



BANK
AND
SERVICES

BUSINESS REPORT 2016



RCI BANK AND SERVICES* OVERVIEW

RCI Bank and Services' ambition is to deliver a seamless vehicle use experience for Renault-Nissan Alliance customers through innovative and personalized solutions. Taking into account each brand's specific characteristics and anticipating the new challenges arising from auto-mobility, we are partners in their marketing policies and work with them to win new customers and build loyalty.

RCI Bank and Services brings together three worlds: the automotive world, banking and services. Every day, across the world, we support the growth of the Renault, Renault Samsung Motors, Dacia, Nissan, Infiniti, and Datsun** brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurance and services. Harnessing the advantages of new technologies, we come up with simple and intuitive solutions to meet the new automotive uses of our customers.

Tailored solutions appropriate to each type of customer base

For our **Retail customers**, we have a range of financing solutions and services relevant to their projects and uses, to enhance their auto-mobility experience. Our products and services concern both new and used vehicles.

For our **Business customers**, we have a wide range of mobility solutions, which relieve the pressure of vehicle fleet management and leave them free to focus on their core business.

For Alliance brand **Dealers**, we provide active support by 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 €12.6 billion, or approximately 33% of net assets*** at end-December 2016.

More than 3,100 employees over five continents

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

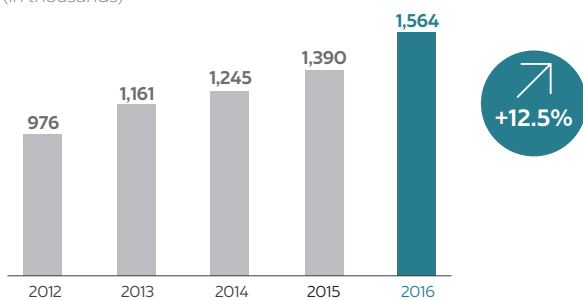
* RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

** RCI Bank and Services supports the Groupe Renault's brands (Renault, Renault Samsung Motors and Dacia) in 36 countries and the Nissan Group's brands (Nissan, Infiniti and Datsun) mainly in Europe, in Russia, in Brazil, in South Korea and in India.

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

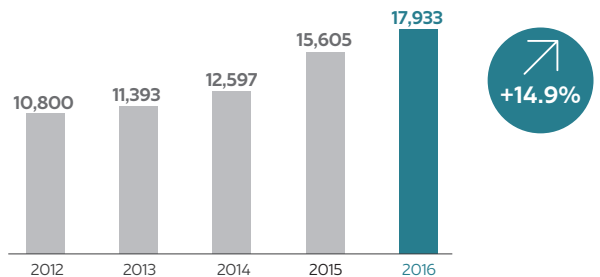
Total number of vehicle contracts

(in thousands)



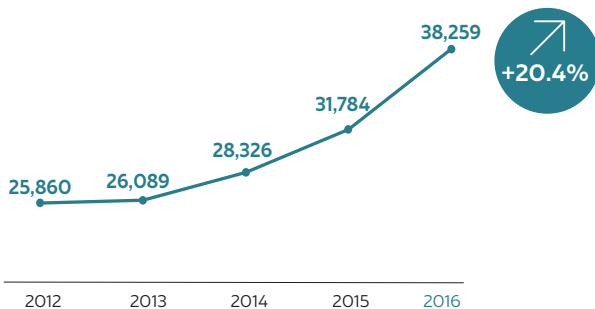
New financings

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



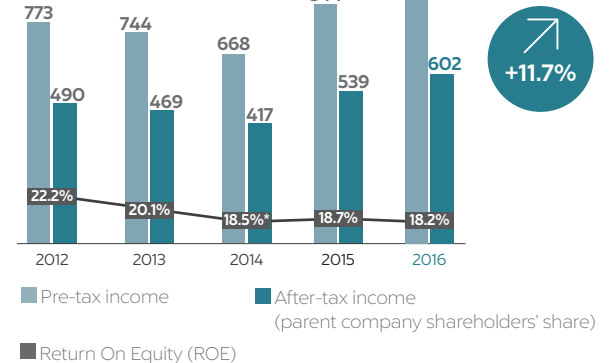
Net assets at end*

(in million euros)



Results ⁽¹⁾

(in million euros)



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

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

⁽¹⁾ 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.

BUSINESS ACTIVITY IN 2016

With a record 1,563,954 contracts financed in 2016, a 12.5% increase on 2015, RCI Banque confirms its profitable growth momentum and strengthens its strategy for supporting Alliance brand sales.

In 2016, RCI Banque's performance was fuelled by overall growth in the automotive market and the progress made by the Alliance brands, driven in particular by the success of a number of new models.

With environments varying from one automotive market to another, the improvement recorded in Europe made up for the fall recorded in the Americas and Eurasia regions.

The group's financing penetration rate rose by 0.6 points compared to 2015, to 37.7%. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 41%, against 40% at end-December 2015.

In this environment, new financings (excluding cards and personal loans) increased for all Alliance brands to a volume of €17.9 billion, up 14.9% over one year.

Average performing assets (APA) now stand at €33.3 billion, showing a 16.3% increase compared to 2015. Of this amount, €25.2 billion are directly attributable to the Retail Customer business, which posted a 16% rise.

The Services business, a pillar of the RCI Banque group's strategy, helps to promote customer satisfaction and increase loyalty to Alliance brands. It is based on two main lines of action: profitable diversification of the range of products, and international expansion.

This business line continued to grow throughout 2016, posting a 19.8% leap in the volume of new contracts to more than 3.4 million units (of which more than 63% in vehicle-related or customer centric services).

In the Europe Region, the number of new vehicle financing contracts increased by 12.6% over one year. The financing penetration rate across the Region posted a 1.3-point increase on 2015, to 41.5%.

In the Asia-Pacific Region, RCI Banque enjoyed the benefit of the healthy sales performance put in by Renault Samsung Motors, and more than one in two new vehicles sold by the manufacturer was financed by RCI Banque. The financing penetration rate was 52.3%.

The Americas Region continued to be affected by the slump in Brazil's automotive market, which fell by 19.8% compared to 2015. The financing penetration rate for the Region as a whole was sustained by the business performance in Argentina, slipping by 1.3 points compared to December 2015, to 37.7%.

The Africa - Middle-East - India Region posted a penetration rate of 18.2%, showing a 1.8-point improvement on 2015. In India, the penetration rate was up 5.9 points to 12.6%, driven by the rollout of the sales business in 2015.

In the Eurasia Region, the penetration rate increased to 24.7% (+0.5 points). In Russia, where automotive sales are declining, the penetration rate improved by 2.9 points, returning to a pre-crisis level of 26.9%. In Turkey, where the automotive market is showing growth, the penetration rate was down 3.8 points to 22.1%. At the end of 2016, the Turkish subsidiary enhanced its offering and launched its dealer lending operation.

PC + LUV* market		RCI Banque financing penetration rate (%)	New vehicle contracts processed (thousands)	New financings excluding cards and PL (€m)	Net assets at year-end** (€m)	of which Customer net assets at year-end** (€m)	of which Dealer net assets at year-end (€m)
Europe	2016	41.5	1,197	15,175	33,934	24,408	9,526
	2015	40.2	1,053	13,054	28,182	20,609	7,573
of which Germany	2016	39.9	155	2,196	5,871	4,402	1,469
	2015	43.3	146	2,025	4,788	3,688	1,100
of which Spain	2016	52.4	139	1,611	3,426	2,656	770
	2015	49.0	118	1,271	2,568	2,049	519
of which France	2016	44.4	425	5,270	11,632	8,253	3,379
	2015	42.4	384	4,515	10,185	7,195	2,990
of which Italy	2016	57.7	163	2,168	4,251	3,156	1,095
	2015	52.4	124	1,577	3,199	2,418	781
of which United Kingdom	2016	33.5	146	2,132	4,548	3,635	913
	2015	34.5	133	2,219	4,276	3,440	836
of which other countries	2016	29.2	170	1,797	4,206	2,306	1,900
	2015	28.3	147	1,447	3,166	1,819	1,347
Asia-Pacific (South Korea)	2016	52.3	70	1,014	1,400	1,389	11
	2015	53.3	55	814	1,161	1,144	17
Americas	2016	37.7	139	1,084	2,377	1,925	452
	2015	39.0	143	1,139	1,999	1,617	382
of which Argentina	2016	33.6	42	291	379	289	90
	2015	27.5	26	227	229	189	40
of which Brazil	2016	39.7	96	793	1,998	1,636	362
	2015	42.8	116	912	1,770	1,428	342
Africa - Middle-East - India	2016	18.2	43	224	389	321	68
	2015	16.4	22	150	338	275	63
Eurasia	2016	24.7	115	437	159	149	10
	2015	24.2	117	448	104	99	5
RCI Banque group total	2016	37.7	1,564	17,933	38,259	28,192	10,067
	2015	37.1	1,390	15,605	31,784	23,744	8,040

* Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.

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

Figures related to commercial activity (penetration rate, new contracts processed, new financings) include companies consolidated using the equity method.

CONSOLIDATED FINANCIAL HIGHLIGHTS 2016

In a mixed economic environment, with growth in Europe a slowdown in emerging markets and adverse exchange rate movements, RCI Banque increases in pre-tax income to €912 million.

Earnings

Net banking income (NBI) increased by 8.1% compared with 2015, to €1,472 million. This increase is attributable to the growth in average performing assets (APA) to €33.3 billion (+16.3% compared to 2015) and to the margin on services, which was up 5.3%.

Operating expenses came to €463 million, or 1.39% of APA, an almost 10-basis point decrease compared to 2015. With an operating ratio of 31.4%, RCI Banque demonstrated its ability to control its costs while supporting its strategic plans and business growth.

The total cost of risk (including country risk) remained under control at 0.31% of APA, against 0.33% at end-2015. There was a noticeable improvement in the Customer cost of risk, which dropped from 0.39% to 0.33% of APA at end-2016. The Dealer cost of risk lost a little ground, amounting to 0.21% of APA at end-2016.

Pre-tax income increased by 8.1% to €912 million, reflecting the group's continuing strong performance. This was achieved in spite of a negative currency effect of -€37.6 million, mainly concentrated on the United Kingdom and the Americas Region.

Consolidated net income – parent company shareholders' share – came to €602 million, against €539 million in 2015.

Balance sheet

Good commercial performances, especially in Europe, drove historic growth in net assets at year-end* to €38.3 billion, against €31.8 billion at end-2015 (+20.4%).

Consolidated equity amounted to €4,060 million against €3,495 million at 31 December 2015 (+16.2%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposits accounts) totaled €12.6 billion at end-December 2016, against €10.2 billion at end-December 2015, and represented approximately 33% of net assets at end-2016.

Profitability

ROE** dipped slightly to 18.2% against 18.7% in 2015.

Solvency

The Core Tier One solvency ratio increased to 15.7% at end-2016, against 15.1% at end-2015. The calculation at end-December 2015 includes an adjustment to the methodology used relating to the capital requirement for operational risk. Without the impact of this adjustment, the ratio would have come to 15.6% at end-December 2015.

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

** ROE : Return On Equity.

Consolidated income statement* (in million euros)	12/2016	12/2015	12/2014
Net banking income	1,472	1,362	1,204
General operating expenses ⁽¹⁾	(463)	(429)	(422)
Cost of risk	(104)	(93)	(109)
Share in net income (loss) of associates and joint ventures	7	4	(5)
Consolidated pre-tax income	912	844	668
Consolidated net income (parent company shareholders' share)	602	539	417

⁽¹⁾ including depreciation and impairment losses on tangible and intangible assets and gains less losses on non-current assets.

Consolidated balance sheet* (in million euros)	12/2016	12/2015	12/2014
Total net outstandings	37,544	31,226	28,017
of which			
• Retail customer loans	18,802	16,316	14,068
• Finance lease rentals	8,675	6,870	6,072
• Dealer loans	10,067	8,040	7,877
Operating lease transactions net of depreciation and impairment	715	558	309
Other assets	5,061	5,289	3,697
Shareholders' equity of which	4,072	3,507	3,412
• Equity (total)	4,060	3,495	3,151
• Subordinated debts	12	12	261
Bonds	14,658	13,096	12,039
Negotiable debt securities (CD, CP, BT, BMTN)	1,822	1,662	952
Securitization	3,064	2,776	3,636
Customer savings accounts - Ordinary accounts	9,027	7,332	5,102
Customer term deposit accounts	3,549	2,902	1,432
Banks, central banks and other lenders (including Schuldschein)	4,536	3,633	3,430
Other liabilities	2,592	2,165	2,020
BALANCE SHEET TOTAL	43,320	37,073	32,023

* 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.

FINANCIAL POLICY

In 2016, the ECB (European Central Bank) continued with its expansionary monetary policy. In March, it unveiled a new series of monetary policy measures to boost Europe's economic recovery and raise inflation. Key rates were cut to record lows, with the lowest bound down to -0.40%. Further rounds of long-term liquidity injections in the shape of TLTROs (*Targeted Longer-Term Refinancing Operations*) were introduced. The ECB also launched the Corporate Sector Purchase Programme under which it started buying corporate bonds issued by European companies.

In the United States, the FED (Federal Reserve), which had initiated a monetary tightening cycle at the end of 2015, decided to wait until December before raising its key interest rate, on account of the slowdown in global growth, electoral uncertainties and the very accommodating monetary policies implemented by other major central banks.

In June 2016, the British people voted to take the United Kingdom out of the European Union, thereby opening the door to a period of volatility and uncertainty.

Spreads on the bonds issued by RCI Banque saw mixed fortunes during the year. After widening suddenly in early January when investors' attention was focused on pollutant emissions in the automotive sector, they entered into a phase of narrowing and this process accelerated when the ECB announced its private bond purchase program. Their levels during the summer were similar to those at the end of the first half-year 2015, nearing record lows.

During the fall, spreads widened until 8 December, when the ECB announced that its bond-buying scheme would be extended to end-2017.

In 2016, RCI Banque launched five bond issues in public format, for a total amount of €3,350 million. The first, a three-year €500 million bond, posted a floating rate coupon. The following four, a seven-year €600 million bond, a three-year €750 million bond, a seven-year €750 million bond and a five-year €750 million bond, were issued at fixed rates. The success of the two seven-year issues, a long maturity used for the first time in 2014, helped to diversify the group's investor base and shows investors confidence in the strength of the company.

At the same time, a number of two to three-year private placements were also executed, for a total of €1.1 billion. RCI Banque also carried out a public securitization transaction backed by German auto loans, of which €500 million were placed with investors. This transaction replaces the one launched in December 2013 that started to amortize since end-2014.

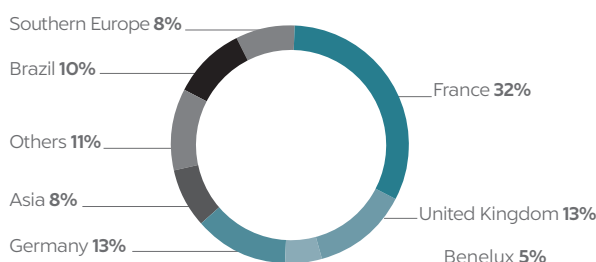
This combination of maturities, types of coupon and issue formats is part of the strategy implemented by the group for a number of years to diversify its sources of funding and reach out to as many investors as possible.

Outside Europe, the group's entities in Brazil, South Korea, Morocco and Argentina also tapped their domestic bond markets.

Retail customer deposits increased by €2.3 billion over the year to €12.6 billion at 31 December, representing almost 33% of net assets at year-end, in line with the company's goal of collecting retail deposits equivalent to one third of the financing granted to its customers.

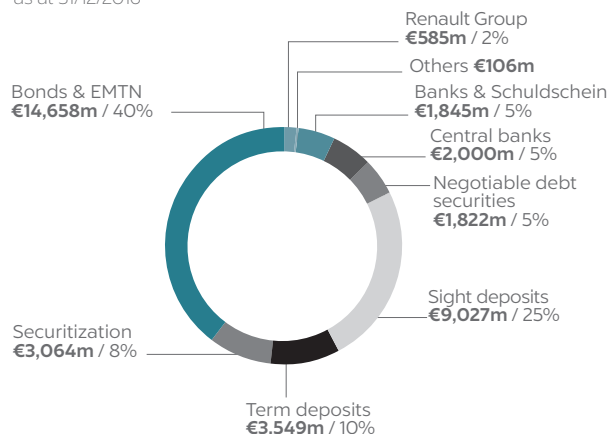
Geographical breakdown of new resources with a maturity of one year or more

(excluding deposits and TLTRO)
as at 31/12/2016



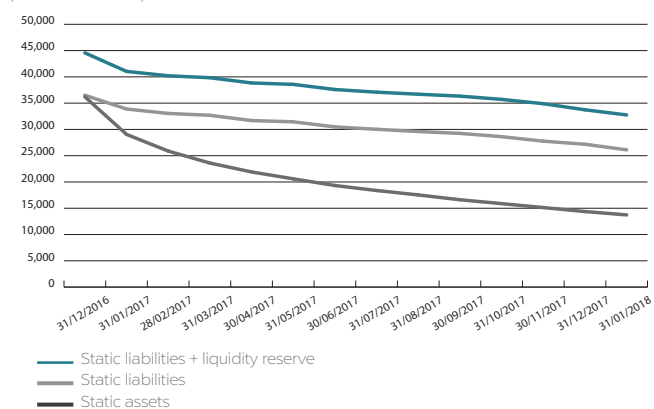
Structure of total debt

as at 31/12/2016



Static liquidity position*

(in million euros)



* Scope: Europe.

FINANCIAL POLICY

These resources, to which should be added, based on the European scope, €4.1 billion of undrawn committed credit lines, €2.6 billion of assets eligible as collateral in ECB monetary policy operations, €1.3 billion of high quality liquid assets (HQLA) and €0.3 billion of short term financial assets, enable RCI Banque to maintain the financing granted to its customers for more than 10 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 limit set by the group (€40 million until 05 December, €50 million since then).

At 31 December 2016, a 100-basis point rise in rates would have an impact of:

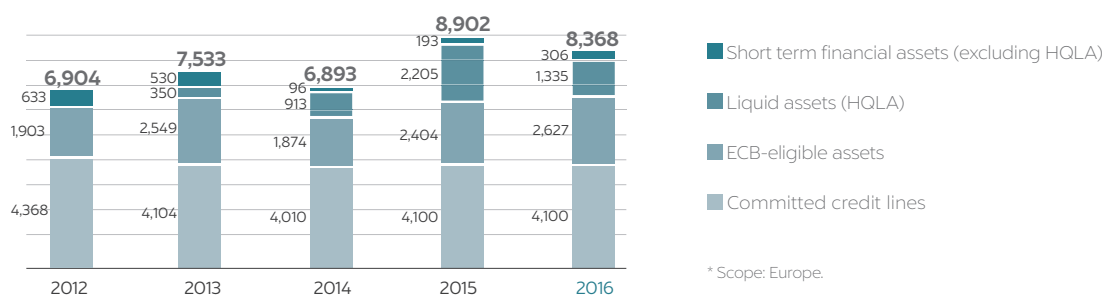
+€12.3 million in EUR,
-€0.1 million in ARS,
-€0.1 million in BRL,
+€3.6 million in CHF,
+€0.5 million in GBP,
-€0.1 million in KRW,
+€1.4 million in MAD,
+€0.3 million in PLN.

The absolute sensitivity values in each currency totaled €18.6 million.

The RCI Banque group's consolidated foreign exchange position totaled €8.85 million at 31/12/2016.

Liquidity reserve*

(in million euros)



RCI Banque group's programs and issuances

The group's issuances are concentrated on six issuers: RCI Banque, DIAC, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co Ltd (South Korea), Banco RCI Brasil (Brazil) and RCI Finance Maroc (Morocco).

Issuer	Instrument	Market	Amount	S&P	Moody's	Others
RCI Banque S.A.	Euro CP Program	Euro	€2,000m	A-2 (stable outlook)	P2 (stable outlook)	R&I: A-2 (positive outlook)
RCI Banque S.A.	Euro MTN Program	Euro	€14,000m	BBB (stable outlook)	Baa1 (stable outlook)	R&I: BBB+ (positive outlook)
RCI Banque S.A.	NEU CP* Program	French	€4,500m	A-2 (stable outlook)	P2 (stable outlook)	
RCI Banque S.A.	NEU MTN** Program	French	€2,000m	BBB (stable outlook)	Baa1 (stable outlook)	
Diac S.A.	NEU CP* Program	French	€1,000m	A-2 (stable outlook)		
Diac S.A.	NEU MTN** Program	French	€1,500m	BBB (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS1,400m		Aa2.ar (stable outlook)	Fix Scr: AA (arg) (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,215bn***			KR, KIS, NICE: A+
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL2,844m***		Aaa.br	
RCI Finance Maroc	BSF Program	Moroccan	MAD1,000m			

* "Negotiable European Commercial Paper" (NEU CP), new name for Certificates of Deposit.

** "Negotiable European Medium-Term Note" (NEU MTN), new name for Negotiable Medium-Term Notes.

*** Outstandings.



This document and further information about RCI Banque are available on: www.rcib.com
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