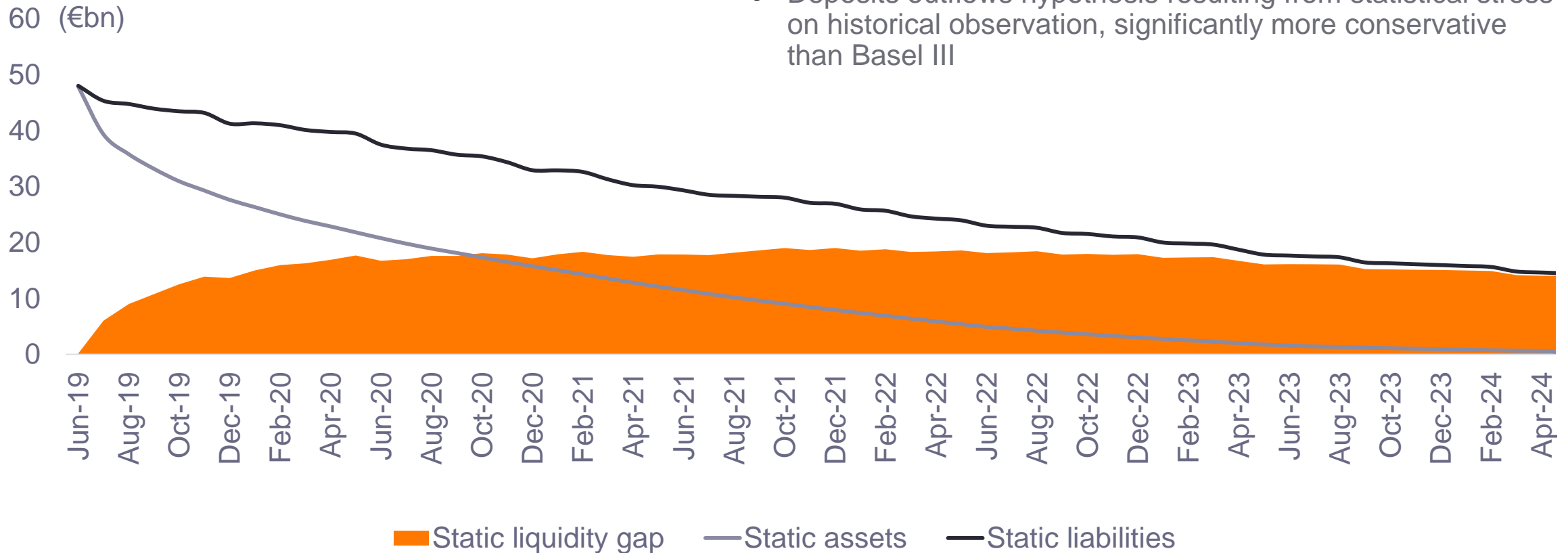
(\*) European scope

# STATIC LIQUIDITY (\*)



● **Static liquidity position at end of June 2019:**

- Assets funded with longer dated liabilities
- Deposits outflows hypothesis resulting from statistical stress on historical observation, significantly more conservative than Basel III



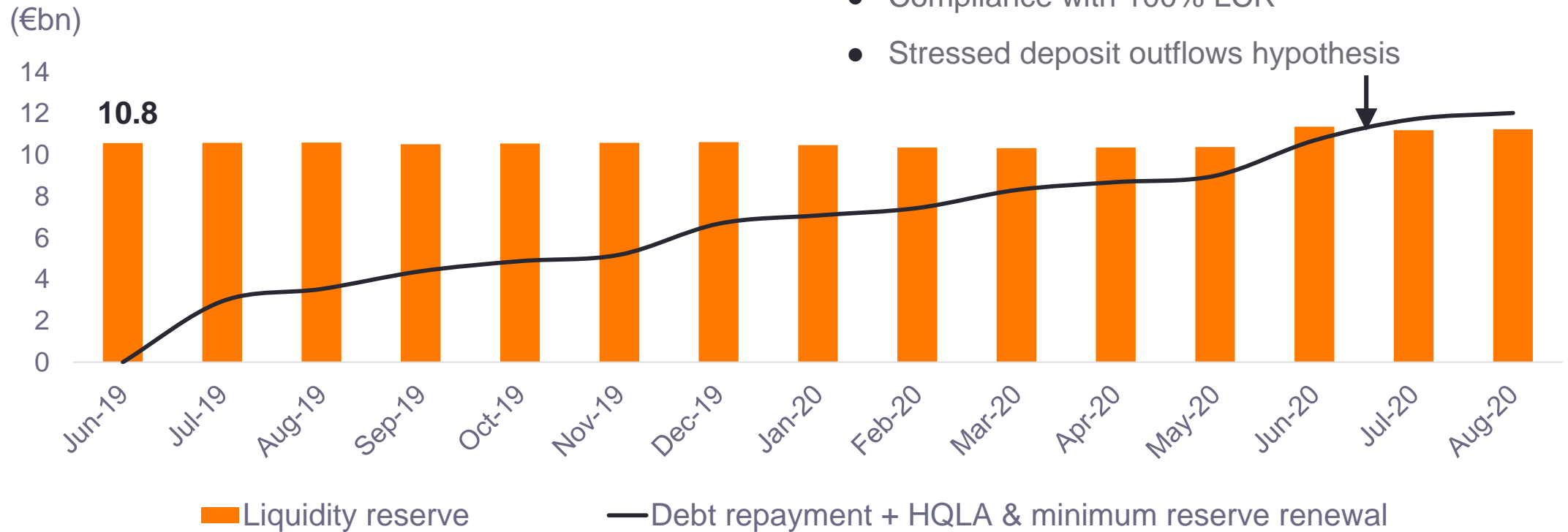
(\*) On a specific date, the static liquidity represents the sum of the outstanding financial liabilities + equity - the outstanding assets (mainly loans to Dealers and Customers); in each case assuming no balance sheet changes from the date of calculation. European scope

# LIQUIDITY STRESS SCENARIO (\*)



- Liquidity stress scenario giving approximately **12 months** of visibility at June 2019 end:

- Stable balance sheet
- No access to new market funding
- Compliance with 100% LCR
- Stressed deposit outflows hypothesis



(\*) European scope

# RETAIL DEPOSITS

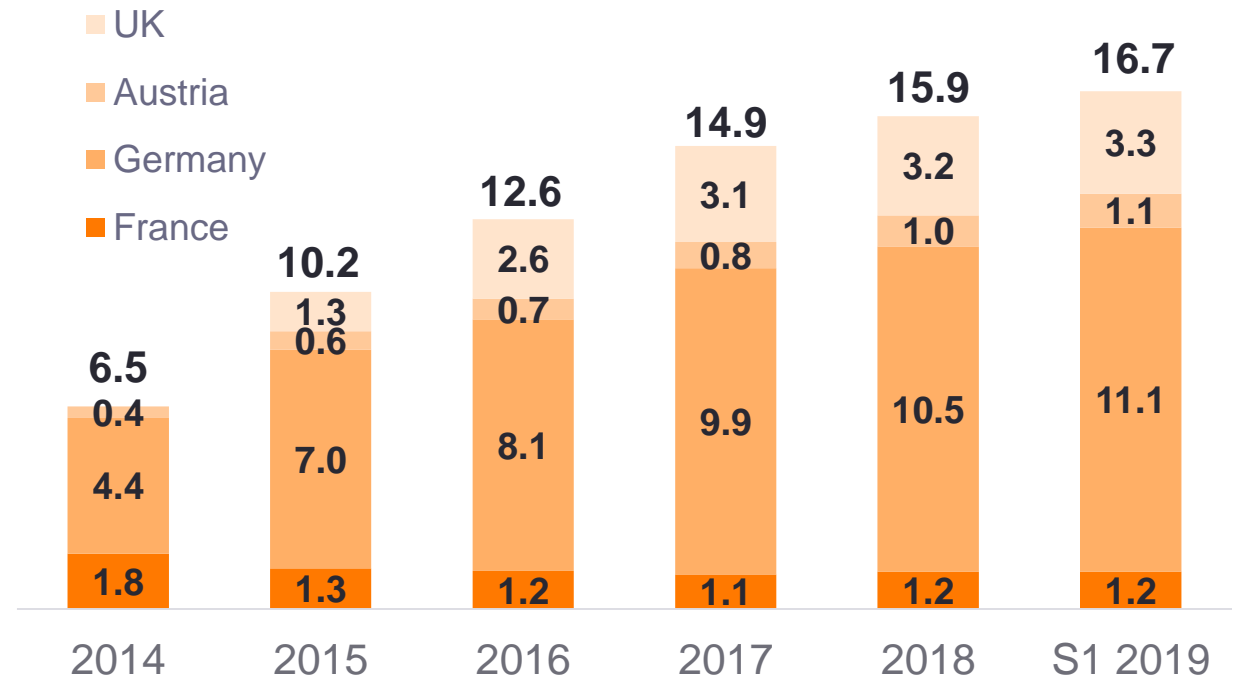


- **Retail deposits reaching €16.7bn:**
  - Of which **75%** in sight deposits and **25%** in term deposits
  - Saving products for retail customers
  - 100% on-line through dedicated websites

- **Launch of deposit activity in:**

- France in February 2012
- Germany in February 2013
- Austria in May 2014
- UK in June 2015
- Brazil in March 2019 (\*)

- **Deposits/commercial assets ratio at 34%, in line with group target set at one-third:**



(\*) At end of June 2019, Brazilian deposits reached €2m (not presented in the histogram above)

Deposits/commercial assets ratio (%)	2014	2015	2016	2017	2018	S1 2019
	23%	32%	33%	34%	34%	34%

# 2019 FUNDING PLAN (\*)



- **Capital markets and ABS (€bn):**

	2015	2016	2017	2018	H1 2019	2019 (**)
Bond issuances	3.2	4.4	6.3	3.5	2.3	3.5
Other long-term senior unsecured	0.4	0.2	0.1	0.0	0.0	0.0
<b>Total long-term senior unsecured</b>	<b>3.7</b>	<b>4.6</b>	<b>6.4</b>	<b>3.5</b>	<b>2.3</b>	<b>3.5</b>
<b>ABS (public or conduit)</b>	<b>0.8</b>	<b>0.9</b>	<b>0.2</b>	<b>0.7</b>	<b>1</b>	<b>1</b>

- Issuances in several currencies including **CHF and GBP**
- Several 7-year bonds issued since 2014 and new **8-years** tenor launched in 2018
- A **dual-tranche** bond in EUR issued in the first half of 2019

Deposits (new collection, in €bn)	3.7	2.4	2.3	1.0	0.8
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(\*) European scope

(\*\*) Forecast as of June 2019



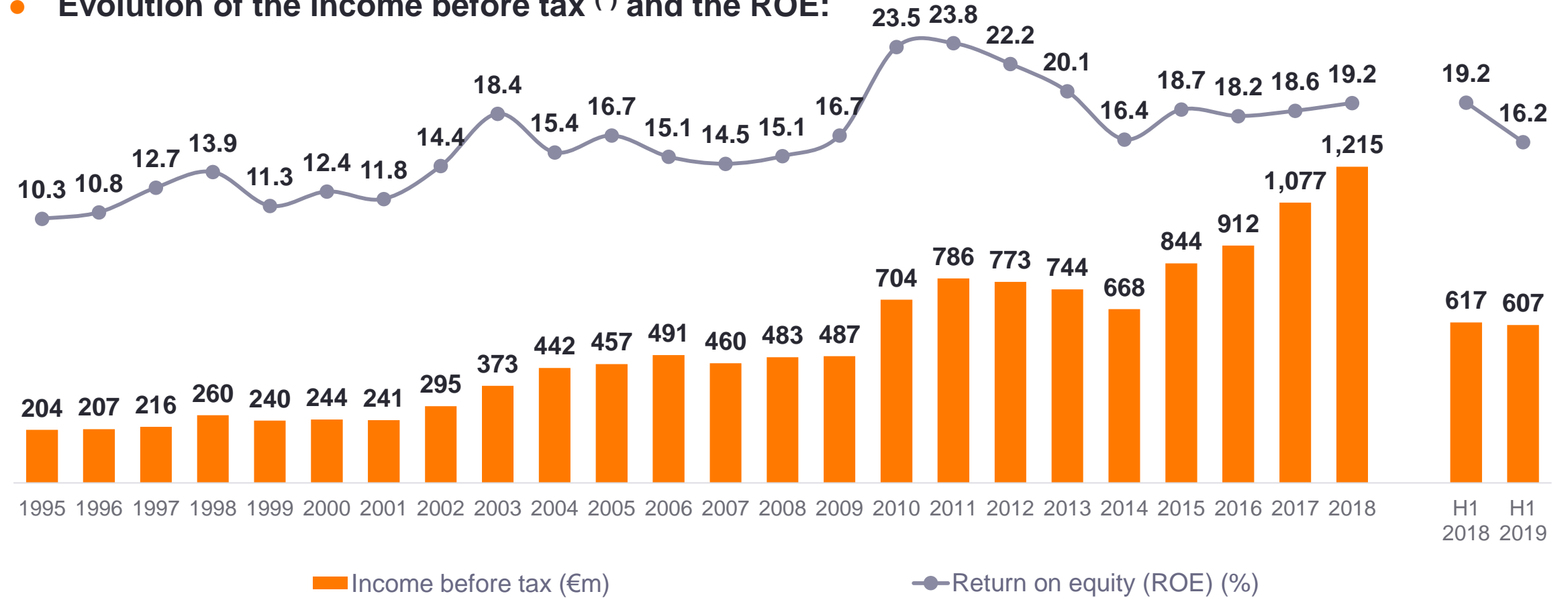
# APPENDICES



# LOW VOLATILITY ON LONG-TERM RESULTS AND PROFITABILITY

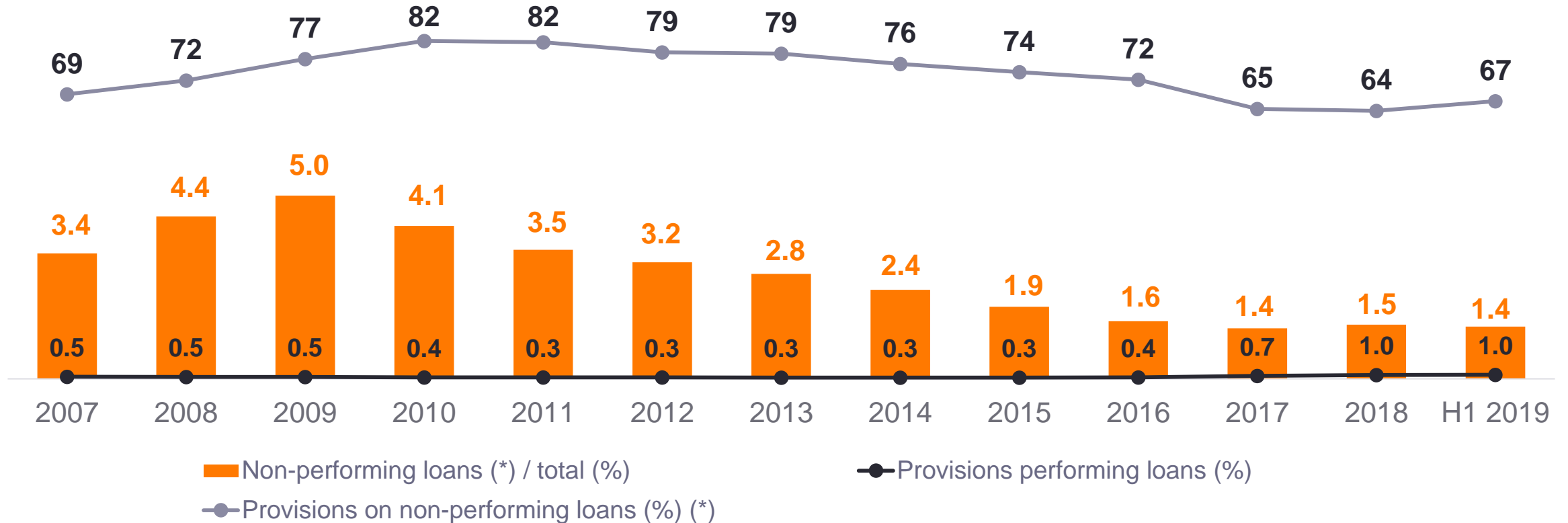


● Evolution of the income before tax (\*) and the ROE:



(\*) IFRS since 2004

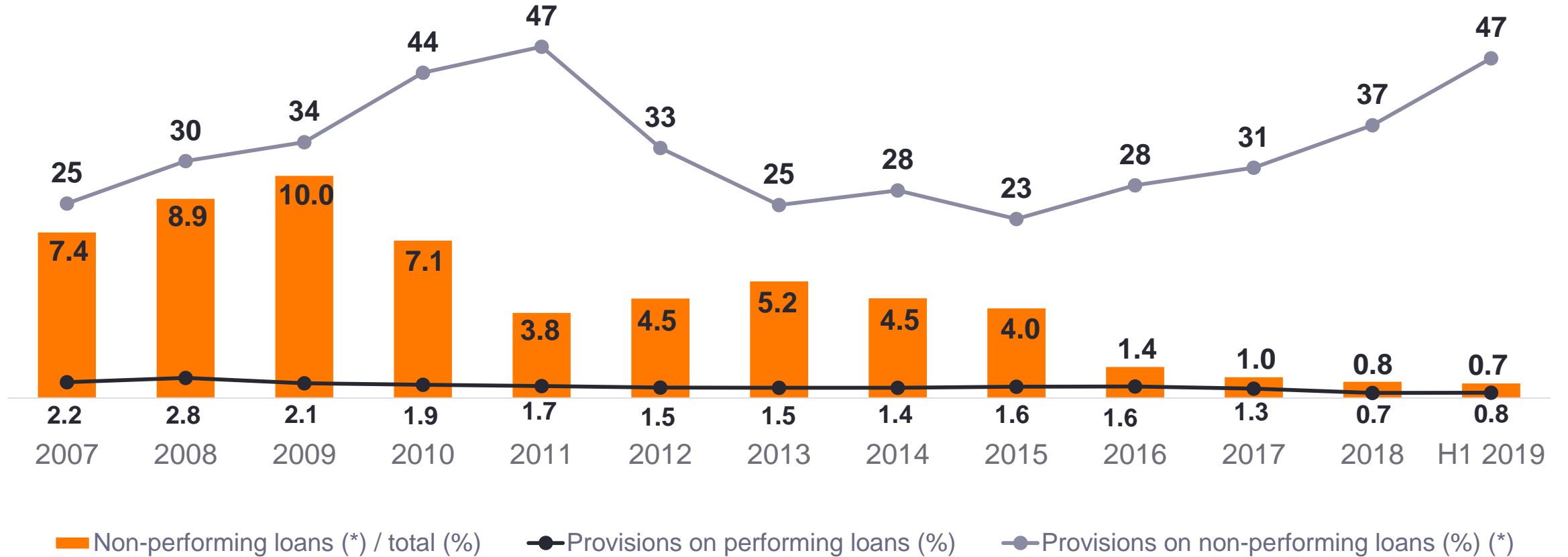
# PROVISIONING FOR CUSTOMER ACTIVITY



(\*) Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Bucket 3 IFRS9) since 01/01/2018.

Doubtful loans (IAS 39): installment unpaid for more than 3 months. Compromised loans (IAS 39): the counterparty is declared to have defaulted on a loan or a lease agreement is terminated.  
Loans in default (Bucket 3 IFRS 9): installment unpaid for more than 3 months.

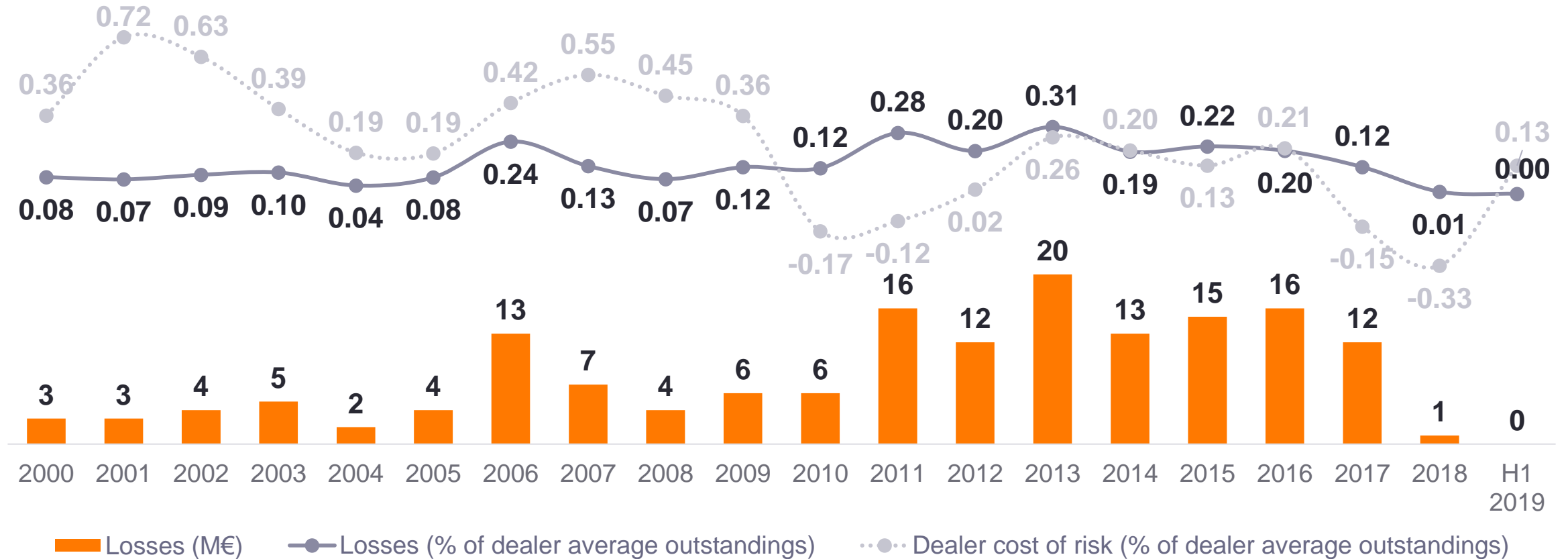
# PROVISIONING FOR DEALER ACTIVITY



(\*) Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Bucket 3 IFRS9) since 01/01/2018.

Doubtful loans (IAS 39): installment unpaid for more than 3 months. Compromised loans (IAS 39): the counterparty is declared to have defaulted on a loan or a lease agreement is terminated.  
 Loans in default (Bucket 3 IFRS 9): installment unpaid for more than 3 months.

# DEALERS: LOSSES ON RECEIVABLES WRITTEN OFF



# COMMERCIAL ACTIVITY (\*)



	Financing penetration rate (%)		New vehicle contracts (thousands)		New financings (**) (€m)		Net assets at year-end (€m)		o/w Customer net assets at year-end (€m)		o/w Dealer net assets at year-end (€m)	
	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019
<b>Europe</b>	<b>43.2</b>	<b>44.2</b>	<b>725</b>	<b>711</b>	<b>9,428</b>	<b>9,289</b>	<b>41,764</b>	<b>43,488</b>	<b>31,119</b>	<b>33,415</b>	<b>10,645</b>	<b>10,073</b>
of which Germany	42.2	43.6	95	95	1,452	1,449	7,220	7,969	5,775	6,495	1,445	1,474
of which Spain	53.2	50.7	86	84	1,042	997	4,555	4,784	3,618	3,880	937	904
of which France	44.2	47.7	248	259	3,082	3,249	14,348	14,974	10,318	11,137	4,030	3,837
of which Italy	62.0	63.4	113	113	1,583	1,602	5,651	5,951	4,376	4,875	1,275	1,076
of which UK	34.1	29.0	71	55	1,054	843	4,944	4,539	3,971	3,676	973	863
of which other countries	31.5	31.8	111	105	1,215	1,148	5,046	5,271	3,061	3,352	1,985	1,919
<b>Americas</b>	<b>35.7</b>	<b>36.7</b>	<b>101</b>	<b>98</b>	<b>784</b>	<b>784</b>	<b>2,376</b>	<b>2,999</b>	<b>1,921</b>	<b>2,388</b>	<b>455</b>	<b>611</b>
of which Argentina	27.8	19.7	27	11	158	51	371	225	267	149	104	76
of which Brazil	38.9	39.8	64	75	530	626	1,701	2,343	1,400	1,889	301	454
of which Colombia	45.2	48.8	11	13	96	107	304	431	254	350	50	81
<b>Africa, Middle East, India and Pacific</b>	<b>34.4</b>	<b>41.2</b>	<b>56</b>	<b>55</b>	<b>575</b>	<b>538</b>	<b>1,965</b>	<b>2,005</b>	<b>1,860</b>	<b>1,873</b>	<b>105</b>	<b>132</b>
<b>Eurasia</b>	<b>26.8</b>	<b>27.4</b>	<b>65</b>	<b>55</b>	<b>268</b>	<b>252</b>	<b>208</b>	<b>292</b>	<b>197</b>	<b>274</b>	<b>11</b>	<b>18</b>
<b>TOTAL</b>	<b>39.7</b>	<b>41.3</b>	<b>947</b>	<b>919</b>	<b>11,055</b>	<b>10,864</b>	<b>46,313</b>	<b>48,784</b>	<b>35,097</b>	<b>37,950</b>	<b>11,216</b>	<b>10,834</b>

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## Bloomberg

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## Reuters

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THANK YOU

