



# INVESTOR PRESENTATION

FIRST-HALF 2016 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



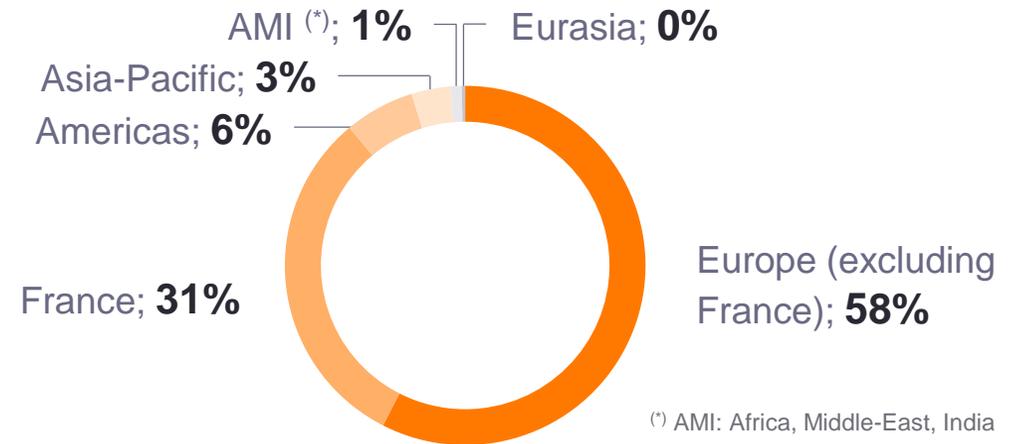
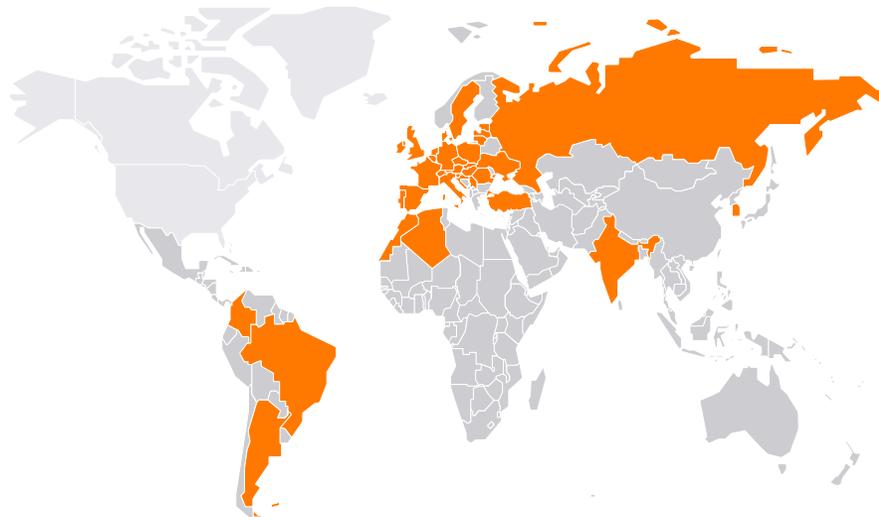
# IDENTITY AND FIRST-HALF 2016 KEY FIGURES

- **RCI Banque identity:**

- Renault-Nissan Alliance brands finance company
- 100% owned by Renault SA
- Bank status since 1991
- Retail, corporates and dealers inventory financing
- **6** brands financed, in **36** countries

- **First-half 2016 key figures:**

- Equity: **€3.7bn**
- Net customer deposits: **€11.8bn**
- Penetration rate: **36.5%**
- New contracts (k units): **770**
- Commercial outstandings: **€34.7bn**



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

# RATINGS



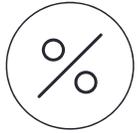
- **Independent ratings from parent Renault SA** supported by bank status and independent funding
  
- **Moody's ratings:**
  - Long-term: **Baa1**
  - Short-term: **P-2**
  - Outlook: **Stable**
  - **Strengths:** "bank's franchise; sound risk management and financial fundamentals; high and stable earning streams; limited credit losses on both retail and dealer exposures; large volume of senior unsecured long-term debt resulting in very low given-failure"
  - **Weaknesses:** "lack of business diversification; large exposures to car dealers; reliance on confidence-sensitive wholesale-funding"
  - Renault: **Baa3/P-3, stable outlook**
  
- **Standard & Poor's ratings:**
  - Long-term: **BBB**
  - Short-term: **A-2**
  - Outlook: **Stable**
  - **Strengths:** "outperformer in peer group in terms of capital generation capacities and financial flexibility; resilient and strong profitability; improvements to funding profile broadening refinancing sources"
  - **Weaknesses:** "weak business position in line with other captive auto finance peers; deposits potentially less stable than that of a commercial bank"
  - Renault: **BBB-/A-3, positive outlook**

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## OPERATING HIGHLIGHTS

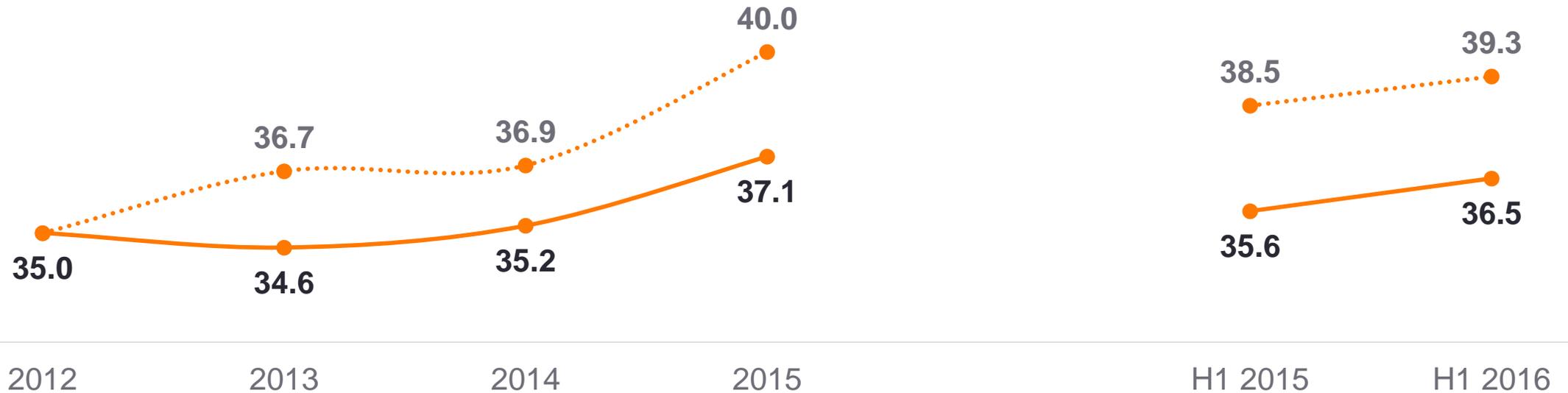
NB: FIGURES RELATED TO COMMERCIAL ACTIVITY (PENETRATION RATE, NEW FINANCINGS, CONTRACTS PROCESSED) INCLUDE EQUITY METHOD CONSOLIDATED ENTITIES. BALANCE SHEET FIGURES (OUTSTANDINGS) EXCLUDE THESE ENTITIES

# PENETRATION RATE (\*)



- High financing penetration rate at **36.5% (+0.9pt)** of which:

- Renault: **35.7% (-0.4pt)**
- Dacia: **40.3% (+0.1pt)**
- Renault Samsung Motors: **52.1% (-0.9pt)**
- Nissan-Infiniti-Datsun: **33.9% (+3.7pts)**



—●— RCI

...●... RCI pro forma (\*\*)

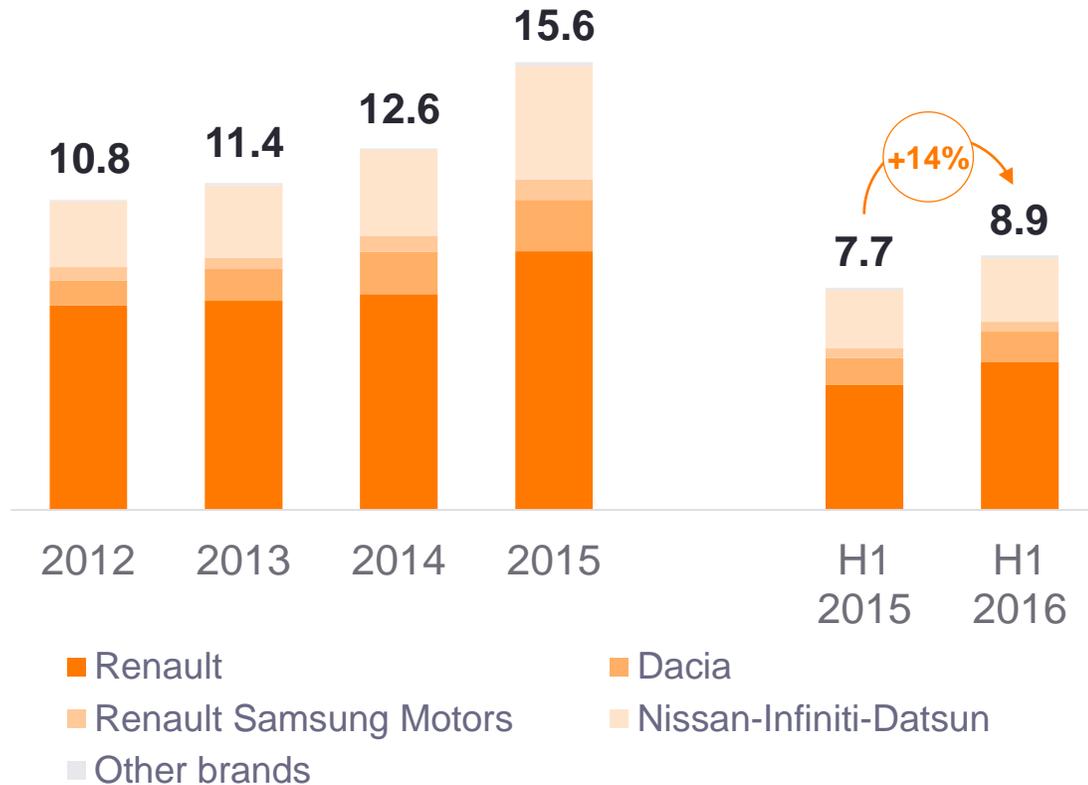
(\*) Number of new vehicles financed / new vehicles sold in RCI Banque perimeter. In %

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

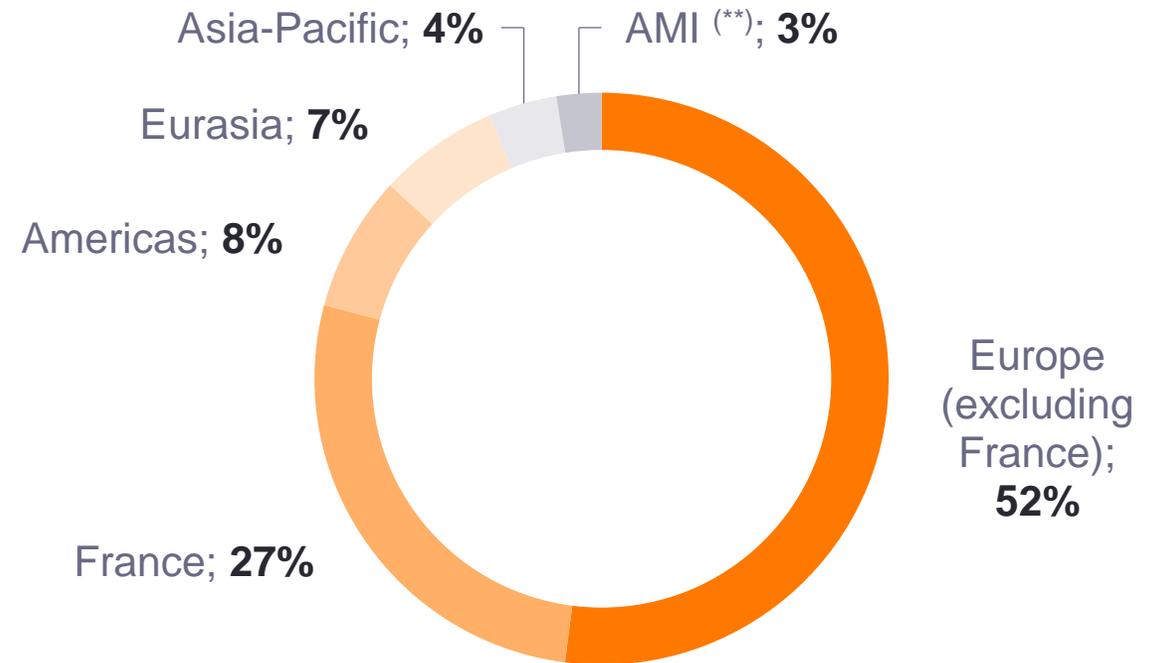
# BREAKDOWN OF NEW PRODUCTION



● **New financings (\*) by brand (€bn):**



● **New contracts geographical breakdown:**



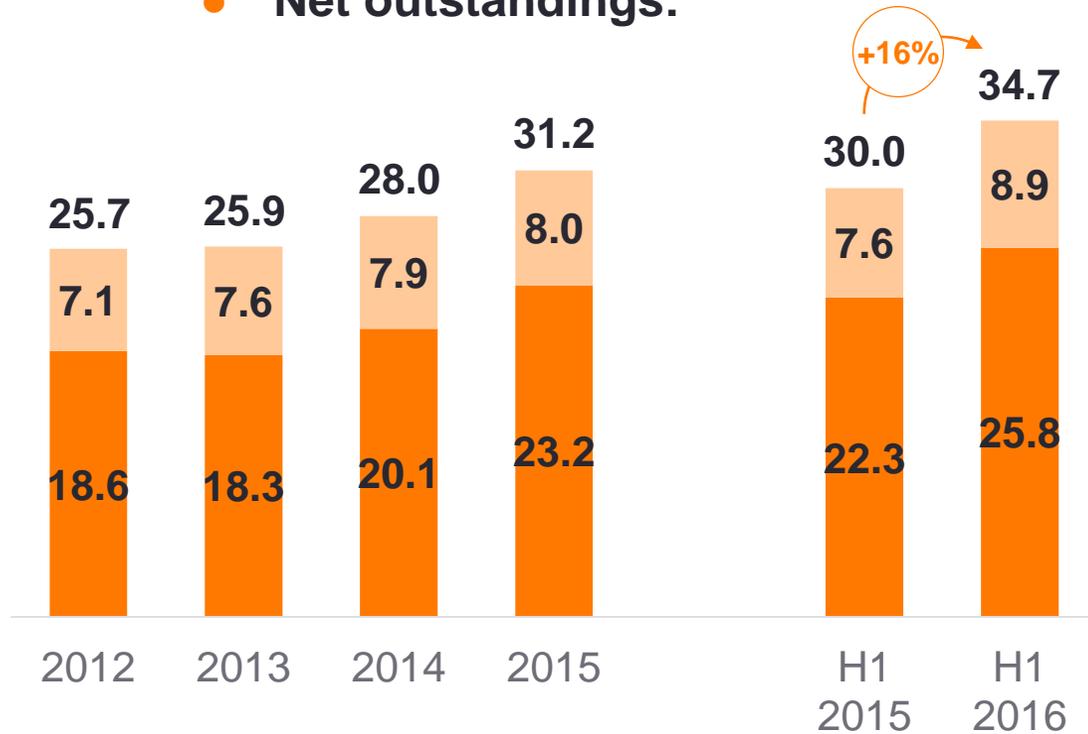
(\*) Excluding cards and personal loans

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

# OUTSTANDINGS AND RESULTS

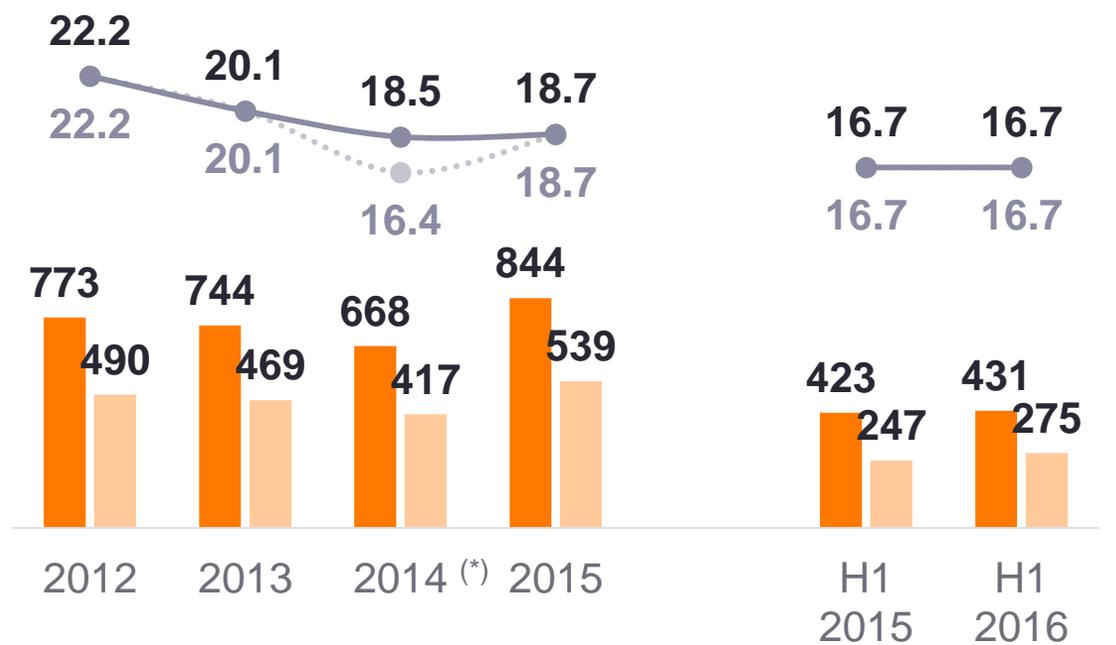


● Net outstandings:



- Dealer net outstandings (€bn)
- Customer net outstandings (€bn)

● ROE and results:



- Pre-tax results (€m)
- After-tax results (€m) (\*\*)
- ROE including non-recurring elements (%)
- ROE without non-recurring elements (%)

(\*) 2014 result impacted by non-recurring elements: court decision on handling fees in Germany with a retroactive period of ten years (-€52m), VAT-related tax adjustment in Germany (-€17m) and regulation on foreign currency denominated loans in Hungary with a retroactive period of ten years (-€5m)

(\*\*) Owners of the parent

# FINANCIAL PERFORMANCE



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

	2012	2013	2014	2015	H1 2016
Gross financial margin	4.94	4.81	4.87	4.72	4.48
Margin on services	1.16	1.24	1.33	1.36	1.27
Other products <sup>(2)</sup>	0.51	0.55	0.45	0.32	0.29
Intermediation fee <sup>(3)</sup>	-1.49	-1.56	-1.67	-1.65	-1.65
<b>Net banking income <sup>(4)</sup></b>	<b>5.12</b>	<b>5.04</b>	<b>4.98</b>	<b>4.75</b>	<b>4.39</b>
Cost of risk <sup>(5)</sup>	-0.38	-0.42	-0.43	-0.33	-0.30
Operating expenses	-1.57	-1.56	-1.58	-1.49	-1.41
<b>Operating income</b>	<b>3.17</b>	<b>3.06</b>	<b>2.97</b>	<b>2.94</b>	<b>2.68</b>
OEIC and equity method <sup>(6)</sup>	0.02	0.01	-0.32	0.01	0.03
<b>Pre-tax income</b>	<b>3.19</b>	<b>3.07</b>	<b>2.65</b>	<b>2.95</b>	<b>2.71</b>

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

<sup>(2)</sup> Including but not limited to handling fees, termination fees, late charges and income from investments

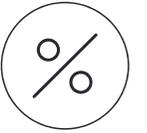
<sup>(3)</sup> All the costs attributable to distributing of financing and related-services contracts, mainly in the form of dealers commissions

<sup>(4)</sup> Excluding non-recurring elements

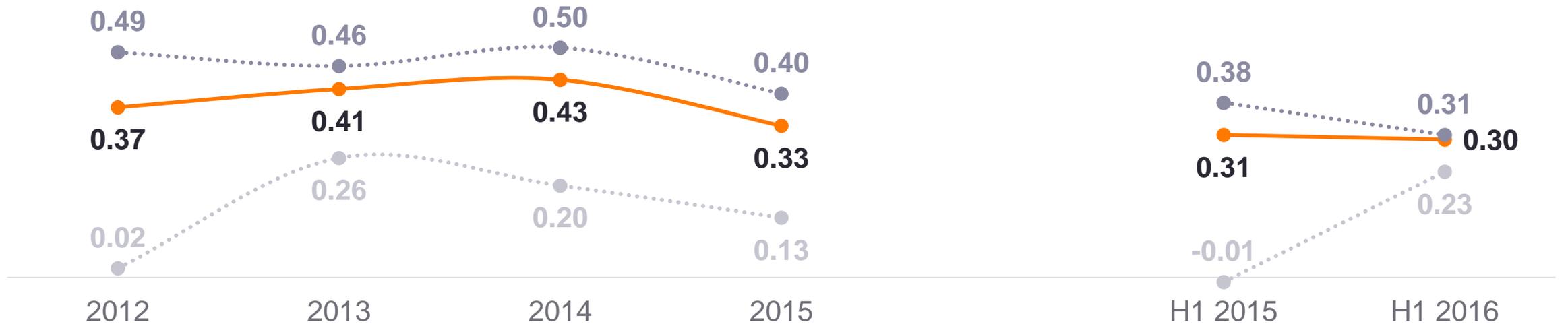
<sup>(5)</sup> Including country risk

<sup>(6)</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, excluding country risk (\*\*), at 0.30% (-1bp):**



- 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

(\*\*) Country risk = Allowances for country risk are determined on the basis of the systemic credit risk to which debtors are exposed in the event of a continued and persistent deterioration in the economic and general situation of the states included in this base. The provision concerns assets located in countries that are not part of the Eurozone where the sovereign S&P rating is below BBB+, and whose outstanding risk is borne by the RCI Banque group

# RESIDUAL VALUE METRICS



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

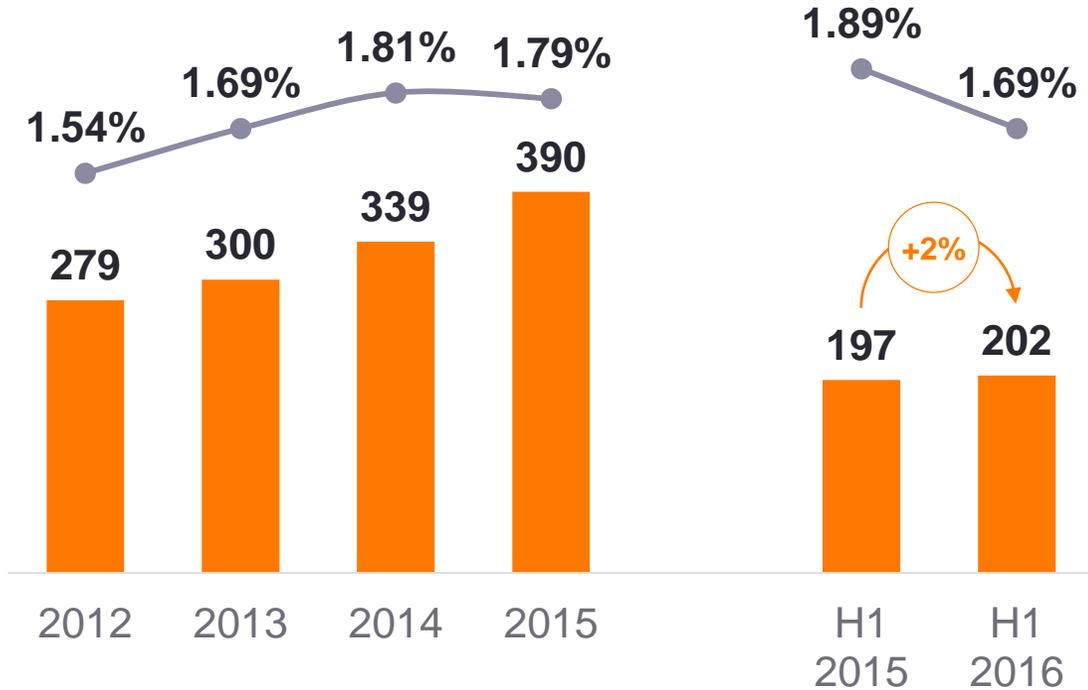
	2012	2013	2014	2015	H1 2015	H1 2016
Residual value risk (€m)	463	569	912	1,649	1,516	2,104
Provisions (€m)	3	2	6	15	12	28
Provisions (%)	0.5%	0.4%	0.6%	0.9%	0.8%	1.3%

- Increase in UK residual value exposure due to rise in UK volumes and internalization (July 2014) of fleet financing business, previously externalized
- Residual values set at "market price" for corporates
- Residual values set below "market price" for individuals

# SERVICES

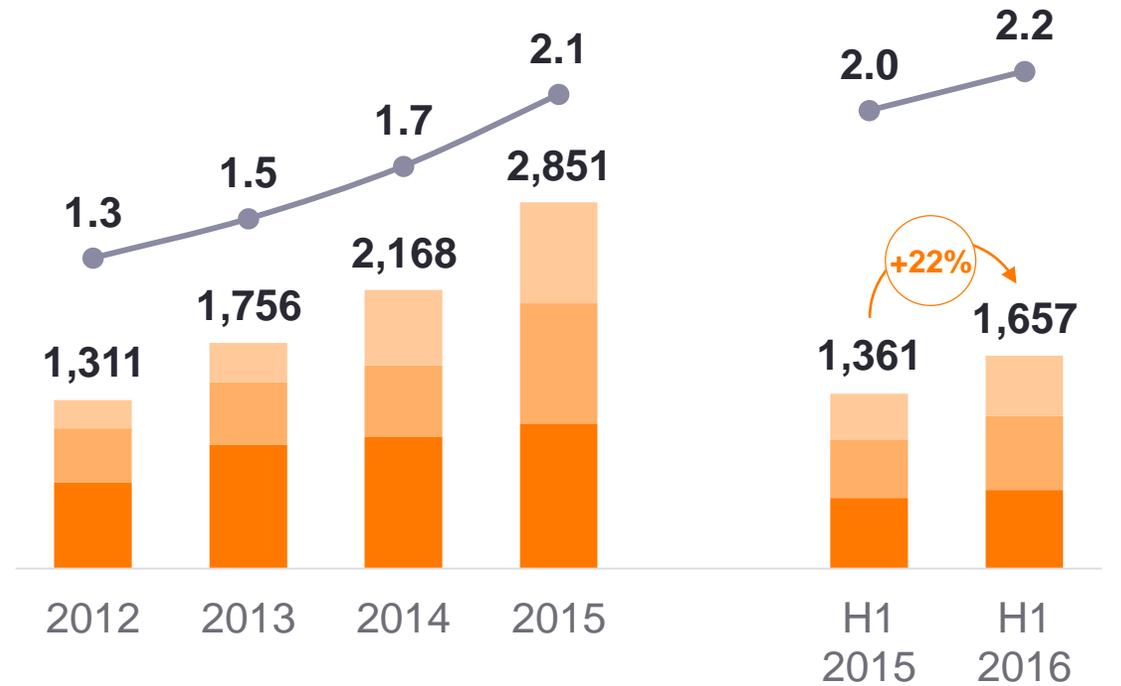


● **Margin on services:**



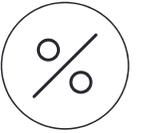
■ Margin on services (€m)  
● Margin in % of average Customer assets

● **New services contracts (thousands):**

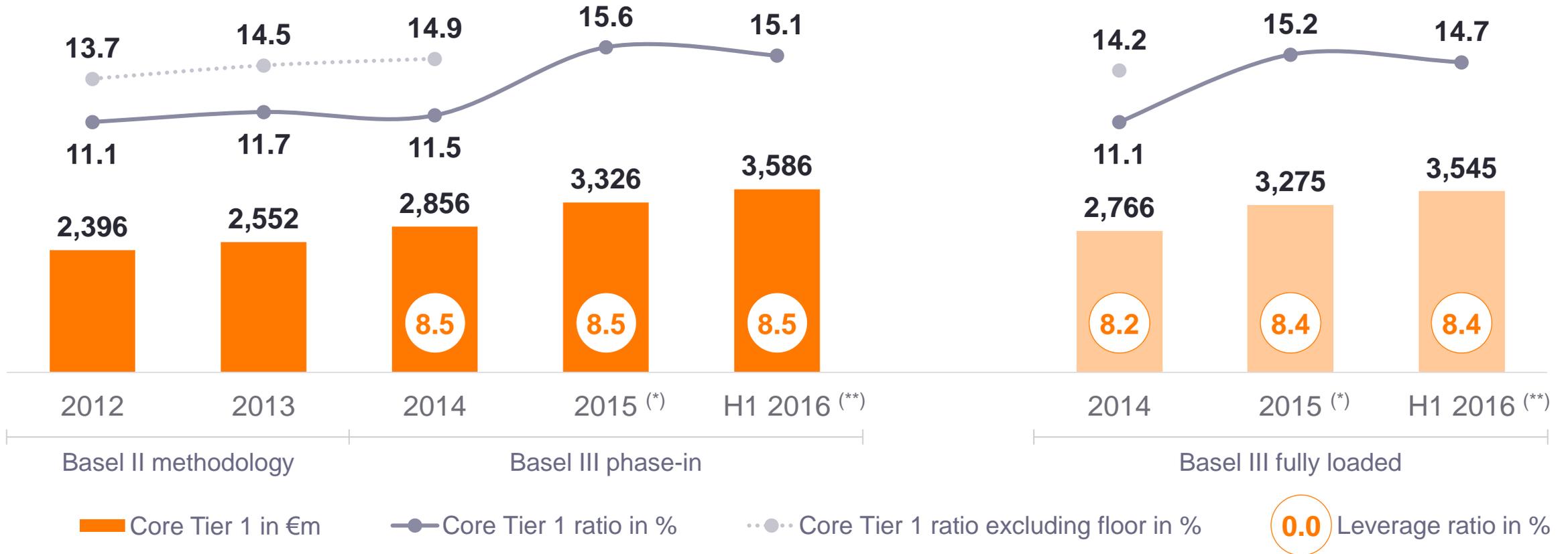


■ Other services (warranties, maintenance...)  
■ Car insurance  
■ Loan-related insurance (PPI, GAP...)  
● Ratio of services sold per vehicle contract

# SOLVENCY



● Strong Core Tier 1 ratio at **15.1%**



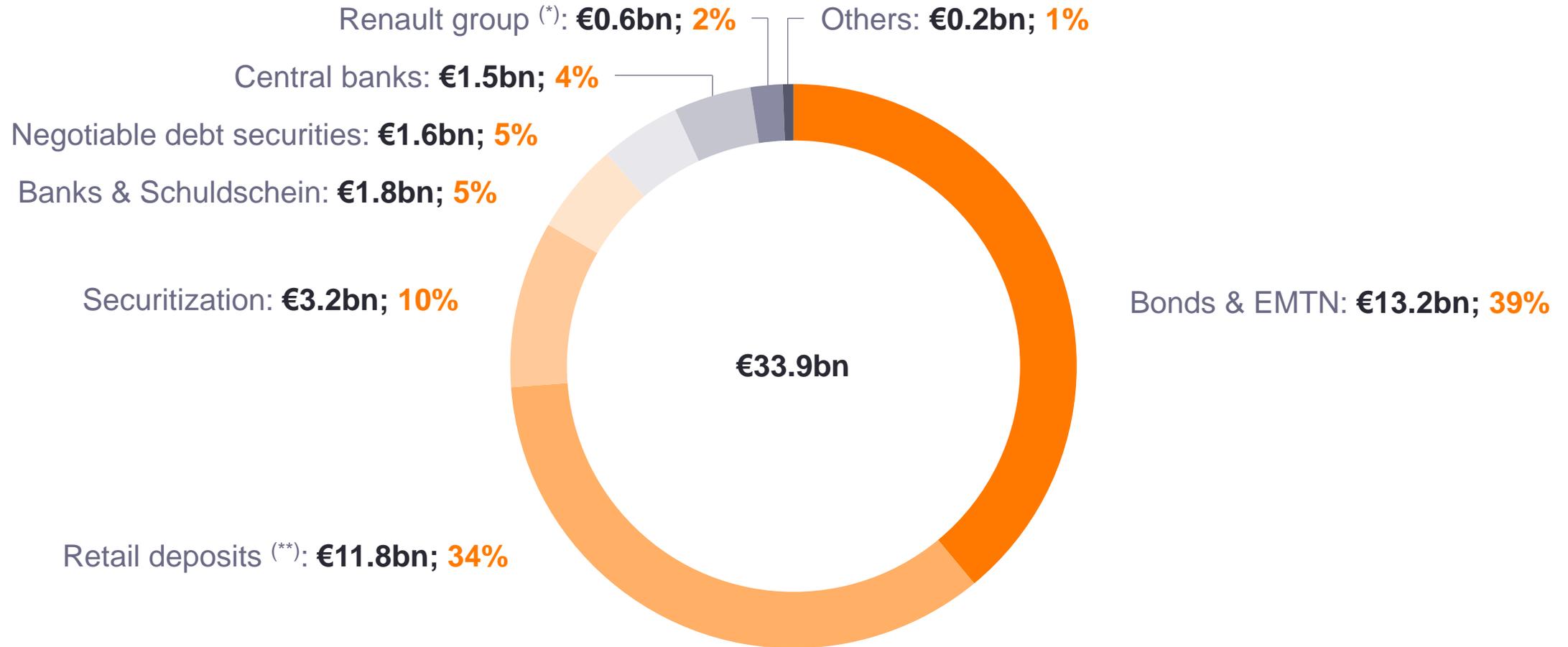
(\*) 2015: We clarified the methodology used to calculate the regulatory capital requirements with the regulator. This led to the exclusion of the additional capital requirement linked to the Basel I floor. As a result, CET1 solvency ratio reaches 15.6% at December end 2015, compared to 14.9% at year-end 2014 with similar methodology

(\*\*) 2016: Ratio including interim profits for the first half-year 2016, subject to regulator's approval in accordance with Article 26(2) of Regulation (EU) No 575/2013

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# FINANCIAL POLICY AND FUNDING

# DEBT STRUCTURE AT JUNE 2016 END



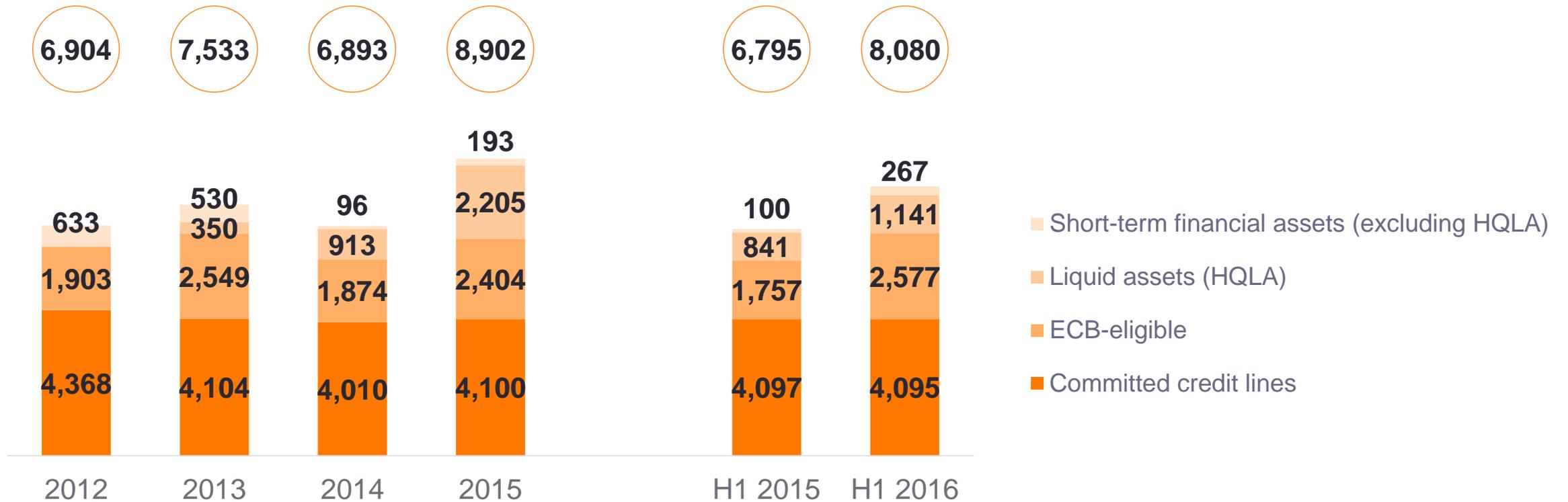
(\*) Renault group: of which €550m deposit granted by Renault as collateral to offset credit exposure on Renault owned dealers

(\*\*) Retail deposits: of which €8.3bn (24%) in sight deposits and €3.6bn (10%) in term deposits

# LIQUIDITY RESERVE (\*)

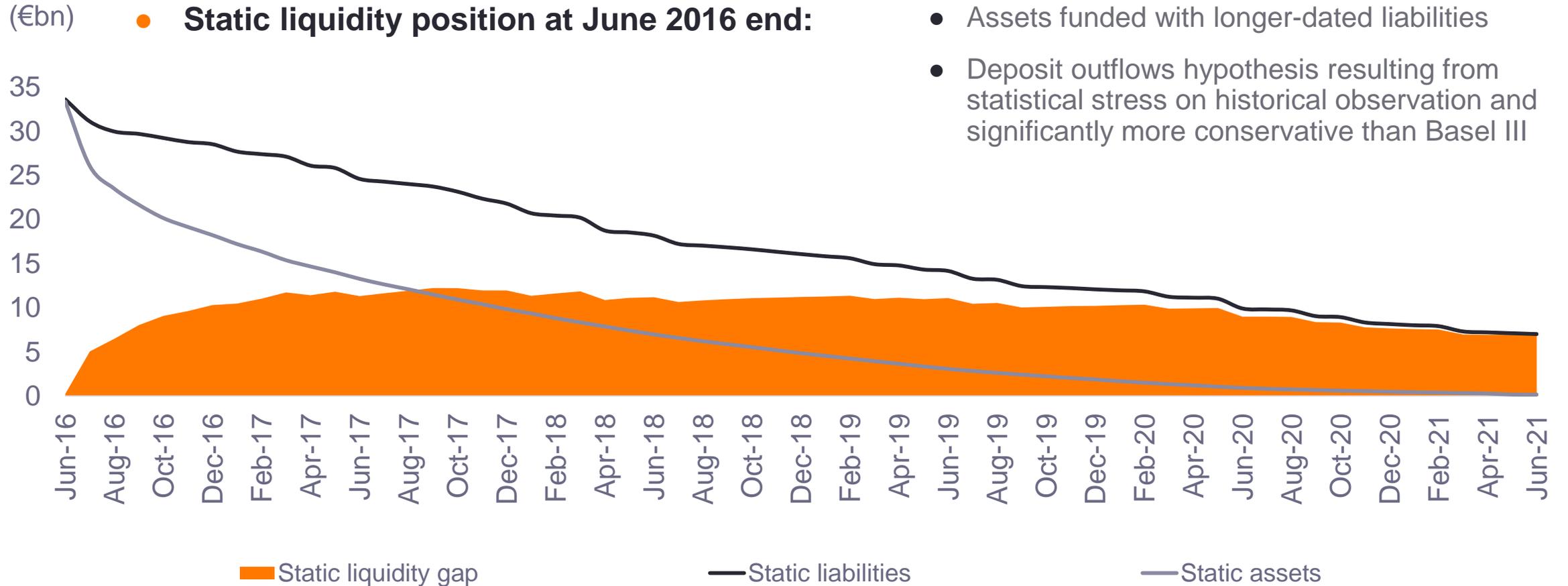
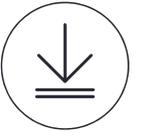


- High level of liquidity reserve at **€8,080m**:



(\*) European scope

# STATIC LIQUIDITY (\*)



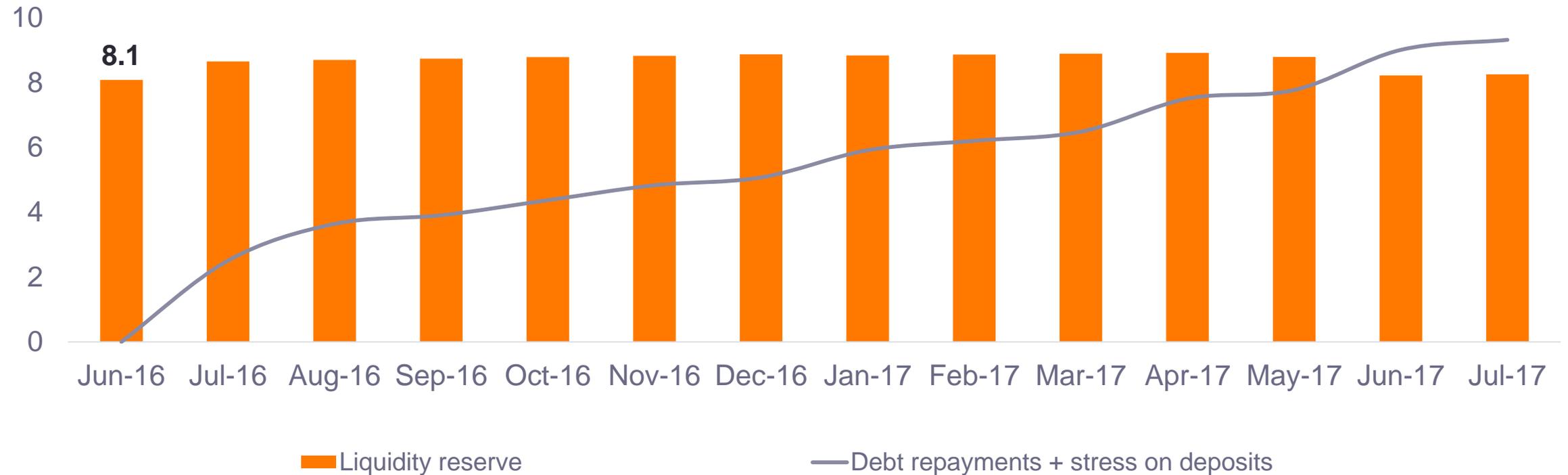
(\*) On a specific date, the static liquidity represents the sum of the outstanding financial liabilities plus equity, minus the outstanding assets (mainly loans to Dealers and Customers); in each case assuming no balance sheet changes from the date of calculation. European scope

# LIQUIDITY STRESS SCENARIO (\*)



(€bn) ● **Liquidity stress scenario giving more than 11 months of visibility at June 2016 end:**

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



(\*) European scope

# RETAIL DEPOSITS

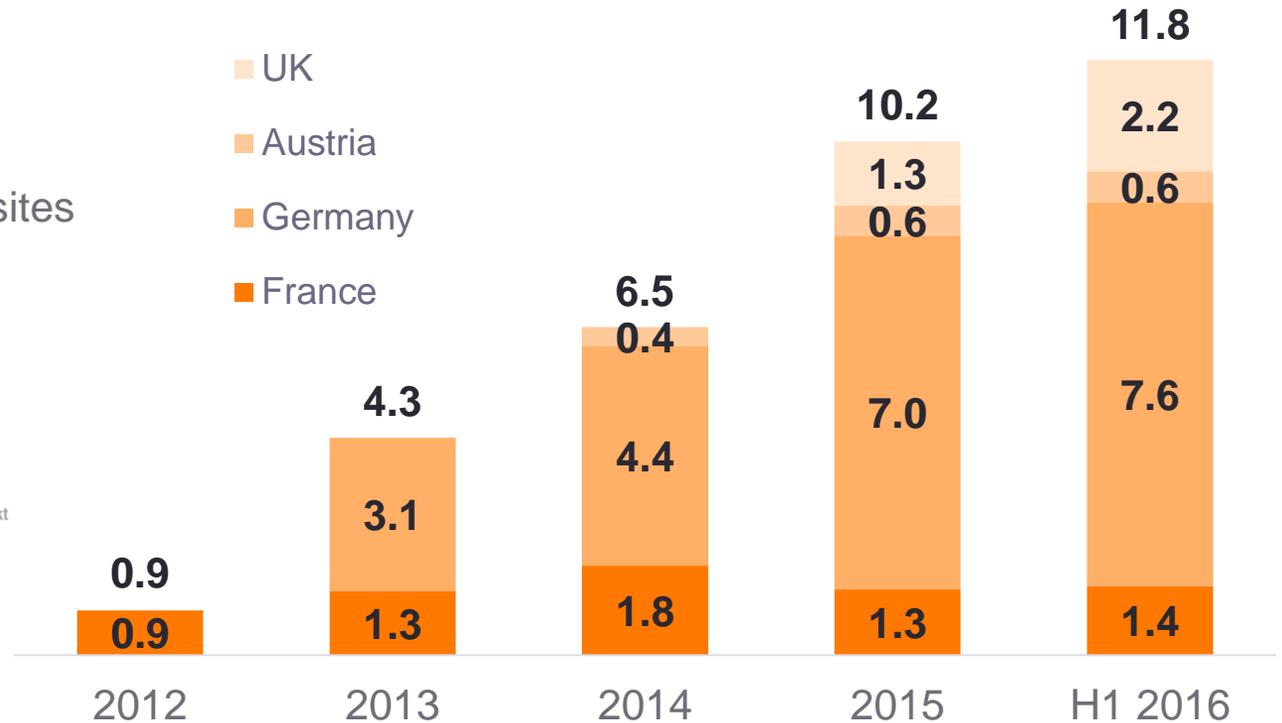


- **Retail deposits reaching €11.8bn**
  - Of which **69.9%** in sight deposits and **30.1%** in term deposits
  - Saving products for retail customers
  - 100% on-line through dedicated websites

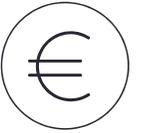
- **Launch of deposit activity in:**

-  France in February 2012 
-  Germany in February 2013 
-  Austria in May 2014 
-  UK in June 2015 

- **Deposits/outstandings ratio at 34.1%, in line with group target set at one third**



# 2016 FUNDING PLAN (\*)



- **Capital markets and ABS (€bn):**

	2012	2013	2014	2015	H1 2016	2016 (**)
Bond issuances	2.9	2.1	2.8	3.2	2.2	[3.5;4.0]
Other long-term senior unsecured	0.2	0.0	0.1	0.4	0.0	0.0
<b>Total long-term senior unsecured</b>	<b>3.2</b>	<b>2.1</b>	<b>2.9</b>	<b>3.7</b>	<b>2.2</b>	<b>[3.5;4.0]</b>
<b>ABS (public or conduit)</b>	<b>1.9</b>	<b>0.9</b>	<b>1.1</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>

- RCI has diversified its investor base by issuing **non euro-denominated bonds**
- Issues in several currencies including two **USD** and three **GBP** bonds
- **7-year** tenor issued in 2014, 2015 and 2016

(\*) European scope

(\*\*) Forecast as of July 2016

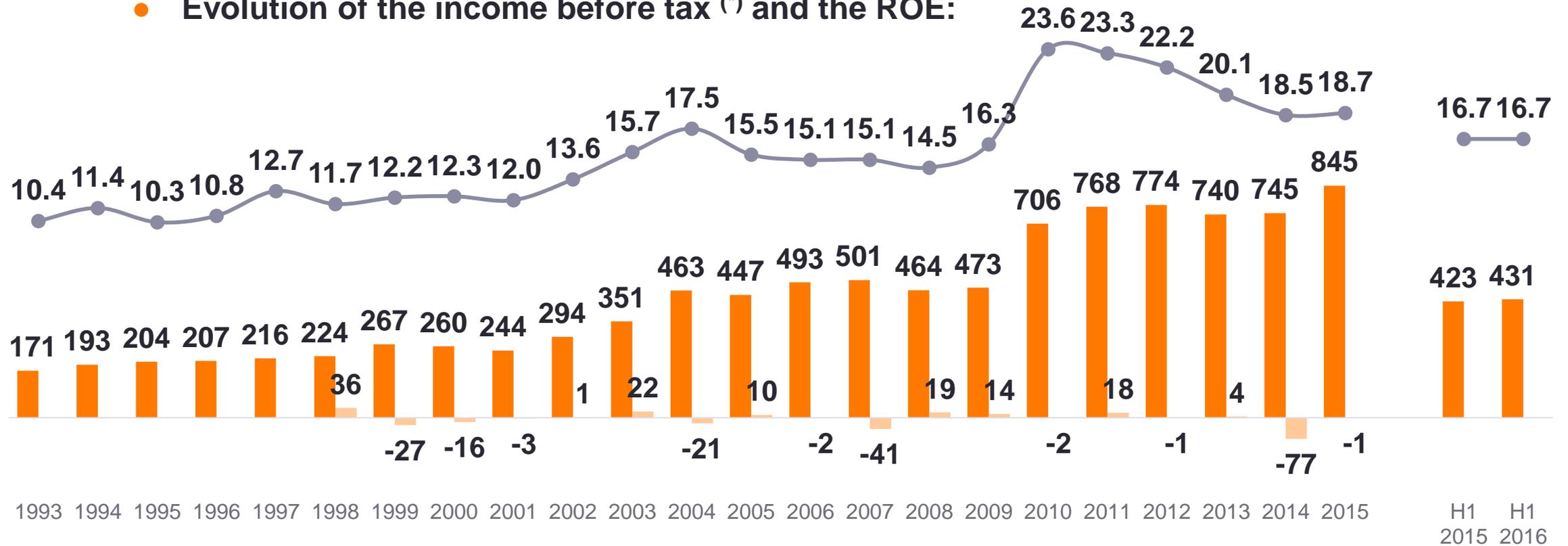


# APPENDICES

# LITTLE VOLATILITY ON LONG-TERM RESULTS AND PROFITABILITY



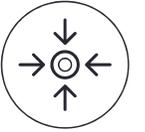
- Evolution of the income before tax (\*) and the ROE:



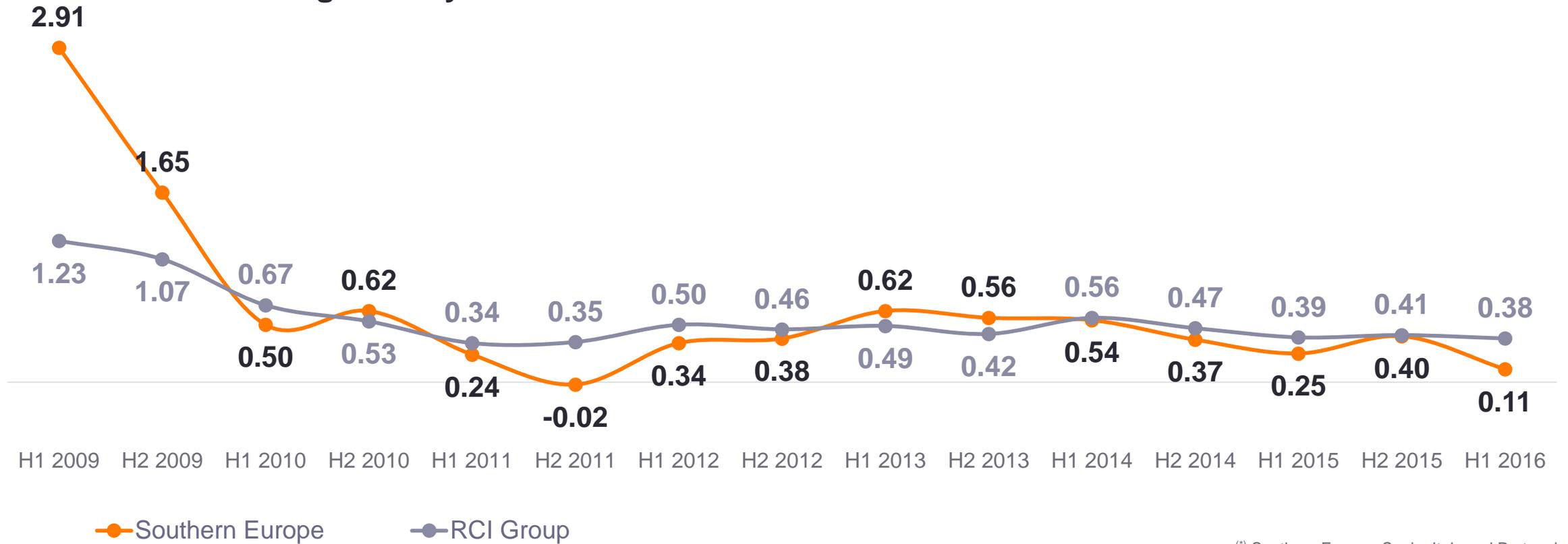
■ Income before tax without NRE (€m)    
 ■ Non-recurring elements (NRE) (€m)    
 ● Return on equity (ROE) without NRE (%)

(\*) IFRS since 2004

# FOCUS ON COST OF RISK IN SOUTHERN EUROPE (\*)

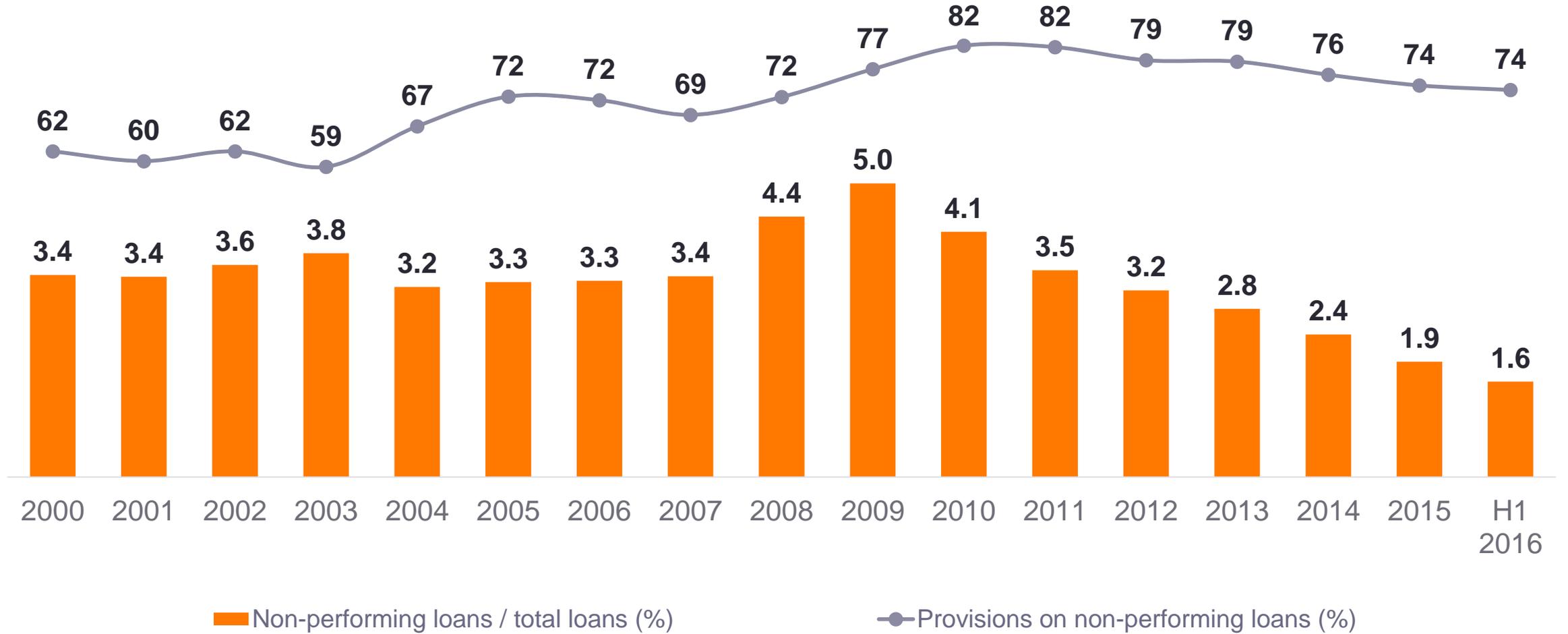


- Customer cost of risk in Southern Europe in percentage of outstandings, excluding country risk:

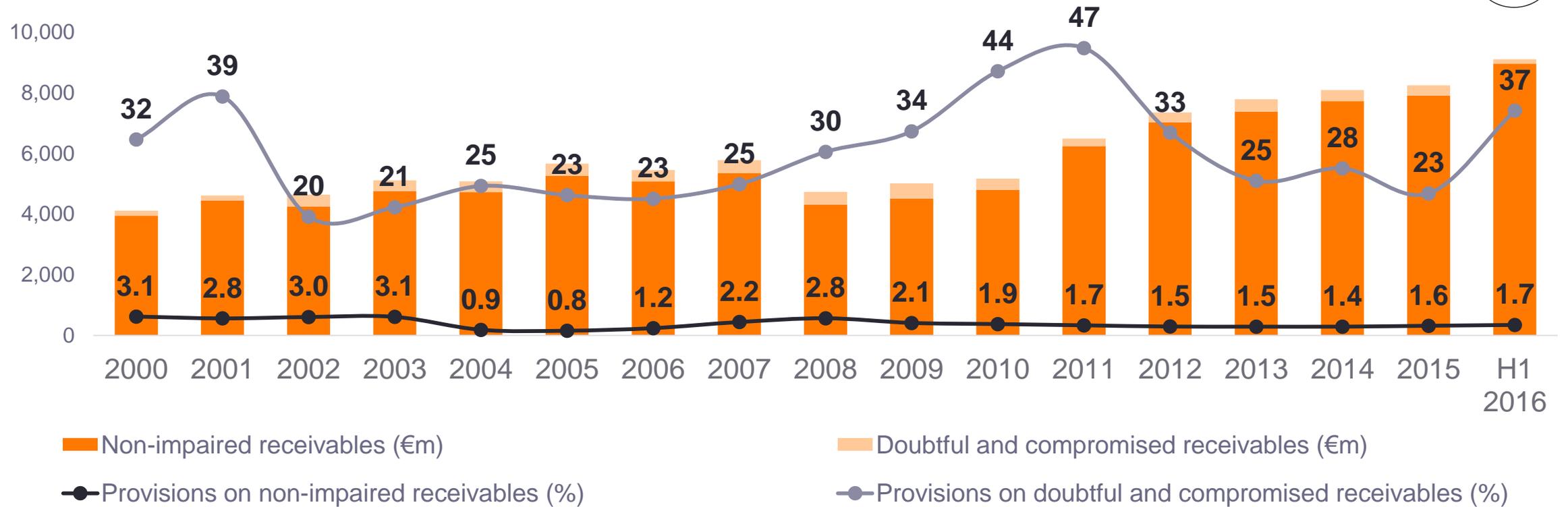


(\*) Southern Europe: Spain, Italy and Portugal

# PROVISIONING FOR CUSTOMER ACTIVITY



# PROVISIONING FOR DEALER ACTIVITY



- The doubtful classification does not generally result from an unpaid installment but rather from an **internal decision to put a dealer on watch list** due to the worsening of its financial conditions (profitability, indebtedness, equity, etc.).
- RCI Banque maintains its **very cautious provisioning policy** on non-doubtful outstandings.

# DEALERS: LOSSES ON RECEIVABLES WRITTEN OFF



# COMMERCIAL ACTIVITY (\*)



	Financing penetration rate (%)		New vehicle contracts (thousands)		New financings (**) (€m)		Net outstandings at June end (€m)		o/w Customer net outstandings at June end (€m)		o/w Dealer net outstandings at June end (€m)	
	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016
<b>Europe</b>	38.3	<b>39.5</b>	533	<b>610</b>	6,509	<b>7,734</b>	25,809	<b>30,856</b>	18,865	<b>22,440</b>	6,944	<b>8,416</b>
of which Germany	43.9	39.2	73	75	995	1,061	4,338	5,297	3,357	3,973	981	1,324
of which Spain	45.4	49.3	58	67	604	770	2,507	3,199	1,876	2,397	631	802
of which France	37.6	38.6	186	209	2,137	2,593	9,650	10,889	6,722	7,751	2,928	3,138
of which Italy	50.7	56.2	66	90	832	1,155	2,763	3,639	2,252	2,966	511	673
of which UK	34.7	34.7	69	77	1,158	1,189	3,745	4,238	2,997	3,258	748	980
of which other countries	29.0	29.8	80	92	783	966	2,806	3,594	1,661	2,095	1,145	1,499
<b>Asia-Pacific (South Korea)</b>	52.2	<b>51.1</b>	26	<b>30</b>	382	<b>401</b>	1,114	<b>1,211</b>	1,097	<b>1,193</b>	17	<b>18</b>
<b>Americas</b>	40.0	<b>37.8</b>	68	<b>59</b>	578	<b>435</b>	2,650	<b>2,184</b>	2,046	<b>1,789</b>	604	<b>395</b>
of which Argentina	23.7	26.3	10	13	79	90	327	305	207	188	120	117
of which Brazil	44.4	42.6	59	46	499	345	2,323	1,879	1,839	1,601	484	278
<b>Africa, Middle East, India</b>	13.3	<b>17.0</b>	9	<b>19</b>	68	<b>100</b>	323	<b>355</b>	259	<b>291</b>	64	<b>64</b>
<b>Eurasia</b>	22.2	<b>24.4</b>	52	<b>52</b>	213	<b>198</b>	81	<b>102</b>	76	<b>96</b>	5	<b>6</b>
<b>TOTAL</b>	35.6	<b>36.5</b>	688	<b>770</b>	7,749	<b>8,867</b>	29,977	<b>34,708</b>	22,343	<b>25,809</b>	7,634	<b>8,899</b>

(\*) Figures refer to passenger car and light utility vehicle market

(\*\*) Excluding cards and personal loans

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THANK YOU

