

FIRST SUPPLEMENT TO THE BASE PROSPECTUS DATED 5 SEPTEMBER 2019



RCI BANQUE

(incorporated in France as a "société anonyme")

€23,000,000,000

Euro Medium Term Note Programme

This first supplement (the "**Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 5 September 2019 which received approval no. 19-426 from the *Autorité des marchés financiers* ("**AMF**") on 5 September 2019 (the "**Base Prospectus**") prepared in connection with the € 23,000,000,000 Euro Medium Term Note Programme (the "**Programme**") of RCI Banque (the "**Issuer**"). The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the European Council of 14 June 2017 (the "**Prospectus Regulation**"). This Supplement has been prepared in accordance with Article 23 of the Prospectus Regulation. Application has been made for approval of this Supplement to the AMF in its capacity as competent authority under the Prospectus Regulation.

This Supplement has been produced for the purposes of (a) updating the outlook of the Issuer rating by Rating and Investment Information, Inc. ("**R&I**") (b) updating the risks relating to the Issuer in the 'Risk Factors' section of the Base Prospectus, (c) updating the 'Documents incorporated by reference' section and (d) updating the 'Recent Developments' section to reflect (i) the issuance by RCI Banque of €600,000,000 0.25% senior preferred notes due 8 March 2023 under the Programme, (ii) the creation by Renault S.A. of RENAULT M.A.I., (iii) the publication of a press release on RCI Banque's binding MREL requirement and (iv) the issuance by RCI Banque of €850,000,000 Fixed Rate Resetable Subordinated Bonds which are to form a part of the Issuer's Tier 2 Capital.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (a) any statements in this Supplement and (b) any other statement in the Base Prospectus, the statements in this Supplement will prevail.

Terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Supplement will be published on the websites of (i) the AMF (www.amf-france.org) and (ii) the Issuer (www.rcibs.com) and copies may be obtained at the registered offices of the Paying Agents.

To the extent applicable, investors who have already agreed to purchase or subscribe for the Notes to be issued under the Programme before this Supplement is published, have the right, according to Article 23.2 of the Prospectus Regulation,

to withdraw their acceptances within a time limit of minimum two working days after publication of this Supplement. This right to withdraw shall expire by close of business on 26 November 2019.

TABLE OF CONTENTS

ISSUER RATING 1
RISK FACTORS 2
DOCUMENTS INCORPORATED BY REFERENCE 6
RECENT DEVELOPMENTS 7
PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THIS SUPPLEMENT 8

ISSUER RATING

All references to the Issuer being rated A- (positive outlook) by R&I shall be deleted and replaced by "A- (stable outlook)"

RISK FACTORS

Section E (*Legal, regulatory and tax risks*) of the risks relating to the Issuer on pages 12 to 14 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

"E. Legal, regulatory and tax risks

The Issuer is exposed to legal, regulatory and tax risks (Global Criticality: Medium)

The Issuer's profitability and business could be adversely affected by the regulatory, legal and tax environment, both in France and abroad, since the RCI Banque group operates in several countries and is therefore subject to extensive supervisory and regulatory regimes and locally applicable rules and regulations, such as, but not limited to, banking regulation, consumer credit laws, securities law and regulations, general competition regulations, real estate laws, employment regulations, data protection laws, corporate and tax laws and insurance laws and regulations. In terms of banking prudential regulations, the Issuer is principally subject to the Capital Requirements Directive (CRD) IV package, comprising Directive 2013/36/EU ("**CRD IV**") and the Capital Requirements Regulation No 575/2013 ("**CRR**") (including all implementing legislation in France, including Law no.2013-672 dated 26 July 2013 relating to the separation and regulation of banking activities), the Bank Recovery and Resolution Directive 2014/59/EU ("**BRRD**"), as well as the relevant technical standards and guidelines from EU regulatory bodies (for example the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA)), which, inter alia, provide for capital requirements for credit institutions, recovery and resolution mechanisms.

CRD IV has been modified by Directive No. 2019/878 of 20 May 2019 amending CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("**CRD V**"). Although CRD V has been adopted and published in the Official Journal of the European Union, the changes made by CRD V to CRD IV are not yet in force under French law and may impact the Issuer once they enter into force. Member States must adopt and publish, by 28 December 2020, the measures necessary to comply with this Directive, and they shall apply those measures as from 29 December 2020 (save for specific measures to be applied at a later stage). Regulation No. 2019/876 of 20 May 2019 amended among other things CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements ("**CRR2**"). Although CRR2 shall as a general rule apply as from 28 June 2021, a number of provisions of CRR2 are already in force since 27 June 2019, including certain provisions related to own funds and the provisions on the introduction of the new requirements for own funds and eligible liabilities. The impact of the new provisions on the Issuer cannot be assessed at this stage and the Issuer will need to consider how these new provisions may affect it.

In addition to the changes in regulatory provisions set out above, the European Central Bank (the "**ECB**") has undertaken important initiatives to ensure that capital requirements for banks using internal models are calculated correctly, consistently and in a comparable manner. The ECB has thus ran targeted reviews of internal models (TRIM) of major European banks. The Issuer uses its own internal models for calculating risk weighted assets and therefore capital requirements. It has received remarks and comments on some of the models audited for which it has been asked to review certain parameters or introduce temporary add-ons in its calculations. The Issuer may have to address additional remarks from the ECB by the end of 2019 or early 2020. The ECB also published a new regulation on the materiality threshold for credit obligations past due. This new definition of default (DoD) will impact parameters used in internal models. The above factors will result in an increase of the Issuer's risk weighted assets (RWA) requiring from the Issuer additional regulatory own funds to maintain its solvency ratio at an adequate level.

More generally, the risk of non-compliance with different legal and regulatory requirements or tax regimes, and any adverse changes thereto, may potentially negatively affect the Issuer's current business model, internal policies and results. As a provider of financing solutions, insurance, banking (deposit) and other vehicle-linked services, RCI Banque addresses very carefully banking and insurance laws and regulations requirements, competition practices and customer protection rules, ethical issues, money laundering laws, data protection laws and information security policies. Any non-compliance or failure to address these issues properly, could lead to additional legal risk and financial losses, as a result of regulatory fines or reprimands, litigations, or reputational damage, and in extreme scenarios, to the suspension of operations or even withdrawal of authorization to pursue business.

Additional regulations or changes in the applicable laws, could add significant costs or operational constraints that might impair profitability of Issuer's business.

The Issuer's future results may be adversely affected by any of these factors.

Bank Recovery and Resolution Directive and Single Resolution Mechanism risk (Global Criticality: Medium)

The Issuer has been designated as a significant supervised entity for the purposes of Article 49(1) of the Single Supervision Mechanism ("**SSM**") regulations and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that the Issuer is also subject to the Single Resolution Mechanism ("**SRM**") and BRRD (as defined above). The SRM and BRRD enable a range of tools to be used in relation to credit institutions and investment firms considered to be at risk of failing.

Each year, the Issuer establishes a recovery plan in line with BRRD requirements. This plan sets out preparatory measures that aim to implement various recovery options that would enable the institution to recover in the event of a crisis leading to a Near to Default situation. Any insufficiency or lack of preparedness to implement the measures set out in the recovery plan, or the under-estimation of risks and constraints linked to the implementation of the recovery plan, may compromise or delay its effective implementation and could limit the capacity of the Issuer to recover from such crisis.

If the Issuer is determined Failing or Likely To Fail within the meaning of BRRD, the Relevant Regulator (as defined in the Conditions) may apply a number of different BRRD resolution tools, including sale of business, asset separation, bail-in and creation of a bridge bank. The BRRD also provides for additional resolution measures including, in particular and without limitation, the cancellation of debt securities or eligible liabilities, the variation of the terms of debt securities, the suspension of any obligation to pay or deliver financial instruments and/or the obligation for the relevant institution subject to resolution measures to issue new securities. These varied tools are designed for early and quick intervention in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

BRRD was formally implemented into French law by an ordinance dated 20 August 2015 (*ordonnance No. 2015-1024 portant diverses dispositions d'adaptation de la législation au droit de l'Union Européenne en matière financière* – the "**Ordinance**"). This Ordinance amends and supplements the provisions of the French banking law dated 26 July 2013 on separation and regulation of banking activities (*loi de séparation et de régulation des activités bancaires*) (the "**SRAB Law**") which had, among other things, given various resolution powers to the resolution board (the "**French Resolution Board**") of the French Prudential Supervisory Authority, the *Autorité de contrôle prudentiel et de résolution* ("**ACPR**").

The SRAB Law and the Ordinance (together the "**French Resolution Regime**") provide that the French Resolution Board may, when the point of non-viability is reached, take any of the resolution measures as transposed from the BRRD. Furthermore, Decree no. 2015-1160 dated 17 September 2015 and three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the Ordinance regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, were published on 20 September 2015 to implement the BRRD in France.

Finally, law no. 2016-1691 of 9 December 2016 (known as "**Sapin II**" law) has amended article L. 613-30-3 of the French *Code monétaire et financier*, to introduce a new layer of senior "non-preferred" debts in the creditors hierarchy, which applies in the event of an insolvency of a credit institution. In the event of a bail-in, such senior "non-preferred" debts would be bailed in before other senior liabilities. The categories of debts which may qualify as senior "non-preferred" debts are set out in article L. 613-30-3 of the French *Code monétaire et financier*, and include, among other debts, debt securities (*titres de créance*) which are required, in particular, to be "non-structured" (*non structurés*). The features to be met in order for such a debt security to be considered as being non-structured (and as such eligible to the senior "non-preferred" status) have been laid down in article R. 613-28 of the French *Code monétaire et financier*, which has been introduced by the Decree no. 2018-710 dated 3 August 2018. The regime applicable to the creditors hierarchy has been supplemented by article 200 of the law no. 2019-486 of 22 May 2019 which specified the rules applicable to senior non-preferred debts by including a section Ibis in article L. 613-30-3 of the French *Code monétaire et financier* for the purpose of implementing into French law the Directive No. 2017/2399 of 12 December 2017 amending BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy.

The exercise of any power under the French Resolution Regime or any suggestion of such exercise could adversely affect the Issuer and materially impact the ability of the Issuer to satisfy its obligations under any Bonds.

BRRD has been modified by Directive No. 2019/879 of 20 May 2019 amending among other things BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD2**"). Although

BRRD2 has been adopted and published in the Official Journal of the European Union, the changes made by BRDD2 are not yet in force under French law. In accordance with article 3 of BRRD2, France must bring into force the laws, regulations and administrative provisions necessary to comply with BRRD2 by 28 December 2020 and shall apply those measures as from the date of their entry into force in national law, which shall be no later than 28 December 2020. Regulation No. 2019/877 of 20 May 2019 ("**SRMR2**") amended Regulation No. 806/2014 ("**SRMR**") as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. Changes introduced by SRMR2 Regulation 2 will only enter into force on 28 December 2020. The overall impact of BRRD2 on the Issuer will need to be assessed by the Issuer once the new framework enters into force. Amendments made relate in particular to MREL requirements and confer on the resolution authorities additional powers.

In the context of BRRD, the minimum requirement for own funds and eligible liabilities ("**MREL**") is subject to a formal decision of the Single Resolution Board ("**SRB**"). The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on certain criteria including systemic importance. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions). Since 2018, the SRB developed its MREL policy and started to develop binding targets for major banking groups. By the end of 2019, these targets would be defined, with an increased focus on quality and internal location of MREL, in particular ensuring that there are sufficient loss-absorbing instruments to implement banks' preferred resolution strategies.

The SRB has determined in its draft notification that the MREL requirement which shall be met at all times by RCI Banque and the Group is set at 7.35% of the total liabilities and own funds (see also the section "Recent Developments"). It has concluded that RCI Banque was not providing critical functions, has set the recapitalisation buffer and the market confidence buffer at zero and calibrated the MREL requirement at the level of the loss absorption buffer. The SRB has provided RCI Banque with the opportunity to provide comments on such determination. RCI Banque does not intend to comment on the SRB decision and is already complying with it. Any failure by the Issuer and/or the Group to comply with its MREL requirements may have a material adverse effect on the Issuer's business, financial conditions and results of operations."

The risk factor entitled "French insolvency law" set out in Section A (*Legal, regulatory and tax risks*) of the risks relating to the Issuer on pages 15 to 16 of the Base Prospectus shall be deleted in its entirety and replaced with the following:

French insolvency law

As a *société anonyme* incorporated in France, French insolvency laws apply to the Issuer. Subject to the provisions of the relevant Final Terms, the Noteholders, in respect of all Tranches in any Series, will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 13 (*Representation of Noteholders*). However, under French insolvency law, notwithstanding any clause to the contrary, holders of debt securities (*obligations*) are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation procedure (*procédure de sauvegarde*), an accelerated preservation procedure (*procédure de sauvegarde accélérée*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly will comprise all holders of debt securities (*obligations*) issued by the Issuer (including the Notes), whether or not under the Programme and regardless of their governing law. The Assembly will deliberate on the draft preservation plan (*projet de plan de sauvegarde*), draft accelerated preservation plan (*projet de plan de sauvegarde accélérée*), draft accelerated financial preservation plan (*projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) prepared in relation to the Issuer and may further agree to:

- increase the liabilities (*charges*) of such holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- decide to convert such debt securities (including the Notes) into shares or securities that give or may give rights to share capital; and/or
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders expressing a vote). No quorum is required to hold the Assembly. Holders whose rights are not modified by the proposed plan do not participate in the vote.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

The commencement of insolvency proceedings would have a significant adverse effect on the market value of the Notes and any decisions taken by the Assembly or a class of creditors, as the case may be, could negatively impact the Noteholders and cause them to lose part of their investment.

DOCUMENTS INCORPORATED BY REFERENCE

The second bullet point in the Documents Incorporated by Reference section on page 30 of the Base Prospectus will be deleted and replaced by the following:

"

- the Issuer's English version of its half-year Financial Report 2019 (the "**Half-Year Financial Report 2019**") (https://www.rcibs.com/sites/default/files/half-year_financial_report_06-30-2019_for_emtn_0.pdf)"

RECENT DEVELOPMENTS

The following text shall be added in the Recent Developments section on page 89 of the Base Prospectus:

"

On 16 September 2019, the Issuer published the following press release:

"RCI BANQUE: ISSUANCE OF EUR 600 MILLION FIXED RATE NOTES MATURING IN MARCH 2023

RCI Banque announces the issuance of € 600 m 3.5-year bond bearing a 0.25% coupon.

The deal attracted more than € 2 billion final order book coming from around 150 subscribers.

The success of this transaction demonstrates once again investors' confidence in the financial strength of the company and their willingness to contribute to its growth."

On 9 October 2019, Renault announced the creation of RENAULT M.A.I. (Mobility as an Industry) to accelerate its development in new mobility services and build strategic partnerships. RCI Banque, which was previously involved in the development of the Group's new mobility services, intends to transfer ownership of related activities accordingly.

On 15 October 2019, the Issuer published the following press release:

"RCI Banque discloses binding MREL⁽¹⁾ requirement

RCI Banque has received the draft notification from the Single Resolution Board (SRB) of its binding minimum requirement for own funds and eligible liabilities (MREL). The requirement is in line with our expectations and RCI Banque made the decision not to exercise its « right to be heard ».

This MREL requirement has been set at 7.35% of the total liabilities and own funds (TLOF). This is equivalent to 12.27% of RCI Banque's risk weighted assets (RWA) and has been calibrated based on 2017 Overall Capital Requirement.

As of today, RCI Banque already complies with this MREL requirement. Future requirements will be subject to ongoing review.

⁽¹⁾ MREL: Minimum Requirement for own funds and Eligible Liabilities. The Bank Recovery and Resolution Directive (BRRD) requires European banks to maintain a minimum amount of Own Funds and Eligible Liabilities that could absorb losses and allow them to restore their capital position, allowing banks to continuously perform their critical economic functions during and after a crisis. MREL represents one of the key tools in enhancing banks' resolvability. The purpose of this buffer of own funds and eligible liabilities is to avoid banking authorities having to resort to public funds. The MREL is set by the Single Resolution Board (SRB) on a per institution basis. The MREL requirement for RCI Banque is defined at a consolidated level."

On 7 November 2019, the Issuer published the following press release:

"RCI BANQUE ISSUES € 850M 10.25 YEARS SUBORDINATED TIER 2 BOND

RCI Banque announces it has successfully completed the pricing of a EUR 850m 10.25 year subordinated Tier 2 bond callable after 5.25 Years with a 2.625% coupon.

The transaction has been launched after a 3 days roadshow in London, Paris, Amsterdam and Frankfurt, completed with investors' calls.

This bond issuance under a standalone prospectus will reinforce RCI Banque regulatory capital ratio and optimize its capital structure.

The deal has been well received by the financial community and attracted a final order book exceeding € 4.9 billion coming from about 240 subscribers. The success of the transaction demonstrates RCI Banque capacity to access markets under various formats."

"

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THIS SUPPLEMENT

Declaration by persons responsible for this Supplement

To the best of RCI Banque's knowledge, the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import and RCI Banque accepts responsibility accordingly.

RCI BANQUE

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Duly represented by:

Jean-Marc Saugier, Vice President, Finance and Group Treasury &
Deputy Chief Executive Officer of RCI Banque on 22 November 2019



Autorité des marchés financiers

This Supplement to the Base Prospectus has been approved on 22 November 2019 under the approval number: 19-542 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF approves this document after having verified that the information contained in the Base Prospectus is complete, coherent and comprehensible.

This approval is not a favourable opinion on the Issuer described in this Supplement.

A right of withdrawal is only granted to those investors who had already agreed to purchase or subscribe for Notes before this Supplement was published and where those Notes had not yet been delivered to investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted.

Investors may exercise their right of withdrawal up to 26 November 2019 with the Issuer.