

# RCI BANQUE

## 2014 RESULTS



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# 01

## **RCI BANQUE OVERVIEW**



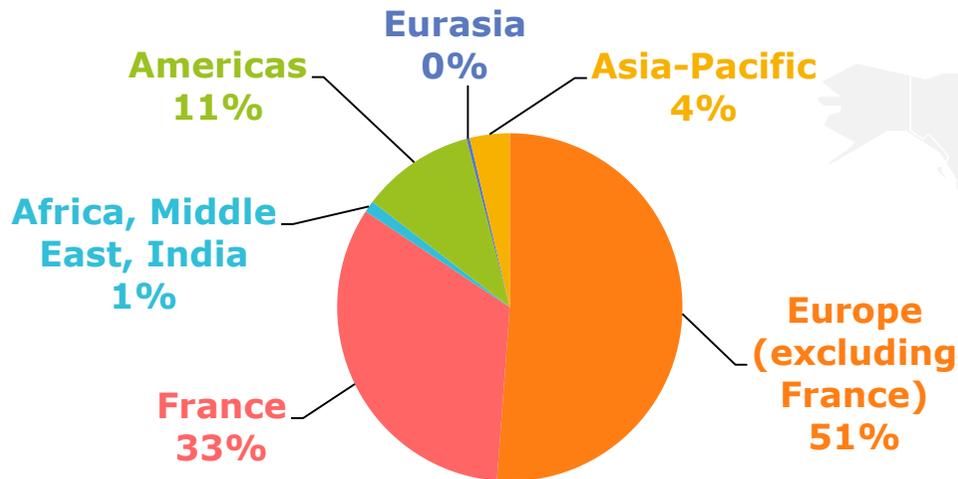
**Renault-Nissan Alliance brands finance company**

Bank status since 1991, 100% owned by Renault SA

Retail, corporates and dealers inventory financing

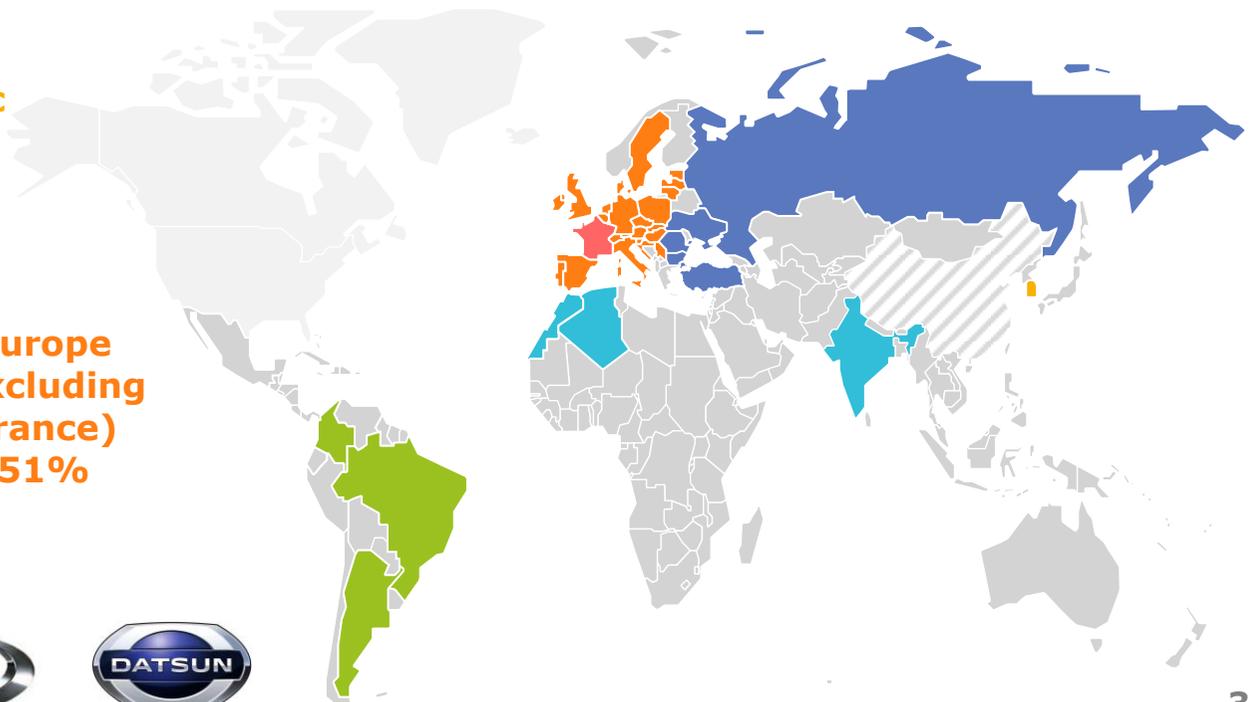
6 brands financed in 37 countries

**Geographical breakdown of net outstanding:**



**Key figures 2014**

Intervention rate	35.2%
New contracts (units)	1.2m
Commercial outstanding	€28.0bn
Equity	€3.2bn
Customer deposits	€6.5bn



- **Comprehensive assessment successfully passed:**
  - No significant adjustment in prudential equity.
  - Solvency ratio at 9.1% under ECB stress test hypothesis.
- **Strong operating performance:**
  - Intervention rate in progress, at 35.2% (+0.6pt).
  - New financings reach highest historical level, at €12.6bn (+€1.2bn).
  - Total outstanding at €28.0bn (+€2.1bn).
  - Excluding non-recurring elements and despite negative FX impact in Latin America, strong net banking income, at €1,265m (+€44m).
  - Cost of risk under control, at 0.43% (+1bp).
  - Pre-tax income excluding non-recurring elements at €750m (+€10m).
- **Negative impacts from 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.
  - Regulation on foreign currency denominated loans in Hungary, with a retroactive period of ten years: -€5m.
  - Pre-tax income at €674m (-€70m).



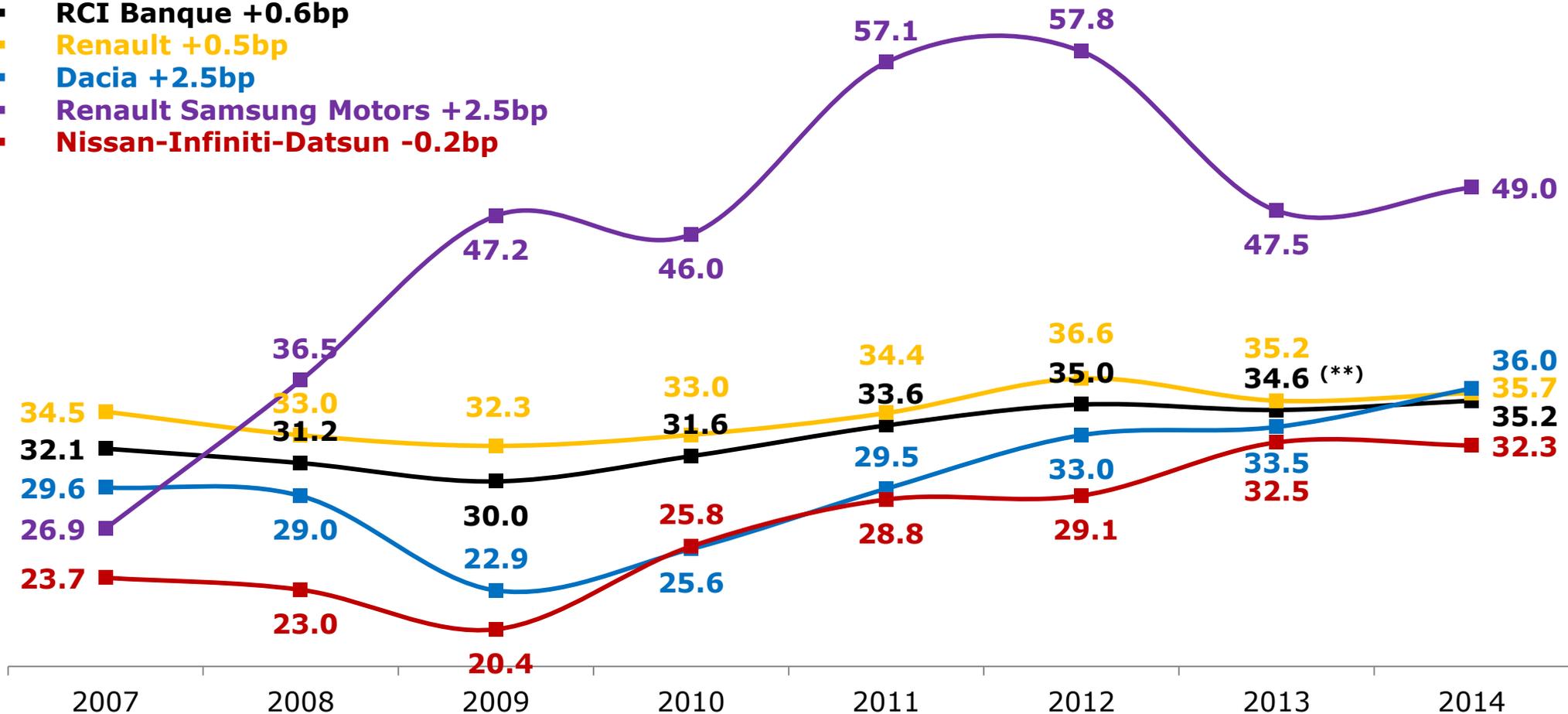
# 02

## OPERATING HIGHLIGHTS



Strong financing intervention rate (\*) at 35.2%.

- **RCI Banque +0.6bp**
- **Renault +0.5bp**
- **Dacia +2.5bp**
- **Renault Samsung Motors +2.5bp**
- **Nissan-Infiniti-Datsun -0.2bp**



(\*) Number of new vehicles financed / new vehicles sales on RCI Banque perimeter.

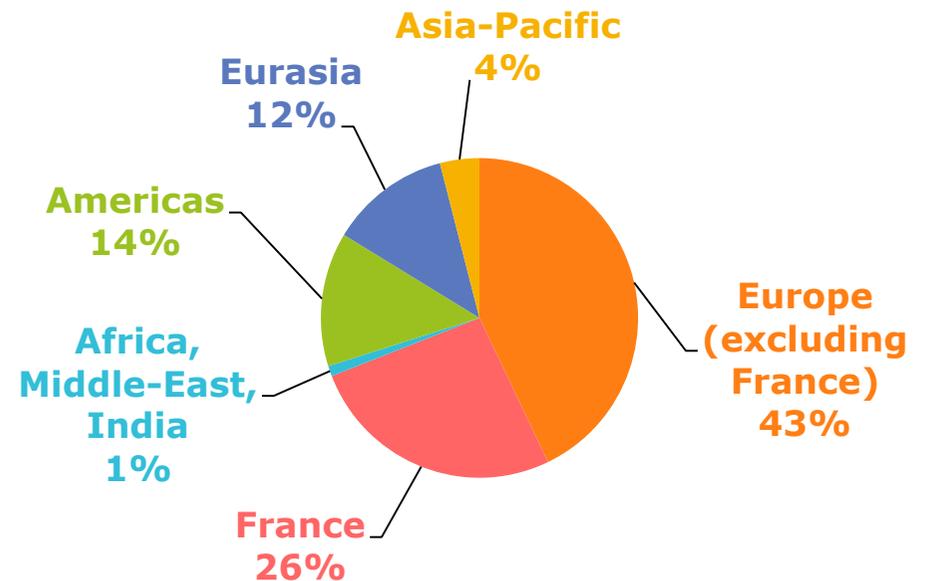
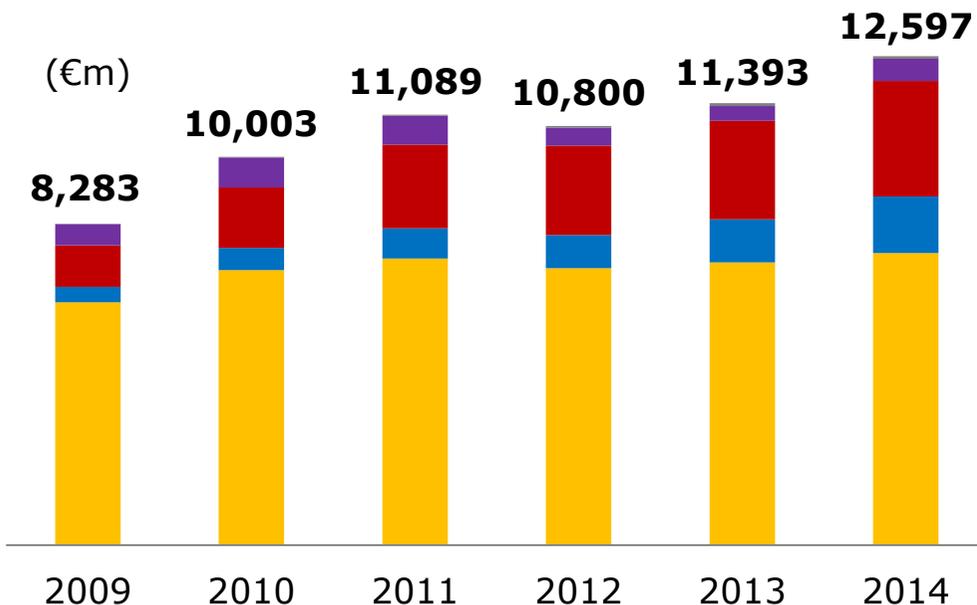
(\*\*) Negative impact of Turkey and Russia consolidation (lower intervention rates) in 2013.

**New financings increase on all brands and reach highest historical level:**

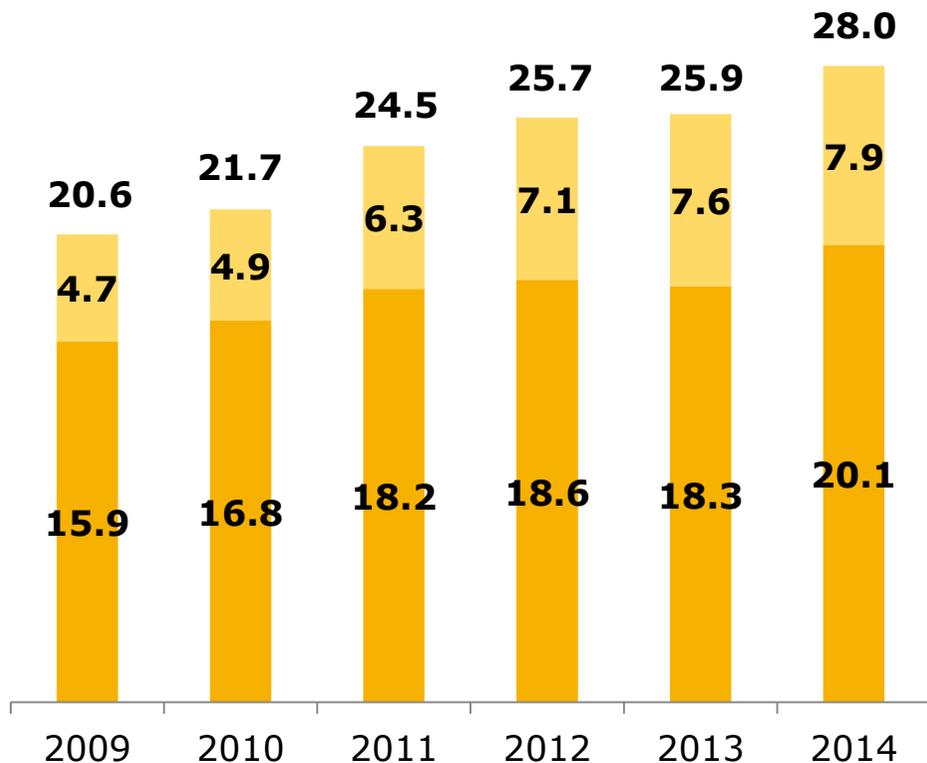
- **RCI Banque +10.6%**
- **Renault +3.3%**
- **Dacia +31.3%**
- **Renault Samsung Motors +47.2%**
- **Nissan-Infiniti-Datsun +17.6%**

**New contracts breakdown:**

- **Europe (excluding France):** 24 countries
- **France**
- **Africa, Middle East, India:** 3 countries
- **Americas:** 3 countries
- **Eurasia:** 5 countries
- **Asia-Pacific:** South Korea

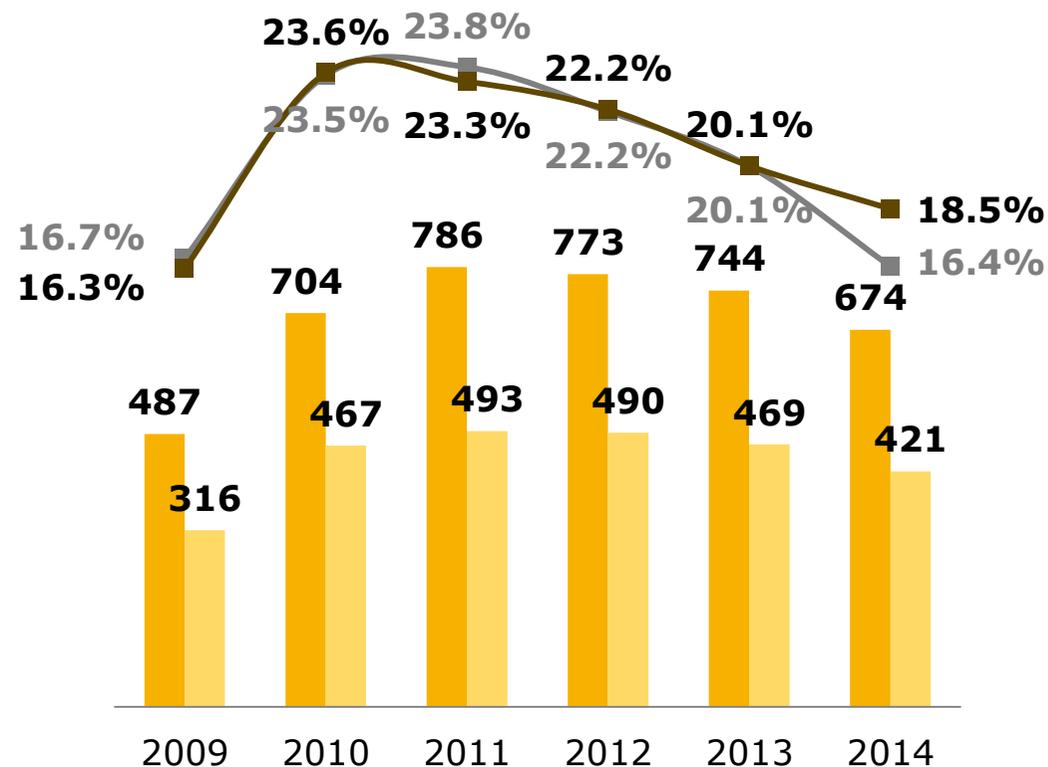


Loans outstanding at a historical level (€bn)



■ Dealer loans outstanding  
■ Customer loans outstanding

ROE excluding non-recurring elements remains at a high level



■ Pre-tax results (€m)  
■ After-tax results (€m)  
—■ ROE including non-recurring elements  
—■ ROE without non-recurring elements



**Profit and loss aggregates <sup>(1)</sup> in percentage of average performing loans outstandings:**

	2010	2011	2012	2013	2014
Gross financial margin	5.16%	4.98%	4.94%	4.81%	4.87%
Margin on services	1.01%	0.97%	1.16%	1.24%	1.33%
Other products <sup>(2)</sup>	0.52%	0.53%	0.51%	0.55%	0.45%
Intermediation fee <sup>(3)</sup>	-1.28%	-1.26%	-1.49%	-1.56%	-1.67%
<b>Net banking income</b>	<b>5.40%</b>	<b>5.22%</b>	<b>5.12%</b>	<b>5.04%</b>	<b>4.98%</b>
Net banking income (€m)	1,134	1,189	1,238	1,221	1,265
Cost of risk <sup>(4)</sup>	-0.40%	-0.23%	-0.38%	-0.42%	-0.43%
Operating expenses	-1.64%	-1.58%	-1.57%	-1.56%	-1.58%
<b>Operating income</b>	<b>3.36%</b>	<b>3.41%</b>	<b>3.17%</b>	<b>3.06%</b>	<b>2.97%</b>
OEIC and equity method <sup>(5)</sup>	-0.01%	0.04%	0.02%	0.01%	-0.32%
<b>Pre-tax income</b>	<b>3.35%</b>	<b>3.45%</b>	<b>3.19%</b>	<b>3.07%</b>	<b>2.65%</b>
Pre-tax income (€m)	704	786	773	744	674

**Main non recurring elements:**

Court decision on handling fees in Germany	-0.20%
VAT-related tax adjustment in Germany	-0.07%
Regulation on foreign currency denominated loans in Hungary	-0.02%

<sup>(1)</sup> Analytical breakdown coming from RCI Banque's financial control reporting 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.

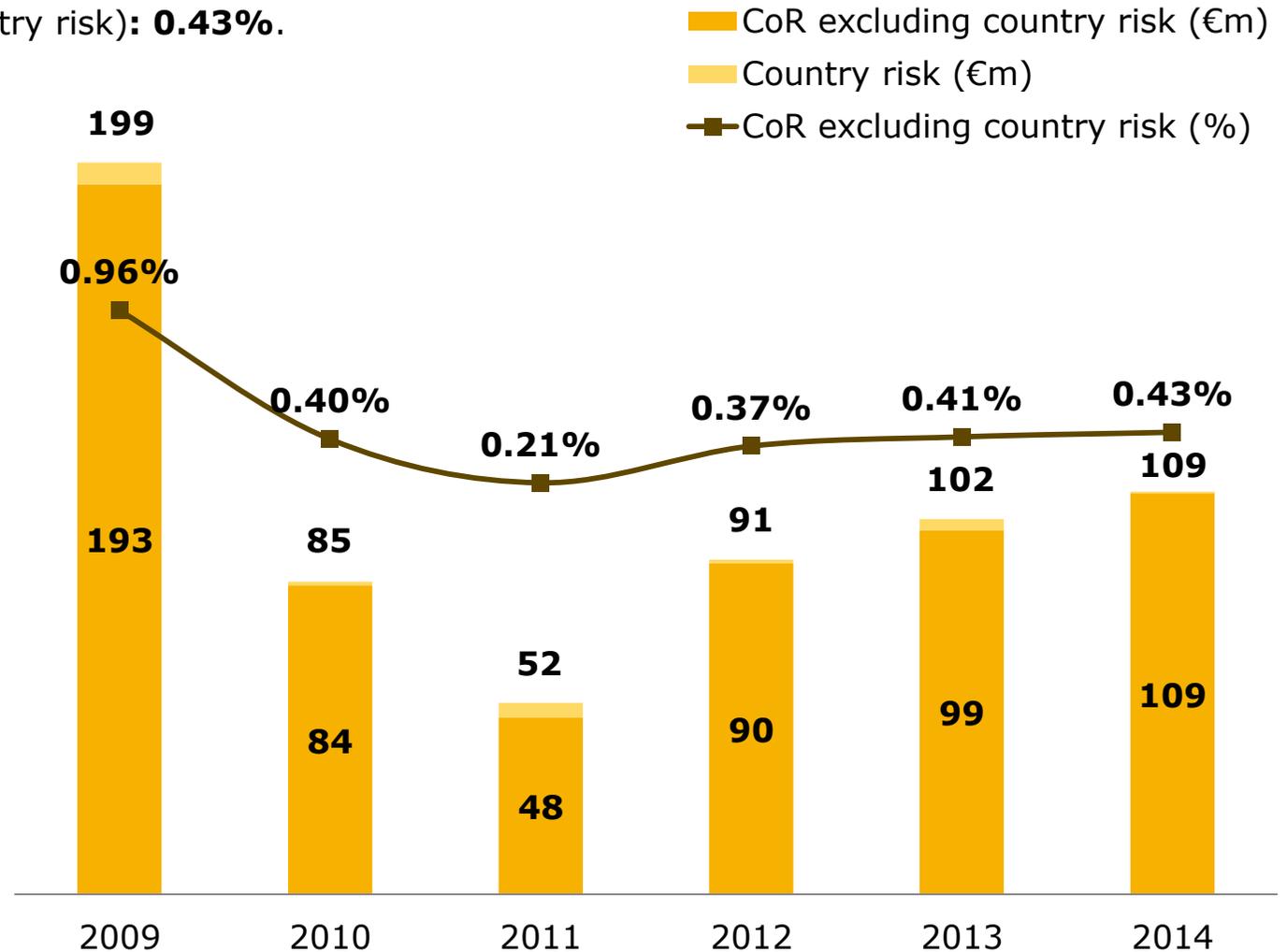
<sup>(4)</sup> Including country risk.

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

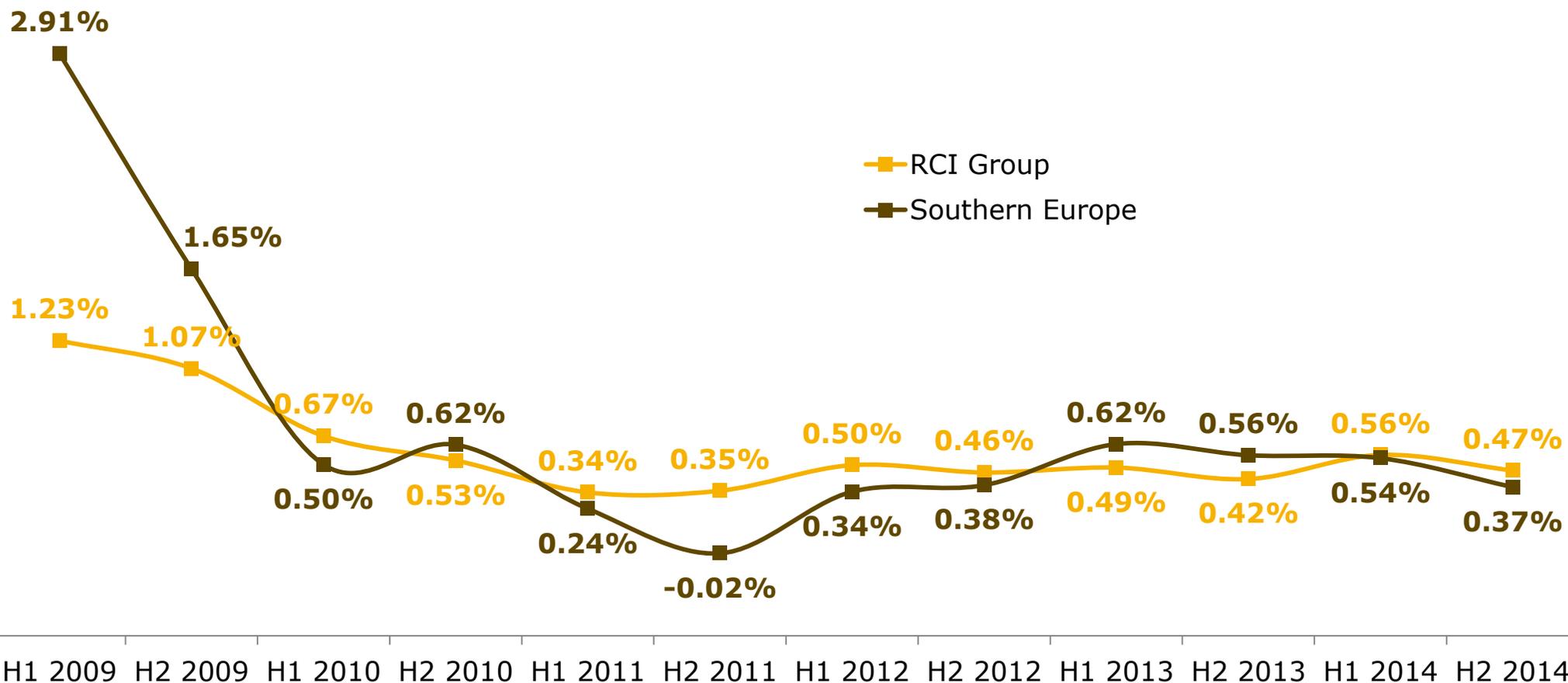


- **Total Cost of risk** (excluding country risk): **0.43%**.
- **Dealers: 0.20%**.
- **Customers: 0.50%**.

- **Cost of risk =**  
Impairment allowances  
- Reversal of impairment  
+ Losses on receivables written off  
- Amounts recovered on loans written off.
- **Country risk =** Allowances 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 countries included in this base. The provision concerns assets located in countries that are not part of the Euro Zone where the sovereign S&P rating is below BBB+, and whose outstanding risk is borne by the RCI Banque group.



Customer cost of risk in Southern Europe (\*) in percentage of outstandings, excluding country risk:



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

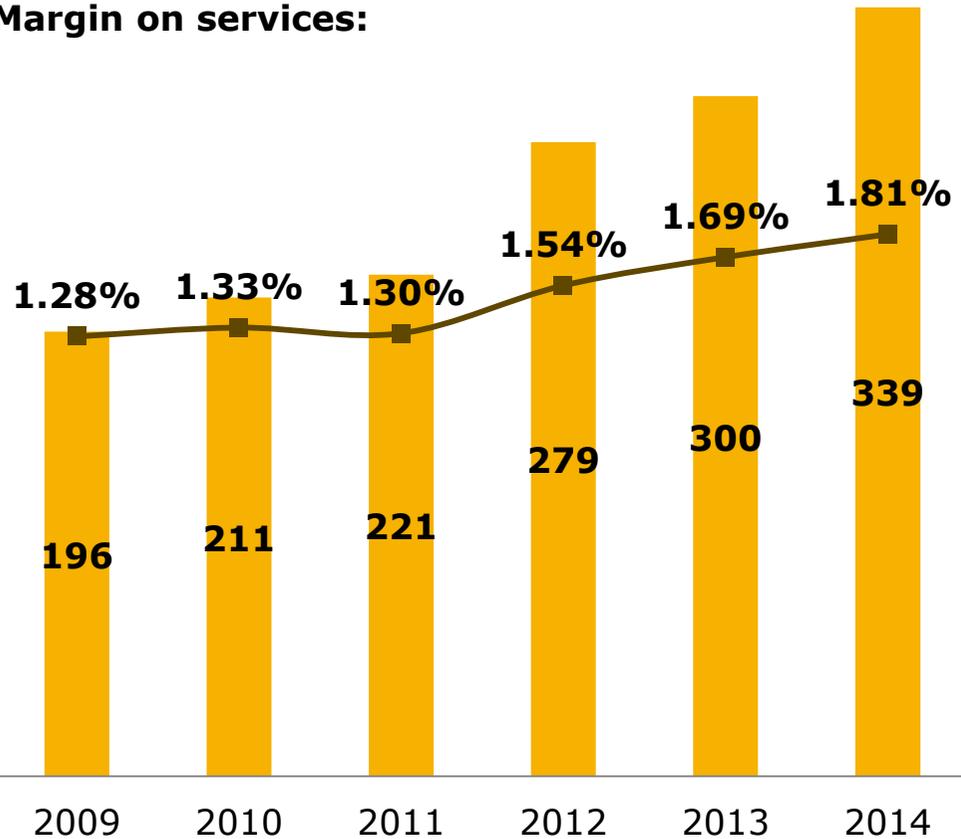
**RCI Banque residual value metrics:**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Residual risk (€m)	297	319	413	463	569	912
Provisions (€m)	11.8	4.7	3.6	2.5	2.3	5.7
<b>Provisions (%)</b>	<b>4.0%</b>	<b>1.5%</b>	<b>0.9%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.6%</b>

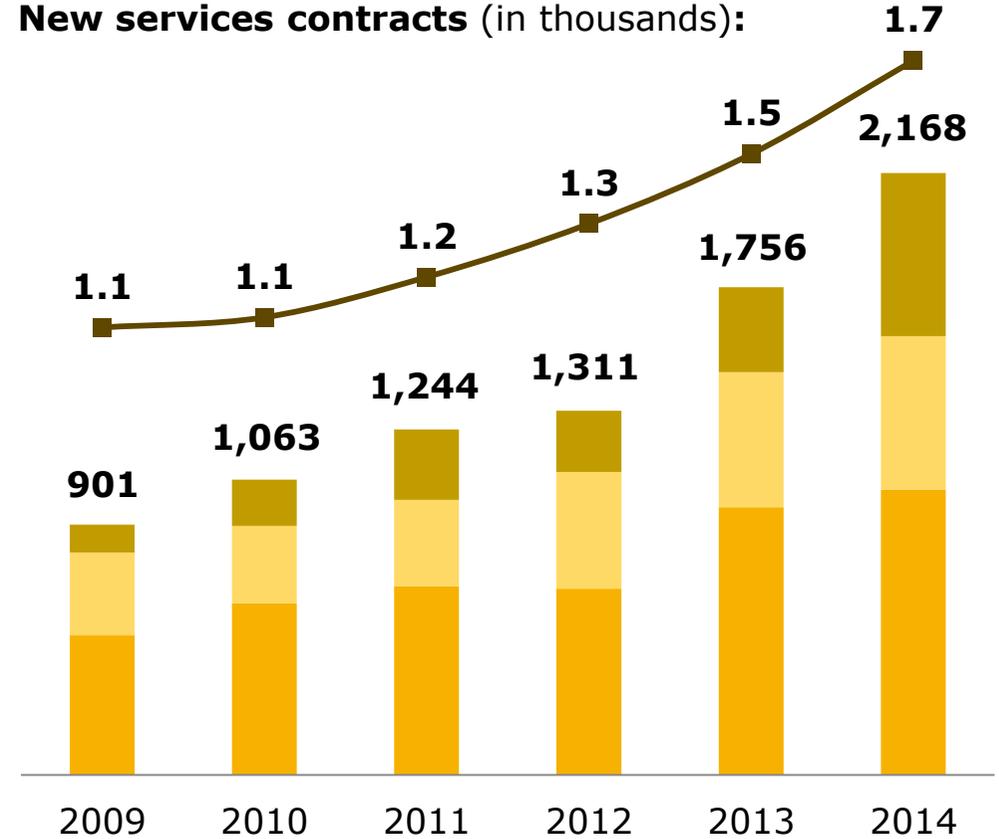
- **Marginal exposure of RCI Banque on residual values.**
- **Risks carried by carmakers or dealers in most countries.**
- **RV set at "market price" for corporates.**
- **RV set below "market price" for individuals.**



**Margin on services:**



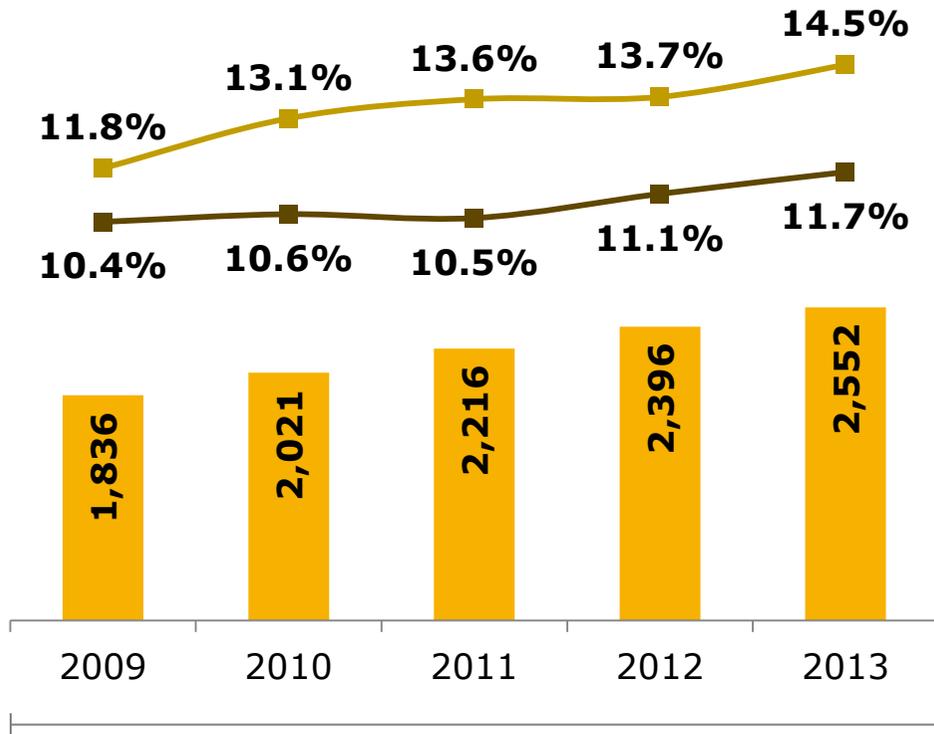
**New services contracts (in thousands):**



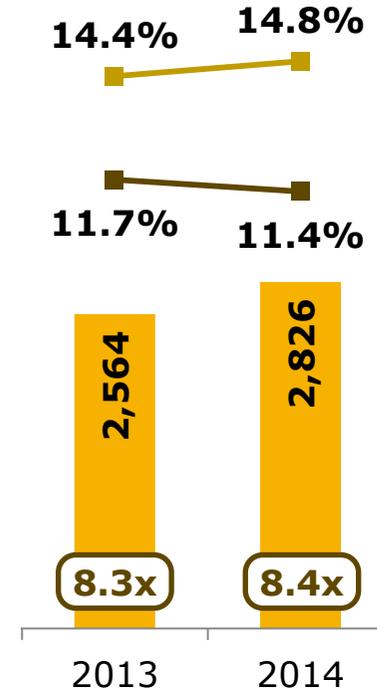
■ Margin on services (€m)  
■ Margin % of average Customer loans outstanding

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

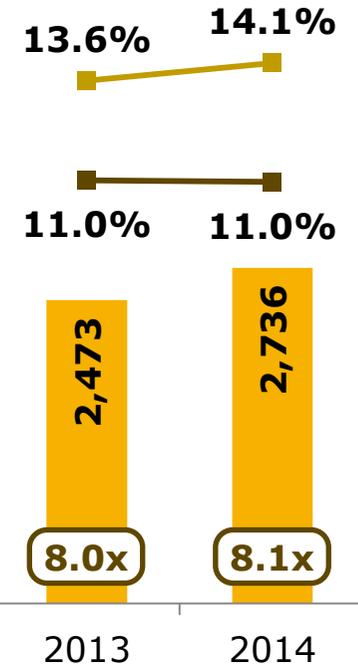




Basel II methodology



Basel III phase-in



Basel III fully loaded

■ Core Tier One in €m  
■ Core Tier One solvency ratio in % (including floor)

■ Core Tier One solvency ratio in % (excluding floor)  
x Leverage ratio (Basel III methodology)

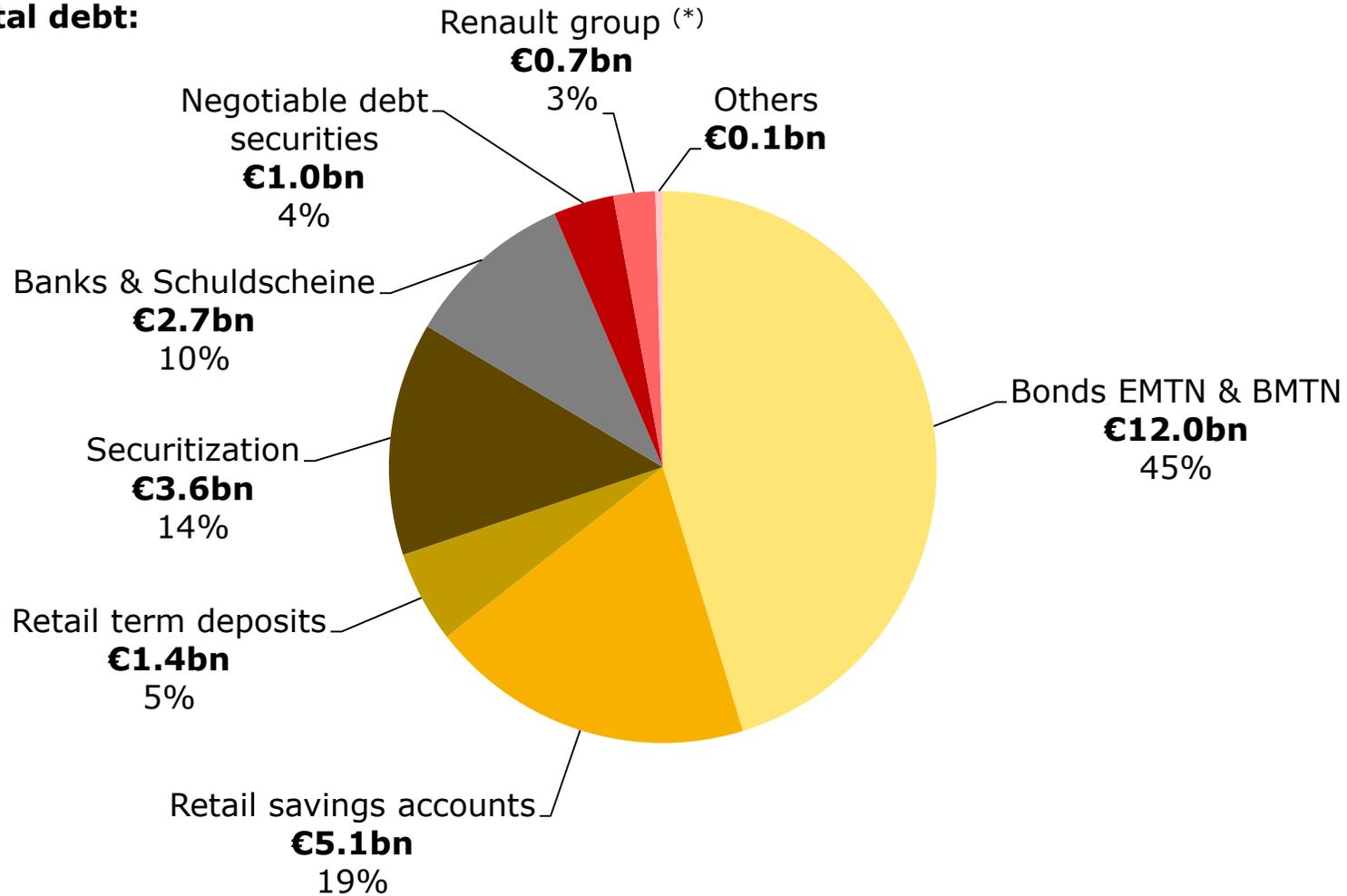


# 03

## FINANCIAL POLICY AND FUNDING

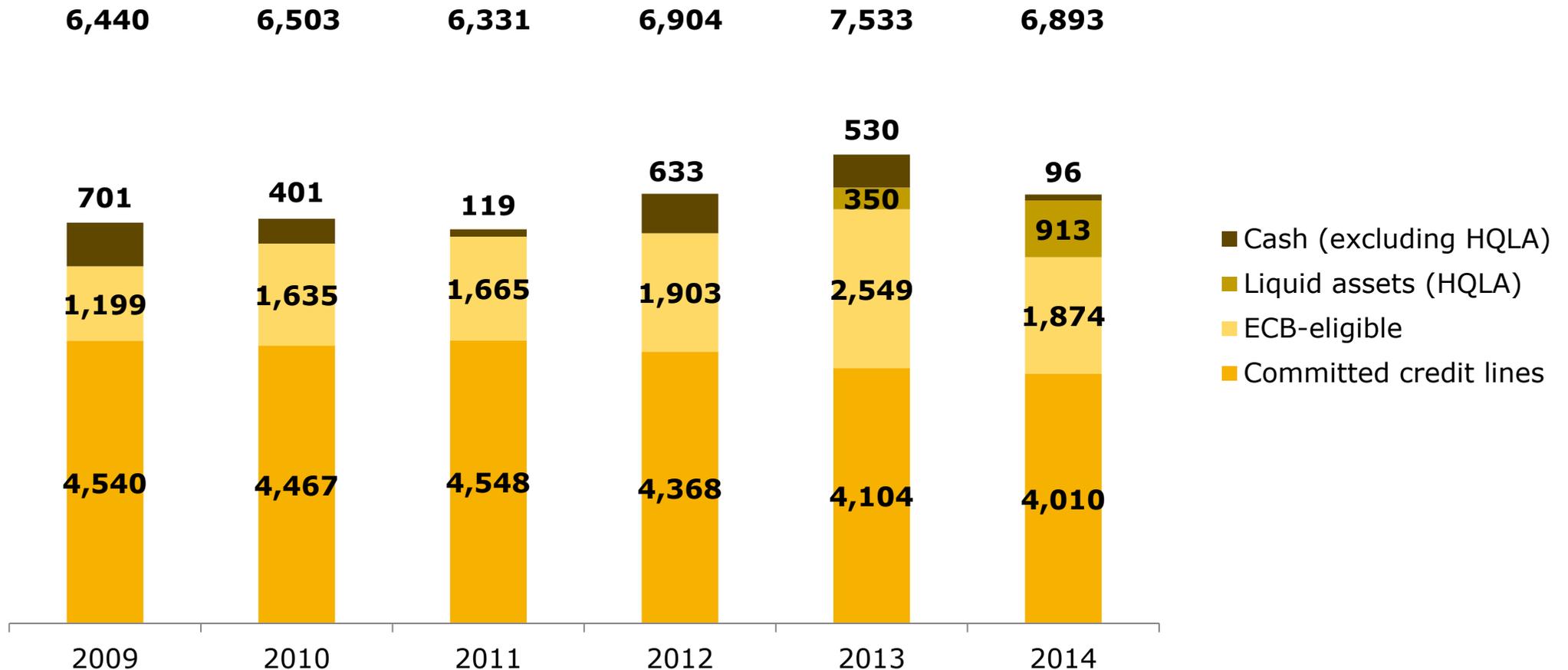


**Structure of total debt:**



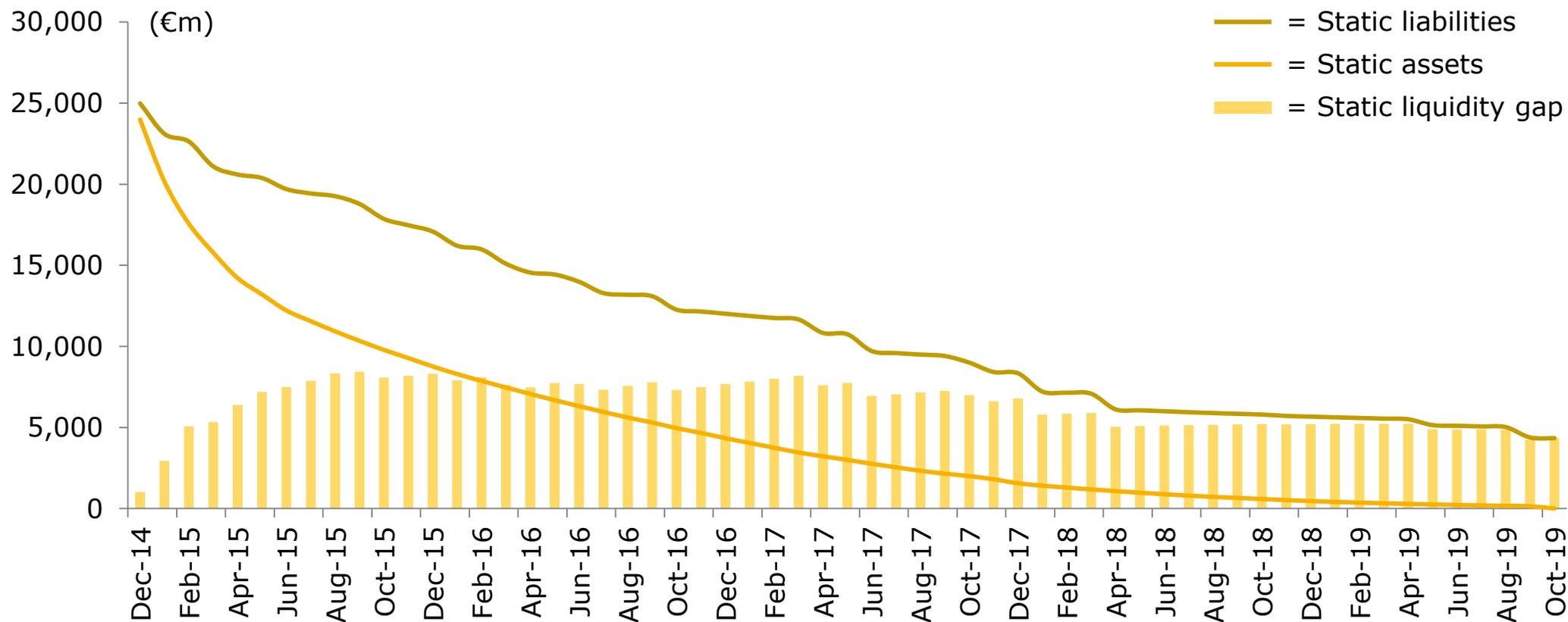
(\*) **Renault group:** of which €550bn deposit granted by Renault as collateral to offset credit exposure on Renault owned dealers.

■ **Available liquidity (\*) (in €m):**



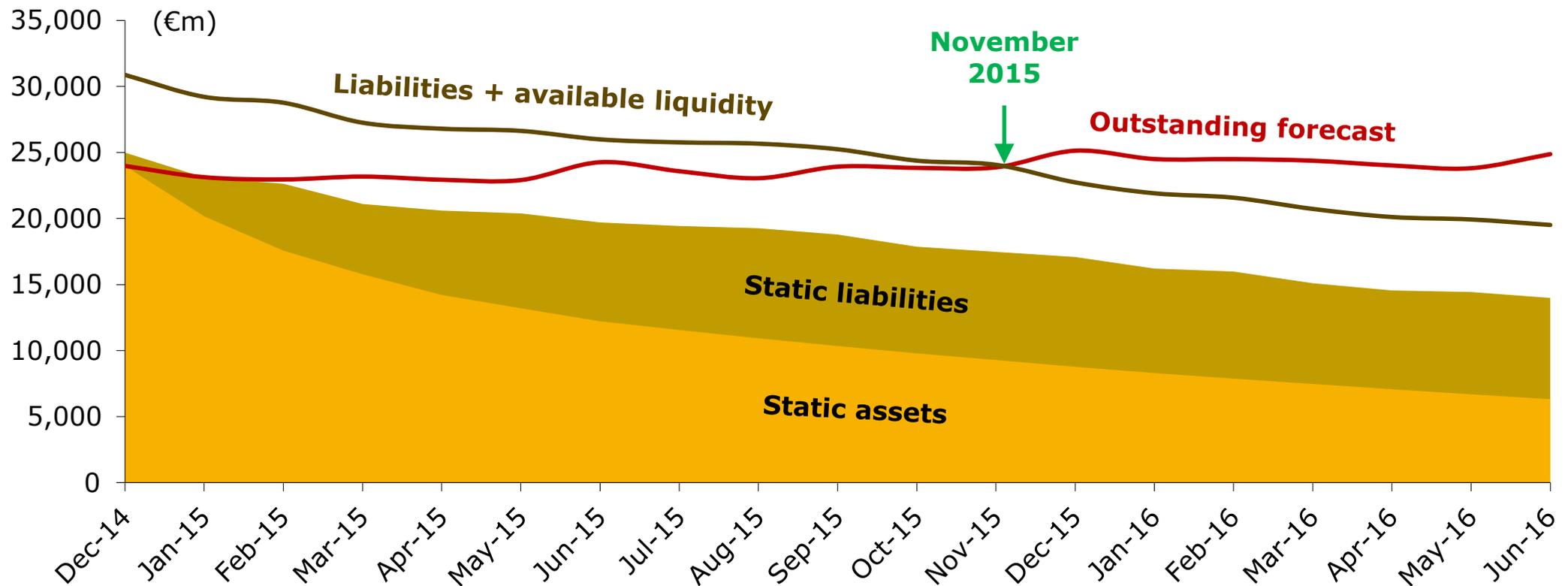
(\*) European scope.

- **Assets are funded with longer dated liabilities.**
- **Deposit outflows hypothesis = Basel III hypothesis stressed.**



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

- **Stress scenario:** no access to new market funding, stressed deposit outflows hypothesis, continued commercial activity and full use of available liquidity.
- Visibility at December 2014 end: **more than 11 months of activity.**

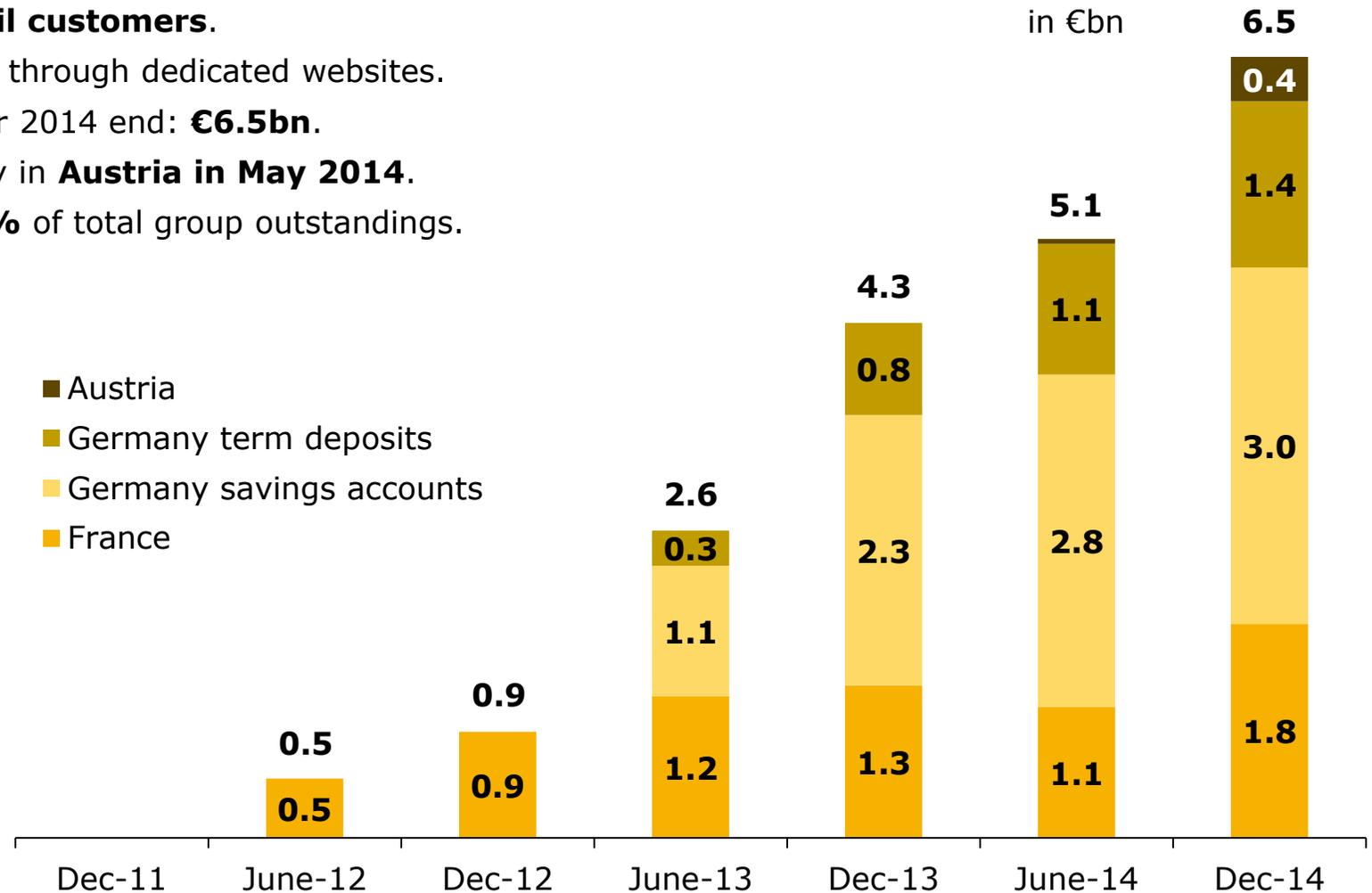


(\*) European scope.

- Saving products for **retail customers**.
- Managed **100% on-line** through dedicated websites.
- Outstanding at December 2014 end: **€6.5bn**.
- Launch of deposit activity in **Austria in May 2014**.
- **Objective in 2016: 30%** of total group outstandings.



- Austria
- Germany term deposits
- Germany savings accounts
- France

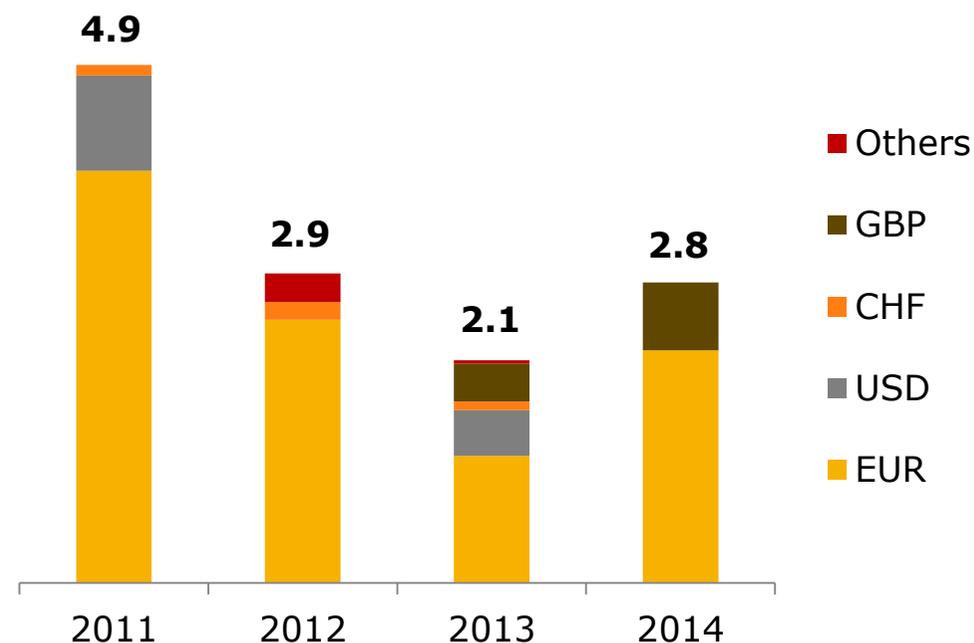


#### Bond issues and ABS (\*) (€bn):

	2011	2012	2013	2014	2015 (forecast)
Bond issuances	4.9	2.9	2.1	2.8	3.0
ABS (public or conduit)	1.8	1.9	0.9	1.1	0.8

#### Bond issuances (\*): amounts and currencies (€bn):

- RCI has diversified its investor base by issuing **non euro-denominated** bonds.
- Issues in several new currencies including two **USD** transactions in 2011 and 2013.
- Three **GBP** transactions in 2013 and 2014.
- First **7-year** issuance in 2014.



(\*) European scope.

# 04

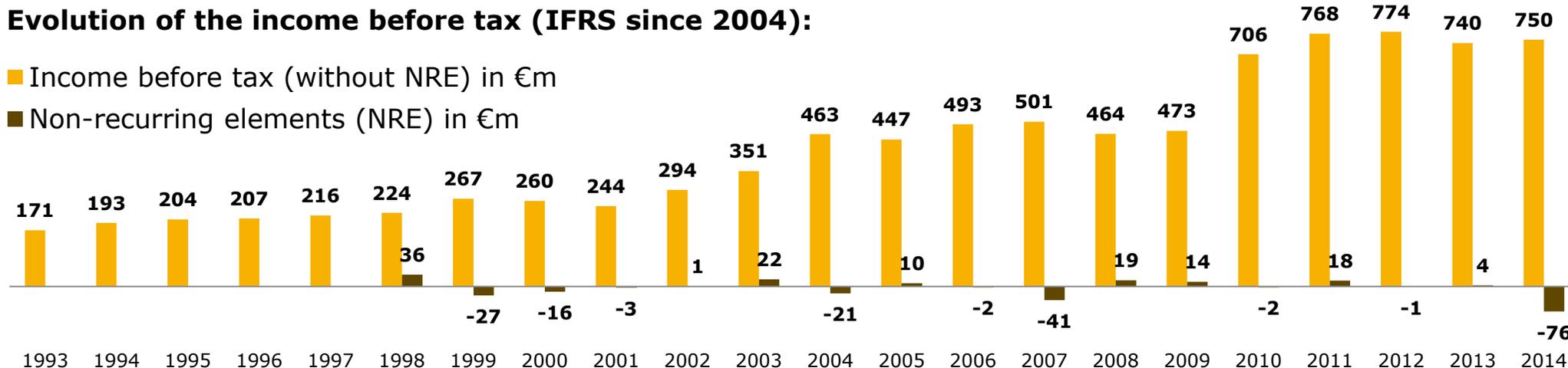
## APPENDICES



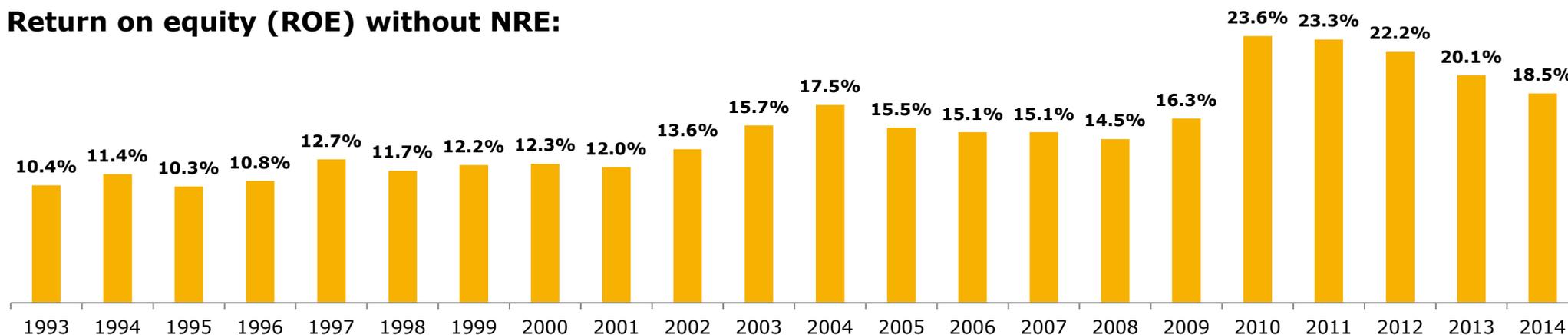
**Very little volatility on long term results and profitability**

**Evolution of the income before tax (IFRS since 2004):**

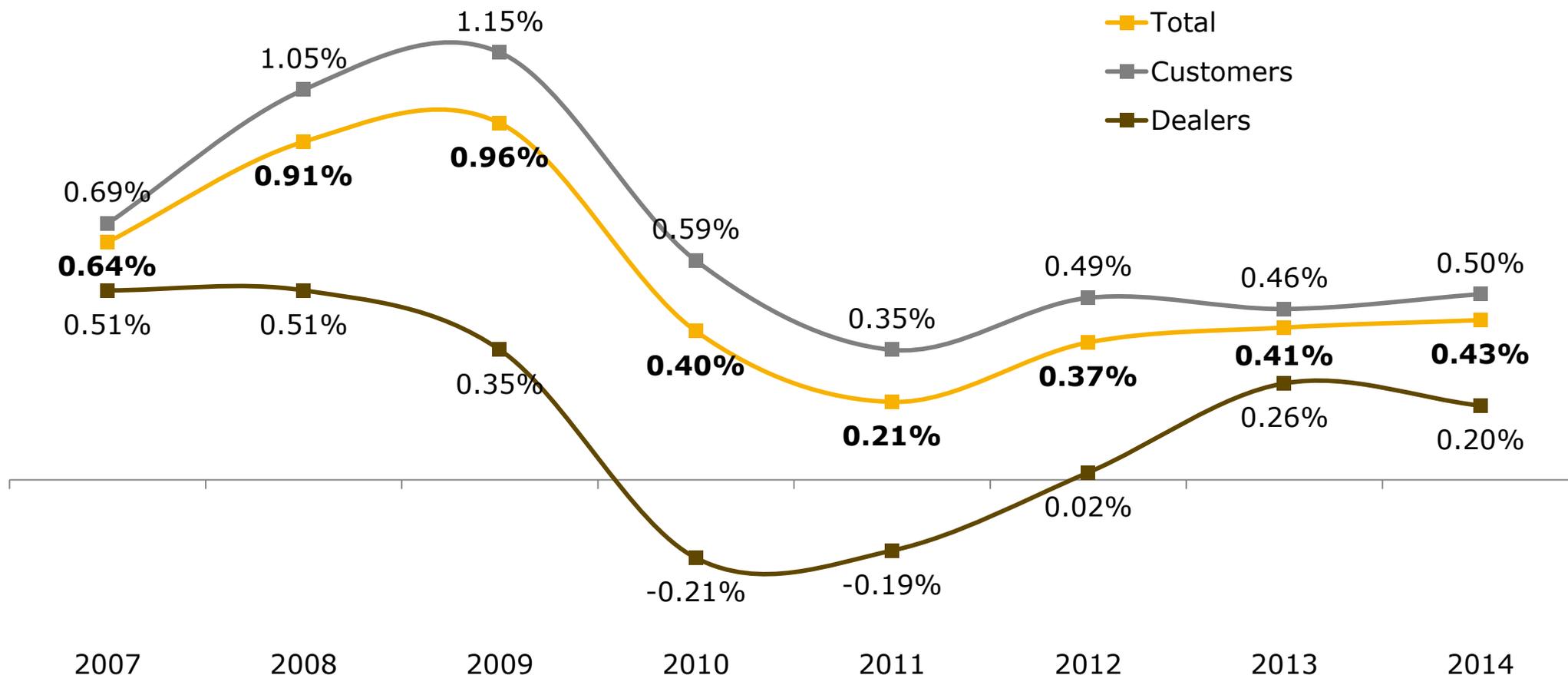
■ Income before tax (without NRE) in €m  
■ Non-recurring elements (NRE) in €m

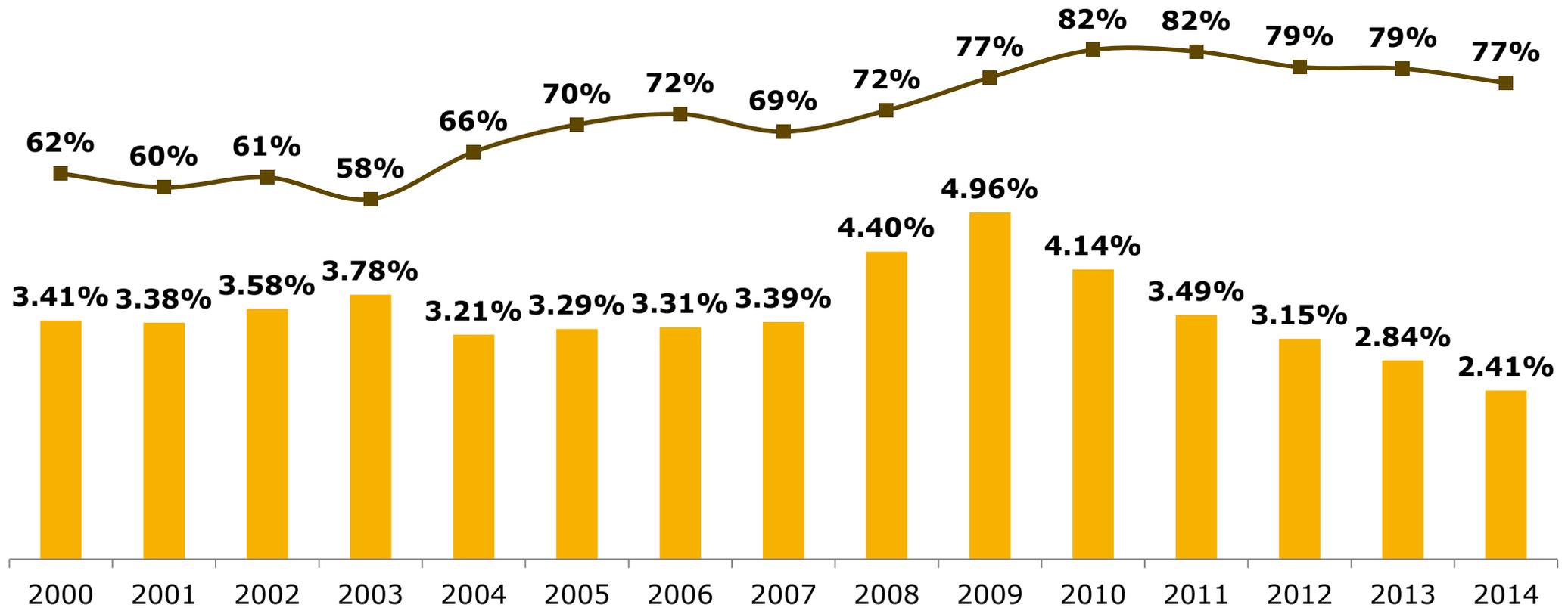


**Return on equity (ROE) without NRE:**



**Cost of risk in percentage of average performing loans outstandings, excluding country risk:**

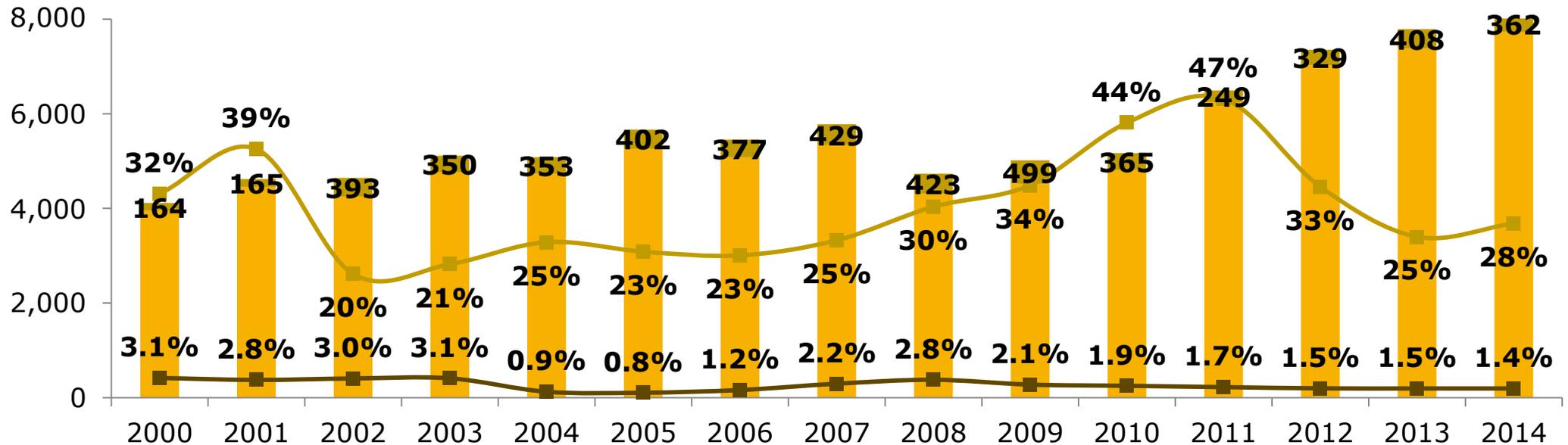




■ Non-performing loans / total loans  
■ Provisions on non-performing loans

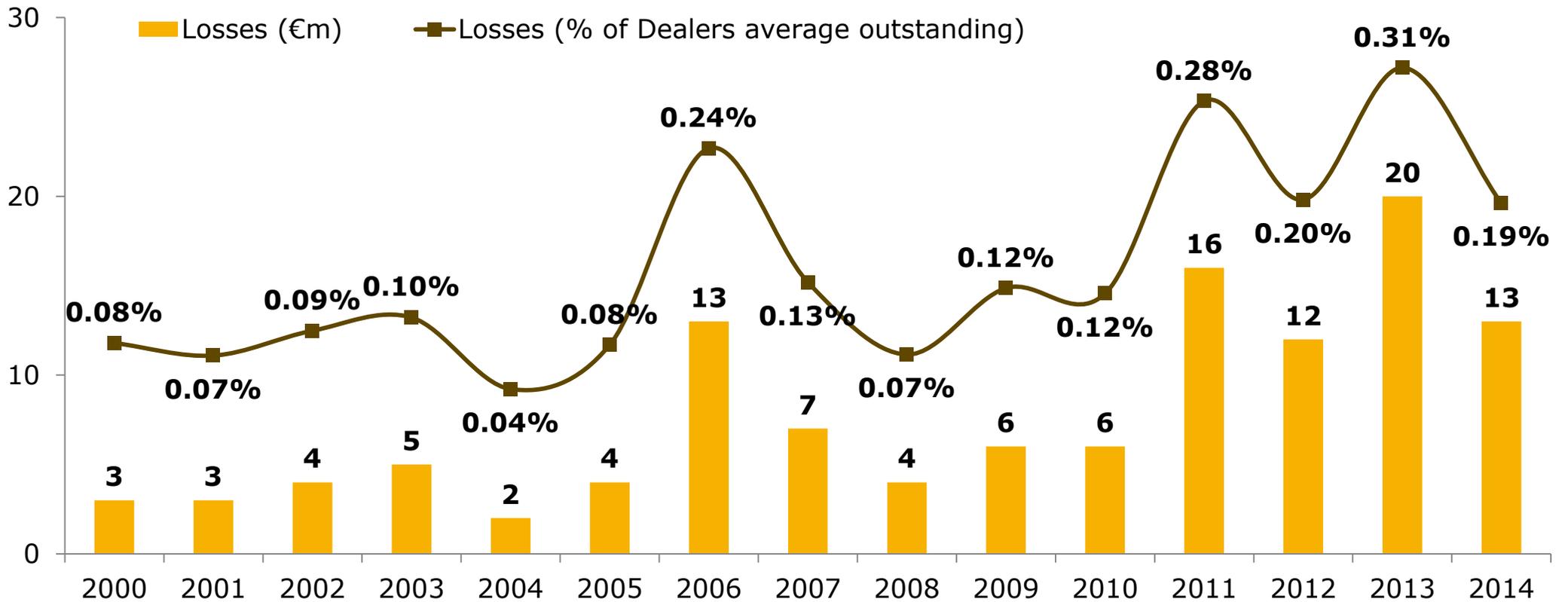


■ Doubtful and compromised receivables (€m)      ■ Non-impaired receivables (€m)  
■ Provisions on non-impaired receivables (%)      ■ Provisions on doubtful and compromised receivables (%)



- 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 outstanding.





	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Provisions (€m)</b>	<b>176</b>	<b>190</b>	<b>206</b>	<b>220</b>	<b>176</b>	<b>185</b>	<b>203</b>	<b>232</b>	<b>254</b>	<b>265</b>	<b>255</b>	<b>230</b>	<b>213</b>	<b>211</b>	<b>212</b>



#### PC + LUV (\*) market:

		Renault group brands market share (%)	Nissan group brands market share (%)	RCI Banque financing penetration rate (%)	New vehicle contracts processed (thousands)	New financings excluding cards and personal loans (€m)	Net loans outstandings at year-end (€m)	of which Customers outstandings at year-end (€m)	of which Dealers outstandings at year-end (€m)
<b>Europe</b>	<b>2014</b>	<b>10.3</b>	<b>3.4</b>	<b>36.4</b>	<b>860</b>	<b>10,042</b>	<b>23,612</b>	<b>16,522</b>	<b>7,090</b>
	2013	9.7	3.2	35.1	759	8,810	21,395	14,920	6,475
of which Germany	<b>2014</b>	<b>5.3</b>	<b>2.1</b>	<b>43.6</b>	<b>138</b>	<b>1,840</b>	<b>4,229</b>	<b>3,105</b>	<b>1,124</b>
	2013	5.1	1.9	36.3	107	1,356	3,710	2,718	992
of which Spain	<b>2014</b>	<b>13.2</b>	<b>4.6</b>	<b>46.8</b>	<b>90</b>	<b>936</b>	<b>2,016</b>	<b>1,540</b>	<b>476</b>
	2013	12.1	4.8	45.9	73	760	1,673	1,215	458
of which France	<b>2014</b>	<b>26.6</b>	<b>3.6</b>	<b>38.0</b>	<b>326</b>	<b>3,745</b>	<b>9,268</b>	<b>6,375</b>	<b>2,893</b>
	2013	25.4	3.3	36.9	304	3,650	9,023	6,266	2,757
of which Italy	<b>2014</b>	<b>8.9</b>	<b>3.6</b>	<b>47.5</b>	<b>95</b>	<b>1,226</b>	<b>2,623</b>	<b>1,935</b>	<b>688</b>
	2013	7.2	3.6	49.3	83	1,096	2,340	1,701	639
of which UK	<b>2014</b>	<b>3.9</b>	<b>5.3</b>	<b>27.5</b>	<b>94</b>	<b>1,288</b>	<b>2,956</b>	<b>2,236</b>	<b>720</b>
	2013	3.0	5.1	28.7	82	1,036	2,295	1,727	568
of which other countries	<b>2014</b>	<b>9.6</b>	<b>2.5</b>	<b>25.3</b>	<b>117</b>	<b>1,006</b>	<b>2,519</b>	<b>1,331</b>	<b>1,188</b>
	2013	9.4	2.4	24.9	109	911	2,355	1,293	1,062
<b>Asia-Pacific (South Korea)</b>	<b>2014</b>	<b>4.9</b>	<b>0.4</b>	<b>48.1</b>	<b>50</b>	<b>649</b>	<b>1,047</b>	<b>1,038</b>	<b>9</b>
	2013	4.0	0.3	47.4	39	446	954	946	8
<b>Americas</b>	<b>2014</b>	<b>8.1</b>	<b>1.8</b>	<b>38.9</b>	<b>169</b>	<b>1,409</b>	<b>2,966</b>	<b>2,259</b>	<b>707</b>
	2013	8.4	1.7	42.7	211	1,781	3,170	2,148	1,022
of which Argentina	<b>2014</b>	<b>12.9</b>	<b>-</b>	<b>16.3</b>	<b>18</b>	<b>90</b>	<b>315</b>	<b>198</b>	<b>117</b>
	2013	15.4	-	25.4	42	265	511	295	216
of which Brazil	<b>2014</b>	<b>7.1</b>	<b>2.2</b>	<b>45.1</b>	<b>151</b>	<b>1,318</b>	<b>2,652</b>	<b>2,062</b>	<b>590</b>
	2013	6.6	2.2	50.5	170	1,516	2,660	1,853	807
<b>Africa, Middle East, India (**)</b>	<b>2014</b>	<b>37.0</b>	<b>-</b>	<b>29.6</b>	<b>13</b>	<b>106</b>	<b>306</b>	<b>238</b>	<b>68</b>
	2013	38.9	-	30.5	14	116	283	215	68
<b>Eurasia (**)</b>	<b>2014</b>	<b>10.9</b>	<b>5.5</b>	<b>26.9</b>	<b>153</b>	<b>391</b>	<b>87</b>	<b>84</b>	<b>3</b>
	2013	10.4	4.2	24.9	138	241	92	89	3
<b>TOTAL</b>	<b>2014</b>	<b>9.7</b>	<b>3.2</b>	<b>35.2</b>	<b>1,245</b>	<b>12,597</b>	<b>28,017</b>	<b>20,140</b>	<b>7,877</b>
	2013	9.3	2.9	34.6	1,161	11,393	25,894	18,318	7,576



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

(\*\*) Data excluding India. 2013: proforma.

### Ratings: RCI Banque durably investment grade

- **Bank Status** since 1991: RCI Banque is regulated as credit institution,
- **Independent risk management and funding,**
- **No cross-guarantee, no support agreement, no cross-default** between RCI Banque and Renault,
- **RCI Banque standalone rating close to average commercial bank ratings,**
- **Higher rating than parent Renault SA** (with cap at +2 notches) due to:
  - Strong financial profile (results, cost of risk, capitalization),
  - Bank status,
  - Stand alone and conservative funding,
- Moody's considers French State would provide support in the event of need, securing RCI rating into **investment grade category**.

**RCI Banque**  
groupe RENAULT

Standalone

Support

Uplift

Long term

Short term

Outlook

**S&P**

bbb- (\*)

Sovereign

+1



**BBB**

**A2**

**Negative**

**Moody's**

D+ / baa3 (\*\*)

Sovereign

+0



**Baa3**

**P3**

**Stable**



Long term

Short term

Outlook

**BB+**

**B**

**Positive**

**Ba1**

**NP**

**Positive**



(\*) **SACP**: Stand Alone Credit Profile

(\*\*) **BSFR / BCA**: Bank Strength Financial Rating / Baseline Credit Assessment

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