RCI BANK AND SERVICES

BUSINESS REPORT
FIRST HALF 2020

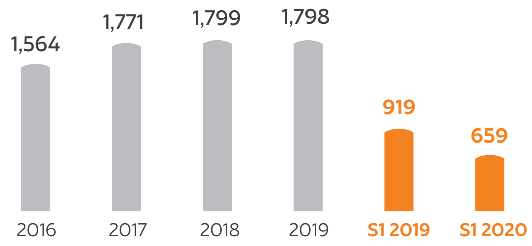
RCI BANK AND SERVICES[1] OVERVIEW

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 Alliance brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurance policies and services.

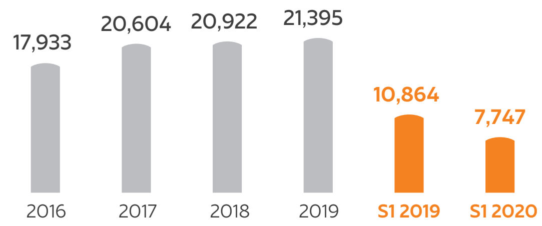
TOTAL NUMBER OF VEHICULE

(in thousands)



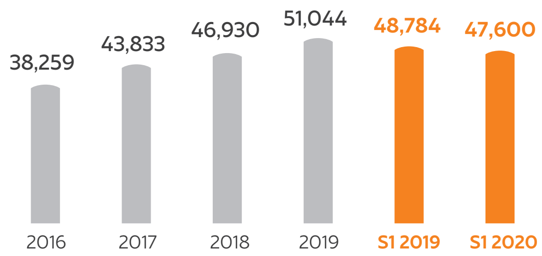
NEW FINANCING

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



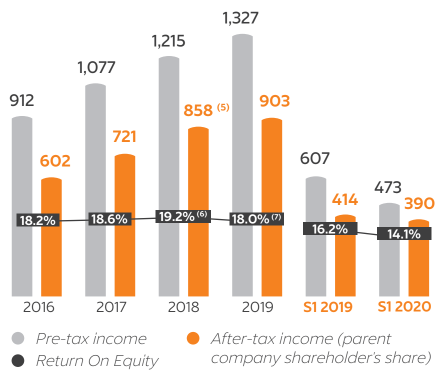
NET ASSETS AT YEAR-END

(in millions of euros)



RESULTS

(in millions of euros)



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: France, Germany, Austria, the United Kingdom and, since March 2019, Brazil. Savings deposits are a key instrument in the diversification of the group's sources of refinancing for its operations. Deposits collected came to €18.6 billion, or approximately 39% of net assets at end-June 2020[3].

Over 3,700 employees across four regions

Our employees operate in 36 countries, across four major regions worldwide: 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, 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 year-end: net total outstandings + operating lease transactions net of depreciation and impairment.
(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 includes Algeria, Morocco, India and South Korea
(5) After-tax result was impacted by deferred tax income of €47 million at the end of 2018..
(6) Excluding the impact of deferred tax, ROE stood at 18.1% in 2018.
(7) Excluding the impact of start-ups, ROE was 17.6% in 2019 compared to 19.8% at in 2018.

BUSINESS ACTIVITY H1 2020

In the Covid-19 pandemic context which has brought about a slump in the global automotive market by 34%[1], RCI Bank and Services financing penetration[2] rate was up 3.6 points to 44.9%.

Thus, the group approved 658,555 financing contracts in the first half of 2020, down 28.3% on end-June 2019. Used vehicle financing business was less affected by the health crisis and was down by only 15.0% on end-June 2019, with 157,500 financing contracts.

Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 47.6%, versus 43.0% in the first half of 2019.

New financings (excluding credit cards and personal loans) totaled €7.7 billion.

Driven by sales in the second half of 2019 and early 2020, average performing assets (APA)[3] came to €48.1 billion, showing 3.0% growth since June 2019. Of this amount, €37.8 billion are directly attributable to the Retail Customer business, which posted a 3.9% rise.

A pillar of the group's strategy, the number of services sold in the first half-year represented 1.9 million insurance policies and service contracts, down 22.8%, of which 69% in customer and vehicle use-related services.

The Europe Region posted an improved financing penetration rate of 48.6%, versus 44.2% the previous year.

Driven by strong performances in Brazil and Colombia which recorded high penetration rates of 41.9% and 67.1% respectively, the financing penetration rate in the Americas Region rose to 42.7%, up 6.0 percentage points from June 2019.

Driven by sales in South Korea, the financing penetration rate in the Africa - Middle-East - India and Pacific Region continued to rise to 43.1%, an increase of 1.9 points compared with the end of June 2019. In South Korea, over half of all new vehicles sold by Renault Samsung Motors were financed by RCI Bank and Services resulting in an excellent sales performance with a financing penetration rate of 55.5%.

The Eurasia Region posted a financing penetration rate of 31.1%, fueled in particular by strong performance in Romania, where the financing penetration rate saw a marked improvement of 4.0 points to 35.7%. In Russia, the financing penetration rate was up sharply by 5.0 points compared with June 2019 to 34.8%.

(1) On the scope of RCI Bank and Services' subsidiaries.
(2) The penetration rate is calculated as the number of new vehicles financed divided by the number of vehicles registered by manufacturers. Given the lags between vehicle registrations and deliveries, the drop-in registrations has a slight positive impact on the penetration rate.
(3) Average Performing Assets: APA correspond to average performing outstandings plus assets arising from operating lease transactions. For Retail customers, it meansthe average of performing assets at month-end. For Dealers, it means the average of daily performing assets.

	Financing penetration rate (%)		New vehicle contracts processed (thousands)		New financings excluding cards and PL (€m)		Net assets at year-end (€m)[2]		of which Customer net assets at year-end (€m)		of which Dealer net assets at year-end (€m)	
PC + LUV[1] market	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
EUROPE	**48.6%**	**44.2%**	**485**	**711**	**6,409**	**9,289**	**42,967**	**43,488**	**33,523**	**33,415**	**9,444**	**10,073**
of which Germany	50.9%	43.6%	77	95	1,166	1,449	8,137	7,969	6,773	6,495	1,364	1,474
of which Spain	51.1%	50.7%	42	84	506	997	4,437	4,784	3,493	3,880	944	904
of which France	51.9%	47.7%	187	259	2,360	3,249	15,638	14,974	11,972	11,137	3,666	3,837
of which Italy	63.7%	63.4%	60	113	874	1,602	5,802	5,951	4,757	4,875	1,045	1,076
of which United Kingdom	40.0%	29.0%	43	55	663	843	4,248	4,539	3,361	3,676	887	863
of which other countries	36.8%	31.8%	76	105	839	1,148	4,705	5,271	3,167	3,352	1,538	1,919
AMERICAS	**42.7%**	**36.7%**	**66**	**98**	**481**	**784**	**2,203**	**2,999**	**1,897**	**2,388**	**306**	**611**
of which Argentina	31.7%	19.7%	9	11	48	51	135	225	90	149	45	76
of which Brazil	41.9%	39.8%	45	75	338	626	1,578	2,343	1,391	1,889	187	454
of which Colombia	67.1%	48.8%	11	13	96	107	490	431	416	350	74	81
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	**43.1%**	**41.2%**	**51**	**55**	**614**	**538**	**2,105**	**2,005**	**1,999**	**1,873**	**106**	**132**
EURASIA	**31.1%**	**27.4%**	**56**	**55**	**242**	**252**	**325**	**292**	**316**	**274**	**9**	**18**
TOTAL GROUP RCI BANQUE	**44.9%**	**41.3%**	**659**	**919**	**7,747**	**10,864**	**47,600**	**48,784**	**37,735**	**37,950**	**9,865**	**10,834**

(1) Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.
(2) 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 2020, affected by the consequences of the health crisis, RCI Bank and Services recorded pre-tax income of €473 million, down 22.1% compared to June 2019.

RESULTS

Net banking income (NBI) amounted to €1,010 million, up 0.2% versus June 2019. Service activities continued their upward trajectory (up 3.5% compared to last year) and now account for one-third of NBI.

Operating costs amounted to €308 million or 1.29% of APA, an improvement of 7 basis points compared with the first half-year 2019. With an operational coefficient of 30.5%, a 0.7 point improvement, RCI Bank and Services is demonstrating its ability to adapt its operating costs at the level of its business segment and its full commitment to the Renault Group's fixed cost-reduction plan.

The cost of risk for the Customer business (financing for private and business customers) saw a sharp increase at 1.15% of APA in the first half of 2020 versus 0.43% of APA last year. This deterioration is due to the increase in provisions as a result of the negative impact of lock down policies on recovery processes (recoveries and sales of seized vehicles that have been nearly stopped) and the slight increase in the share of non-performing outstanding receivables.

For the Dealer business (financing for dealerships), the cost of risk amounted to 0.38% of APA at June 2020 versus 0.13% the previous year, adversely affected by updated macro-economic forecasts in the context of forward-looking provisioning for IFRS 9.

The total cost of risk amounted to 0.99% of APA versus 0.40% in the first half of 2019.

Pre-tax income amounted to €473 million, down 22.1% compared with the same period last year. It is impacted by a negative exchange rate impact of €17.1 million linked to the devaluation of the Brazilian Real and the Argentine Peso.

Consolidated net income – parent company shareholders' share – amounted to €390 million at the end of June, versus €414 million in 2019.

BALANCE SHEET

In the first half of 2020, business activity was adversely impacted by the health crisis. The decrease in the number of financing granted to individuals and businesses leads to a decrease in net assets at the end[(1)]. At the end of June 2020, it stood at €47.6 billion, compared to €48.8 billion at the end of June 2019 (-2.4%).

Consolidated equity amounted to €5,929 million, versus €5,636 million at the end of June 2019 (+5.2%).

Retail customer deposits in France, Germany, Austria, United Kingdom and Brazil (savings accounts and term deposits) totaled €18.6 billion at the end of June 2020, against €16.7 billion at the end of June 2019. They represented approximately 39% of net assets at the end of June 2020.

PROFITABILITY

ROE[(2)] was down to 14.1% from 16.2% in June 2019. This is impacted by the rise in the cost of risk and the average net equity increase due to first half-year results and residual 2019 dividend cancellation.

SOLVENCY

The capital ratio[(3)] Core Equity Tier One was 15.7 % at end-June 2020, against 14.4 % published at end-December 2019[(4)]. Main impacts[(5)] came from the cancellation of the 2019 residual dividend and generation of organic capital[(6)]. The total capital ratio stood at 18.1% at June 30, 2020.

Consolidated income statement *(in millions of euros)*	**06/2020**	**06/2019**	**12/2019**	**12/2018**
Net banking income	1.010	1.008	2.096	1.930
General operating expenses *	(308)	(317)	(603)	(575)
Cost of risk	(236)	(93)	(177)	(145)
Share in net income (loss) of associates and joint ventures	10	10	21	15
Gains or losses on non-current assets **			(2)	
Income (loss) on exposure to inflation ***	(3)	(1)	(8)	(10)
PRE-TAX INCOME	**473**	**607**	**1 327**	**1 215**
CONSOLIDATED NET INCOME (parent company shareholder's share)	**390**	**414**	**903**	**858**

* *Including: a provision for work exemption and depreciation, amortization and impairment of tangible and intangible non-current assets.*

** *Capital losses on disposal of subsidiaries.*

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

Consolidated balance sheet *(in millions of euros)*	**06/2020**	**06/2019**	**12/2019**	**12/2018**
Total net outstandings of which	46.270	47.655	49.817	45.956
Customer loans	22.633	24.051	24.733	23.340
Finance leases	13.772	12.770	13.439	11.729
Dealer financing	9.865	10.834	11.645	10.887
Expenses related to operating lease transactons	1.330	1.129	1.227	974
Other assets	9.686	7.815	7.036	6.464
Own equity (including net income for the year) of which	6.800	5.649	6.569	5.320
Shareholders' equity	5.929	5.636	5.702	5.307
Subordinated debt	871	13	867	13
Bonds	18.846	20.108	18.825	18.903
Negotiable debt securities (CD, CP, BT, BMTN)	1.144	1.368	1.948	1.826
Securitization	2.801	3.518	3.243	2.780
Customer saving accounts - Ordinary saving accounts	13.096	12.585	13.003	12.120
Term deposits (retail)	5.463	4.133	4.708	3.743
Amounts payable to credit institutions, central banks and other amounts payable to customers (including Schuldschein)	5.530	6.105	6.374	5.849
Other liabilities	3.605	3.133	3.410	2.853
TOTAL BALANCE SHEET	**57.286**	**56.599**	**58.080**	**53.394**

(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) Ratio including the interim profits net of provisional dividends, subject to regulator's approval in accordance with Article 26 § 2 of Regulation (EU) 575/2013.
(4) After €300m residual 2019 dividend cancellation, the CET1 ratio reached 15.3% at end-December 2019 (+86bps).
(5) TRIM related headwinds globally in line with expectations reported in February 2020 and compensated by activation of certain CRR options (netting of deferred tax, CreditConversion Factor).
(6) Net profit minus planned 2020 dividend distribution (+40 bps).

FINANCIAL POLICY

During the reporting period, markets were profoundly affected by the Covid-19 health crisis. The widespread intervention of central banks and the gradual relaxation of lockdown measures resulted in the normalization of market conditions from the end of May.

Initially concentrated in China and Asia, the coronavirus epidemic has spread across the globe. Between March and April 2020 fears of a major health crisis led many countries to introduce strict lockdown measures. These measures were extended through May and have had a major impact on economic activity and consumption.

In this context, investors have reduced the risk exposure of their portfolios. Equity indices dropped sharply before regaining part of their losses. The Euro Stoxx 50 ended the first six months of the year down 7%. Corporate bond spreads(1) also widened, from 70 bps in January to 200 bps at the end of March, before falling back to 160 bps at the end June.

In order to prevent this health crisis from turning into a severe economic crisis, the major central banks have taken far-reaching monetary policy measures.

In the United States, the Federal Reserve resumed its asset purchase program comprising state, municipal and corporate bonds, mortgage securities and securitizations totaling US$2,600 billion. It also cut the Fed Funds rate to 0-0.25%, a 150 bps drop since early March and announced that it is planning on keeping them at a level close to 0 until at least 2022.

The European Central Bank announced a new emergency purchase program in response to the pandemic. With an initial announcement of €750 billion, the Pandemic Emergency Purchase Programme or PEPP was subsequently increased to €1,350 billion. The terms of TLTRO III were also relaxed with a reduction in rates and an easing of growth targets the banks must reach in order to be eligible for the reduced rate.

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

Over the half-year, market funding has been modest and the company has been relatively unaffected by the increased cost of financing. This situation is the result of lower bond redemption in 2020 than in previous years (anticipation of TLTRO II refinancing launched in 2016), the slump in automotive sales and the lower volume of new lending as a result.

A 7-year fixed-rate €750 million bond was issued in January.

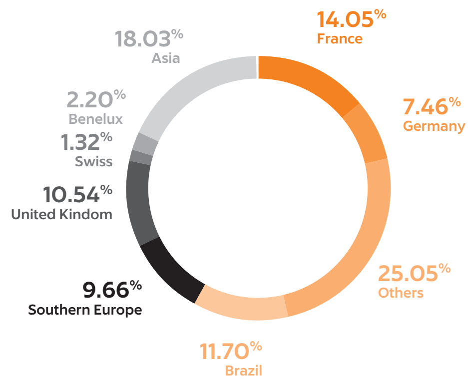
In the secured refinancing segment, an additional year was added to revolving terms in the United Kingdom for private auto-loan securitizations and in Germany for leasing agreements. These operations were renewed for £800 million in the United Kingdom and €358 million in Germany.

Private customer deposits increased by €0.9 million since December 2019 to reach €18.6 billion at 30 June 2020, representing 39% of sources of refinancing.

(1) Iboxx Corporate index.

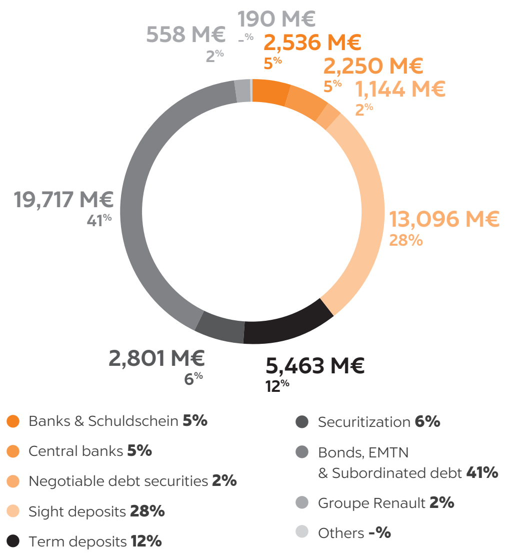
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

as at 30/06/2020



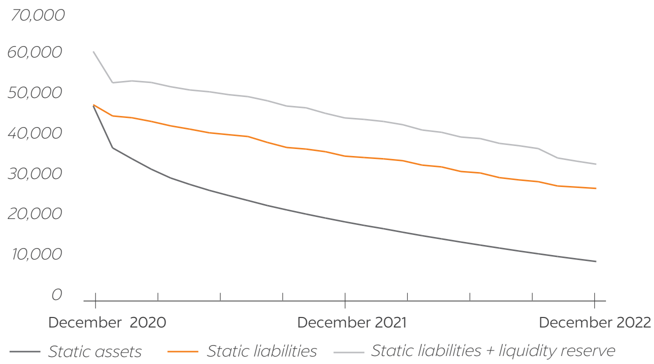
STRUCTURE OF TOTAL DEBT

as at 30/06/2020



STATIC LIQUIDITY (2)

(in millions euros)



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

(2) Scope: Europe.

FINANCIAL POLICY

These resources, to which should be added, for the European scope, €4.5 billion in undrawn confirmed credit lines, €3.6 billion in assets eligible as collateral in ECB monetary policy operations, €5.0 billion in high quality liquid assets (HQLA) and €0.4 billion in financial assets, enable RCI Banque to maintain the financing granted to its customers for over 15 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 interest rate risk remained below the €50 million limit set by the group.

At 30 June 2020, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

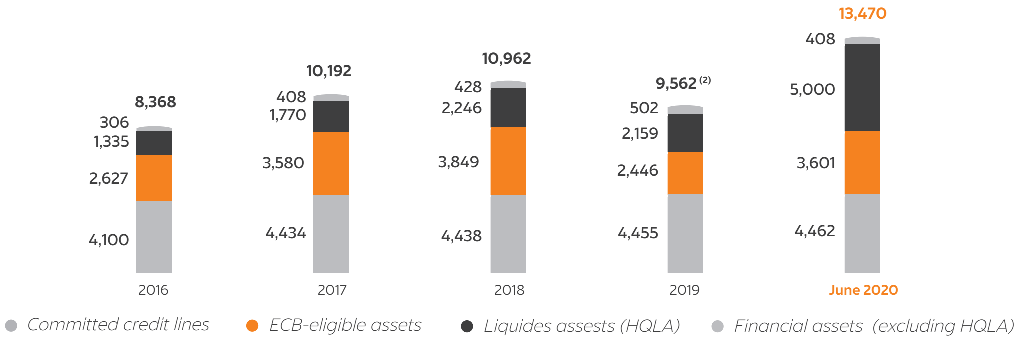
- -€6.5 million in EUR;
- +€5.9 million in GBP;
- +€1.3 million in MAD;
- +€0.6 million in CHF;
- +€0.4 million in KRW;
- +€0.3 million in PLN;
- -€0.6 million in BRL;
- +€0.1 million in RON;
- +€0.2 million in CZK;
- +€0.1 million in ARS.

The absolute sensitivity values in each currency totaled €16.1 million.

The groupe RCI Banque's consolidated foreign exchange position(1) totaled €5.3 million.

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

LIQUIDITY RESERVE (1)



(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 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	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)	
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)		
RCI Banque S.A.	TIER 2 Subordinated Notes n°19-517	euro	€850 million	**BB**	**Ba2** (negative outlook)	
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS 6,000 million		**Ba2.ar** (under revision)	Fix Scr: **AA (arg)** (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW 1,610 billionn(3)			KR, KIS, NICE : **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL 3,246 million(3)		**Aa2.br** (stable outlook)	
RCI Finance Maroc	BSF Program	Morrocan	MAD 2,500 million			
RCI Leasing Polska	Bond Program	Polish	PLN 500 million			
RCI Colombia S.A. Compañia de Financiamiento	CDT : Certificado de Depósito a Término	Colombian	COP 588 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 Note.
(3) Outstandings.