



RCI BANQUE

UNICREDIT AUTOMOTIVE CREDIT CONFERENCE 2020

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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



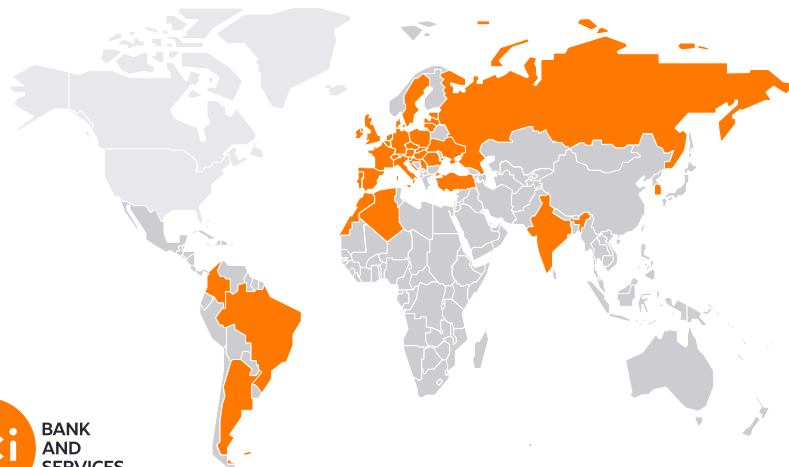
IDENTITY AND 2019 KEY FIGURES

● 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 ⁽¹⁾ in **36** countries

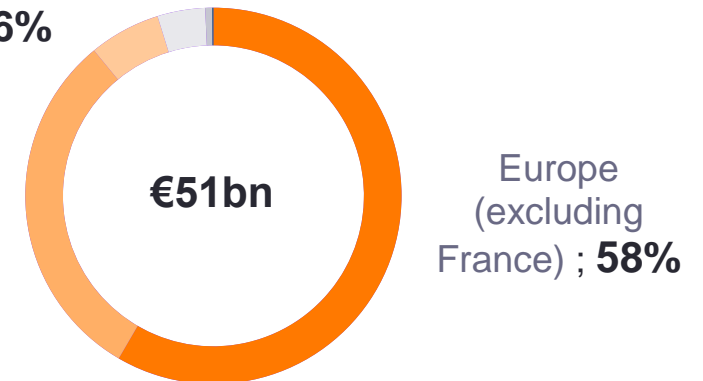
● 2019 key figures:

- Total assets: **€58.1bn**
- Equity: **€5.7bn**
- Net customer deposits: **€17.7bn**
- Penetration rate: **42.2%**
- New contracts (in k units) : **1,798**
- Commercial assets : **€51bn** of which:
 - AMI ⁽²⁾ & Pacific ; **4%** Eurasia ; **1%**
 - Americas ; **6%**
 - France ; **31%**
 - Europe (excluding France) ; **58%**



⁽¹⁾ Since February 2018, commercial partnership with Mitsubishi Motors in Netherlands and Lada in Russia

⁽²⁾ AMI: Africa, Middle-East, India



RATINGS



● Moody's ratings :

- Long-term : **Baa2**
- Outlook : **Negative** ⁽¹⁾
- 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 »

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

- Renault : **Ba2, negative outlook** ⁽²⁾ / NP

⁽¹⁾ Since June 3rd 2020 ⁽²⁾ Since May 28th 2020

● Standard and Poor's ratings:

- Long-term : **BBB**
- Outlook : **Negative** ⁽³⁾
- 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 »
- S&P Report du 28th October 2019 :
 "We are affirming our « BBB » long-term issuer credit rating on RCI Banque (RCI) because we expect the bank to maintain a stable and solid financial profile, and its revenue is less cyclical than its parents"
 "A further downgrade of Renault would not automatically entail a downgrade of RCI, if the bank sustains above-average profitability metrics in the next 18-24 months despite a less favorable auto market, while maintaining its funding costs and access"

- Renault : **BB+, negative outlook** ⁽⁴⁾ / B

⁽³⁾ Since February 26th 2019 ⁽⁴⁾ Since April 9th 2020

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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

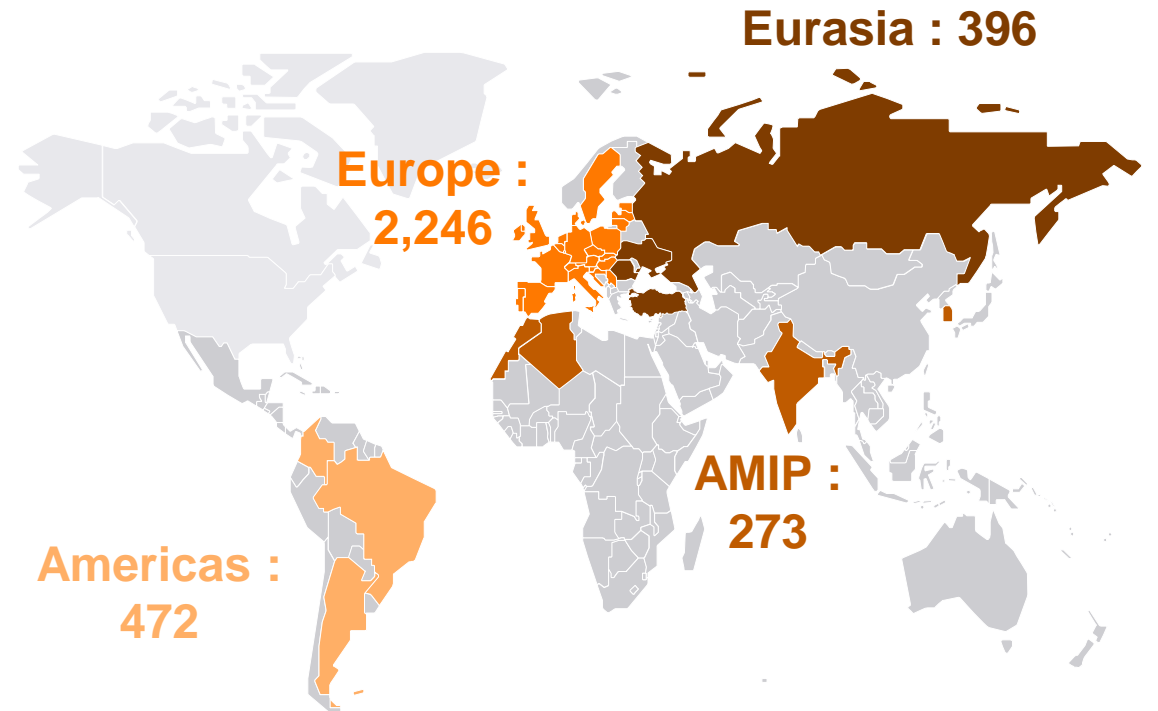
CAR MARKET AND ALLIANCE SALES ⁽¹⁾ ON RCI PERIMETER



- Evolution vs. 2018:

	Market	Alliance
Europe	+ 0.7%	- 3.2% ⁽²⁾
Eurasia	- 7.1%	-7.7%
Americas	- 4.2%	- 5.3%
Africa, Middle-East, India, Asia-Pacific (AMIP)	- 0.2%	- 8.1%
Total RCI perimeter	- 0.8%	- 4.4%

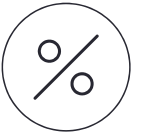
- 2019 Alliance sales (in k units): 3,387



⁽²⁾ Renault Group: +0.9%, Nissan Group: -19.1%

⁽¹⁾ Personal Car (PC) + Light Utility Vehicle (LUV) market and Alliance sales

PENETRATION RATE (1)



- Financing penetration rate at **42.2% (+1.5 pts)**, of which:

- Renault : 42.7% (+0.7pt)
- Dacia : 44.7% (+1.3pts)
- Renault Samsung Motors : 59.2% (+3.1pts)
- Nissan-Infiniti-Datsun : 35.5% (+2.4pts)



—●— RCI

····●···· RCI pro forma (2)

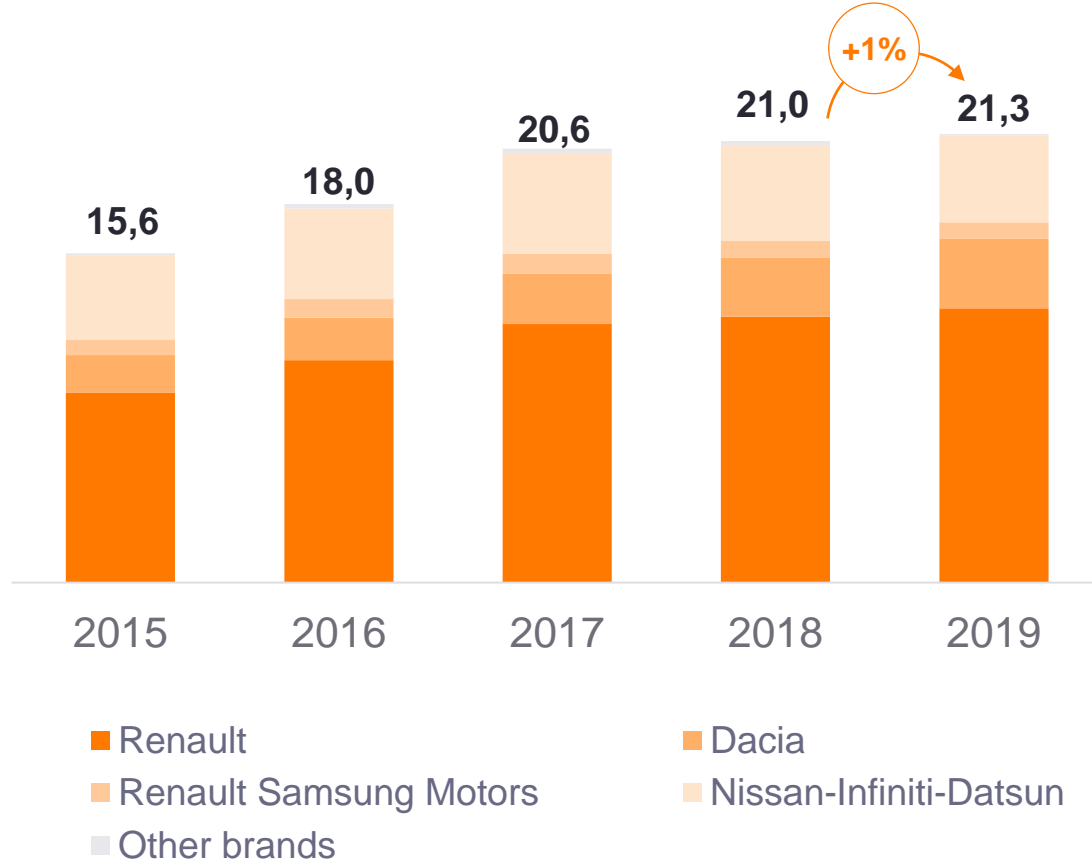
(1) Number of new vehicles financed / new vehicles sold in RCI Banque perimeter. In %

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

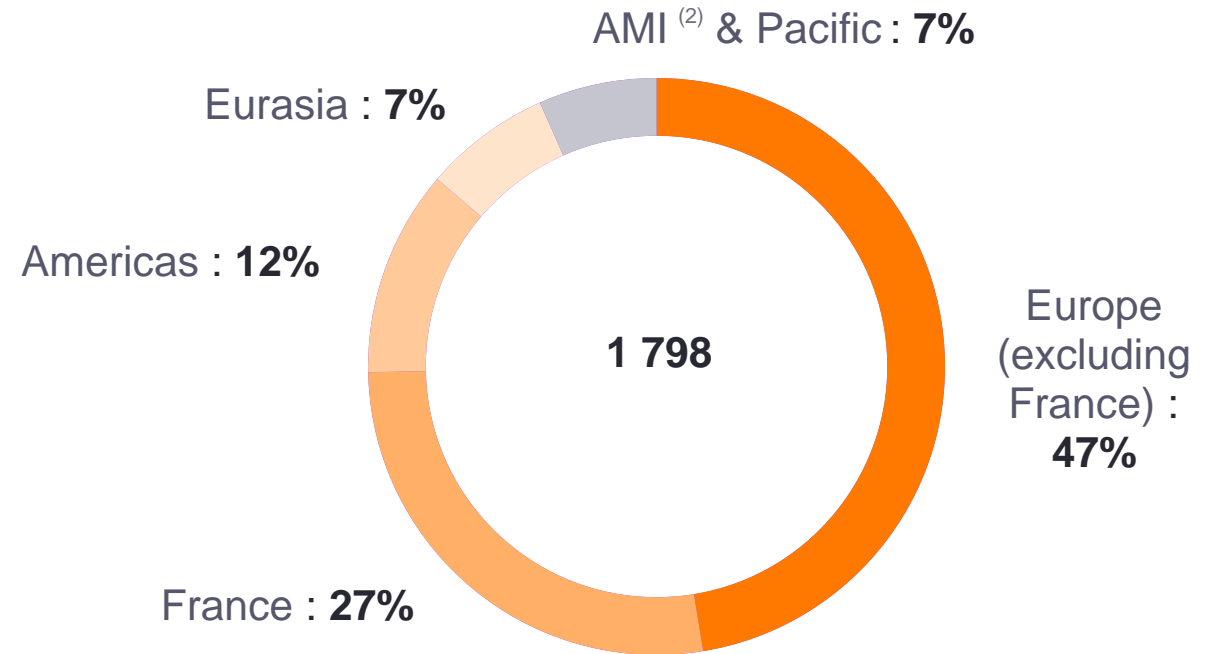


BREAKDOWN OF NEW PRODUCTION

- New financings⁽¹⁾ by brand (€bn):**



- New contracts geographical breakdown (in k units):**



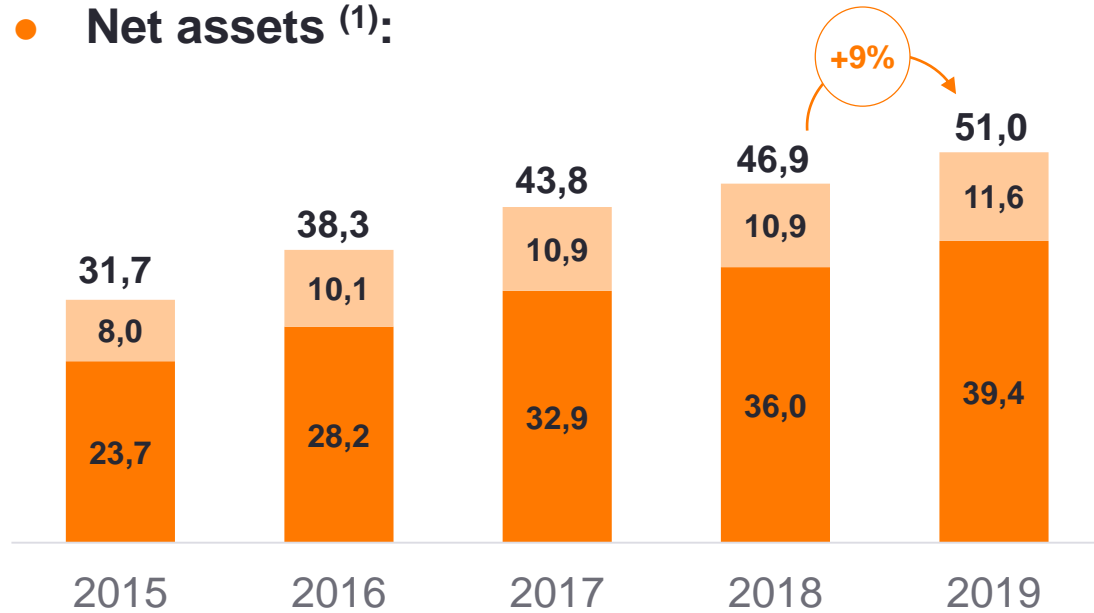
⁽¹⁾ Excluding cards and personal loans

⁽²⁾ AMI: Africa, Middle-East, India

ASSETS AND RESULTS



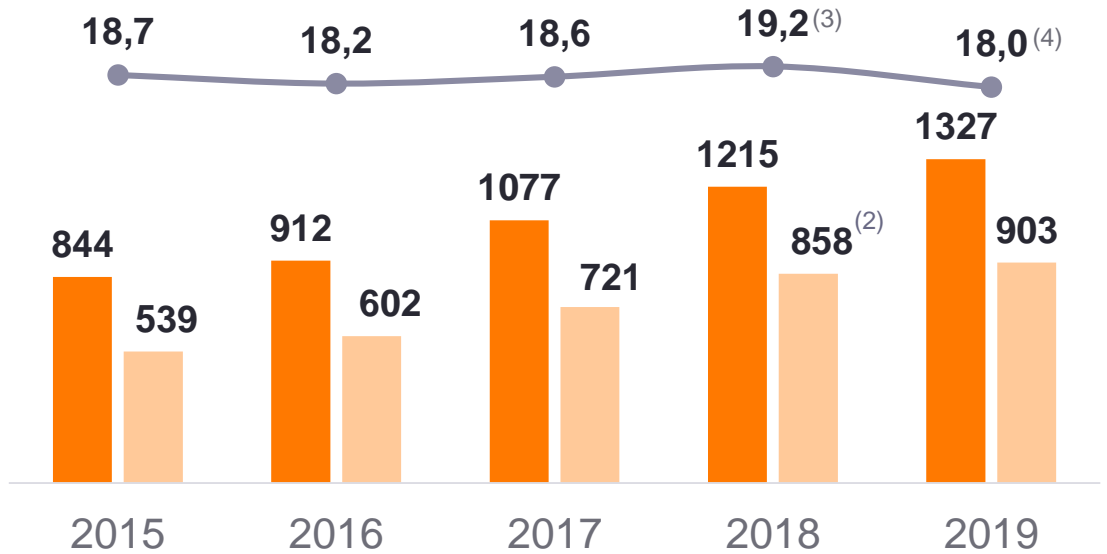
● Net assets ⁽¹⁾:



■ Customer net assets (€bn)

■ Dealer net assets (€bn)

● ROE and results:



■ Pre-tax results (€m)

■ After-tax results (€m)⁽⁵⁾

● Return On Equity (%)

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

⁽²⁾ After-tax result is impacted by deferred tax elements resulting from announced changes in corporate income tax under France's Finance Law: +€47m at 2018 end

⁽³⁾ Excluding deferred tax impact, ROE came to 18.1% in 2018

⁽⁴⁾ Excluding startups impact in 2019, ROE came to 17.6% in 2019 against 19.8% in 2018

⁽⁵⁾ Owners of the parent

FINANCIAL PERFORMANCE



- Profit and loss aggregates ⁽¹⁾ in percentage of average performing assets:

	2015	2016	2017	2018	2019
Net banking income ⁽²⁾	4.75	4.41	4.11	4.34	4.42⁽³⁾
Cost of risk ⁽⁴⁾	-0.33	-0.31	-0.11	-0.33	-0.37
Operating expenses	-1.49	-1.39	-1.32	-1.27	-1.26
Operating income	2.94	2.71	2.68	2.74	2.79
OEIC and equity method ⁽⁵⁾	0.01	0.03	0.04	0.00	0.01
Pre-tax income	2.95	2.74	2.72	2.74	2.80

⁽¹⁾ Analytical breakdown derived from RCI Banque's financial controlling system

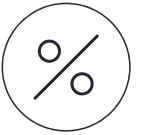
⁽²⁾ Excluding non-recurring elements

⁽³⁾ Net banking income excluding the positive impact of the disposal of equity securities of mobility start-ups stood at 4.31%

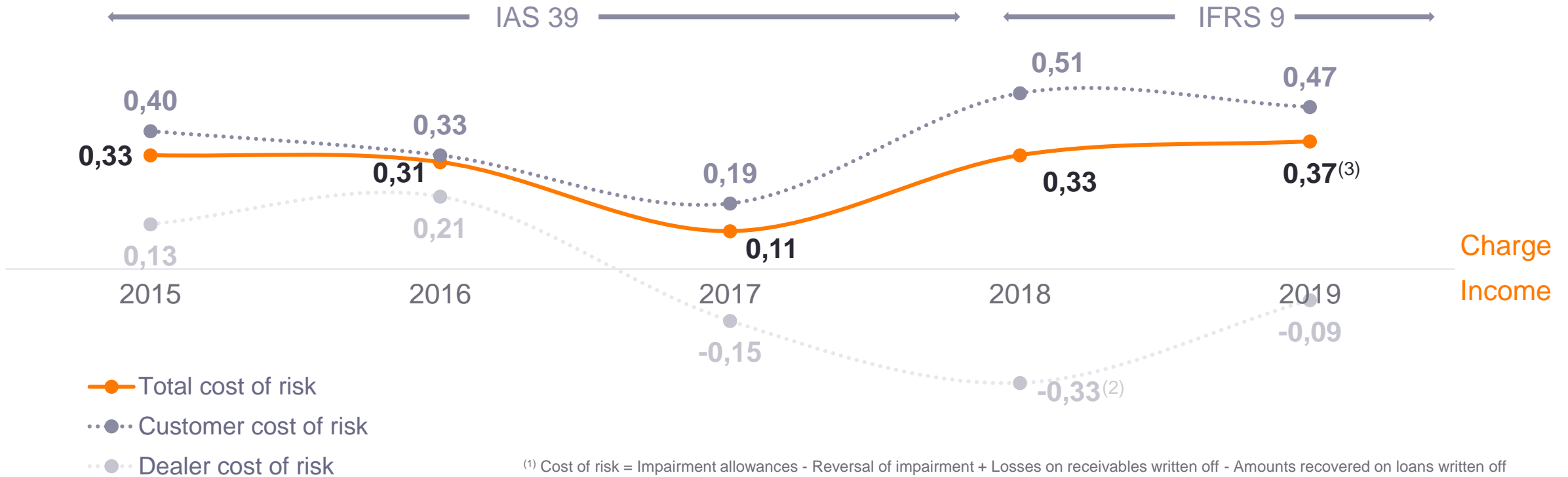
⁽⁴⁾ Including country risk (until 2017) and impairment on loans to Marcel in 2019 (excluding impact on loan to Marcel cost of risk came to 0.35)

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

COST OF RISK (1)



- Cost of risk in percentage of average performing assets at **0.37% (+4bp)** :

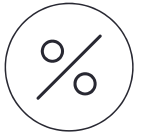


(1) Cost of risk = Impairment allowances - Reversal of impairment + Losses on receivables written off - Amounts recovered on loans written off

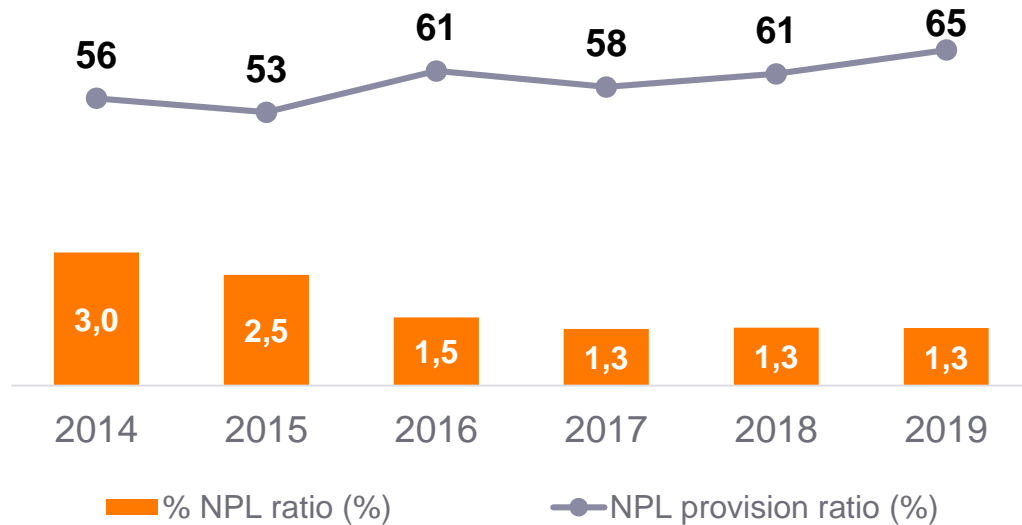
(2) Improvement in the economic environment, a variable used in calibrating provisions on sound Dealer outstandings, led to reversals of provisions on the Dealer financing portfolio. The cost of risk was thus negative (income)

(3) The total cost of risk, which includes the write-off of loans granted to the Marcel start-up representing 0.02% of APA

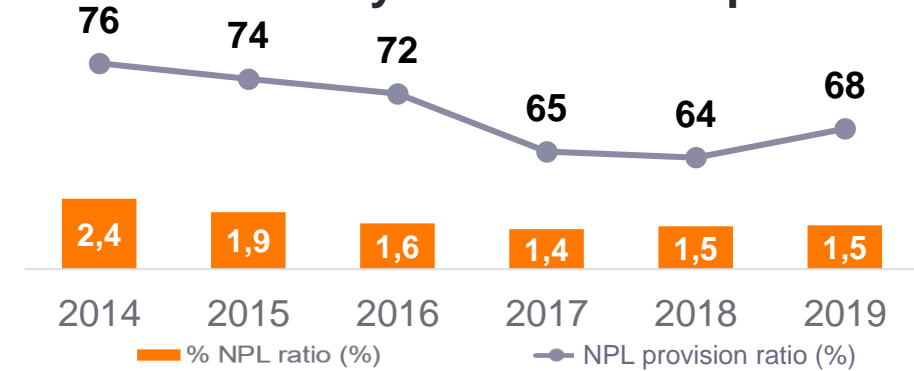
STRONG ASSET QUALITY



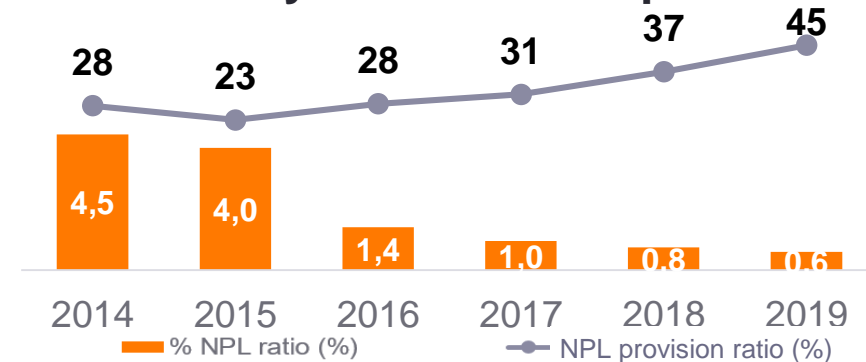
● Consolidated NPL⁽¹⁾ and NPL provision ratio⁽²⁾



● Customer Activity NPL⁽¹⁾ and NPL provision ratio⁽²⁾



● Dealer Activity NPL⁽¹⁾ and NPL provision ratio⁽²⁾



● Strong asset quality **improving** over the recent period

⁽¹⁾ Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Stage 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 (Stage 3 IFRS9): installment unpaid for more than 3 months.

⁽²⁾ Calculated as provisions divided by non-performing loans

⁽³⁾ Source: company disclosure

RESIDUAL VALUE METRICS



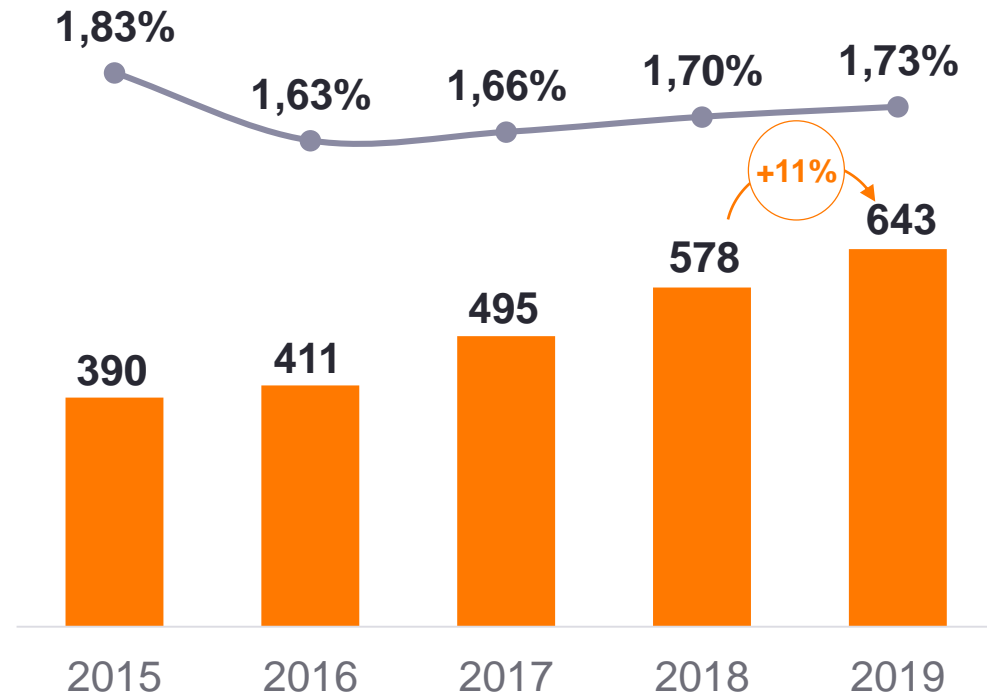
- **Residual value risk borne by RCI Banque:**
 - In most countries, residual value risk carried by carmakers or dealers
 - Residual value exposure borne by RCI Banque mostly located in the UK
 - Low and controlled overall exposure on residual values

	2015	2016	2017	2018	2019
Residual value risk (€m)	1,649	1,899	1,981	1,944	1,935
Provisions (€m)	15	36	67	61	59
Provisions (%)	0.9%	1.9%	3.4%	3.1%	3.0%

SERVICES

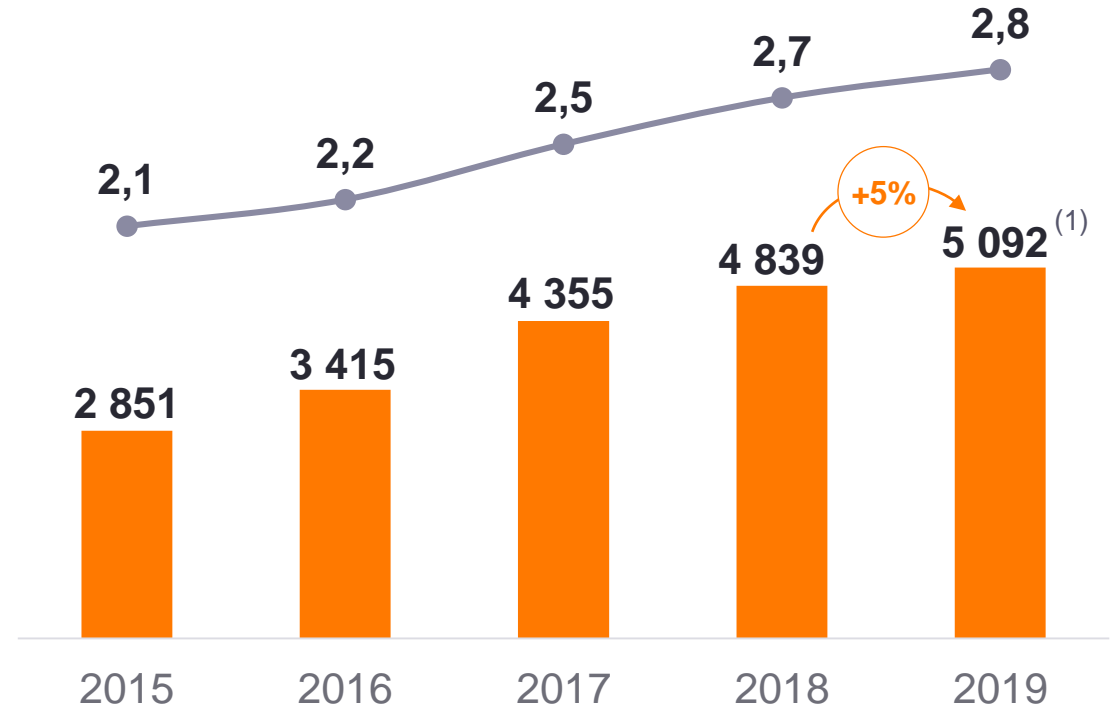


● **Margin on services:**



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

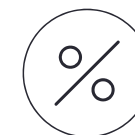
● **New services contracts:**



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

(1) Of which 1,643k (32.3%) car centric, 2,673k (52.5%) finance centric and 777k (15.2%) customer centric contracts

CAPITAL RATIO AND REGULATORY REQUIREMENTS

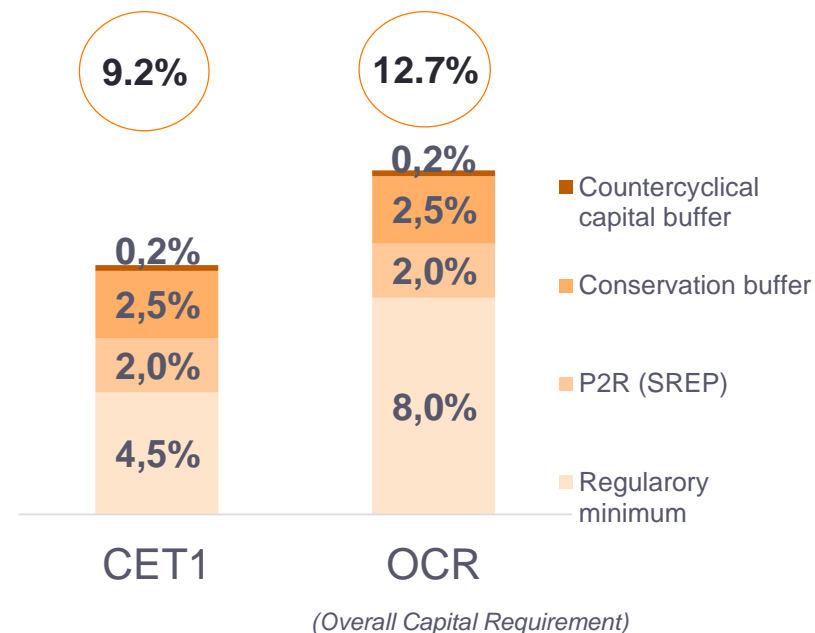


Regulatory capital



Regulatory Requirements

as of 1st January 2020



0,0 Leverage ratio in %

Core Tier 1 in €m | Core Tier 1 ratio in % | Total Capital ratio in %

⁽¹⁾ 2018: IFRS9 impact taken up front with no use of transitional arrangements. Impact on solvency ratio estimated to -0.06%

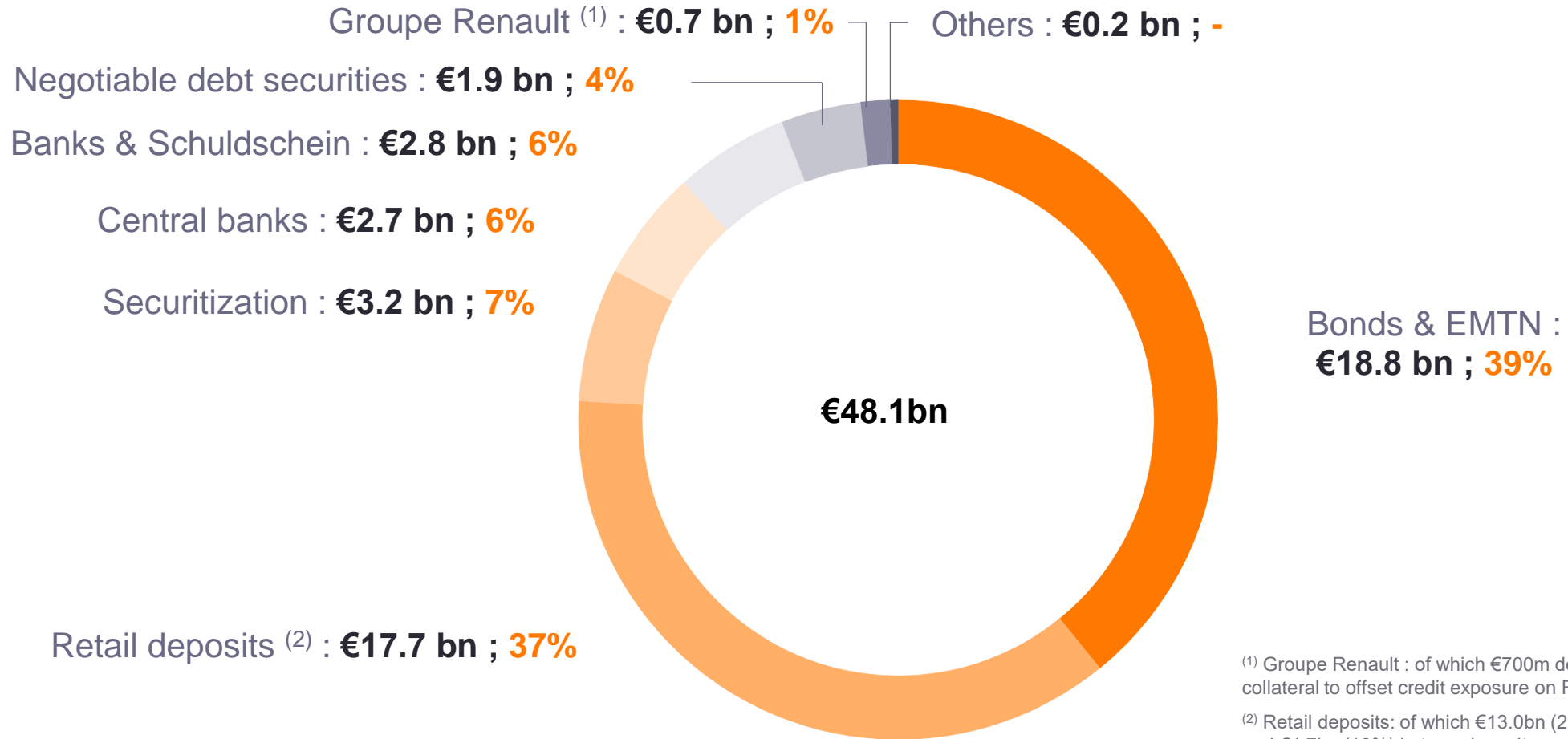
⁽²⁾ 2019: Total Capital ratio rose to 16.87% at 31/12/2019 (of which CET1 was 14.41%) following the Tier 2 subordinated debt issue in the amount of € 850 million. This issue strengthens RCI Banque regulatory capital in anticipation of the expected recalibration of the parameters of our internal models following ECB review and the application of the EBA Guidelines on the definition of defaulted receivables. On models for which RCI has received in 2019 a draft decision letter following an ECB inspection on internal models (TRIMIX or IMI), the negative impact on the solvency ratio is estimated at [1.20%], part of which results from temporary add-ons. Additional headwinds may be observed on models for which the ECB's conclusions have not yet been received.

⁽³⁾ In line with the ECB's recommendations of 27/03/2020 RCI suspended the residual payment of its dividend (300 MEUR). The positive impact on the CET1 capital ratio at the end of 2019 is 0.86% not included in the graph above.

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FINANCIAL POLICY AND FUNDING

DEBT STRUCTURE AT 2019 END



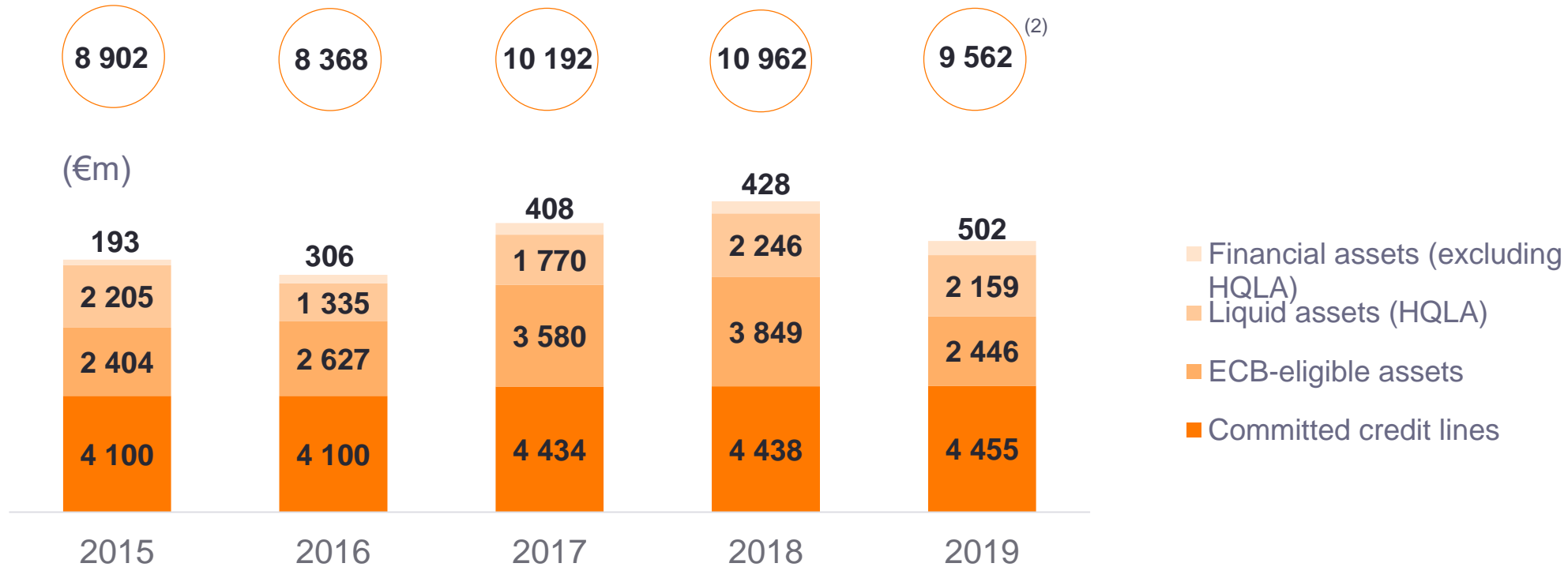
(1) Groupe Renault : of which €700m deposit granted as collateral to offset credit exposure on Renault owned dealers

(2) Retail deposits: of which €13.0bn (27%) in sight deposits and €4.7bn (10%) in term deposits

LIQUIDITY RESERVE ⁽¹⁾



● Liquidity reserve at **€9.6bn**:



⁽¹⁾ European scope

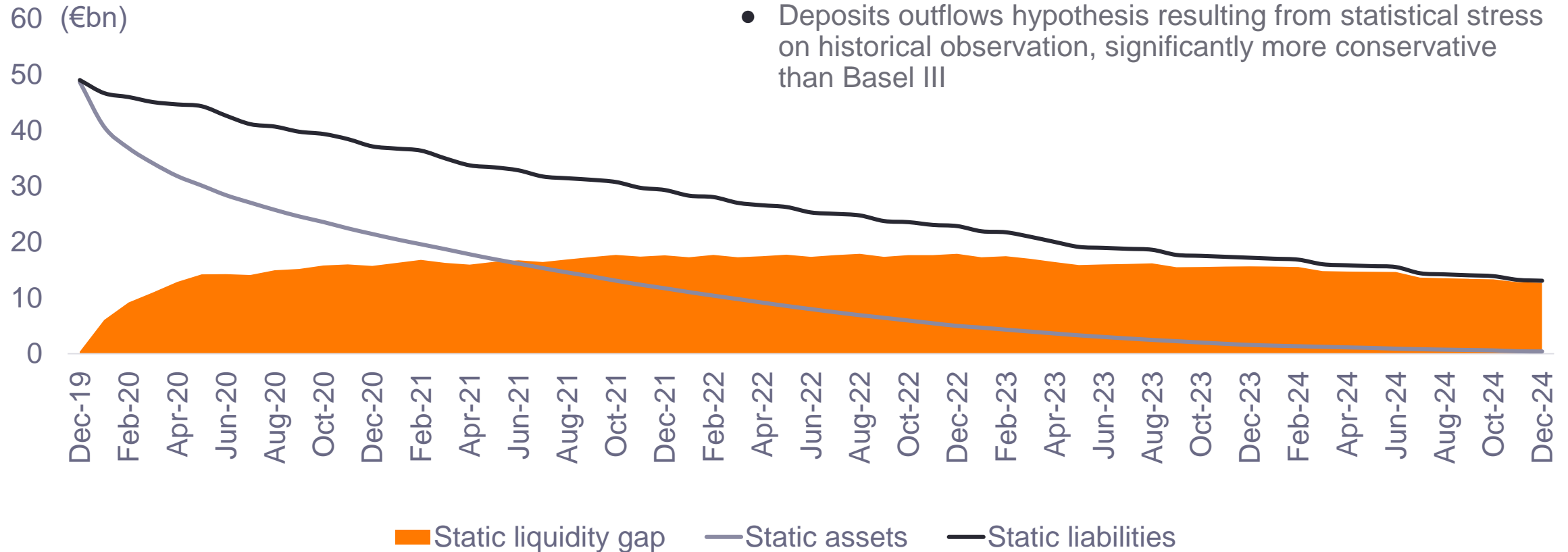
⁽²⁾ Liquidity reserve is calibrated to achieve internal business continuity target in stress scenario. Lower level in December 2019 reflects lower level of bond redemptions for the following year (bond repayments respectively €1.8 bn in 2020 and €2.8 bn in 2019)

STATIC LIQUIDITY (1)



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

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



(1) 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 (1)



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

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



(1) European scope

RETAIL DEPOSITS



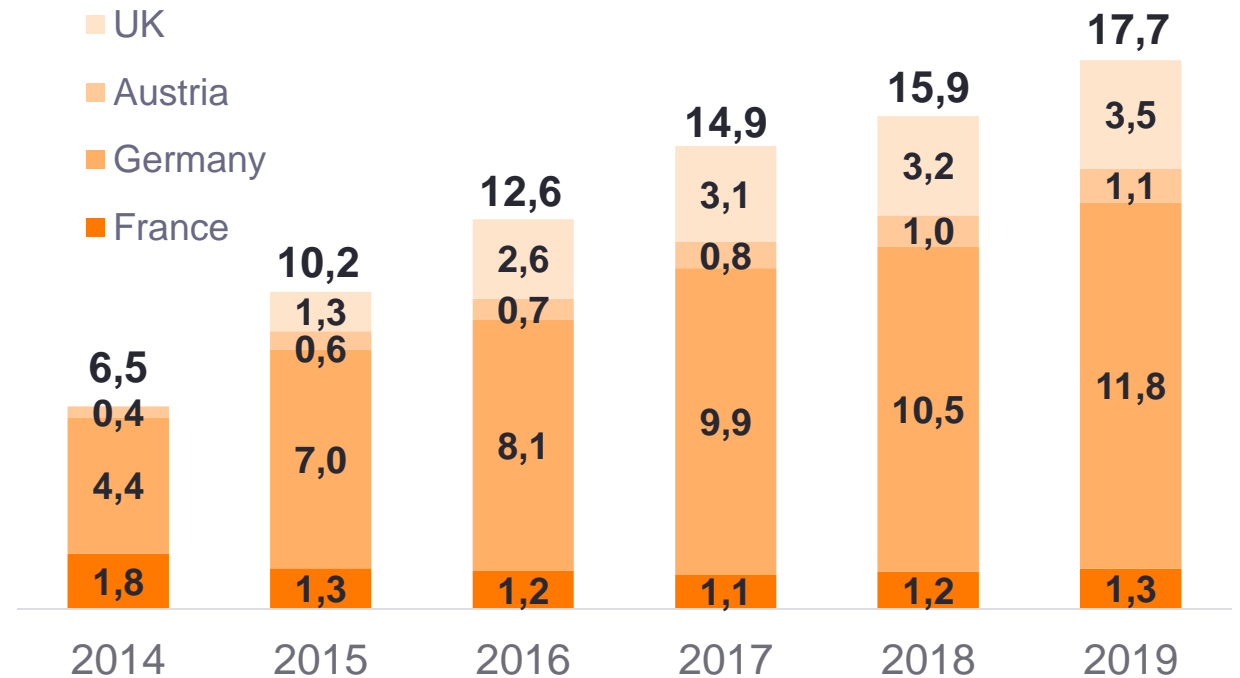
- **Retail deposits reaching €17.7bn:**

- Of which 73% in sight deposits and 27% 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 ⁽¹⁾

- **Deposits/commercial assets ratio at 35%:**



⁽¹⁾ At 2019 end, Brazilian deposits reached €5m (not presented in the histogram above)

Deposits/commercial assets ratio (%)	23%	32%	33%	34%	34%	35%
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2020 FUNDING PLAN (1)



- **Capital markets and ABS (€bn):**

	2015	2016	2017	2018	2019	2020 (2)
Bond issuances	3.2	4.4	6.3	3.5	3.9	[0.75-1.5]
Other long-term senior unsecured	0.4	0.2	0.1	0.0	0.2	0.0
Total long-term senior unsecured	3.7	4.6	6.4	3.5	4.1	[0.75-1.5]
ABS (public or conduit)	0.8	0.9	0.2	0.7	1	0.75

- Issuances in several currencies including **CHF and GBP**
- Several 7-year bonds issued since 2014 and **8-year** tenor launched in 2018
- A **dual-tranche** bond in EUR issued in the first half of 2019
- A **subordinated Tier 2** bond of EUR 850M issued in November 2019

Deposits (new collection, in €bn)	3.7	2.4	2.3	1.0	1.8
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(1) European scope

(2) Forecast as of May 2020

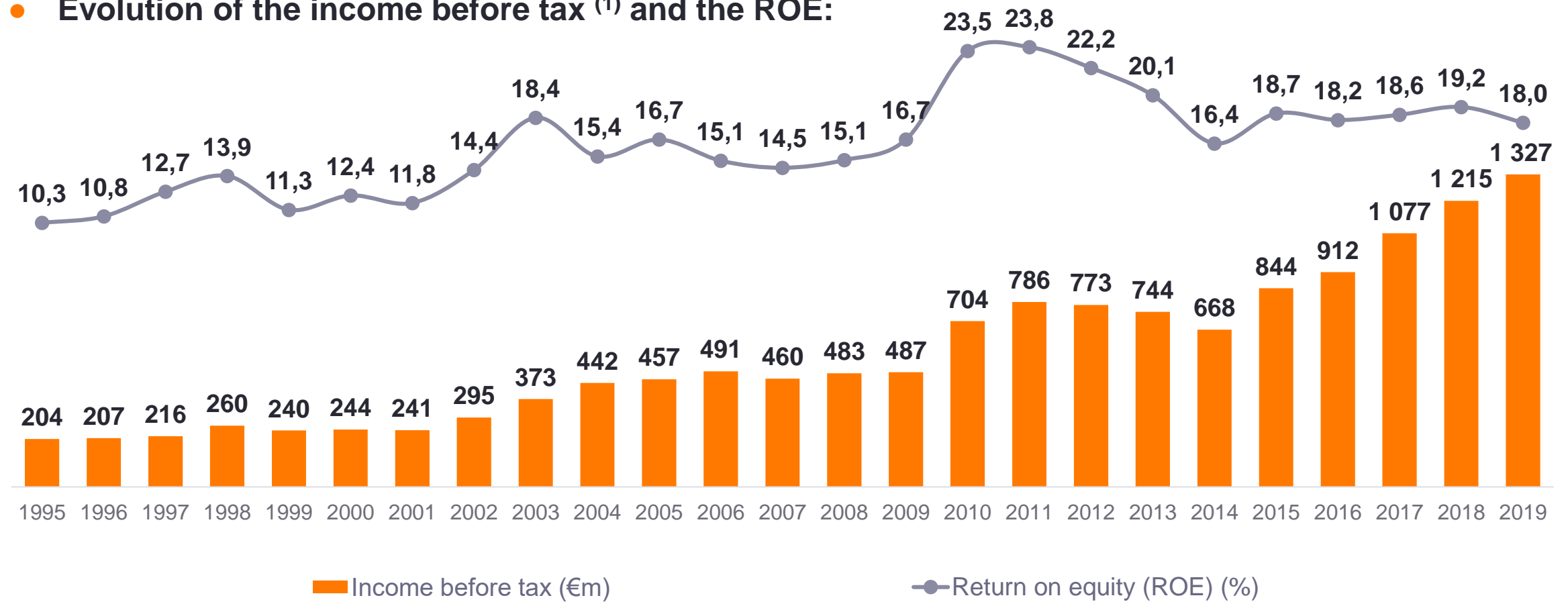


APPENDICES

LOW VOLATILITY ON LONG-TERM RESULTS AND PROFITABILITY

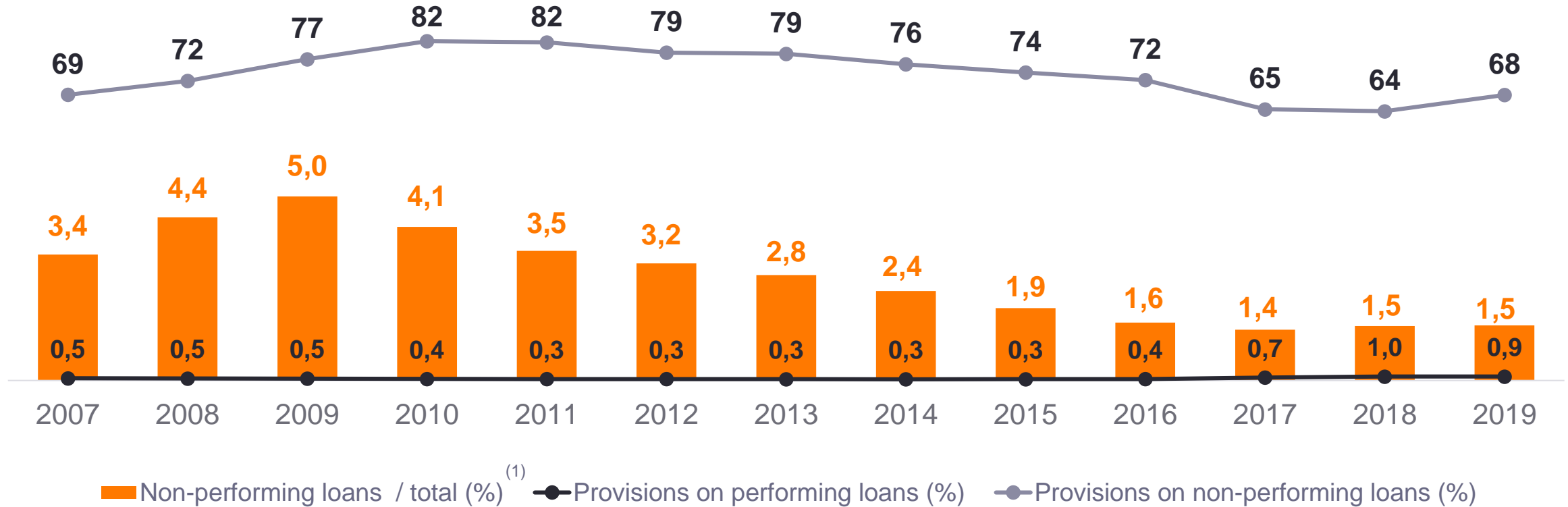


● Evolution of the income before tax ⁽¹⁾ and the ROE:



⁽¹⁾ IFRS since 2004

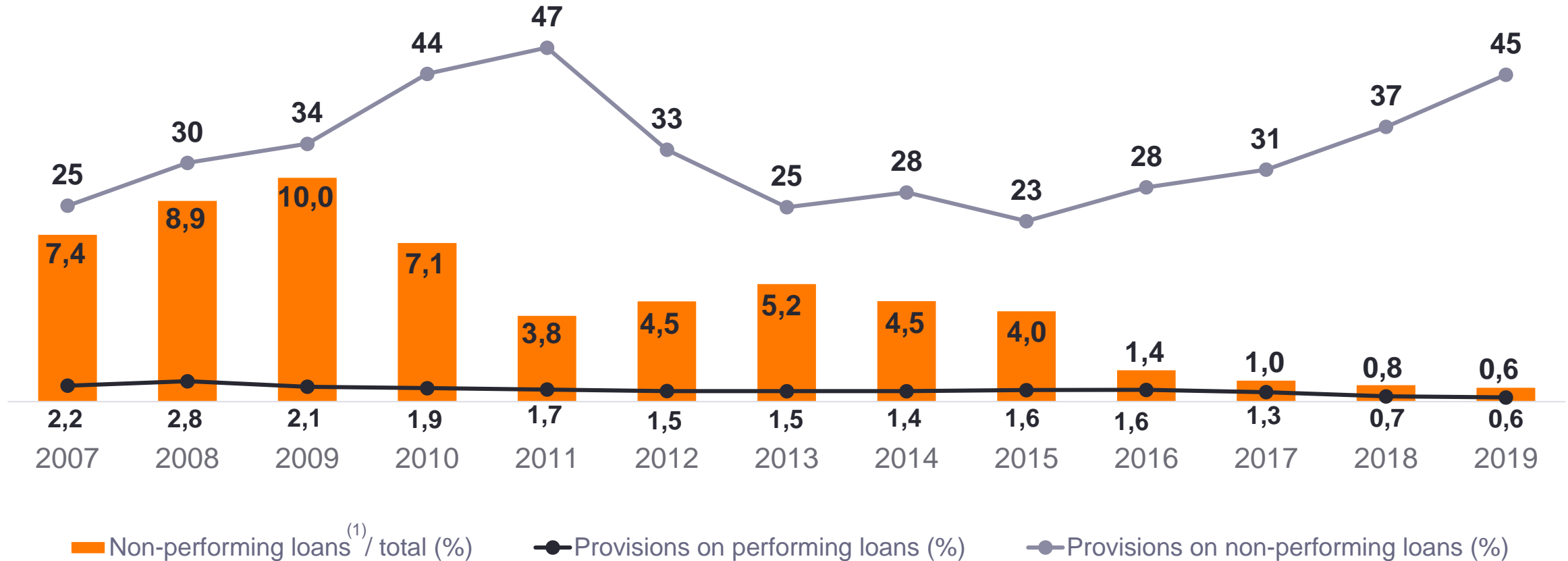
PROVISIONING FOR CUSTOMER ACTIVITY



(1) 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



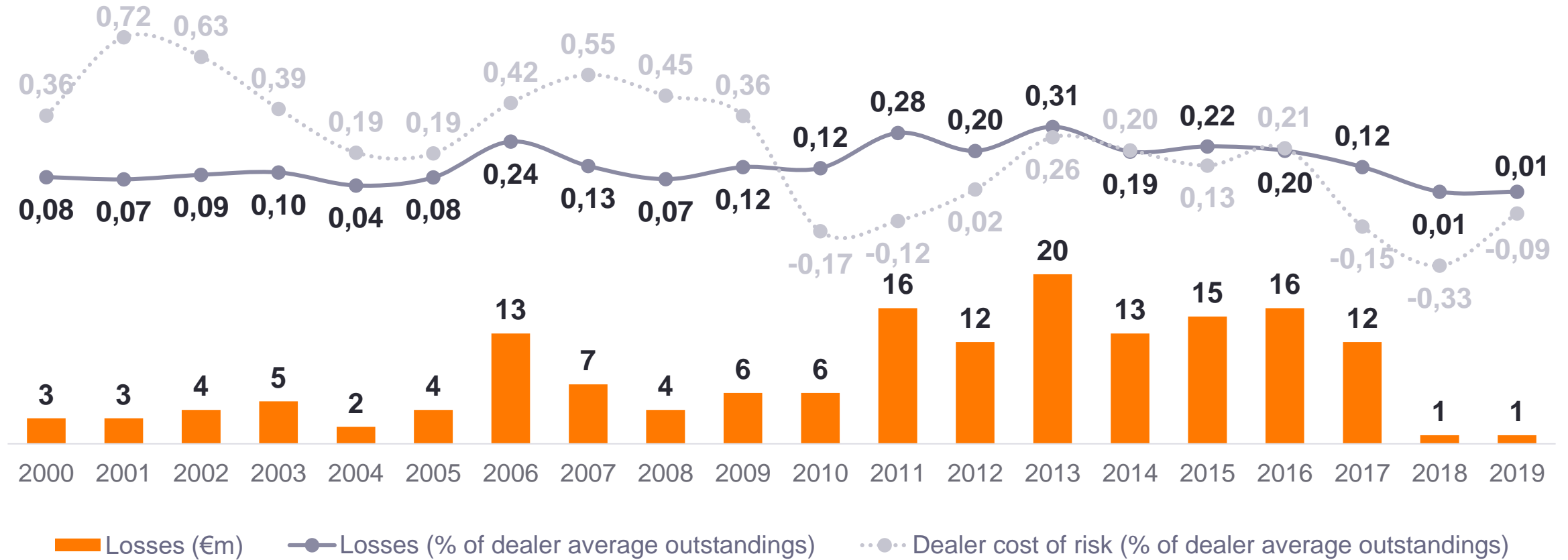
(1) Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Bucket 3 IFRS9) since 01/01/2018

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.

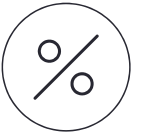
Loans in default (Bucket 3 IFRS 9): installment unpaid for more than 3 months



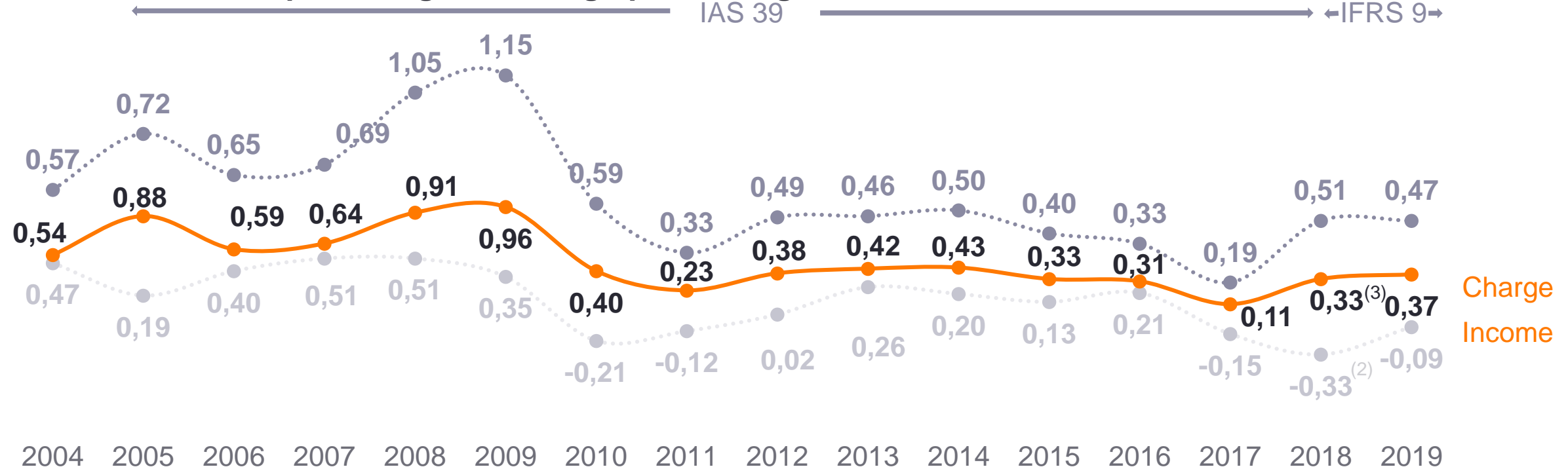
DEALERS: LOSSES ON RECEIVABLES WRITTEN OFF



COST OF RISK (1)



● **Cost of risk in percentage of average performing assets :**



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

(1) Cost of risk = Impairment allowances - Reversal of impairment + Losses on receivables written off - Amounts recovered on loans written off

(2) 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)

(3) The total cost of risk, which includes the write-off of loans granted to the Marcel start-up representing 0.02% of APA

Between 2011 and 2017 Cost of risk in percentage of average performing assets, including country risk

COMMERCIAL ACTIVITY (1)



	Financing penetration rate (%)		New vehicle contracts (thousands)		New financing ⁽²⁾ (€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)	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Europe	44.9	45.4	1,350	1,342	17,698	17,898	41,832	45,413	31,668	34,488	10,164	10,925
of which Germany	43.7	44.3	185	188	2,785	2,902	7,472	8,418	6,097	6,805	1,375	1,613
of which Spain	54.6	52.6	166	154	2,002	1,842	4,464	4,797	3,637	3,762	827	1,035
of which France	47.5	49.3	472	490	6,030	6,363	14,324	15,579	10,664	11,788	3,660	3,791
of which Italy	63.4	65.7	203	210	2,871	3,030	5,821	6,297	4,450	4,946	1,371	1,351
of which UK	33.6	29.3	123	106	1,804	1,589	4,680	4,781	3,780	3,800	900	981
of which other countries	31.9	32.2	201	194	2,206	2,172	5,071	5,541	3,040	3,387	2,031	2,154
Americas	35.0	38.0	202	208	1,464	1,688	2,769	3,145	2,182	2,572	587	573
of which Argentina	23.1	21.0	38	20	143	74	314	189	185	97	129	92
of which Brasil	38.3	39.4	139	156	1,103	1,331	2,112	2,470	1,699	2,038	413	432
of which Colombia	47.5	53.8	25	33	217	282	343	486	298	437	45	49
Africa, Middle East, India and Pacific	37.3	40.9	121	119	1,236	1,240	2,071	2,168	1,948	2,036	123	132
Eurasia	27.0	29.7	127	128	523	569	258	318	245	303	13	15
TOTAL	40.7	42.2	1,799	1,798	20,922	21,395	46,930	51,044	36,043	39,399	10,887	11,645

THANK YOU

