

Monday, February 17, 2020

## **2019: ANOTHER RECORD YEAR FOR RCI BANK AND SERVICES DESPITE A DOWNTURN IN THE AUTOMOTIVE MARKET**

**Despite a downturn of the automotive sector, RCI Bank and Services stabilized its financing contract volumes, achieved a record penetration rate<sup>1</sup> and continued to develop its services business. Thanks to this commercial performance, RCI Bank and Services reached a record level of financial performance in 2019.**

- 1,798,432 new financing contracts, stable compared to 2018, for a total of €21.4 billion in new financings, up 2.3%
- Record penetration rate of 44.2% of registrations, compared to 42.9% in 2018
- 368,409 new financing contracts for used vehicles, up 3.7% compared to 2018
- 5,092,196 service contracts sold in 2019, up 5.2% compared to 2018, with 1.5 services sold for each vehicle registered
- Average performing assets (APA)<sup>2</sup> of €47.4 billion, up 6.8% compared to 2018
- Net banking income of €2.10 billion, up 8.6% compared to 2018
- Operating costs / APA ratio of 1.26%, down slightly by 1 basis point compared to 2018
- Cost of risk<sup>3</sup> at 0.37% of APA, compared to 0.33% in 2018
- Group pre-tax income of €1,327 million, up 9.2% compared to 2018

*“In an automotive market that decreased, RCI Bank and Services set a new record in sales and financial performance in 2019, demonstrating its robustness and ability to adapt. With a pre-tax income of €1,327 million, RCI Bank and Services is confirming its strong contribution to the results of Groupe Renault,”* said Clotilde Delbos, Acting CEO of Renault SA, CFO of Groupe Renault and Chairman of the Board of Directors of RCI Bank and Services.

*“Thanks to a good integration in the policies of the Alliance brands, RCI Bank and Services achieved a record penetration rate of 44.2%. With sales of nearly 5.1 million services and over 368,000 new financing contracts for used vehicles, RCI Bank and Services is confirming the successful diversification of its business activities. In parallel, RCI Bank and Services strengthened its solvency ratio through the issue of a subordinated Tier 2 bond of €850 million,”* said João Leandro, Chief Executive Officer of RCI Bank and Services.

### **RECORD SALES PERFORMANCE ACROSS ALL TERRITORIES**

In an automotive market down 0.8%<sup>4</sup> and with a decrease in Alliance brand registration volumes, RCI Bank and Services reached a record overall penetration rate<sup>1</sup> excluding equity accounted countries of 44.2%, up

<sup>1</sup> Overall penetration rate excluding companies accounted for under the equity method: Russia, Turkey and India.

<sup>2</sup> 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.

<sup>3</sup> Henceforth calculated according to the IFRS 9 standard. Cost of risk is impacted by the depreciation of loans granted to the startup Marcel amounting to €11.4 million (2 bp).

<sup>4</sup> In the operating scope of RCI Bank and Services subsidiaries, 36 countries.

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from 42.9% in 2018. The penetration rate increased in all group territories: +0.5 points in Europe, +3 points in Americas, +3.6 points in Africa, Middle-East, India, Pacific and +2.8 points in Eurasia. RCI Bank and Services also confirmed its good integration in the sales policies of the Alliance brands, with a penetration rate of 45.7% for Groupe Renault brands (up 0.9 points on 2018) and 37% for Nissan Group brands (up 1.2 points on 2018).

The total volume of vehicle financing contracts was stable at 1,798,432 for 2019, representing €21.4 billion in new financing, an increase of 2.3% compared to 2018.

The used-vehicle financing business continued to grow, with a total of 368,409 contracts in 2019, up 3.7% compared to 2018. Growth is being driven by the increase of our range of services for used vehicles, and by the success of leasing offers.

A pillar of the group's strategy, the services business continued its strong growth and reached a new milestone in 2019 by selling 5.1 million contracts, 5.2% more than in 2018. RCI Bank and Services thus sold 1.5 services for each vehicle registered by the Alliance brands in its business scope.

### RCI BANK AND SERVICES ACHIEVES A HIGH-LEVEL FINANCIAL PERFORMANCE

Supported by the growth in new financings, average performing assets (APA) rose 6.8% year on year and now stand at €47.4 billion. Of this amount, €37.2 billion is directly linked to the customers business, up 9.4%.

Net banking income came out at €2.10 billion, up 8.6% compared to 2018. This increase can be attributed to the combined increase in the financing businesses (6.8% increase in APA) and the contribution of services (up 11.2% on 2018), and to the positive impact of the sale of equity interests in mobility startups<sup>5</sup>. Net banking income as a percentage of APA stands at 4.42% (compared with 4.35% in 2018).

Operating costs stood at €597 million or 1.26 % of APA at end-December 2019, down slightly compared to last year. This demonstrates RCI Bank and Services' ability to manage its operating costs while carrying out strategic projects and growing its business activity.

The cost of risk in the customers business (financing for retail and corporate customers) remained under control at 0.47% of APA, compared with 0.51% in 2018. As it was the case last year, the cost of risk in the Dealer Networks business (dealership financing) was negative, at -0.09% of APA, compared with -0.33% in 2018.

The total cost of risk, which includes the write-off of loans granted to the startup Marcel for €11.4 million (0.02% of APA), remains controlled at 0.37% of APA, compared with 0.33% in 2018, confirming a robust underwriting and collection policy.

Pre-tax income came out at €1,327 million at end-2019 (compared with €1,215 million in 2018). Excluding items relating to the sale of mobility startups to Renault M.A.I., pre-tax income increased by €62 million. This confirms RCI Bank and Services' ability to pursue its profitable growth momentum.

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<sup>5</sup> Flit Technologies (including Yuso), iCabbi, Marcel and RCI Mobility were sold in December 2019 to Renault M.A.I. (Mobility As an Industry), an entity created by Groupe Renault in October 2019 to step up its development in new mobilities and form strategic partnerships. The positive impact of the disposal was €34.1 million for 2019.



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### THE GROUP CONTINUES TO DIVERSIFY ITS REFINANCING POLICY

RCI Bank and Services issued the equivalent of €2.9 billion on the public bond market in senior format. The group successively launched a 5.5-year fixed-rate issue of €750 million, a dual-tranche issue of €1.4 billion (a 4-year fixed-rate for €750 million, a 7-year fixed-coupon for €650 million) and a 3.5-year fixed-rate issue of €600 million. In parallel, the company issued CHF 200 million at a fixed rate over 5 years, a transaction that will serve both to diversify the investor base and finance assets denominated in this currency.

RCI Bank and Services also issued a subordinated Tier 2 bond of €850 million. With a ten-year contractual maturity, this issue can be reimbursed after 5 years and strengthens the solvency ratio.

In secured refinancing, RCI Bank and Services placed a public securitization backed by automotive loans in Germany for €975.7 million, of which €950 million in senior notes and €25.7 million in junior notes.

This alternation of maturities, coupon types and issue formats is an integral part of the strategy to diversify financing sources, led for several years by the group, and serves to reach the greatest number of investors.

Deposits from retail customers in France, Germany, Austria, the UK and Brazil<sup>6</sup> (savings accounts and term deposits) totalled €17.7 billion at end-December 2019, up from €15.9 billion at end-December 2018, and accounted for nearly 35% of net assets at end-December 2019.

### RCI BANK AND SERVICES CLOSELY ADDRESSES THE NEW BEHAVIOUR OF ALLIANCE BRAND CUSTOMERS

RCI Bank and Services continued to develop its e-payment offer in 2019. 400,000 transactions were realized by Alliance brands customers via the RCI e-payment solution, up 27.4% compared to 2018. RCI Bank and Services notably supported the launch of New ZOE, Clio 5, New Captur and New Juke through online pre-bookings of vehicles. After the UK, Dacia customers in Germany can now buy and finance the model of their choice 100% online. RCI Bank and Services also supported the launch of the new Renault Arkana in Russia by providing customers with a fully digitalized purchase process.

RCI Bank and Services has since 2019 offered connected services to its professional customers in two new countries, France and Brazil. As a result, the number of connected service contracts sold in 2019 has been doubled compared to 2018. By setting up telematics and data analysis services, fleet managers now have a real-time reporting and management system for the use of their fleets.

Having obtained a banking license from the Prudential Regulation Authority and created the RCI Bank UK Limited company, RCI Bank and Services now has a banking subsidiary in its own right in the UK. RCI Bank and Services will thus be able to continue its savings business in the UK market after the UK leaves the European Union.

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<sup>6</sup>In March 2019, RCI Bank and Services launched its savings business with retail customers in Brazil. Consistent with the practices in the local market, the funds are collected in the form of bank certificates of deposit.



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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](http://www.rcibs.com)

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