

PRESS RELEASE

Thursday, July 30, 2020

FIRST HALF 2020 RESULTS: RCI BANK AND SERVICES MAINTAINS A ROBUST COMMERCIAL AND FINANCIAL PERFORMANCE IN A CAR MARKET IN STEEP DECLINE

- 658,555 new financing contracts, for a total of €7.7 billion in new financings
- Penetration rate¹ at 47.6% of registrations at end of June 2020, up 4.6 points compared to the first half of 2019
- 21,454 new financing contracts for electric vehicles, up 27% on end-June 2019
- 1.9 million service contracts, down 22.8% compared with the first half of 2019
- Average performing assets of €48.1 billion, up 3.0% on end-June 2019
- Net banking income of €1,010 million, up 0.2% on end-June 2019
- Improvement in the operating cost to APA ratio² at 1.29%
- Deterioration in the cost of risk at 0.99% of APA, compared with 0.40% in the first half of 2019
- Group pre-tax income of €473 million³

“In a particularly difficult automotive environment, RCI Bank and Services has shown its resilience and kept its commercial and financial performance at robust levels. With pre-tax income of €473 million, RCI Bank and Services continues to represent a strong contribution to Groupe Renault’s results. These sound bases and the commitment of RCI Bank and Services’ teams are key assets on which the group can count during the second half of the year”, said Clotilde Delbos, Deputy Chief Executive Officer and Chief Financial Officer of Groupe Renault, Chairman of the Board of Directors of RCI Bank and Services.

“Thanks to the dedication of all of its employees, RCI Bank and Services maintained its activity throughout the lockdown period. We have proactively introduced repayment deferrals for our customers and the Alliance brands’ distribution networks. This has increased provisions, affecting the company’s profitability in the short term while ensuring that our customers are supported during this unprecedented period. We have been supporting the strong commercial recovery of the Alliance brands’ business activity since June. This is reflected in the penetration rate¹ of 47.6%, up 4.6 points, and the 27% growth in sales of new financing contracts for electric vehicles in the first half of 2020”, explained João Leandro, Chief Executive Officer of RCI Bank and Services.

¹ Overall penetration rate excluding companies accounted for under the equity method (Russia, Turkey and India).

² Average performing assets (APA) correspond to average loans outstanding plus assets relating to operational leasing activities. For customers, APA corresponds to average performing assets at the end of the month. For the network, APA corresponds to daily average performing assets.

³ Impacted by a negative exchange effect of €17.1 million stemming from the devaluation of the Brazilian real and the Argentine peso.

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IMPROVED COMMERCIAL PERFORMANCE DESPITE THE STEEP DECLINE IN THE CAR MARKET

In a car market that fell by 34% in the operating countries of the RCI Bank and Services subsidiaries⁴, the Alliance brands' sales volumes stood at 1.1 million vehicles in the first half of 2020. In this environment, RCI Bank and Services' penetration rate⁵ reached 47.6%, up 4.6 points⁶ versus the first half of 2019.

The volume of new financing contracts for new vehicles totaled 501,055 at end of June 2020. Sales volumes of financing contracts for electric vehicles increased by 27%, with 21,454 contracts, 17,669 of which were accounted for by ZOE, the best-selling electric car in Europe. Used-car vehicle financing activity fell by 15%, with 157,500 contracts at end of June 2020. The total volume of new financing contracts therefore amounted to 658,555 contracts in the first half of 2020, for total new financings of €7.7 billion, down on the first half of 2019 (€10.9 billion).

Service activity saw a 22.8% decrease in volumes versus the previous year. 1.9 million insurance and service contracts were sold in the first half-year.

RCI BANK AND SERVICES IS MAINTAINING A ROBUST FINANCIAL PERFORMANCE AGAINST THE BACKDROP OF THE COVID-19 PANDEMIC

Driven by its commercial performance in the second half of 2019, RCI Bank and Services' average performing assets rose by 3.0% on the first half of 2019 to a total of €48.1 billion. Of this amount, €37.8 billion are directly linked to the customers business, which grew by 3.9%.

Net banking income (NBI) totaled €1,010 million, holding steady since end of June 2019. The contribution from services activities to NBI continued to grow (up 3.5% compared with last year) and now accounts for one third of NBI.

The cost of risk in the customers business (financing for retail and corporate customers) improved substantially to 1.15% of APA in the first half of 2020, compared with 0.43% of APA the previous year. This fall is due to the increase in provisions following the negative repercussions of lockdown policies on collection processes (recoveries and sales of seized vehicles having almost stopped) and the slight rise in the share of non-performing loans in outstandings.

The cost of risk for the Dealer Networks business (dealership financing) stood at 0.38% of APA, compared with 0.13% in 2019⁷.

The cost of risk therefore totals 0.99% of APA, versus 0.40% in the first half of 2019.

Operating costs stood at €308 million or 1.29% of APA, having improved by 7 basis points compared with 2019. With an operating ratio of 30.5%, a 0.7 point improvement, RCI Bank and Services is showing its ability to adapt its operating costs to the level of its activity.

⁴ RCI Bank and Services operates in 36 countries.

⁵ Overall penetration rate excluding companies accounted for under the equity method (Russia, Turkey and India).

⁶ The penetration rate corresponds to the number of vehicles financed by RCI Bank and Services divided by the number of vehicles registered by carmakers. Given the time lag between registration and delivery of a vehicle, the fall in registrations is having a slightly positive impact on the penetration rate.

⁷ Negatively impacted by the updating of macro-economic forecasts in connection with the forward-looking recognition of provisions under IFRS9.



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Pre-tax income came to €473 million, down 22.1% compared with 2019, over the same period, impacted by the degradation of the cost of risk and a negative currency effect of €17.1 million stemming from the devaluation of the Brazilian real and Argentine peso.

DEPOSITS ARE CONTINUING TO GROW IN AN ENVIRONMENT OF LIMITED FINANCING NEEDS

During the first half, debt issuance was voluntarily limited. RCI Bank and Services completed only one bond issue in January, a seven-year, fixed-rate issue for €750 million. The group entities in Brazil, South Korea and Morocco also issued debt on their domestic markets.

In the secure refinancing segment, recharging periods were extended for another year for private securitizations of automotive loans in the UK and of leasing in Germany.

Deposits from individual customers in France, Germany, Austria, the UK and Brazil (savings accounts and term deposits) have grown by €0.9 billion since December 2019 and reached €18.6 billion at June 30, 2020, accounting for 38.9% of net assets at the end of June.

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About RCI Banque S.A.

Created and wholly owned by Groupe Renault, RCI Banque S.A. is a French bank specializing in automotive financing and services for the customers and dealership networks of Groupe Renault (Renault, Dacia, Alpine, Renault Samsung Motors and Lada) worldwide, the Nissan group (Nissan, Infiniti and Datsun) mainly in Europe, Brazil, Argentina and South Korea and through joint ventures in Russia and India, and Mitsubishi Motors in the Netherlands.

RCI Bank and Services has been the new commercial identity of RCI Banque S.A. since February 2016.

With 3,700 employees in 36 countries, RCI Bank and Services financed over 1.8 million contracts (for new and used vehicles) in 2019 and sold more than 5.1 million services.

At end-December 2019, average performing assets stood at €47.4 billion in financing and pre-tax income at €1.327 billion.

RCI Bank and Services has rolled out a deposits collection business in five countries since 2012. At end-December 2019, net collected deposits totaled €17.7 billion, or 35% of the company's net assets.

Find out more about RCI Bank and Services: www.rcibs.com

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