BUSINESS REPORT

2020

RCI BANK AND SERVICES(1) IN BRIEF

RCI Bank and Services offers financial solutions and services to facilitate access to automotive mobility for Alliance customers(2). By taking into account the specificities of each brand and anticipating the new needs and uses of their customers, RCI Bank and Services supports their commercial policies to win over and retain new customers.

RCI Bank and Services is at the crossroads of three worlds: the automotive industry through its history, banking through its business and services through its offers. On a daily basis in 36 countries around the world, RCI Bank and Services supports the development of the Alliance brands and their dealer networks by offering a complete range of financing solutions, insurance and services to their customers.

TAILOR-MADE OFFERS FOR EACH TYPE OF CUSTOMER

For retail customers, we offer financing solutions and services adapted to their projects and their uses in order to facilitate, support and enrich their experience, throughout their automotive mobility journey. Our solutions and services apply to both new and used vehicles.

For professional customers, we provide a wide range of mobility solutions to free them from the constraints of managing their vehicle fleet and allow them to focus on their core business.

We provide active support to **the Alliance brand dealer networks** by financing inventories (of new vehicles, used vehicles and spare parts), as well as short-term cash flow requirements.

THE SAVINGS BANK BUSINESS, A PILLAR OF THE COMPANY'S REFINANCING

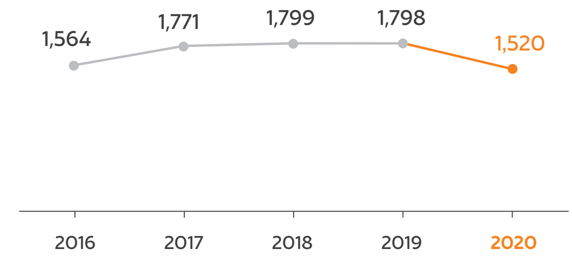
Launched in 2012, the savings business is present in six markets: France, Germany, Austria, the United Kingdom, Brazil and, since November 2020, in Spain. The collection of deposits is a lever for diversifying the refinancing sources of the group's business. The amounts collected totaled €20.5 billion, i.e. around 43% of net assets at the end of December 2020(3).

MORE THAN 3,800 EMPLOYEES WORKING IN FOUR REGIONS

Our employees operate in 36 countries, spread across four major regions of the world: Europe; Americas; Africa - Middle East - India and the Pacific(4); Eurasia.

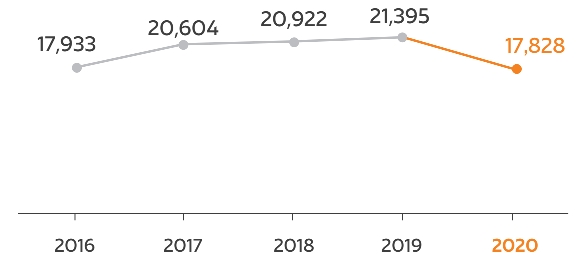
TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



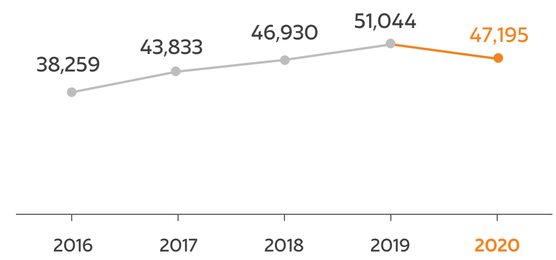
NEW FINANCINGS

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



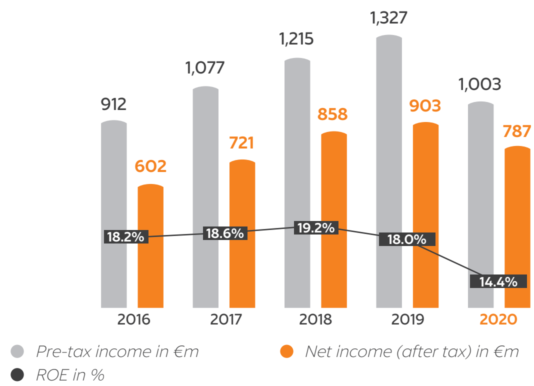
NET ASSETS AT YEAR-END(3)

(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 Groupe Renault brands (Renault, Dacia, Alpine, Renault Samsung Motors, Lada) worldwide, the Nissan Group (Nissan, Infiniti, Datsun) mainly in Europe, Brazil, Argentina, South Korea and in the form of joint ventures in Russia and India, and Mitsubishi Motors in the Netherlands.
(3) Net assets at year-end: net total outstandings + operating lease transactions net of depreciation, amortization and provisions.
(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.

BUSINESS ACTIVITY 2020

In the context of the Covid-19 pandemic and a world automotive market down 19.4%[(1)], RCI Bank and Services achieved a financing penetration rate up by 3.1 points to 45.3%.

RCI Bank and Services financed 1,520,330 contracts in 2020, down by 15.5% compared to 2019. Used vehicle financing business posted a limited decline of 5.2% compared to 2019 with 349,243 contracts financed.

Excluding Turkey, Russia and India (companies consolidated using equity method, “SME”), it came to 47.5%, compared with 44.2% in 2019.

New financing generated (excluding cards and personal loans) amounted to €17.8 billion.

Average performing assets (APA)[(2)] related to the Retail Customer business amounted to €37.6 billion, an increase of 1.1%. Average performing assets linked to the Dealer business stood at 9.3 billion, a decrease of 8.8% in connection with a new policy of optimizing inventories. Overall, average performing assets amounted to €46.9 billion, a decrease of 1.1% compared to 2019.

A pillar of the group’s strategy, the number of services sold over the last 12 months represents 4.6 million insurance and service contracts, down by 9.6%, of which 70% are associated with the customer and vehicle use-related services.

The Europe Region had the highest financing penetration rate among the RCI group regions, at 48.9%, up by 3.5 points compared to last year.

The financing penetration rate in the Americas Region was 41.6%, up by 3.6 points compared to 2019, driven by the strong performance of Brazil and Colombia, which achieved high financing penetration rates of 41.1% and 62.8% respectively.

The financing penetration rate for the Africa - Middle East - India and Pacific Region amounted to 41.8%, an increase of 0.9 point compared to 2019. In Korea, more than one in two new vehicles sold by Renault Samsung Motors was financed by RCI Bank and Services, which achieved a financing penetration rate of 57.3%, slightly down by 2.2 points compared to 2019.

The financing penetration rate in the Eurasia Region stood at 35.0%, benefiting in particular from the strong performance of Turkey, which recorded strong growth of 13.9 points in Financing intervention to reach 33.8%. This was also the case in Russia, with a Financing intervention rate of 36.5%, a sharp increase of 4.4 points compared to 2019.

(1) On the scope of RCI Bank and Services' subsidiaries.
(2) 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.

	Financing penetration rate (%)		New vehicle contracts (thousands)		New financings excl. credit cards and personal loans (€m)		Net assets at year-end[(4)] (€m)		of which Customer net assets at year-end (€m)		of which Dealer net assets at year-end (€m)	
PC + LCV market[(3)]	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
EUROPE	**48.9%**	**45.4%**	**1,112**	**1,342**	**15,038**	**17,898**	**42,635**	**45,413**	**34,128**	**34,488**	**8,507**	**10,925**
of which Germany	47.2%	44.3%	172	188	2,566	2,902	8,361	8,418	7,002	6,805	1,359	1,613
of which Spain	52.7%	52.6%	109	154	1,305	1,842	4,120	4,797	3,492	3,762	628	1,035
of which France	54.9%	49.3%	427	490	5,760	6,363	15,993	15,579	12,262	11,788	3,731	3,791
of which Italy	67.3%	65.7%	151	210	2,153	3,030	5,620	6,297	4,873	4,946	747	1,351
of which United Kingdom	36.2%	29.3%	101	106	1,538	1,589	4,116	4,781	3,440	3,800	676	981
of which other countries	33.9%	32.2%	153	194	1,716	2,172	4,425	5,541	3,059	3,387	1,366	2,154
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	**41.8%**	**40.9%**	**107**	**119**	**1,156**	**1,240**	**2,072**	**2,168**	**1,973**	**2,036**	**99**	**132**
AMERICAS	**41.6%**	**38.0%**	**148**	**208**	**1,014**	**1,688**	**2,157**	**3,145**	**1,879**	**2,572**	**278**	**573**
of which Argentina	28.2%	21.0%	18	20	77	74	123	189	75	97	48	92
of which Brazil	41.1%	39.4%	100	156	682	1,331	1,498	2,470	1,311	2,038	187	432
of which Colombia	62.8%	53.8%	29	33	254	282	536	486	493	437	43	49
EURASIA	**35.0%**	**29.7%**	**154**	**128**	**619**	**569**	**331**	**318**	**321**	**303**	**10**	**15**
TOTAL GROUPE RCI BANQUE	**45.3%**	**42.2%**	**1,520**	**1,798**	**17,828**	**21,395**	**47,195**	**51,044**	**38,301**	**39,399**	**8,894**	**11,645**

(3) Figures refer to passenger car (PC) and light commercial vehicle (LCV) markets.
(4) 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.

CONSOLIDATED FINANCIAL HIGHLIGHTS 2020

In 2020, in a difficult context, RCI Bank and Services maintains a strong financial performance.

RESULTS

Net banking income (NBI) amounted to €1,955 million, down 6,7% compared to 2019. The contribution of Services activities to NBI continued to grow (+1.8% compared to last year) and now represents one-third of NBI.

Operating expenses amounted to €585 million, or 1.25% of APA, representing an improvement of €11 million and one basis point compared to the previous year. With a cost-to-income income ratio of 29.9%, a slight increase of 1.4 point, RCI Bank and Services demonstrates its ability to adapt its operating expenses to the level of its activity and is fully committed to Groupe Renault's fixed cost reduction plan.

The cost of risk for the Customer business (financing for private and business customers) rose to 0.89% of APAs in 2020 compared to 0.47% of APAs last year. This deterioration is explained by the increase in provisions following the negative repercussions of the lockdown policies on several sectors of the economy and the slight increase in the proportion of non-performing loans in assets. For the Dealer business (financing for dealerships) is also negatively impacted by the updating of macroeconomic forecasts in the context of IFRS 9 forward-looking provisioning. It stood at 0.19% of APA in 2020 compared with a negative cost of risk of 0.09% (reversal of provisions) in 2019. The total cost of risk therefore stands at 0.75% of APA compared to 0.37% in 2019.

Pre-tax income stood at €1,003 million at the end of 2020, compared to €1,327 million in 2019. This decrease results mainly from the increase in the cost of risk for €176 million, from a negative currency effect of €36 million linked to the devaluation of the Brazilian Real and the Argentine Peso, and from the non-repetition of non-recurring positive impacts linked to disposals made in 2019.

Consolidated net income - parent company shareholders' share - reached €787 million in 2020, compared to €903 million in 2019.

Consolidated income statement
(in millions of euros)

	12/2020	12/2019	12/2018
Net banking income	1,955	2,096	1,930
General operating expenses*	(600)	(603)	(575)
Cost of risk	(353)	(177)	(145)
Share in net income (loss) of associates and joint ventures	19	21	15
Gain or loss on fixed assets**	(1)	(2)	
Income (loss) on exposure to inflation ***	(15)	(8)	(10)
Change in value of goodwill	(2)		
PRE-TAX INCOME	**1,003**	**1,327**	**1,215**
CONSOLIDATED NET INCOME (parent company shareholders' share)	**787**	**903**	**858**

* *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.*

BALANCE SHEET

In 2020, commercial activity was negatively impacted by the covid-19 health crisis. The decrease in the number of financing granted to individuals and businesses, as well as the new policy of optimizing dealer inventories, led to a decrease in net assets. At the end of December 2020, they reached € 47.2 billion, compared to €51.0 billion at the end of December 2019 (- 7.5%).

Consolidated equity amounted to €6,273 million compared to €5,702 million at the end of December 2019 (+ 10.0%).

Consolidated balance sheet
(in millions of euros)

	12/2020	12/2019	12/2018
Total net outstandings of which	45,777	49,817	45,956
Retail customer loans	22,975	24,733	23,340
Finance lease rentals	13,908	13,439	11,729
Dealer financing	8,894	11,645	10,887
Operating lease transactions net of depreciation and impairment	1,418	1,227	974
Other assets	11,691	7,036	6,464
Own equity (incl. Income for the year) of which	7,163	6,569	5,320
Equity	6,273	5,702	5,307
Subordinated debt	890	867	13
Bonds	17,560	18,825	18,903
Negotiable debt securities (CD, CP, BT, BMTN)	1,172	1,948	1,826
Securitization	3,259	3,243	2,780
Customer savings accounts - Ordinary accounts	14,714	13,003	12,120
Customer term deposits accounts	5,794	4,708	3,743
Banks, central banks and other lenders (including Schuldschein)	5,584	6,374	5,849
Other liabilities	3,640	3,410	2,853
BALANCE SHEET TOTAL	**58,886**	**58,080**	**53,394**

PROFITABILITY

ROE(2) is down to 14.4% compared to 18.0%(3) in December 2019. It is impacted by the rise in cost of risk, the increase in the average net equity due to the 2020 annual result, and by the cancellation of the residual 2019 dividend. The RoRWA(4) reaches 2,21% in 2020 versus 2,60% in 2019(5). It is negatively impacted by the decrease of the net income (parent company shareholders' share) for -33 bps and by the 3% increase of the average RWA for 6 bps.

SOLVENCY

The total capital ratio(6) came to 19.83% at the end of December 2020 (of which CET1 ratio was 17.34%), against 17.73% at the end of December 2019 (7) (of which CET1 ratio was 15.27%). The main impacts(8) stem from the generation of organic capital(9), with the 2020 forecast dividend being limited to €69 million. This is in accordance with recommendations from the ECB on dividend payments. If these recommendations are not extended beyond 30/09/2021, and in the absence of an unanticipated unfavorable event, RCI plans to pay as soon as possible an additional dividend of around €930m. This would impact the Core Equity Tier One ratio by -2.7%.

(1) Net assets at year-end: total net outstandings at year-end + operating lease transactions net of depreciation and impairment.
(2) ROE (Return on equity) is calculated by dividing net income for the period by average net equity (excluding Income for the period).
(3) Excluding the impact of start-ups, ROE was 17.6% in 2019.
(4) The Return on Risk-Weighted Assets (RoRWA) highlights the profitability or return (R) of the Risk-Weighted Assets (RWA). It is the ratio between the net income (parent company shareholders'share) and the average RWA over a given period. This indicator allows banks and financial institutions to improve the monitoring of their performance and to facilitate decision-making processes in relation to the associated risks.
(5) 2019 Proforma.
(6) Ratio including the interim profits net of provisional dividends, after regulator's approval in accordance with Article 26 § 2 of Regulation (EU) 575/2013.
(7) Impact of the cancellation of the €300m residual 2019 dividend is +86bps on CET1 at 31/12/2019.
(8) TRIM related headwinds globally in line with expectations reported in February 2020 and compensated by activation of certain CRR options (netting of deferred tax, Credit Conversion Factor).
(9) Net profit minus planned 2020 dividend distribution.

FINANCIAL POLICY

The Covid-19 health crisis has profoundly affected economies and markets throughout 2020. Governments and central banks quickly took action to avoid a major and lasting economic crisis.

Initially concentrated in China and Asia, the Coronavirus epidemic spread worldwide. Between March and April 2020, fears of a health crisis led many countries to introduce strict lockdown measures. These measures have had a major impact on economic activity and consumption. To prevent this health crisis from triggering a major economic crisis, the main central banks took extensive monetary policy measures.

In the United States, the Federal Reserve resumed its asset purchase program comprising government bonds, municipal bonds, corporate bonds, mortgage securities and securitizations for a total amount of USD 2.6 trillion. It also cut the Fed Funds rate to 0-0.25%, a 150 bps drop since early March, and announced that it was planning on keeping them at a level close to zero until at least 2022. In July, the institution modified its long-term policy to reach a target interest rate of 2% on average and allow monetary flexibility aimed at regaining a full employment market.

The European Central Bank has introduced a new emergency purchasing program in response to the pandemic. Initially announced for €750 billion, the Pandemic Emergency Purchase Program, or PEPP, was subsequently increased to €1.85 trillion. TLTRO III terms(1) were also eased with a reduction in the rate and a downward recalibration of the growth targets that banks must achieve in order to benefit from the lowest rate. In July, the 27 European countries also reached agreement on a €750 billion recovery plan, split between €390 billion in subsidies and €360 billion in loans intended to finance post-pandemic recovery efforts.

The Bank of England followed in the footsteps of the FED and the ECB, lowering its base rate in two stages from 75 bps to 10 bps, and increased its purchase program for government and non-banking investment grade corporate bonds by £200 billion in March 2020.

Nevertheless, equity indexes fell sharply in February and March and credit spreads widened significantly. During the second half of the year, marked by the end of lockdowns, market conditions gradually normalized before experiencing a temporary rise in risk aversion linked to the resurgence of the health crisis at the end of October. The election of a new Democratic President in the USA in early November and the growing hopes for the development of an effective vaccine against Covid-19 led to a sharp rebound in equity markets as well as a tightening of risk premiums on the bond market. The agreement reached on the conditions of Brexit and the start of Covid-19 vaccination campaigns also supported the markets in early 2021.

After a low of -36%, the Euro Stoxx 50 index ended the year down -5%. At the same time, credit spreads on corporate bonds (IBOXX Corporate Overall index) experienced similar volatility, rising from 70 bps in January to 200 bps at the end of March, before ending the year at 74 bps.

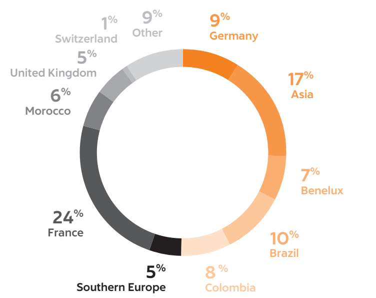
During the year, the use of market funding has been modest and the Company was barely impacted by the increased cost of financing. This situation is the result of lower bond redemption in 2020 than in previous years (anticipation of the refinancing of the TLTRO II launched in 2016), the slowdown in automotive sales and the resulting decline in new loan volumes. A 7-year fixed-rate €750 million bond was issued in January.

Private customer deposits increasedDeposits by €2.8 billion since December 2019, reaching €20.5 billion at 31 December 2020 and representing 43% of net assets at the end of December.

In the secured refinancing segment, private securitizations of car loans in the United Kingdom and leasing in Germany saw their revolving periods extended for an additional year. The French subsidiary also carried out its first securitization of automotive Lease with Purchase Option (LOA) receivables in France for an amount of €991.5 million, split between €950 million in senior securities (including 200 million retained) and €41.5 million in subordinated notes.

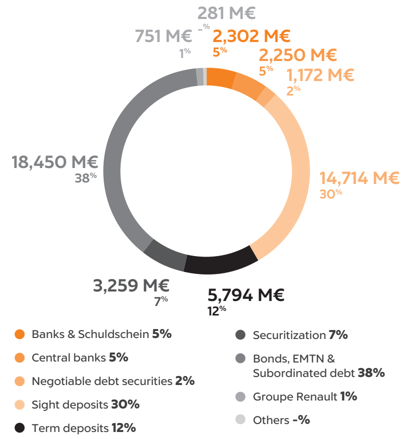
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 31/12/2020)



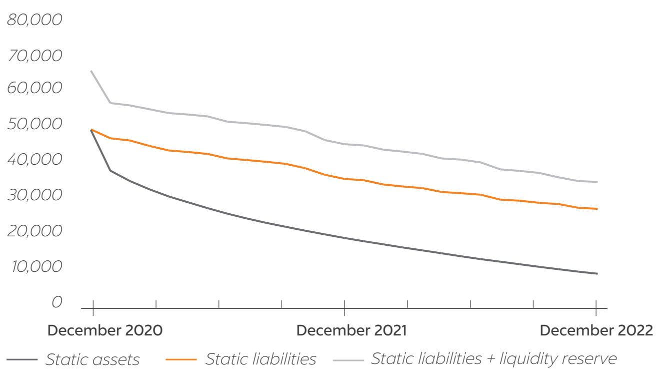
STRUCTURE OF TOTAL DEBT

(as at 31/12/2020)



STATIC LIQUIDITY POSITION(2)

(in million euros)



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

(2) Scope: Europe.

(1) *Targeted Longer-Term Refinancing Operations.*

FINANCIAL POLICY

These resources, to which should be added, on the European scope, €4.5bn in undrawn confirmed credit lines, €4.5bn in collateral eligible for ECB monetary policy operations, and EUR €7.4bn in high quality liquid assets (HQLA), allow RCI Banque to maintain the financing granted to its customers for over 12 months without access to external liquidity. At 31 December 2020, RCI Banque's liquidity reserve (Europe scope) stood at € 16.6 billion, an increase of + € 7.1bn compared to the end of 2019.

In a complex and volatile environment, the conservative financial policy implemented by the Group for several years has proved particularly sound. 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 interest rate risk remained below the group's limit of €50 million.

At 31 December 2020, a 100-basis point rise in rates would have an impact on the group's net interest margin (NIM) of:

- +€4.3 million in EUR;
- +€0.5 million in CHF;
- +€0.6 million in KRW;
- +€0.2 million in CZK;
- -€0.6 million in BRL;
- -€0.3 million in GBP;
- -€0.1 million in PLN.

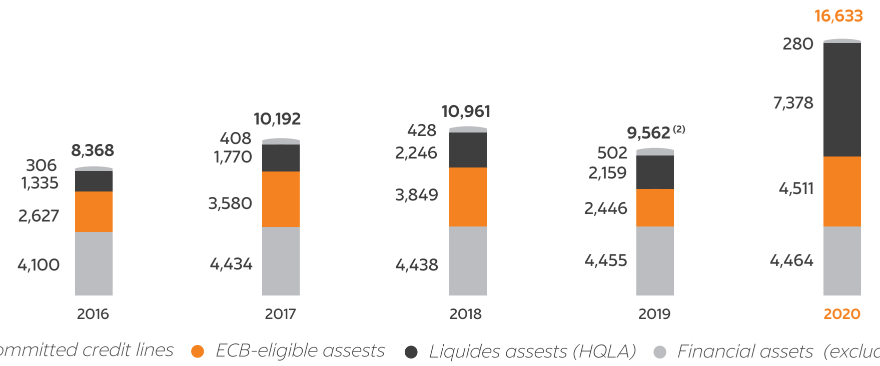
The absolute sensitivity values in each currency totaled €9.4 million.

The groupe RCI Banque's consolidated transactional foreign exchange position[1] is €5.8 million.

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

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, DIAC, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co Ltd (South Korea), Banco RCI Brasil (Brazil), RCI Finance Maroc 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 million	**A-2**	**P2**	
RCI Banque S.A.	Euro MTN Program	Euro	€23,000 million	**BBB** (negative outlook)	**Baa2** (negative outlook)	
RCI Banque S.A.	NEU CP[1] Program	French	€4,500 million	**A-2**	**P2**	
RCI Banque S.A.	NEU MTN[2] Program	French	€2,000 million	**BBB** (negative outlook)	**Baa2** (negative outlook)	
RCI Banque S.A.	Tier 2 Subordinated Notes n° 19-517	Euro	€850 million	**BB**	**Ba2** (negative outlook)	
Diac S.A.	NEU CP[1] Program	French	€1,000 million	**A-2**		
Diac S.A.	NEU MTN[2] Program	French	€1,500 million	**BBB** (negative outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000 million		**A+ (arg)** (negative outlook)	Fix Scr: **AA (arg)** (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,610 billion[3]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,116 million[3]		**Aa2.br** (stable outlook)	
RCI Finance Maroc	BSF Programm	Morrocan	MAD3.500 million			
RCI Finance Maroc	TIER 2 Subordinated	Morrocan	MAD68 million			
RCI Colombia S.A. Compañia de Financiamiento	Bonds	Colombian	COP300 billion[3]	**AAA.co**		
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de Depósito a Término	Colombian	COP617 billion[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.