RCI BANK AND SERVICES

BUSINESS REPORT
2019

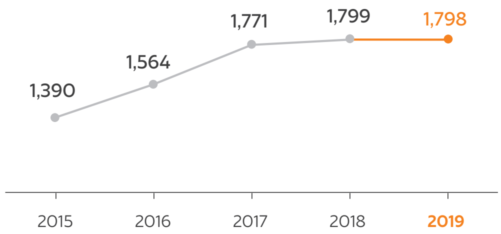
RCI BANK AND SERVICES[1] OVERVIEW

RCI Bank and Services provides a range of financial solutions and services to facilitate access to automobility for Alliance customers[2]. Taking into account each brand's specific characteristics and anticipating the new needs and automotive uses of their customers, RCI Bank and Services supports their marketing policies and works with them to win new customers and build loyalty.

RCI Bank and Services brings together three worlds: the automotive world through its history, banking through its business and services through its offerings. Every day, in 36 countries across the world, RCI Bank and Services supports the growth of the Alliance brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurances and services.

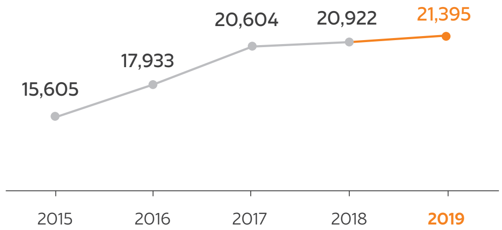
TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



NEW FINANCINGS

(excl. personal loans and credit cards/in millions of euros)



TAILORED SOLUTIONS FOR EACH TYPE OF CUSTOMER BASE

We offer our **Retail customers** a range of financing solutions and services relevant to their projects and uses to facilitate, support and enhance the whole of their automobility experience. Our solutions and services apply to both new and used vehicles.

We provide our **Business customers** with a wide range of mobility solutions to relieve the pressure of vehicle fleet management and allow them to focus on their core business.

We deliver active support to Alliance brand **Dealers** financing inventories (of new vehicles, used vehicles and spare parts) and short-term cash requirements.

THE SAVINGS BANK BUSINESS, ONE OF THE PILLARS OF THE COMPANY'S REFINANCING

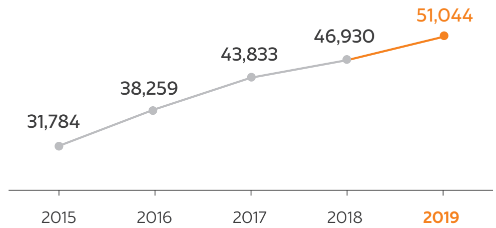
The Savings business was launched in 2012 and now operates in five markets, namely France, Germany, Austria, the United Kingdom and Brazil since march 2019. Savings deposits are a key instrument in the diversification of funding sources for its business. Deposits collected amounted to €17.7 billion, or approximately 35% of net assets at the end of December 2019[3].

3,700 EMPLOYEES ACROSS 36 COUNTRIES

Our employees operate all over the world alongside Alliance manufacturers:
Europe; Americas; Africa - Middle-East - India and Pacific[4]; Eurasia.

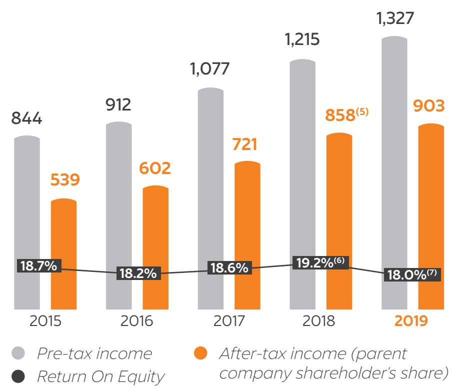
NET ASSETS AT YEAR-END[3]

(in millions of euros)



RESULTS

(in millions of euros)



(1) RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.
(2) RCI Bank and Services supports the Groupe Renault's brands (Renault, Dacia, Alpine, Renault Samsung Motors, Lada) in the world, the Nissan Group's (Nissan, Infiniti, Datsun) mainly in Europe, in Brazil, in Argentina, in South Korea, and in the form of joint ventures in Russia and in India, as well as Mitsubishi Motors in the Netherlands.
(3) Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.
(4) Change in the regional organization of Groupe Renault with effect from 1 May 2019: the creation of the new "Africa - Middle-East - India and Pacific" region is reflected in the RCI scope by the grouping of the former "Africa - Middle-East - India" and "Asia-Pacific" regions and now include Algeria, Morocco, India and South Korea.
(5) After-tax result was impacted by deferred tax income of €47 million at the end of 2018.
(6) Excluding the impact of deferred tax, ROE stood at 18.1% in 2018.
(7) Excluding the impact of start-ups, ROE was 17.6% in 2019 compared to 19.8% at in 2018.

BUSINESS ACTIVITY 2019

RCI Bank and Services posts a further increase in its sales performance for 2019 and keeps its goals on track. RCI Bank and Services confirms its position as a key strategic partner to the Alliance brands.

RCI Bank and Services recorded strong sales performance with 1,798,432 contracts financed in 2019 (- 469 contracts compared to 2018), despite a shrinking global automotive market, generating new financings of €21.4 billion, an increase of 2.3% compared to last year.

The group's Financing penetration rate thus came to 42.2%, a year-on-year increase of 1.5 points. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 44.2%, against 42.9% in 2018.

Growth in the Used Vehicle Financing business line continued with 368,409 contracts financed, a 3.7% increase on 2018.

Average performing assets (APA)[1] came to €47.4 billion, showing 6.8% growth since 2018. Of this amount, €37.2 billion are directly attributable to the Retail Customer business, which posted a 9.4% rise.

A strategic pillar of the group, the Services business saw increased activity with a 5.2% growth in volumes against the previous year. The number of services sold in 2019 represented 5.1 million insurance policies and service contracts, of which 68% in customer- and vehicle-use related services.

The Europe Region posted strong sales results, achieving growth in the Financing penetration rate at 45.4%, compared with 44.9% last year.

In an unpredictable economic environment (mainly in Argentina), the Financing penetration rate in the Americas Region rose to 38.0%, up 3.0 points from 2018, driven by strong performances in Brazil and Colombia which recorded high penetration rates of 39.4% and 53.8% respectively.

The Financing penetration rate in the Africa - Middle-East - India and Pacific Region continued to rise to 40.9%, an increase of 3.6 points compared with 2018. In South Korea, over half of all new vehicles sold by Renault Samsung Motors were financed by RCI Bank and Services, resulting in excellent sales performance with a Financing penetration rate of 59.5%, an increase of 2.7 points. The Moroccan subsidiary also saw its Financing penetration rate rise by 3.5 points against last year, reaching 36.8%.

The Eurasia Region posted a Financing penetration rate of 29.7%, fueled in particular by strong performance in Romania, where the Financing penetration rate saw a strong improvement of 7.5 points to 33.2%. This was also the case in Russia, with a sharp 5.5-points rise in the Financing penetration rate compared to 2018, to 32.2%.

	Financing penetration rate (%)		New vehicle contracts (thousands)		New financings excl. credit cards and personal loans (€m)		Net assets at year-end[2] (€m)		Of which Customer net assets at year-end (€m)		Of which Dealer network net assets at year-end (€m)	
PC + LCV market[1]	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
EUROPE	**45.4%**	44.9%	**1,342**	1,350	**17,898**	17,698	**45,413**	41,832	**34,488**	31,668	**10,925**	10,164
of which Germany	**44.3%**	43.7%	**188**	185	**2,902**	2,785	**8,418**	7,472	**6,805**	6,097	**1,613**	1,375
of which Spain	**52.6%**	54.6%	**154**	166	**1,842**	2,002	**4,797**	4,464	**3,762**	3,637	**1,035**	827
of which France	**49.3%**	47.5%	**490**	472	**6,363**	6,030	**15,579**	14,324	**11,788**	10,664	**3,791**	3,660
of which Italy	**65.7%**	63.4%	**210**	203	**3,030**	2,871	**6,297**	5,821	**4,946**	4,450	**1,351**	1,371
of which United Kingdom	**29.3%**	33.6%	**106**	123	**1,589**	1,804	**4,781**	4,680	**3,800**	3,780	**981**	900
o/w other countries	**32.2%**	31.9%	**194**	201	**2,172**	2,206	**5,541**	5,071	**3,387**	3,040	**2,154**	2,031
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	**40.9%**	37.3%	**119**	121	**1,240**	1,236	**2,168**	2,071	**2,036**	1,948	**132**	123
AMERICAS	**38.0%**	35.0%	**208**	202	**1,688**	1,464	**3,145**	2,769	**2,572**	2,182	**573**	587
of which Argentina	**21.0%**	23.1%	**20**	38	**74**	143	**189**	314	**97**	185	**92**	129
of which Brazil	**39.4%**	38.3%	**156**	139	**1,331**	1,103	**2,470**	2,112	**2,038**	1,699	**432**	413
of which Colombia	**53.8%**	47.5%	**33**	25	**282**	217	**486**	343	**437**	298	**49**	45
EURASIA	**29.7%**	27.0%	**128**	127	**569**	523	**318**	258	**303**	245	**15**	13
TOTAL GROUPE RCI BANQUE	**42.2%**	**40.7%**	**1,798**	**1,799**	**21,395**	**20,922**	**51,044**	**46,930**	**39,399**	**36,043**	**11,645**	**10,887**

(1) Figures refer to passenger car (PC) and light commercial vehicle (LCV) markets.

(2) Net assets at end: net total outstandings + operational lease transactions net of depreciation and impairment.
Figures related to commercial activity (penetration rate, new contracts processed, new financings) include companies consolidated using equity method.

(1) Average Performing Assets: APA correspond to average performing outstandings plus assets arising from operating lease transactions. For Retail customers, it means the average of performing assets at month-end. For Dealers, it means the average of daily performing assets.

CONSOLIDATED FINANCIAL HIGHLIGHTS 2019

In 2019, RCI Banque generated pre-tax income of €1,327 million. This record increase confirms the ability of RCI Bank and Services to maintain its profitable growth momentum.

EARNINGS

Net banking income (NBI) increased 8.6% compared with 2018, to €2,096 million. This increase is attributable to the combined growth of the Financing activities (6.8% growth in average performing assets, APA) and growth in Services activities (+11.2% compared with the previous year), as well as the positive impact of the disposal of equity investments in mobility start-ups[(1)].

Operating costs totaled €597 million, or 1.26% of APA, a 1-basis point increase compared with last year. With a cost-to-income ratio of 28.5%, RCI Banque evidences its ability to keep its operating costs under control, while supporting strategic projects and the growth of its business.

The cost of risk for the Customer business (financing for private and business customers) also remained under control at 0.47% of APA, against 0.51% in 2018. For the Dealer business (financing for dealerships), the cost of risk was negative as in 2018, at -0.09% of APA in 2019, against -0.33% the previous year. The total cost of risk, which includes the write-off of loans granted to the Marcel start-up in the amount of €11.4 million (0.02% of APA) remains stable at 0.37% of APA, compared with 0.33% in 2018, confirming a robust underwritting and collection policy.

Pre-tax income stood at €1,327 million, versus €1,215 million the previous year. Excluding the item linked to the sale of mobility start-ups to Renault MAI, pre-tax income rose by €62 million.

Consolidated net income - parent company shareholders' share - came to €903 million at end-December, against €858 million for 2018.

BALANCE SHEET

Good commercial performances, especially in Europe, drove historic growth in net assets[(2)] at end-December 2019 to €51.0 billion, against €46.9 billion at end-December 2018 (+8.8%).

Consolidated equity amounted to €5,702 million, compared with €5,307 million at end-December 2018 (+7.4%).

Deposits from retail customers in France, Germany, Austria, the United Kingdom and Brazil[(3)] (sight and term deposits) totaled €17.7 billion at end-December 2019 against €15.9 billion at end-December 2018 and represented approximately 35% of net assets at end-December 2019.

PROFITABILITY

ROE[(4)] amounted to 18.0%[(5)], against 19.2%[(6)] in 2018.

SOLVENCY

The total capital ratio[(7)] came to 16.87% at December 31, 2019 (of which Core Equity Tier One was 14.41%), against 15.48% at December 31, 2018 (of which Core Equity Tier One was 15.46%). The total capital ratio rose at the end of 2019 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 the review conducted by the ECB[(8)] and the application of the EBA Guidelines on the definition of defaulted receivables.

Consolidated income statement *(in millions of euros)*	**12/2019**	**12/2018**	**12/2017**
Net banking income	2,096	1,930	1,628
General operating expenses*	(603)	(575)	(522)
Cost of risk	(177)	(145)	(44)
Share in net income (loss) of associates and joint ventures	21	15	15
Gain or loss on fixed assets**	(2)		
Income (loss) on exposure to inflation***	(8)	(10)	
PRE-TAX INCOME	**1,327**	**1,215**	**1,077**
CONSOLIDATED NET INCOME (parent company shareholders' share)	**903**	**858**	**721**

* *Including: a provision for business exemptions and amortization and impairment on tangible and intangible assets.*

** *Capital losses on the disposal of subsidiaries.*

*** *Restatement of the earnings of the Argentinean entities, now in hyperinflation accounting.*

Consolidated balance sheet *(in millions of euros)*	**12/2019**	**12/2018**	**12/2017**
Total net outstandings of which	49,817	45,956	42,994
Retail customer loans	24,733	23,340	21,609
Finance lease rentals	13,439	11,729	10,437
Dealer financing	11,645	10,887	10,948
Operating lease transactions net of depreciation and impairment	1,227	974	839
Other assets	7,036	6,464	5,876
Own equity (incl. net income for the year) of which	6,569	5,320	4,732
Equity	5,702	5,307	4,719
Subordinated debt	867	13	13
Bonds	18,825	18,903	17,885
Negotiable debt securities (CD, CP, BT, BMTN)	1,948	1,826	1,182
Securitization	3,243	2,780	2,272
Customer savings accounts - Ordinary accounts	13,003	12,120	11,470
Customer term deposit accounts	4,708	3,743	3,464
Banks, central banks and other lenders (including Schuldschein)	6,374	5,849	5,854
Other liabilities	3,410	2,853	2,850
BALANCE SHEET TOTAL	**58,080**	**53,394**	**49,709**

(1) Flit Technologies (including Yuso), Marcel, RCI Mobility and iCabbi were sold in December 2019 to Renault M.A.I. (Mobility As an Industry), an entity created by Groupe Renault in October 2019 to accelerate its development in new mobilities and foster strategic partnerships. The positive impact of this disposal for 2019 was €34.1 million.
(2) Net assets at year-end: total net outstandings at year-end + operating lease transactions net of depreciation and impairment.
(3) The Savings business in Brazil was launched in March 2019.
(4) ROE (Return on equity) is calculated by dividing net income for the period by average net equity (excluding Income for the period).
(5) Excluding the impact of start-ups, ROE was 17.6% in 2019 compared to 19.8% in 2018.
(6) Excluding the impact of deferred taxes totaling €47 million, ROE stood at 18.1% in 2018.
(7) Ratio including the interim profits net of provisional dividends, subject to regulator's approval in accordance with Article 26 § 2 of Regulation (EU) 575/2013.
(8) On the models for which RCI Banque has received in 2019 a draft decision letter following an ECB inspection of the internal models (TRIMIX / IMI), the negative impacts on the capital ratio are estimated to 1.20%, of which a portion results from temporary add-ons. Additional headwinds may also arise on models for which ECB's findings have not yet been received.

FINANCIAL POLICY

Over the course of 2019, the central banks announced more accommodating monetary policy measures than anticipated by the markets at the beginning of the year.

In the United States, the Federal Reserve reduced its key interest rates three times, thereby taking the Fed Funds target to between 1.50% and 1.75%.

The European Central Bank restarted its asset purchasing program, which it had ended in 2018, at a monthly pace of €20 billion. It also announced a new long-term refinancing operation (TLTRO III[1]). Furthermore, it reduced the rate on its deposit facility by 0.10% to -0.50% and introduced a two-tier system for remunerating excess reserve holdings with a view to reducing the share of deposits in the banking system carrying negative rates.

The Bank of England's base rate remained unchanged throughout the year at 0.75%.

The central bank's change in tone regarding monetary policies had an impact on investor perception of risk and drove the rise in the equity markets[2] and the tightening of credit spreads[3].

Eurozone rates continued to fall until early September, before a partial upturn towards the end of the year. Following a historic low in September of -0.54%, the 5-year swap rate ended the year at -0.10%, 30 bps lower than in December 2018.

RCI Banque issued the equivalent of €2.9 billion in senior public bond format. The group successively launched five and a half years rate issue for €750 million, a dual-tranche issue for €1.4 billion (€750 million on a fixed rate over four years, €650 million on a fixed rate over seven years), and €600 million at a fixed rate over three and a half years. At the same time, the company issued a five-year fixed rate CHF200 million bond, a transaction that enabled it to both diversify its investor base and fund assets in that currency.

In addition, RCI Banque issued a Tier 2 subordinated bond in the amount of €850 million. This 10-year contractual maturity bond can be redeemed after 5 years and strengthens the capital ratio.

On the secured funding segment, RCI Banque issued a public securitization backed by car loans in Germany for €975.7 million, split between €950 million of senior securities and €25.7 million of subordinated securities.

This combination of maturities and issue formats is part of the strategy implemented by the group over a number of years to diversify its sources of funding and reach as many investors as possible.

Retail customer deposits have increased by €1.8 billion since December 2018 and totaled €17.7 billion at 31 December 2019, representing 35% of net assets at the end of December.

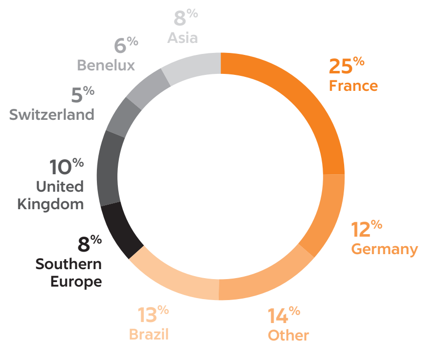
(1) Targeted Longer-Term Refinancing Operations.

(2) Euro Stoxx 50 +24%.

(3) Iboxx Eur Non Financials -39 bps.

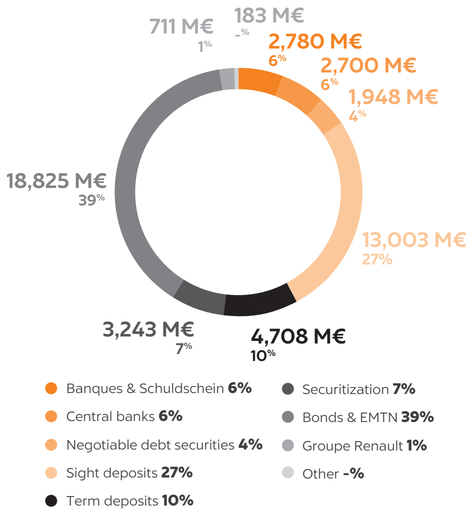
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

as at 31/12/2019



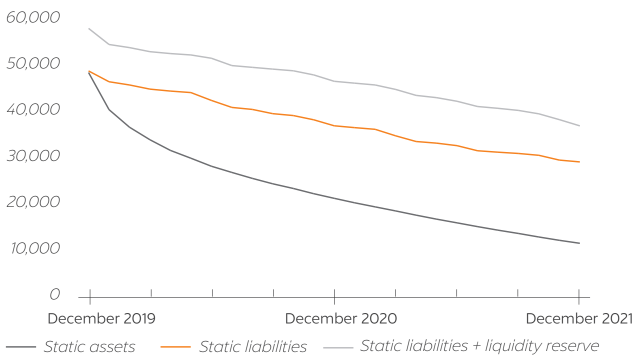
STRUCTURE OF TOTAL DEBT

as at 31/12/2019



STATIC LIQUIDITY POSITION[4]

(in million euros)



Static assets : Assets runoff over time assuming no renewal.
Static liabilities : Liabilities runoff over time assuming no renewal.

(4) Scope: Europe.

FINANCIAL POLICY

These resources, to which should be added, based on the European scope, to €4.5 billion of undrawn committed credit lines, €2.4 billion of assets eligible as collateral in ECB monetary policy operations, €2.2 billion in highly quality liquid assets (HQLA) as well as financial assets amounting to €0.5 billion, enable RCI Banque to maintain the financing granted to its customers over nearly 12 months without access to external liquidity.

In a complex and volatile environment, the conservative financial policy implemented by the group for a number of years proved especially justified. This policy protects the commercial margin of each entity while securing the refinancing required for its business activities. It is defined and implemented at a consolidated level by RCI Banque and applies to all sales financing entities within the group.

The strength of the group's balance sheet is also evidenced by very low market risks (interest rate, currency and counterparty risks), which are monitored daily on a consolidated basis.

RCI Banque's overall sensitivity to the interest rate risk remained below the €50 million limit set by the group.

At 31 December 2019, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

- -€1.0 m in EUR;
- -€0.5 m in BRL;
- +€0.5 m in KRW;
- +€0.9 m in GBP;
- +€0.2 m in PLN;
- -€0.2 m in CZK;
- -€0.8 m in CHF.

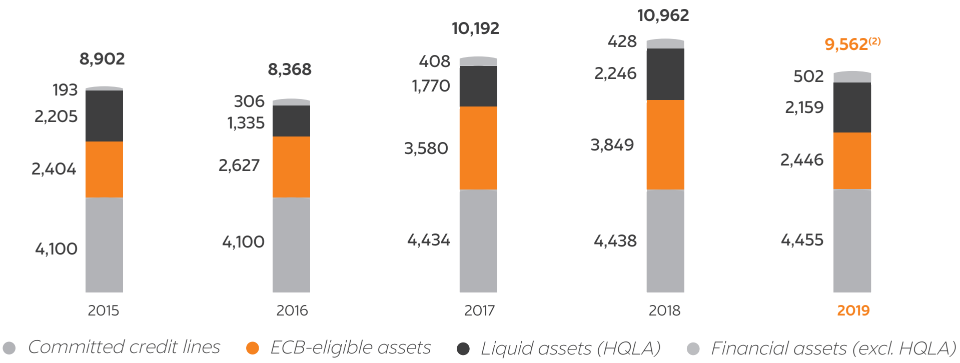
The absolute sensitivity values in each currency totaled €4.5m.

The groupe RCI Banque's consolidated[1] foreign exchange position totaled €6.3 million.

(1) Foreign exchange position excluding holdings in the share capital of subsidiaries.

LIQUIDITY RESERVE[1]

(in millions euros)



(1) Scope: Europe.
(2) The liquidity reserve is calibrated to achieve the internal business continuity target in a stress scenario. Lower level in December 2019 reflects a lower level of bond redemptions for the following year (bond repayments respectively €1.8 billion in 2020 and €2.8 billion in 2019).

RCI Banque group's programs and issuances

The group's issuances are concentrated on eight issuers: RCI Banque, DIAC, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co Ltd (South Korea), Banco RCI Brasil (Brazil), RCI Finance Maroc, RCI Leasing Polska (Poland) and RCI Colombia S.A. Compañia de Financiamiento (Colombia).

Issuer	Instrument	Market	Amount	S & P	Moody's	Other
RCI Banque S.A.	Euro CP Program	euro	€2,000 m	**A-2** (negative outlook)	**P2**	**R&I: A-1** (stable outlook)
RCI Banque S.A.	Euro MTN Program	euro	€23,000 m	**BBB** (negative outlook)	**Baa1** (stable outlook)	**R&I: A-** (stable outlook)
RCI Banque S.A.	NEU CP[1] Program	French	€4,500 m	**A-2** (negative outlook)	**P2**	
RCI Banque S.A.	NEU MTN[2] Program	French	€2,000 m	**BBB** (negative outlook)	**Baa1** (stable outlook)	
Diac S.A.	NEU CP[1] Program	French	€1,000 m	**A-2** (negative outlook)		
Diac S.A.	NEU MTN[2] Program	French	€1,500 m	**BBB** (negative outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000 m		**Ba2.ar** (under revision)	Fix Scr: **AA (arg)** (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,610 bn[3]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,303 m[3]		**Aaa.br** (stable outlook)	
RCI Finance Maroc	BSF Program	Morrocan	MAD2,500 m			
RCI Leasing Polska	Bond Program	Polish	PLN500 m			
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de Depósito a Término	Colombian	COP630 bn[3]	**AAA.co**		

(1) Negotiable European Commercial Paper (NEU CP), new name for Certificates of Deposit.
(2) Negotiable European Medium-Term Note (NEU MTN), new name for Negotiable Medium-Term Notes.
(3) Outstandings.