RCI BANK AND SERVICES

BUSINESS REPORT
FIRST HALF 2019

RCI BANK AND SERVICES[1] OVERVIEW

RCI Bank and Services provides a range of financial solutions 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:

"We are the financial partner of all the Alliance's brands. Customers and distribution networks choose us for our responsiveness and tailored solutions.
Passion and innovation motivate our teams to enhance customers' mobility experiences."

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 the group's sources of refinancing for its operations. Deposits collected came to €16.7 billion or approximately 34% of net assets at end-June 2019[3].

Some 3,600 employees over four Regions

Our employees operate in 36 countries, divided into four major world Regions: Europe; Americas; Africa – Middle-East – India and Pacific[4]; Eurasia.

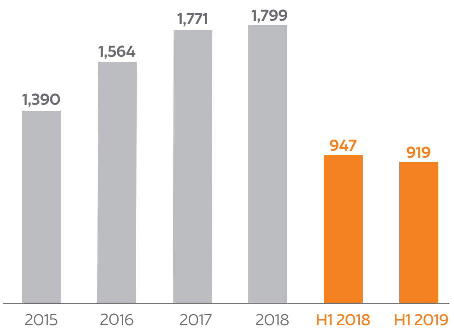
[1] RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

[2] RCI Bank and Services supports the Groupe Renault's brands (Renault, Dacia, Alpine, Renault Samsung Motors and Lada), the Nissan Group's (Nissan, Infiniti and 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.

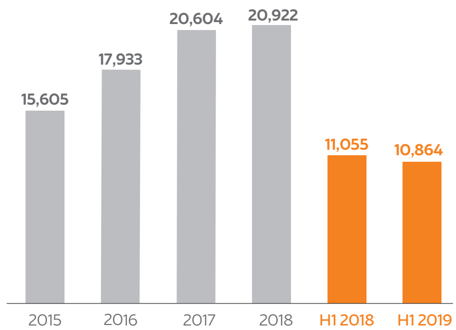
[3] Net assets at end-: net total outstandings at end + operating lease transactions net of depreciation and impairment.

[4] Organizational change in the Groupe Renault Regions from May 1st 2019 : the creation of the new "Africa – Middle-East – India and Pacific" Region (AMIP), is reflected in RCI Bank and Services' reporting scope by the grouping of the former Regions.

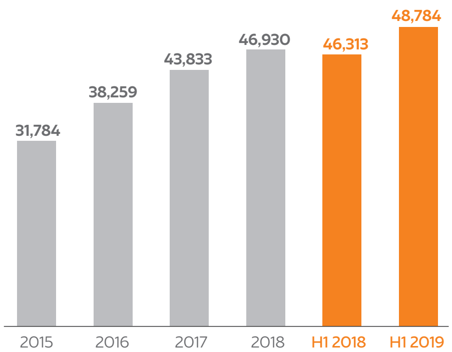
Total number of vehicle contracts
(in thousands)



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

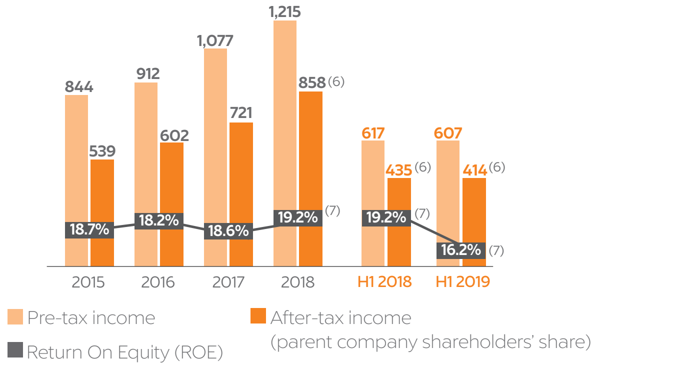


Net assets at end[5]
(in million euros)



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

Results
(in million euros)



[6] After-tax result is impacted by deferred tax elements resulting from announced changes in corporate income tax under France's Finance Law: +€42m in first half 2018, +€47m at-end 2018 and -€15.4m in first half 2019.

[7] Excluding deferred tax impact, ROE came to 17.4% in first half 2018, 18.1% at-end 2018 and 16.8% in first half 2019

BUSINESS ACTIVITY

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

With 918,504 contracts financed at the end of June 2019, RCI Bank and Services generated €10.9 billion of new financings, against €11.1 billion last year, thereby showing good commercial performance despite a global car market in decline.

The group's Financing penetration rate thus came to 41.3%, a year-on-year increase of 1.6 points. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 43.0%, against 41.8% for the first half-year of 2018.

The used vehicle financing business remains, for its part, stable compared with the end of June 2018, with 185,352 contracts financed.

Average performing assets (APA)[1] came to €46.7 billion, showing 6.9% growth since June 2018. Of this amount, €36.4 billion are directly attributable to the Retail Customer business, which posted a 10.1% rise.

A pillar of the group's strategy, the Services business saw an increase in activity, posting a 5.0% leap in volumes over the last twelve months. The number of Services sold for the first six months of 2019 amounted to 2.5 million insurance policies and services contracts, of which 68% represented customer- and vehicle-use services.

The Europe Region shows again good commercial performance with a higher Financing penetration rate of 44.2%, against 43.2% last year.

Despite an unpredictable economic environment in Argentina, the Americas Region posted a Financing penetration rate of 36.7%, showing a 1.0 point increase compared with June 2018, driven by the good performance of Brazil and Colombia, which respectively show a high financing penetration rate of 39.8% and 48.8%.

Boosted by the sales drive shown by subsidiaries in the AMIP (Africa – Middle-East – India and Pacific) Region, the Financing penetration rate escalated further to 41.2%, showing a 6.7-points increase compared with the first six months of 2018.
In Korea, 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, posting a Financing penetration rate of 58.4%, up 3.3 points. In Morocco, the subsidiary's Financing penetration rate is also up 3.6 points compared with last year, at 36.2%.

The Eurasia Region posted a Financing penetration rate of 27.4%, fuelled in particular by the good performance turned in by Romania whose Financing penetration rate highly improved by 9.5 points to 31.6%. In Russia, the Financing penetration rate also shows a substantial increase of 3.5 points compared with June 2018, up to 29.8%.

[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 year-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[3] (€m)	of which Dealer net assets at year-end[3] (€m)
Europe	**H1 2019**	**44.2%**	**711**	**9,289**	**43,488**	**33,415**	**10,073**
	H1 2018	43.2%	725	9,428	41,764	31,119	10,645
of which Germany	**H1 2019**	**43.6%**	**95**	**1,449**	**7,969**	**6,495**	**1,474**
	H1 2018	42.2%	95	1,452	7,220	5,775	1,445
of which Spain	**H1 2019**	**50.7%**	**84**	**997**	**4,784**	**3,880**	**904**
	H1 2018	53.2%	86	1,042	4,555	3,618	937
of which France	**H1 2019**	**47.7%**	**259**	**3,249**	**14,974**	**11,137**	**3,837**
	H1 2018	44.2%	248	3,082	14,348	10,318	4,030
of which Italy	**H1 2019**	**63.4%**	**113**	**1,602**	**5,951**	**4,875**	**1,076**
	H1 2018	62.0%	113	1,583	5,651	4,376	1,275
of which United Kingdom	**H1 2019**	**29.0%**	**55**	**843**	**4,539**	**3,676**	**863**
	H1 2018	34.1%	71	1,054	4,944	3,971	973
of which other countries	**H1 2019**	**31.8%**	**105**	**1,148**	**5,271**	**3,352**	**1,919**
	H1 2018	31.5%	111	1,215	5,046	3,061	1,985
Americas	**H1 2019**	**36.7%**	**98**	**784**	**2,999**	**2,388**	**611**
	H1 2018	35.7%	101	784	2,376	1,921	455
of which Argentina	**H1 2019**	**19.7%**	**11**	**51**	**225**	**149**	**76**
	H1 2018	27.8%	27	158	371	267	104
of which Brazil	**H1 2019**	**39.8%**	**75**	**626**	**2,343**	**1,889**	**454**
	H1 2018	38.9%	64	530	1,701	1,400	301
of which Colombia	**H1 2019**	**48.8%**	**13**	**107**	**431**	**350**	**81**
	H1 2018	45.2%	11	96	304	254	50
Africa - Middle-East - India and Pacific	**H1 2019**	**41.2%**	**55**	**538**	**2,005**	**1,873**	**132**
	H1 2018	34.4%	56	575	1,965	1,860	105
Eurasia	**H1 2019**	**27.4%**	**55**	**252**	**292**	**274**	**18**
	H1 2018	26.8%	65	268	208	197	11
Total group	**H1 2019**	**41.3%**	**919**	**10,864**	**48,784**	**37,950**	**10,834**
	H1 2018	39.7%	947	11,055	46,313	35,097	11,216

[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 (penetration rate, new contracts processed, new financings) include companies consolidated using the equity method.

CONSOLIDATED FINANCIAL HIGHLIGHTS

In the first half of 2019, pre-tax income of RCI Bank and Services totals €607 million. Growth in outstandings and dynamic commercial performance mitigate the effects of a slack global car market.

Earnings

Net banking income (NBI) increased 2.4% compared with the first half-year of 2018, to €1,008 million. This increase is attributable to the combined growth of the Financing (+6.9% growth in average performing assets, APA) and Services activities (+10.6% compared with the previous year).
Operating expenses came to €314 million, or 1.36% of APA, a 1-basis point increase compared with last year. With an operating ratio of 31.2%, RCI Bank and Services evidences its ability to regulate its costs while supporting its strategic plans and business growth.

The total cost of risk remains under control at 0.40% of APA against 0.37% in the first half 2018, confirming a robust underwriting and collection policy.
The Customer cost of risk business (financing for private and business customers) improved significantly, dropping to 0.43% of APA, down from 0.50% in the first half 2018. For the Dealer business (financing for dealerships), the cost of risk amounted to 0.13% of APA in the first half 2019, against an income of 0.17% (reversal of a provision) at end-June 2018.

Pre-tax income came to €607 million, against €617 million the previous year, affected by an adverse foreign exchange impact of €16.3 million, to the fall in the value of the Argentine Peso and the Brazilian Real, and by €21 million of provisions for impairment of investments made in mobility services.

Consolidated net income - parent company shareholders' share - came to €414 million at end-June 2019, against €435 million for 2018. It is affected by an increase in the group's effective tax rate to 29.6% at 30 June 2019 from 27.7% at 30 June 2018, following the deferral of the announced reductions in corporation tax in France.

Balance sheet

Good commercial performances in recent years, especially in Europe, drove historic growth in net assets at end[1]-June 2019 to €48.8 billion against €46.3 billion at end-June 2018 (+5.3%).

Consolidated equity amounted to €5.6 billion against €5.0 billion at end-June 2018 (+11.9%).

Deposits from retail customers in France, Germany, Austria, the United Kingdom and in Brazil[2] (sight and term deposits) totaled €16.7 billion at end-June 2019 against €16.0 billion at end-June 2018 and represented approximately 34% of net assets at end-June 2019.

Profitability

ROE[3] came to 16.2% against 19.2% at end-June 2018. It is impacted by a 14.0% increase in the average net equity and a €15.4 million deferred tax impacts. Excluding deferred tax impacts, ROE at end-June 2019 came to 16.8% against 17.4% at end-June 2018.

Solvency

The Core Equity Tier One[4] was 14.6% at end-June 2019, against 14.4% (fully loaded) at end-June 2018.

Consolidated income statement (in million euros)	**06/2019**	06/2018	12/2018	12/2017
Net banking income	**1,008**	984	1 930	1 628
General operating expenses*	**(317)**	(296)	(575)	(522)
Cost of risk	**(93)**	(80)	(145)	(44)
Share in net income (loss) of associates and joint ventures	**10**	9	15	15
Income (loss) on exposure to inflation**	**(1)**		(10)	
Consolidated pre-tax income	**607**	617	1 215	1,077
Consolidated net income (parent company shareholders' share)	**414**	435	858	721

* 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)	**06/2019**	06/2018	12/2018	12/2017
Total net outstandings of which	**47,655**	45,381	45,956	42,994
• *Retail customer loans*	***24,051***	*22,671*	*23,340*	*21,609*
• *Finance lease rentals*	***12,770***	*11,494*	*11,729*	*10,437*
• *Dealer loans*	***10,834***	*11,216*	*10,887*	*10,948*
Operating lease transactions net of depreciation and impairment	**1,129**	932	974	839
Other assets	**7,815**	6,629	6,464	5,876
Shareholders' equity of which	**5,649**	5,051	5,320	4,732
• *Equity (total)*	***5,636***	*5,038*	*5,307*	*4,719*
• *Subordinated debts*	***13***	*13*	*13*	*13*
Bonds	**20,108**	19,214	18,903	17,885
Negotiable debt securities (CD, CP, BT, BMTN)	**1,368**	1,295	1,826	1,182
Securitization	**3,518**	2,787	2,780	2,272
Customer savings accounts - Ordinary accounts	**12,585**	12,345	12,120	11,470
Customer term deposit accounts	**4,133**	3,689	3,743	3,464
Banks, central banks and other lenders (including Schuldschein)	**6,105**	5,849	5,849	5,854
Other liabilities	**3,133**	2,712	2,853	2,850
BALANCE SHEET TOTAL	**56,599**	52,942	53,394	49,709

[1] Net assets at end-: net total outstandings at end + operating lease transactions net of depreciation and impairment.

[2] The Savings business in Brazil was launched in March 2019.

[3] ROE (Return on equity), is calculated by dividing net income for the period by average net equity (excluding Income for the period).

[4] Ratio including interim profits net of provisional dividends for the first half-year 2019, subject to regulator's approval in accordance with Article 26 §2 of Regulation (UE) 575/2013.

FINANCIAL POLICY

During the first half of 2019, the European Central Bank announced a number of measures designed to maintain favorable credit conditions in the context of uncertainty surrounding world growth.

The ECB has confirmed that its interest rates will remain unchanged until at least Q1 2020, one year longer than originally stated in 2018. The central bank will keep its asset purchase program at a constant level and continue to reinvest the proceeds from maturing securities. Furthermore, it has announced the launch of new long-term refinancing operations TLTRO III(1) to encourage banks to increase their lending.

The US Federal Reserve left its key rates unchanged over the period, with Fed Funds at 2.25-2.50%. In light of the global economic downturn, the Fed has suspended its cycle of rate increases and adopted a more accommodating approach. Given the uncertainties associated with Brexit, the Bank of England has revised downwards its growth forecast for 2019. The UK base rate has remained at 0.75% throughout the period.

Euro rates have continued to fall since the start of the year. At the end of June 2019, the 5-year swap rate was fixed at -0.23%, down 43 bps, an all-time low to date. The yield on the 10-year German government bond entered negative territory at -0.33%, a record low.

The change in stance of the central banks' monetary policy has affected investors' perception of risk and contributed to rising equity markets(2) and the tightening of bond spreads(3). During the month of May, temporary trade tensions between the US and China led to a rise in market volatility.

(1) Targeted Longer-Term Refinancing Operations: 7 quarterly 2-year operations.
(2) Euro Stoxx 50 up +15%.
(3) Iboxx Eur No- Financial down -28bps.

RCI Banque issued the equivalent of €2.3 billion in public bond format, making a number of successive issues. The first was a five-and-a-half-year fixed rate issue for €750 million and the second a dual tranche issue for €1.4 billion (four-year fixed rate €750 million, seven-year fixed rate €650 million). At the same time, the company issued a five-year fixed rate CHF170 million, a transaction that enabled it to both diversify its investor base and fund assets in that currency.

On the secure refinancing segment, RCI Banque issued a public securitization backed by car loans in Germany for €975.7 million breaking down into €950 million of senior securities and €25.7 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.

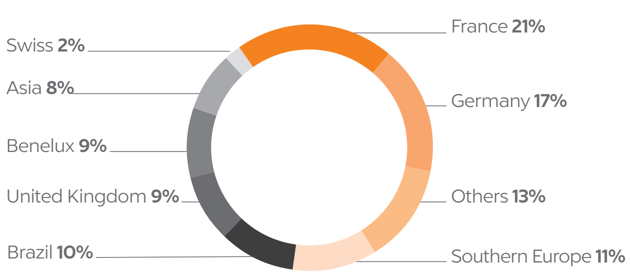
In addition, the group's entities in Brazil, South Korea, Morocco, Argentina and in Colombia also issued debt on their domestic markets.

The Savings business, already in place in France, Germany, Austria and the United Kingdom, was extended to Brazil in March. In the United Kingdom, anticipating the country's withdrawal from the European Union, RCI Banque obtained a local banking licence and transferred the deposits collect by its branch to this new entity.

Retail customer deposits have increased by €0.8 billion since December 2018 and at 30 June 2019 totaled €16.7 billion, representing 34% of net assets at the end of June, in line with the company's goal of collecting retail deposits equivalent to approximately one third of the financing granted to its customers.

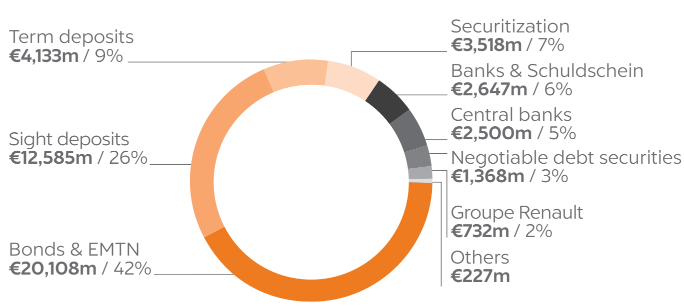
Geographical breakdown of new resources with a maturity of one year or more

(excluding deposits and TLTRO)
as at 30/06/2019



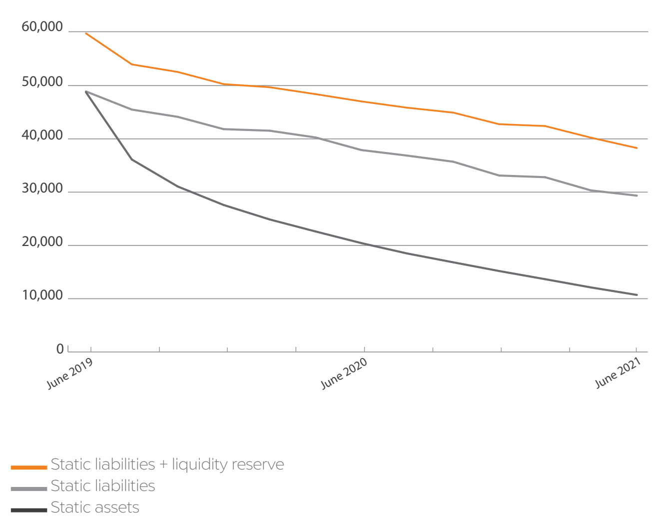
Structure of total debt

as at 30/06/2019



Static liquidity position(4)

(in million euros)



(4) Scope: Europe.

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

FINANCIAL POLICY

These resources, to which should be added, based on the European scope, €4.4 billion of undrawn committed credit lines, €2.8 billion of assets eligible as collateral in ECB monetary policy operations, €3.0 billion of high quality liquid assets (HQLA) and €0.3 billion of financial assets, enable RCI Banque to maintain the financing granted to its customers for about 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 30 June 2019, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

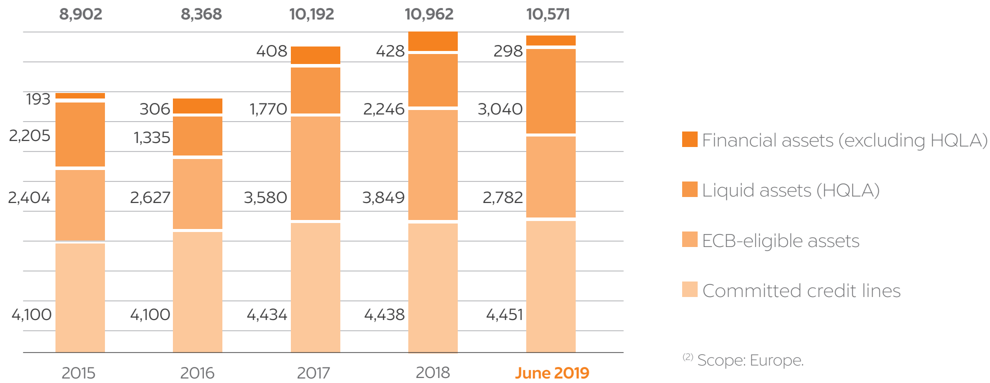
+€8.6 million in EUR,
-€0.7 million in GBP,
+€0.6 million in KRW,
+€0.4 million in MAD,
+€0.4 million in CHF,
-€0.4 million in BRL,
-€0.2 million in CZK,
+€0.2 million in DKK.

The absolute sensitivity values in each currency totaled €12.1 million.

The RCI Banque group's consolidated transactional[1] foreign exchange position totaled €13.9 million.

[1] Foreign exchange position excluding investments to the capital of subsidiaries.

Liquidity reserve[2]
(in million euros)



[2] 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** (negative outlook)	**P2**	**R&I: A-1** (positive outlook)
RCI Banque S.A.	Euro MTN Program	Euro	€23,000m	**BBB** (negative outlook)	**Baa1** (stabe outlook)	**R&I: A-** (positive outlook)
RCI Banque S.A.	NEU CP[3] Program	French	€4,500m	**A-2** (negative outlook)	**P2**	
RCI Banque S.A.	NEU MTN[4] Program	French	€2,000m	**BBB** (negative outlook)	**Baa1** (stabe outlook)	
Diac S.A.	NEU CP[3] Program	French	€1,000m	**A-2** (negative outlook)		
Diac S.A.	NEU MTN[4] Program	French	€1,500m	**BBB** (negative outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000m		**Aa1.ar** (stable outlook)[6]	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,520bn[5]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,501m[5]		**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	COP404bn[5]	**AAA.co**		

[3] Negotiable European Commercial Paper (NEU CP), new name for Certificates of Deposit.
[4] Negotiable European Medium-Term Note (NEU MTN), new name for Negotiable Medium-Term Notes.
[5] Outstandings.
[6] Amended to Aa2.ar since July 2019.

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