RCI BANK AND SERVICES

BUSINESS REPORT 2018

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.

Our vision:
«Our aim in creating personalized services is to deliver a seamless mobility experience. Our aim in innovating is to enhance the service we deliver to our customers.»

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 four markets, namely France, Germany, Austria and the United Kingdom. Savings deposits are a key instrument in the diversification of the group's sources of refinancing for its operations. Deposits collected came to €15.9 billion or approximately 34% of net assets at end-December 2018[3].

More than 3,500 employees over five Regions

Our employees operate in 36 countries, divided into five major world Regions: Europe; Americas; Africa - Middle-East - India; Eurasia; Asia-Pacific.

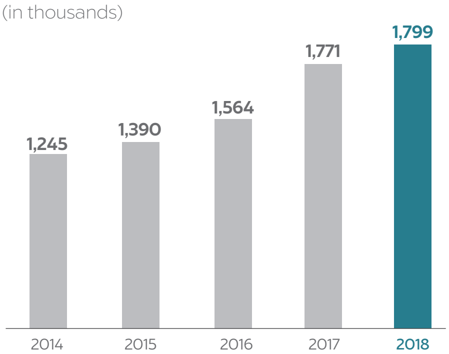
(1) RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

(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 end-: net total outstandings + operating lease transactions net of depreciation and impairment.

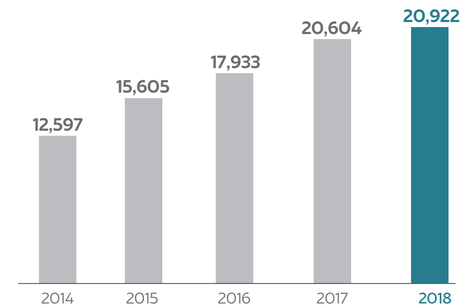
Total number of vehicle contracts

(in thousands)



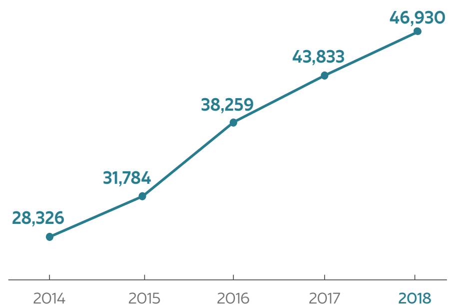
New financings

(excluding personal loans and credit cards / in million euros)



Net assets at end[4]

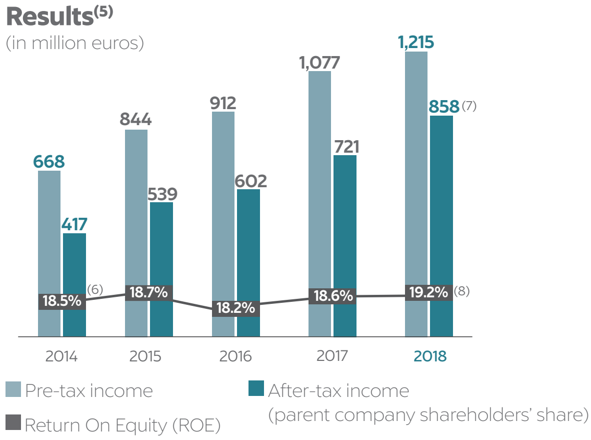
(in million euros)



(4) Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.

Results[5]

(in million euros)



(5) The 2014 consolidated financial statements have been restated following a correction pertaining to the spread of insurance commissions at RCI Banque S.A. Sucursal en España.

(6) ROE 2014 excluding non-recurring items (-€77m).

(7) The result is impacted by a deferred tax income of €47 million.

(8) Excluding the €47 million deferred tax impact, ROE came to 18.1%.

BUSINESS ACTIVITY 2018

RCI Bank and Services posts a further increase in its sales performance for 2018 and keeps its goals on track. RCI Bank and Services confirms its position as a key strategic partner to the Alliance brands.

With 1,798,901 contracts financed in 2018, a 1.6% increase compared with last year, RCI Bank and Services generated €20.9 billion in new financings.

The group's Financing penetration rate thus came to 40.7%, a year-on-year increase of 1.1 points. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 42.9%, against 42.6% in 2017.

The boom in the used vehicle financing business line continued with 355,274 contracts financed, a 11.1% increase on the previous year at the same period.

Average performing assets (APA)[1] came to €44.4 billion, showing 12.0% growth since 2017. Of this amount, €34.0 billion are directly attributable to the Retail Customer business, which posted a 13.6% rise.

Boosted by the growth of the automotive market and in new and used vehicle financing, the Services business saw increased activity, posting a 11.1% leap in volumes over the last twelve months. The number of services sold in 2018 amounted 4.8 million insurance policies and services contracts, of which 66% in customer- and vehicle-use related services.

The Europe Region, where new and used vehicle financing contracts were up 2.4% compared with 2017, reported a Financing penetration rate of 44.9%, against 43.3% the previous year.

In an unpredictable economic environment (mainly in Argentina), the Americas Region posted a Financing penetration rate of 35.0%, down 3.8 points on 2017. However Colombia, a subsidiary that joined the scope of consolidation last year, reported a high penetration rate of 47.5%.

The Asia-Pacific Region achieved the highest Financing penetration rate of the RCI group's Regions, at 56.8%. More than one in two new vehicles sold by Renault Samsung Motors was financed by RCI Bank and Services, which thus achieved an excellent sales performance.

Boosted by the sales drive shown by subsidiaries in the Africa/Middle-East/India Region, the Financing penetration rate escalated further to 27.8%, showing a 6.0-point increase compared with 2017.

The Eurasia Region posted a penetration rate of 27.0%, fuelled in particular by excellent performance turned in by Turkey, whose penetration rate improved by 1.7 points to 28.3%.

[1] Average performing assets: APA are equal to average performing assets 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.

PC + LUV[2] market		Financing penetration rate (%)	New vehicle contracts processed (thousands)	New financings excluding cards and PL (€m)	Net assets at year-end[3] (€m)	of which Customer net assets at year-end (€m)	of which Dealer net assets at year-end (€m)
Europe	**2018**	**44.9%**	**1,350**	**17,698**	**41,832**	**31,668**	**10,164**
	2017	43.3%	1,318	17,061	39,028	28,785	10,243
of which Germany	**2018**	**43.7%**	**185**	**2,785**	**7,472**	**6,097**	**1,375**
	2017	44.1%	184	2,739	6,808	5,333	1,475
of which Spain	**2018**	**54.6%**	**166**	**2,002**	**4,464**	**3,637**	**827**
	2017	54.2%	161	1,870	4,207	3,279	928
of which France	**2018**	**47.5%**	**472**	**6,030**	**14,324**	**10,664**	**3,660**
	2017	46.7%	455	5,815	13,315	9,606	3,709
of which Italy	**2018**	**63.4%**	**203**	**2,871**	**5,821**	**4,450**	**1,371**
	2017	60.0%	196	2,769	5 264	3,960	1,304
of which United Kingdom	**2018**	**33.6%**	**123**	**1,804**	**4,680**	**3,780**	**900**
	2017	29.1%	129	1,803	4,787	3,897	890
of which other countries	**2018**	**31.9%**	**201**	**2,206**	**5,071**	**3,040**	**2,031**
	2017	31.1%	193	2,065	4,647	2,710	1,937
Asia-Pacific (South Korea)	**2018**	**56.8%**	**65**	**950**	**1,578**	**1,565**	**13**
	2017	57.4%	72	1,095	1,561	1,541	20
Americas	**2018**	**35.0%**	**202**	**1,464**	**2,769**	**2,182**	**587**
	2017	38.8%	190	1,644	2,637	2,049	588
of which Argentina	**2018**	**23.1%**	**38**	**143**	**314**	**185**	**129**
	2017	35.9%	54	388	499	344	155
of which Brazil	**2018**	**38.3%**	**139**	**1,103**	**2,112**	**1,699**	**413**
	2017	37.8%	111	1,041	1,880	1,498	382
of which Colombia	**2018**	**47.5%**	**25**	**217**	**343**	**298**	**45**
	2017	51.6%	25	215	258	207	51
Africa - Middle-East - India	**2018**	**27.8%**	**56**	**286**	**493**	**383**	**110**
	2017	21.8%	53	253	416	331	85
Eurasia	**2018**	**27.0%**	**127**	**523**	**258**	**245**	**13**
	2017	26.7%	138	552	191	179	12
Total group	**2018**	**40.7%**	**1,799**	**20,922**	**46,930**	**36,043**	**10,887**
	2017	39.6%	1,771	20,604	43,833	32,885	10,948

[2] Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.
[3] Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.
Figures related to commercial activity (Financing penetration rate, new contracts processed, new financings) include companies consolidated using the equity method.

CONSOLIDATED FINANCIAL HIGHLIGHTS 2018

In 2018, pre-tax income totaled €1,215 million, a strongest growth up 12.8% on 2017, despite an unfavorable exchange rate effect of €48 million. This record increase confirms the ability of RCI Bank and Services to maintain its profitable growth momentum.

Earnings

Net banking income (NBI) increased 18.6% compared with 2017, to €1,930 million. This increase is attributable to the combined growth of the Financing (12.0% growth in average performing assets, APA) and growth in Services activities (+16.8% compared with the previous year).

Operating expenses came to €563 million or 1.27% of APA, a 5-basis point decrease compared with last year. The operating ratio remained at a significantly low level compared with the market and for the first time below 30%, at 29.2%, evidencing the group's ability to control its operating costs while supporting its strategic plans and business growth.

The total cost of risk came to 0.33% of APA, a level well under control after a low point of 0.11% at end-2017, confirming a robust underwriting and collection policy. The Customer cost of risk (financing for private and business customers) remained under control at -0.51% of APA in 2018 against a historic low of 0.19% in 2017. Since the switch to IFRS 9, the cost of risk includes an allocation to provisions for performing loans outstanding and off-balance sheet commitments. Implementation of this standard in 2018 has led to an increase in the cost of risk due to portfolio growth.

For the Dealer business (financing for dealerships), the cost of risk was negative as in 2017 at -0.33% of APA in 2018 against -0.15% the previous year. New reversals of provisions were recognized on this item, which remained stable in amount and quality.

Pre-tax income came to €1,215 million, showing a 12.8% increase compared with the previous year, despite an adverse foreign exchange impact of €48 million attributable to the fall in the value of the Brazilian Real and the Argentine Peso.

Consolidated net income - parent company shareholders' share - came to €858 million, against €721 million for 2017.

On January 9th 2019, Italy's competition authority AGCM (Autorità Garante della Concorrenza e del Mercato) announced it had fined a number of car manufacturer's financial captives operating in Italy for exchanging commercial information. The total amount of fines imposed by the AGCM is €678 million. The amount notified against RCI Italian branch amounts to €125 million. As of December 31st 2018, RCI does not hold provisions related to that penalty claim. RCI Banque will appeal to the Administrative Court to contest the decision.

Balance sheet

Good commercial performances, especially in Europe, drove historic growth in net assets[(1)] at end-December 2018 to €46.9 billion, against €43.8 billion at end-December 2017 (+7.1%).

Consolidated equity amounted to €5,307 million against €4,719 million at end-December 2017 (+12.5%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposits) totaled €15.9 billion at end-December 2018 against €14.9 billion at end-December 2017 and represented approximately 34% of net assets at end-December 2018.

Profitability

ROE[(2)] rose to 19.2%[(3)] against 18.6% in December 2017.

Solvency[(4)]

The Core Tier One Ratio[(5)] was 15.5% at end-December 2018 against 15.0% at end-December 2017.

Consolidated income statement (in million euros)	**12/2018**	12/2017	12/2016
Net banking income	**1,930**	1,628	1,472
General operating expenses*	**(575)**	(522)	(463)
Cost of risk	**(145)**	(44)	(104)
Share in net income (loss) of associates and joint ventures	**15**	15	7
Income (loss) on exposure to inflation**	**(10)**		
Consolidated pre-tax income	**1,215**	**1,077**	**912**
Consolidated net income (parent company shareholders' share)	**858**	**721**	**602**

* Including a provision for a career development scheme and depreciation and impairment losses on tangible and intangible assets and gains less loses on non-current assets.

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

Consolidated balance sheet (in million euros)	**12/2018**	12/2017	12/2016
Total net outstandings of which	**45,956**	42,994	37,544
• *Retail customer loans*	***23,340***	*21,609*	*18,802*
• *Finance lease rentals*	***11,729***	*10,437*	*8,675*
• *Dealer loans*	***10,887***	*10,948*	*10,067*
Operating lease transactions net of depreciation and impairment	**974**	839	715
Other assets	**6,464**	5,876	5,061
Shareholders' equity of which	**5,320**	4,732	4,072
• *Equity (total)*	***5,307***	*4,719*	*4,060*
• *Subordinated debts*	***13***	*13*	*12*
Bonds	**18,903**	17,885	14,658
Negotiable debt securities (CD, CP, BT, BMTN)	**1,826**	1,182	1,822
Securitization	**2,780**	2,272	3,064
Customer savings accounts - Ordinary accounts	**12,120**	11,470	9,027
Customer term deposit accounts	**3,743**	3,464	3,549
Banks, central banks and other lenders (including Schuldschein)	**5,849**	5,854	4,536
Other liabilities	**2,853**	2,850	2,592
BALANCE SHEET TOTAL	**53,394**	49,709	43,320

(1) Net assets at end-: net total outstandings + 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 €47 million deferred tax impact, ROE came to 18.1%.

(4) The impact of IFRS 9 adoption had an estimated impact on the solvency ratio of -0.06%.

(5) Ratio including the profits of the year 2018 net of the dividends that RCI Banque plans to pay to its shareholder, subject to the approval of the regulator in accordance with Article 26 § 2 of Regulation (EU) No 575/2013.

FINANCIAL POLICY 2018

In 2018 the European Central Bank maintained its key interest rate unchanged and announced it should be kept at that level at least until the summer of 2019. At the same time, the ECB gradually reduced its asset purchase program, down from €30 billion per month in the first part of the year to €15 billion from October, and ended it in December. From 2019, it will reinvest proceeds from maturing securities to maintain favorable liquidity conditions.

In the United States, Jerome Powell, the new Chairman of the Federal Reserve, raised its key interest rates four times, thereby taking the Fed Funds' target range to 2.25-2.50%. In the United Kingdom, the Bank of England, which in November 2017 initiated its first monetary tightening in a decade, raised its official interest rate to 0.75% in July.

The anticipated global economic slowdown and the end of the central banks' accommodating monetary policies gradually altered the macro-economic climate that prevailed at the beginning of the year. The trade war between the United States and China, the United Kingdom's breakaway from the European Union and the budgetary negotiations between Italy and Brussels also contributed to heightened volatility. Against this backdrop the markets reverted to risk aversion mode in the second half of the year, evidenced by a fall in equities markets[1] and widening credit spreads[2].

After peaking at 0.50% in February, the 5-year swap rate ended down 12 basis points at 0.20%.

RCI Banque issued the equivalent of €2.9 billion in public bond format, making a number of successive issues. The first was a five-year floating rate issue for €750 million, the second a dual tranche issue for €1.3 billion (three-year fixed rate €750 million, seven-year floating rate €550 million), and the third an eight-year fixed rate bond for €750 million. At the same time, the company issued a five-year fixed rate CHF125 million bond, a transaction that enabled it to both diversify its investor base and fund assets in that currency.

Three private format placements, one two-year and one three-year, were also made for a total of €600 million.

On the secured funding segment, RCI Banque sold a public securitization backed by auto loans in France for €722.8 million, split between €700 million of senior securities and €22.8 million of subordinated securities.

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

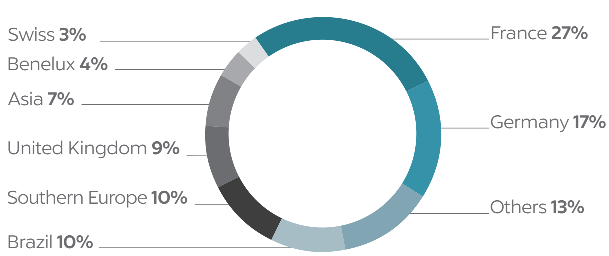
In addition, the group's entities in Brazil, South Korea, Morocco, Argentina and for the first time Columbia also tapped their domestic bond markets.

Retail customer deposits have increased by €0.9 billion since December 2017 and at 31 December 2018 totaled €15.9 billion, representing 34% of net assets at the end of December, in line with the company's goal of collecting retail deposits equivalent to approximately one third of the financing granted to its customers.

[1] Euro Stoxx 50 down 15%.
[2] Iboxx EUR Non-Financial up 56 bp, Iboxx Auto up 95 bp.

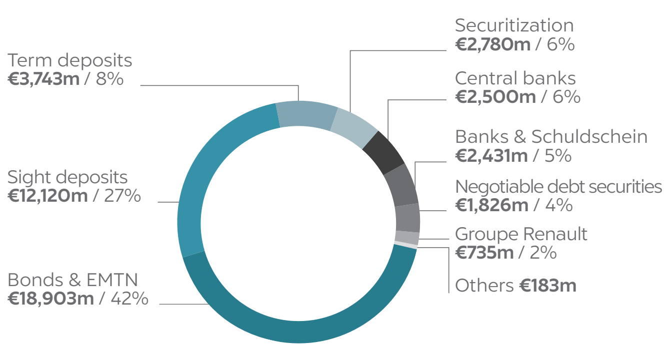
Geographical breakdown of new resources with a maturity of one year or more

(excluding deposits and TLTRO)
as at 31/12/2018



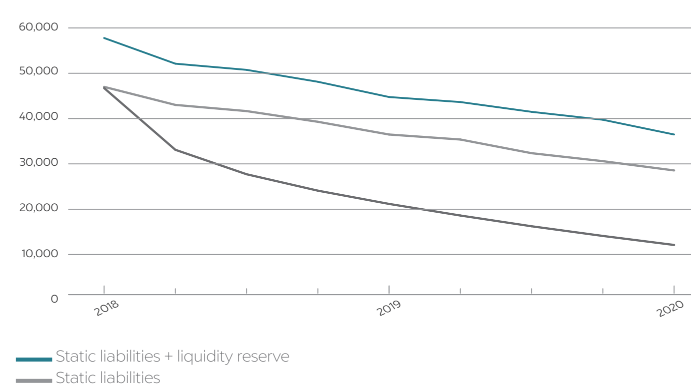
Structure of total debt

as at 31/12/2018



Static liquidity position[3]

(in million euros)



[3] Scope: Europe

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

FINANCIAL POLICY 2018

These resources, to which should be added, based on the European scope, €4.4 billion of undrawn committed credit lines, €3.8 billion of assets eligible as collateral in ECB monetary policy operations, €2.2 billion of high quality liquid assets (HQLA) and €0.4 billion of financial assets, enable RCI Banque to maintain the financing granted to its customers for almost 12 months without access to external sources of 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 2018, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

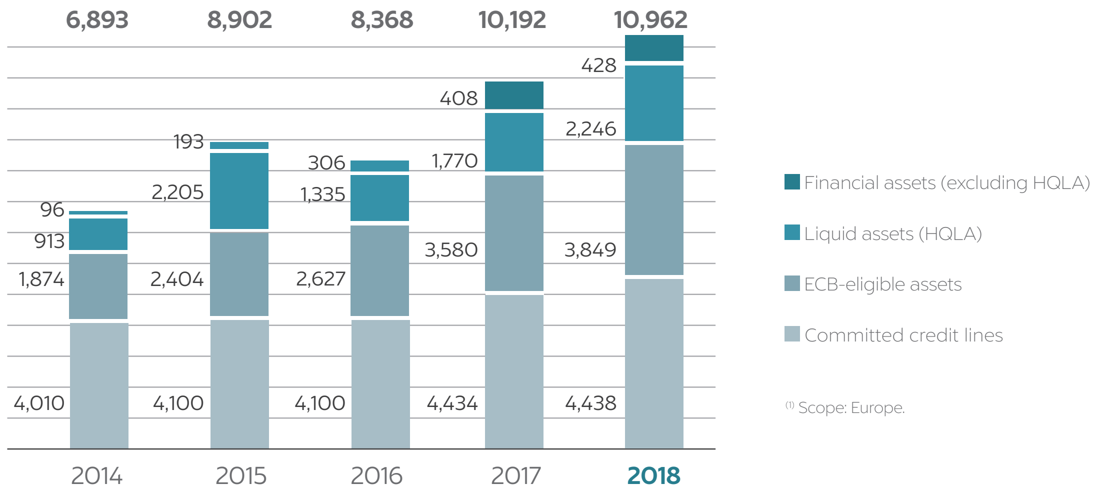
+€3.4 million in EUR,
+€1.4 million in MAD,
+€0.8 million in GBP,
+€0.3 million in KRW,
-€0.4 million in BRL,
-€0.4 million in CZK,
-€0.7 million in CHF.

The absolute sensitivity values in each currency totaled €7.8 million.

The RCI Banque group's consolidated foreign exchange position totaled €9.2 million.

Liquidity reserve[1]

(in million euros)



[1] Scope: Europe.

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	Others
RCI Banque S.A.	Euro CP Program	Euro	€2,000m	**A-2** (stable outlook)	**P2**	**R&I: A-1** (positive outlook)
RCI Banque S.A.	Euro MTN Program	Euro	€23,000m	**BBB** (stable outlook)	**Baa1** (positive outlook)	**R&I: A-** (positive outlook)
RCI Banque S.A.	NEU CP[2] Program	French	€4,500m	**A-2** (stable outlook)	**P2**	
RCI Banque S.A.	NEU MTN[3] Program	French	€2,000m	**BBB** (stable outlook)	**Baa1** (positive outlook)	
Diac S.A.	NEU CP[2] Program	French	€1,000m	**A-2** (stable outlook)		
Diac S.A.	NEU MTN[3] Program	French	€1,500m	**BBB** (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000m		**Aa1.ar** (stable outlook)	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,520bn[4]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,414m[4]		**Aaa.br** (stable outlook)	
RCI Finance Maroc	BSF Program	Moroccan	MAD2,000m			
RCI Leasing Polska	Bond Program	Polish	PLN500m			
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de Depósito a Término	Colombian	COP305bn[4]	**AAA.co**		

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

RCI BANK AND SERVICES

This document and further information about RCI Bank and Services are available on: www.rcibs.com