RCI BANK AND SERVICES

BUSINESS REPORT

FIRST HALF 2018

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:
«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** 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 €16.0 billion or approximately 35% of net assets at end-June 2018[3].

Some 3,400 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.

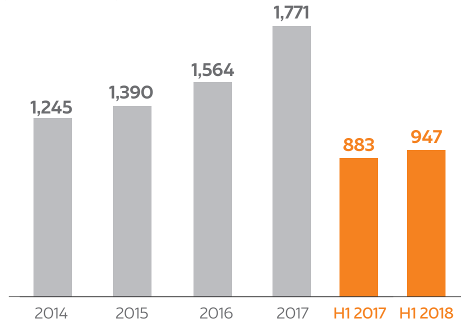
[1] RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

[2] RCI Bank and Services supports the Renault Group's brands (Renault, Renault Samsung Motors and Dacia), 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 + operating lease transactions net of depreciation and impairment.

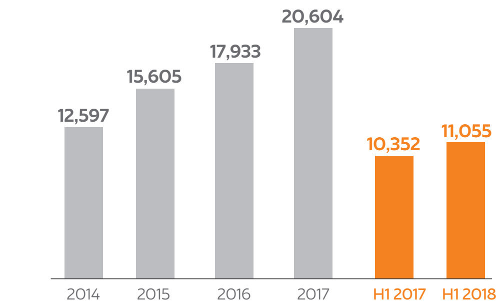
Total number of vehicle contracts

(in thousands)



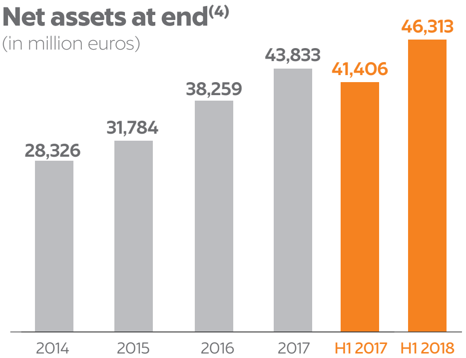
New financings

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



Net assets at end[4]

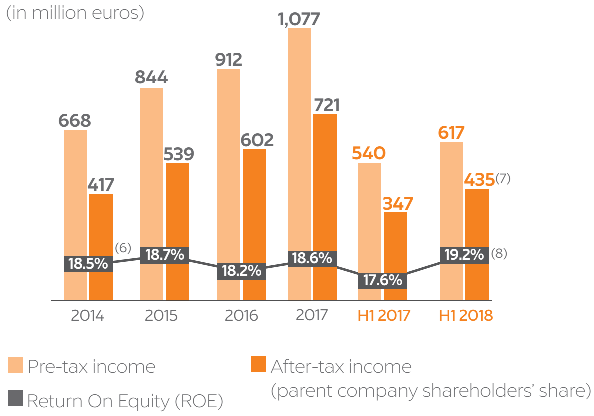
(in million euros)



[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 €42 million.

[8] Excluding the €42 million deferred tax impact, ROE came to 17.4%.

BUSINESS ACTIVITY

In a growing global automotive market, RCI Bank and Services posts a further increase in its sales performance for the first six months of 2018 and keeps its strategic goals on track.

With 947,146 contracts financed at end-June 2018, a 7.3% increase on the first six months of 2017, RCI Bank and Services generated €11.1 billion in new financings. In a global automotive market that was up compared with end-June 2017, the improvement in new financings recorded in Europe made up for the fall recorded in the Asia-Pacific region.

The group's Financing penetration rate thus came to 39.7%, a year-on-year increase of 1.5 points. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 41.8%, against 40.7% for the first half-year of 2017.

The boom in the used vehicle financing business line continued with 185,512 contracts financed, a 17.4% increase on the previous year at the same period.

Average performing assets (APA)[1] came to €43.7 billion, showing 13.3% growth since June 2017. Of this amount, €33.1 billion are directly attributable to the Retail Customer business, which posted a 15.0% rise.

Boosted by the growth of the automotive market and in new and used vehicle financing, the Services business saw increased activity, posting a 14.4% leap in volumes over the last twelve months. The number of Services sold for the first six months of 2018 amounted to 2.4 million insurance policies and services contracts, of which 65% in customer- and vehicle-use related services.

In the Europe Region, the number of new vehicle financing contracts increased by 5.1% compared with June 2017 and the penetration rate improved by 2.4 points to 43.2%.

The Americas region continued to record good trading results despite an unpredictable economic environment, mainly in Argentina. The Financing penetration rate for the region as a whole was down 2.7 points compared with June 2017 to 35.7%, but Colombia, a subsidiary that joined the scope of consolidation last year, posted a high penetration rate of 45.2%.

The Asia-Pacific region achieved the highest penetration rate of the RCI group's regions, at 55.1%. 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 penetration rate escalated further to 25.5%, showing a 5.4-point increase compared with the first six months of 2017.

The Eurasia region posted a penetration rate of 26.8%, fuelled in particular by the excellent performance turned in by Turkey, whose penetration rate improved by 3.4 points to 30.1%.

[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 (€m)
Europe	**H1 2018**	**43.2**	**725**	**9,428**	**41,764**	**31,119**	**10,645**
	H1 2017	40.8	671	8,612	36,932	27,236	9,696
of which Germany	**H1 2018**	**42.2**	**95**	**1,452**	**7,220**	**5,775**	**1,445**
	H1 2017	43.1	93	1,366	6,363	4,905	1,458
of which Spain	**H1 2018**	**53.2**	**86**	**1,042**	**4,555**	**3,618**	**937**
	H1 2017	50.0	74	854	3,764	2,953	811
of which France	**H1 2018**	**44.2**	**248**	**3,082**	**14,348**	**10,318**	**4,030**
	H1 2017	42.4	228	2,867	12,791	9,193	3,598
of which Italy	**H1 2018**	**62.0**	**113**	**1,583**	**5,651**	**4,376**	**1,275**
	H1 2017	57.2	104	1,449	4,860	3,786	1,074
of which United Kingdom	**H1 2018**	**34.1**	**71**	**1,054**	**4,944**	**3,971**	**973**
	H1 2017	27.7	68	973	4,687	3,730	957
of which other countries	**H1 2018**	**31.5**	**111**	**1,215**	**5,046**	**3,061**	**1,985**
	H1 2017	31.1	104	1,102	4,467	2,669	1,798
Asia-Pacific (South Korea)	**H1 2018**	**55.1**	**30**	**437**	**1,506**	**1,486**	**20**
	H1 2017	58.6	38	593	1,474	1,454	20
Americas	**H1 2018**	**35.7**	**101**	**784**	**2,376**	**1,921**	**455**
	H1 2017	38.5	87	784	2,428	1,947	481
of which Argentina	**H1 2018**	**27.8**	**27**	**158**	**371**	**267**	**104**
	H1 2017	35.9	27	201	462	333	129
of which Brazil	**H1 2018**	**38,9**	**64**	**530**	**1,701**	**1,400**	**301**
	H1 2017	37.5	49	475	1,761	1,474	287
of which Colombia	**H1 2018**	**45,2**	**11**	**96**	**304**	**254**	**50**
	H1 2017	49.3	12	108	205	140	65
Africa - Middle-East - India	**H1 2018**	**25,5**	**26**	**138**	**459**	**374**	**85**
	H1 2017	20.1	25	114	402	318	84
Eurasia	**H1 2018**	**26,8**	**65**	**268**	**208**	**197**	**11**
	H1 2017	27.2	62	249	170	159	11
Total group	**H1 2018**	**39.7**	**947**	**11,055**	**46,313**	**35,097**	**11,216**
	H1 2017	38.2	883	10,352	41,406	31,114	10,292

[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

Driven by growth in European markets, RCI Bank and Services records pre-tax income of €617 million for the first six months of 2018.

Earnings

Net banking income (NBI) increased 15.8% compared with the first half-year of 2017, to €984 million. This increase is attributable to the combined growth of the Financing (13.3% growth in average performing assets, APA) and Services activities (+18.1% compared with the previous year).

Operating expenses came to €296 million or 1.37% of APA, a 1-basis point decrease compared with last year. The operating ratio remained at the controlled level of 30.1%, evidencing the group's ability to regulate its costs while supporting its strategic plans and business growth.

The total cost of risk came to 0.37% of APA, against 0.29% in the first half of 2017, confirming a robust underwriting and collection policy. Since the switch to IFRS 9, the cost of risk has included an allocation to provisions for performing loans outstanding. Implementation of this standard in 2018 has led to an increase in the cost of risk due to growth in performing loans outstanding.
The cost of risk for the Retail Customer business (financing for private and business customers) came to -0.50% of APA. The cost of risk for the Dealer business (financing for dealerships) benefited from a reversal of provisions and amounted to +0.17% of the relevant APA.

Pre-tax income came to €617 million, showing a 14.3% increase compared with the previous year, despite an adverse foreign exchange impact of €23 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 €435 million, against €347 million for the first half-year 2017. It is impacted by a deferred tax income of €42 million resulting from the decrease in corporate income tax under France's Finance Law.

Balance sheet

Good commercial performances, especially in Europe, drove historic growth in net assets at end[1]-June 2018 to €46.3 billion, against €41.4 billion at end-June 2017 (+11.9%).

Consolidated equity amounted to €5.038 million against €4.372 million at end-June 2017 (+15.2%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposits) totaled €16.0 billion at end-June 2018 against €13.5 billion at end-June 2017 and represented approximately 35% of net assets at end-June 2018.

Profitability

ROE[2] rose to 19.2%[3] against 17.6% in June 2017.

Solvency[4]

The Core Tier One[5] ratio was 14.8% at end-June 2018 against 14.6% at end-June 2017.

Consolidated income statement (in million euros)	**06/2018**	06/2017	12/2017	12/2016
Net banking income	**984**	850	1,628	1,472
General operating expenses*	**(296)**	(263)	(522)	(463)
Cost of risk	**(80)**	(55)	(44)	(104)
Share in net income (loss) of associates and joint ventures	**9**	8	15	7
Consolidated pre-tax income	**617**	540	1,077	912
Consolidated net income (parent company shareholders' share)	**435**	347	721	602

* Including depreciation and impairment losses on tangible and intangible assets and gains less losses on non-current assets.

Consolidated balance sheet (in million euros)	**06/2018**	06/2017	12/2017	12/2016
Total net outstandings of which	**45,381**	40,578	42,994	37,544
• Retail customer loans	***22,671***	*20,514*	*21,609*	*18,802*
• Finance lease rentals	***11,494***	*9,772*	*10,437*	*8,675*
• Dealer loans	***11,216***	*10,292*	*10,948*	*10,067*
Operating lease transactions net of depreciation and impairment	**932**	828	839	715
Other assets	**6,629**	6,142	5,876	5,061
Shareholders' equity of which	**5,051**	4,384	4,732	4,072
• Equity (total)	***5,038***	*4,372*	*4,719*	*4,060*
• Subordinated debts	***13***	*12*	*13*	*12*
Bonds	**19,214**	17,198	17,885	14,658
Negotiable debt securities (CD, CP, BT, BMTN)	**1,295**	1,562	1,182	1,822
Securitization	**2,787**	3,002	2,272	3,064
Customer savings accounts - Ordinary accounts	**12,345**	10,018	11,470	9,027
Customer term deposit accounts	**3,689**	3,501	3,464	3,549
Banks, central banks and other lenders (including Schuldschein)	**5,849**	5,416	5,854	4,536
Other liabilities	**2,712**	2,467	2,850	2,592
BALANCE SHEET TOTAL	**52,942**	47,548	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 €42 million deferred tax impact, ROE came to 17.4%.

(4) The application of IFRS 9 has an impact on the solvency ratio at -0.06%.

(5) Ratio including interim profits net of provisional dividends for the first half-year 2018, subject to regulator's approval in accordance with Article 26(2) of Regulation (EU) No 575/2013.

FINANCIAL POLICY

The European Central Bank announced that it expects key interest rates to remain unchanged at least until the summer of 2019 and extended its asset purchase program for three additional months. From October, its monthly bond purchases will be halved from €30 million to €15 million and are expected to be completed in December. Reinvestment policy for maturing securities will continue as long as necessary after that date to maintain favorable liquidity conditions.

In the United States, Jerome Powell, the new Chairman of the Federal Reserve, raised its key interest rates twice, thereby taking the Fed Funds' target range to 1.75-2.00%. In the United Kingdom, the Bank of England, which in November initiated its first monetary tightening in a decade, held its rates unchanged.

The outlook for economic recovery in Europe and rising oil prices caused the rate curve to temporarily steepen, which was reduced in May further to the announcements of the European Central Bank. After peaking at 0.50%, the 5-year swap ended the six-month period at 0.25%, down 5 bp compared with end-December.

Following two years of monetary stimulus by central banks and low volatility, the prospect of the forthcoming return to normal in the Eurozone and political uncertainties in Italy led the markets to reassess their appetite for risk assets. After a long period of continued tightening, credit spreads widened slightly over the first six months and so returned to levels close to those noticed at the beginning of 2017.

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 fixed 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.

Two private format placements, one two-year and one three-year, were also made for a total of €350 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.

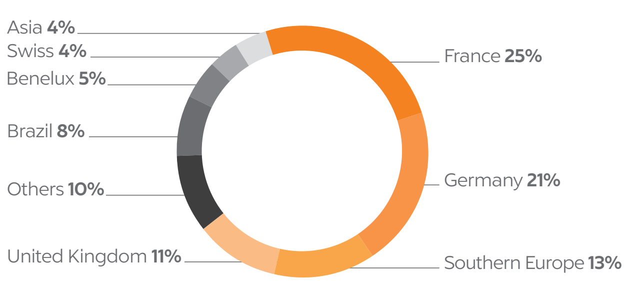
This combination of maturities, types of coupon and issue formats is part of the strategy implemented by the group for a number of years to diversify its sources of funding and reach out to as many investors as possible.

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

Retail customer deposits have increased by €1.1 billion since December 2017 and at 30 June 2018 totaled €16.0 billion, representing 35% 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.

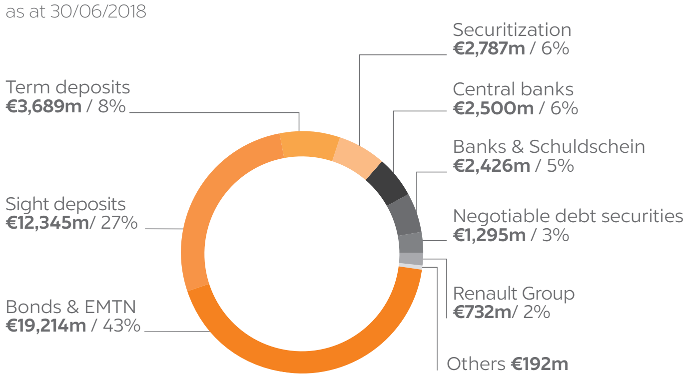
Geographical breakdown of new resources with a maturity of one year or more

(excluding deposits and TLTRO)
as at 30/06/2018



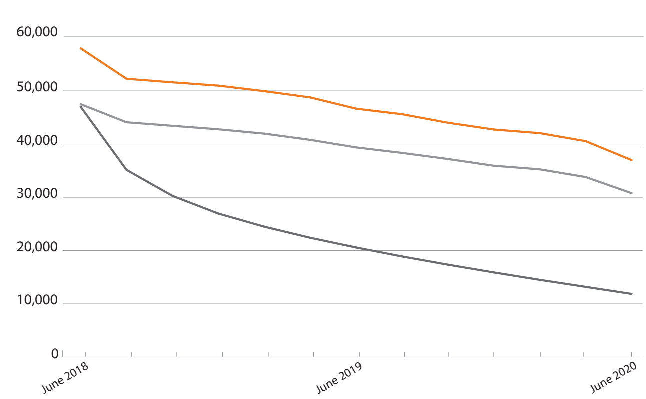
Structure of total debt

as at 30/06/2018



Static liquidity position[1]

(in million euros)



[1] 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, €3.7 billion of assets eligible as collateral in ECB monetary policy operations, €2.3 billion of high quality liquid assets (HQLA) and €0.5 billion of financial assets, enable RCI Banque to maintain the financing granted to its customers for more than 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 2018, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

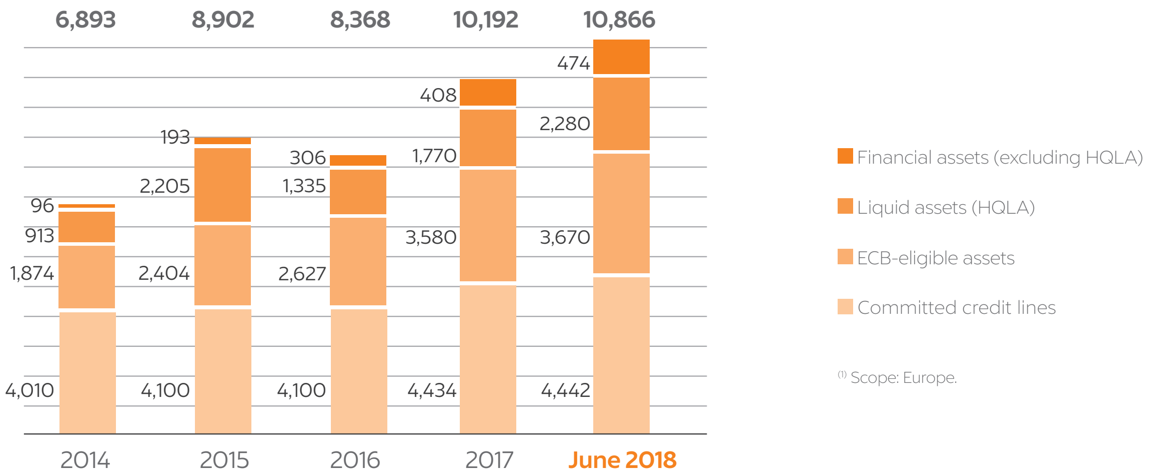
-€7.8 million in EUR,
-€0.2 million in CZK,
+€0.1 million in PLN,
+€0.2 million in GBP,
+€0.5 million in CHF,
+€0.7 million in KRW,
+€1.0 million in MAD.

The absolute sensitivity values in each currency totaled €10.9 million.

The RCI Banque group's consolidated foreign exchange position totaled €6.9 million.

Liquidity reserve[1]

(in million euros)



[1] Scope: Europe.

Group's programs and issuances

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

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-2** (positive outlook)
RCI Banque S.A.	Euro MTN Program	Euro	€20,000m	**BBB** (stable outlook)	**Baa1** (positive outlook)	**R&I: BBB+** (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** (stable outlook)	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,435m[4]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,304m[4]		**Aaa.br**	
RCI Finance Maroc	BSF Program	Moroccan	MAD1,000m			
RCI Leasing Polska	Bond Program	Polish	PLN500m			

[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