MOODY'S INVESTORS SERVICE

CREDIT OPINION

23 July 2020

Update

Rate this Research

RCI Banque

Update following rating action

RATINGS

RCI Banque

Domicile	Noisy-le-Grand, France
Long Term CRR	Baa1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa2
Type	Senior Unsecured - Fgn Curr
Outlook	Negative
Long Term Deposit	Baa2
Type	LT Bank Deposits - Fgn Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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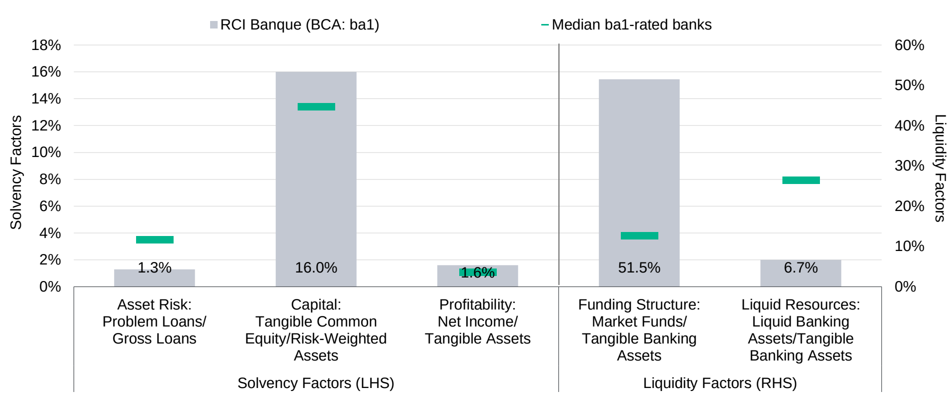
Summary

On 3 June, we downgraded RCI Banque (RCI)'s long-term deposit and senior unsecured debt ratings to Baa2 from Baa1. The outlook on these was changed to negative from ratings under review. We also downgraded the bank's Baseline Credit Assessment (BCA) and Adjusted BCA to ba1 from baa3. This action was prompted by the downgrade of the corporate family rating (CFR) of RCI's parent Renault S.A. (Renault) to Ba2 from Ba1 and it concludes the review opened on RCI's ratings on 31 March 2020.

RCI's asset quality, profitability and solvency will likely weaken in today's deteriorated economic environment. We believe that the weakening of its parent's creditworthiness will impair RCI's fundamentals more durably because RCI is an integral part of the car manufacturer's business model. As such, RCI's BCA is unlikely to exceed Renault's rating by more than one notch, as is the case for most other rated auto captives. The downgrade of RCI's BCA and Adjusted BCA to ba1 therefore results from the downgrade of Renault's ratings to Ba2, reflecting the intrinsic linkages between both companies and the direct negative impact of the coronavirus on the banks' fundamentals.

RCI's long-term deposit and senior unsecured debt as well as its subordinated debt ratings reflect the bank's BCA and Adjusted BCA of ba1 and the application of Moody's Advanced Loss Given Failure (LGF) analysis to its liabilities. The LT deposit and senior unsecured debt benefit from two notches of LGF uplift stemming from a large volume of senior long-term debt, which results in a very low expected loss rate on these instruments.

Exhibit 1
Rating scorecard- Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» RCI is essential to its parent's strategy.

» The bank's asset risk is moderate.

» Capitalisation is commensurate with the bank's risk profile.

» RCI has maintained strong profitability through the credit cycle.

» The bank has limited refinancing risk, an increasing deposit base and an adequate liquidity buffer

Credit challenges

» RCI's risk profile remains high mainly because of its captive status and lack of business diversification.

» The car market is cyclical.

» The bank has some credit concentration vis-à-vis car dealers.

» The bank relies on wholesale funding to a significant degree.

» RCI's asset quality, capital and profitability will likely be affected by the coronavirus crisis.

Outlook

The negative outlook on RCI's long-term deposit and senior unsecured debt ratings reflect the negative outlook on Renault's ratings

Factors that could lead to an upgrade

» An upgrade of RCI's BCA, and hence of its long-term ratings, are currently very unlikely given the negative outlook.

Factors that could lead to a downgrade

» Owing to the intrinsic interlinkages between the captive and its automotive parent, RCI's ratings are highly dependent on the creditworthiness of Renault. Therefore, a downgrade of Renault would likely result in a similar action on RCI's ratings. A downgrade of RCI's ratings could also result from a substantial deterioration in the bank's asset quality, capital, profitability or liquidity.

Key indicators

Exhibit 2

RCI Banque (Consolidated Financials) [1]

	12-19[2]	12-18[2]	12-17[2]	12-16[2]	12-15[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	58,080.0	53,394.0	49,709.0	43,320.0	37,073.0	11.9[4]
Total Assets (USD Million)	65,194.7	61,037.1	59,690.4	45,691.9	40,272.2	12.8[4]
Tangible Common Equity (EUR Million)	5,599.0	5,192.0	4,615.0	3,976.0	3,384.0	13.4[4]
Tangible Common Equity (USD Million)	6,284.9	5,935.2	5,541.7	4,193.7	3,676.0	14.3[4]
Problem Loans / Gross Loans (%)	1.3	1.3	1.3	1.5	2.5	1.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.0	16.3	15.6	16.1	15.9	16.0[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	10.4	10.4	10.8	12.8	19.9	12.9[5]
Net Interest Margin (%)	2.6	2.7	2.7	2.7	3.0	2.7[5]
PPI / Average RWA (%)	4.5	4.4	4.1	4.4	4.6	4.4[6]
Net Income / Tangible Assets (%)	1.6	1.7	1.5	1.4	1.5	1.6[5]
Cost / Income Ratio (%)	28.8	29.8	32.0	31.4	31.5	30.7[5]
Market Funds / Tangible Banking Assets (%)	51.5	54.0	53.4	54.5	55.7	53.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	6.7	7.0	7.5	7.0	9.3	7.5[5]
Gross Loans / Due to Customers (%)	283.2	288.2	283.5	296.3	300.1	290.2[5]

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully loaded or transitional phase-in; IFRS. [3]May include rounding differences because of the scale of reported amounts. [4]Compound annual growth rate (%) based on the periods for the latest accounting regime. [5]Simple average of periods for the latest accounting regime. [6]Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

RCI Banque (RCI) adopted its current name in 2002. Previously named Renault Crédit International, RCI became the sole shareholder of Diac SA (founded in 1924) and obtained its banking licence in 1991.

RCI is a captive finance company and a wholly owned subsidiary of the French auto manufacturer Renault. The bank provides sales financing for Renault Group's brands (Renault, Dacia, Alpine, Renault Samsung Motors and Lada) worldwide and for Nissan Group's brands (Nissan, Infiniti, Datsun) mainly in Europe and South America. In the Netherlands, the bank operates through Mitsubishi Motors. It also operates through joint ventures in Russia and India. As of year-end 2019, the bank operated in 36 countries, divided into four major world regions: Europe, the Americas, Africa-Middle-East-India and Pacific, and, Eurasia.

The group's financing penetration rate was 42.2% in 2019, up from 40.7% in 2018[1] and its consolidated balance sheet was €58 billion as of year-end 2019.

Because RCI is chartered as a bank, it has to comply with all the European regulations (Capital Requirements Directive (CRD5), Capital Requirements Regulation (CRR2), Bank Recovery and Resolution Directive (BRRD2), among others. The bank has been supervised by the European Central Bank since January 2016 because it is considered a "Significant Institution", given the size of its balance sheet. In February 2016, RCI adopted a new commercial name, RCI Bank and Services.

Detailed credit considerations

RCI is a key vehicle for the strategy of its industrial parent, Renault

RCI is a wholly owned captive finance company that supports the sales of the Renault/Nissan Alliance by offering auto loans to customers (both individuals and corporates) and loans to dealers to help them finance their inventories and activities. RCI also offers related services such as maintenance, insurance and roadside assistance. Lastly, the bank collects deposits through online savings accounts in France, Germany, Austria, the UK and Brazil to diversify its funding base.

Loans to retail customers and corporate clients excluding dealers (€39 billion as of year-end 2019) can also take the form of long-term leases. Leases are almost exclusively finance leases (€13.4 billion as of year-end 2019) and, to a much lesser extent, operating leases (€1.2 billion net of depreciation and impairments as of year-end 2019).

Ancillary products and services, such as insurance, warrantee extensions and maintenance contracts, have been developed over the years to improve customer loyalty and boost profitability. While these services are an integral part of RCI's financing and mobility offering, we believe they do not enhance the bank's diversification, which remains mainly focused on existing customers of the Renault/ Nissan Alliance car brands.

Asset risks are moderate but cost of risk will likely increase because of the coronavirus crisis

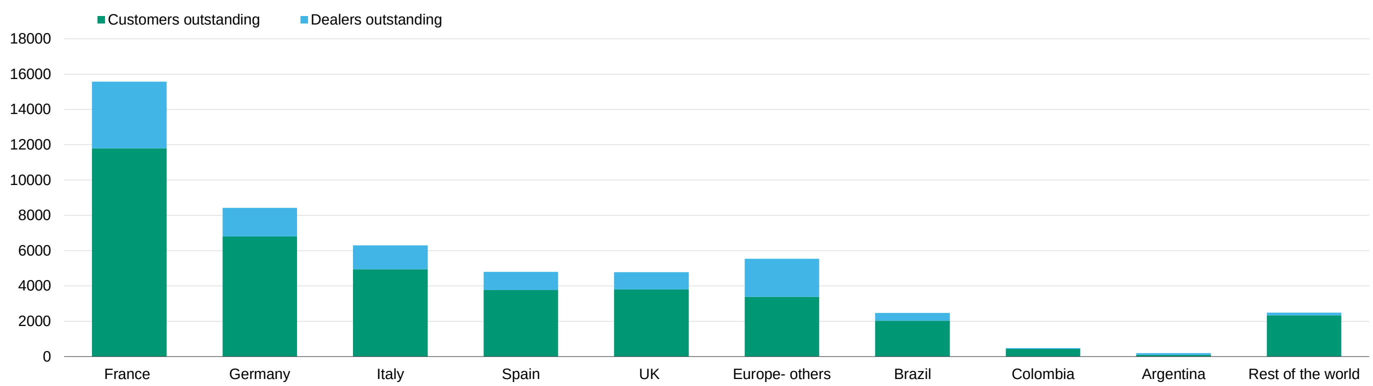
In normal circumstances, we consider that asset risks at RCI are moderate because of the collateralised nature of its exposures and the granularity of a very large portion of the portfolio. However, credit risk concentration in car dealers is high and represented around 20% of the bank's loan book at year-end 2019. Although we recognise that this portfolio has performed well in the past, we believe these exposures constitute a quasi-single risk, given the degree of correlation among car dealers' performance, particularly during a downturn.

As of year-end 2019, RCI's nonperforming loan ratio in the customer loan book was 1.5% (1.5% in 2018), while the ratio in the dealer loan book was 0.6% (0.8% in 2018). The portfolio was well provisioned, with IFRS9 Stage 3 loan-loss reserves accounting for 68% of problem loans in the customer loan book and 45% in the dealer loan book. Asset performance has been stable since 2015, with an annual cost of risk of less than 40 basis points (bps) of average outstanding loans. For 2019, the bank's cost of risk was 37 bps of average performing assets, up from 33 bps in 2018[2].

Given that the bulk of the residual value risk on lease operations is borne by its parent company, the residual value risk of RCI itself was limited to €1.9 billion as of year-end 2019, essentially stemming from its leasing business in the UK. This exposure is currently 3% covered by provisions.

Disruption in economic activity related to the outbreak of the coronavirus will likely result in a deterioration in asset quality despite the substantial support measures for the corporate sector implemented by the governments of many countries RCI is operating in. Closure of businesses and lock-down measures over the past months in many countries including France and Italy will have heavily weighed on sales and increased car dealers' inventories of vehicles. This required an extension of the financing provided by RCI but could also affect their financial health. This additional Covid-19 related risk is reflected in a 3-notch negative adjustment to the asset risk score from the a1 macro-adjusted score hence positioned at baa1.

Exhibit 3
Loan book mix in 2019
End-user customers and car dealers (€ million)



Source: RCI Banque's Investor presentation

Capitalisation is commensurate with the bank's risk profile

RCI reported a fully loaded Common Equity Tier 1 (CET1) capital ratio of 14.4% as of year-end December 2019, well above the minimum regulatory requirement of 9.2%[3]. The CET1 ratio is down compared to 15.5% at year-end 2018 (primarily due to increase in business volume) but the total capital ratio increased to 16.9% from 15.5% as a result of the issuance of €850 million Tier 2 debt in Q4 2019. This issue strengthened RCI Banque regulatory capital in anticipation of the expected recalibration of the parameters of its internal models following ECB review and the application of the EBA Guidelines on the definition of defaulted receivables. The fully loaded Tier 1 leverage ratio was 8.4% at year-end 2019 (8.9% as of year-end 2018). We believe the bank's economic solvency is adequate, given its risk profile.

The bank's capital ratio could however decline in the coming months because of rising risk in its loan portfolio, which will likely prompt an increase in risk-weighted assets. Whether or not this increase will be offset by reduced volumes (resulting from production shutdown and halt in car sales) is uncertain at this stage. Any increase in RCI's capital base will be limited due to reduced profits. This is reflected in our assigned Capital score of a2.

RCI has maintained strong profitability despite the cyclical nature of the car market, but profits will decline this year because of the coronavirus

RCI has consistently generated a comfortable net banking income exceeding 4% of average performing assets over the last five years (4.4% for 2019). The resilience of the bank's net interest income, representing around 70% of its net banking income, stems from its profitable car-financing activities (including packaged products such as leasing associated with ancillary services, which are less price sensitive than plain vanilla loans) and contained funding costs. The relatively long-term tenure of the car-financing contracts mitigates to some extent the effects of the car market cycles and reduces income volatility.

The bank also has good cost efficiency because of its low fixed costs, which accounted for around 1.3% of its average performing assets and resulted in a cost-to-income ratio of around 30% for 2019. This high cost efficiency reflects the fact that the bank benefits from various services provided by Renault and the network of car dealers (for example, distribution channels), as well as from the group's marketing initiatives.

One of RCI's main risks is the lack of business diversification because it is a captive specialised institution. This risk is partly materializing with the outbreak of the coronavirus. As a result of production shutdown and halt in car sales at dealers, origination has been temporarily suspended at RCI, which will imply a decrease in its loan portfolio to the end-users. The decline in the portfolio will in turn result in lower revenues. The expected increase in loan-loss provisions, which is difficult to gauge at this stage, will exert further pressure on 2020's profits. All this factors are reflected in our assigned profitablity score of a3, one notch below the macro-adjusted score of a2.

RCI was fined by Italy's competition authority, Autorità Garante della Concorrenza e de Mercato (AGCM), on 9 January 2019, along with eight other auto captives, for the exchange of commercial information on the main characteristics of their loans between 2003 and 2017. The fine imposed on RCI amounted to €125 million, representing around 15% of the bank's 2018 net profit. RCI appealed the AGCM's decision, but this will likely take more than two years to conclude. The litigation in Switzerland on the same issue was settled in 2019 with a very limited impact for the bank (the fine was CHF3 million).

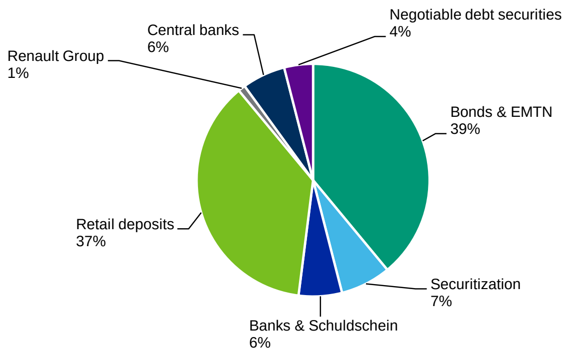
RCI relies on wholesale funding, a credit weakness, partly mitigated by its limited refinancing risk, increasing deposit base and adequate liquidity buffer

Wholesale funding represented around 63% of the bank's total funding as of year-end 2019. While the share of wholesale funding has materially reduced since RCI started collecting internet deposits from retail customers in 2012 (currently accounting for around one-third of outstanding loans), we still consider that RCI is vulnerable to sudden changes in investor confidence. Restricted market access could lead to higher funding costs, which would constrain loan origination. This would harm RCI's franchise and ultimately reduce its earnings, particularly if funding constraints coincide with higher loan impairments. Our assigned Combined Liquidity score of b1 reflects this relative weakness.

RCI's reliance on wholesale funding is however mitigated by its efforts to finance its loan book with longer-term liabilities, resulting in little refinancing risk. The bank also has a comfortable liquidity buffer of €9.6 billion at year-end 2019 to bridge any mismatches or temporary market access restrictions. This buffer was 23% composed of high-quality liquid assets (HQLA), 5% of other liquid securities, 26% of ECB eligible assets and 46% of committed bank credit lines at year-end 2019. The bank receives very limited funding from Renault. RCI claims that it would be able to maintain its commercial business activity during 12 months while preserving a 100% liquidity coverage ratio in a stressed liquidity scenario that would deprive it of access to capital markets.

The bank has been able to issue debt of various maturities and in different currencies in the markets in the past couple of years. We also acknowledge the geographical diversification of the resources and investors. As of year-end 2019, securitisation represented 7% of the bank's funding. The bank still has a sizeable pool of assets that could be securitised and used for central bank refinancing in a stress scenario.

Exhibit 4
Funding sources as a percentage of total funding (2019)



Source: RCI Banque's investor presentation

Issuance of new debt (both senior unsecured and securitisations) in the market could turned out to be made more difficult and/or costly over the coming months because of the coronavirus crisis. The bank's immediate refinancing needs are however limited this year (€750 million bonds have already been issued at the beginning of the year while €1.8 billion debt will mature in 2020). The ECB's new TLTRO programme will also help refinance the maturing tranches drawn under the previous programmes.

Environmental, social and governance considerations

In line with our general view on the banking sector, RCI has a moderate exposure to social risks, notwithstanding the aforementioned litigation in Italy. Further, we regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

Although banks generally have a low exposure to environmental risk, as explained in our Environmental risk heat map, certain banks could, however, face a higher risk from concentrated lending to individual sectors or operations concentrated in disaster-prone areas or more generally to environmental risks. This is the case for RCI because of its function as a captive bank of Renault, which like all car manufacturers, has an elevated exposure to environmental risk (see also our Environmental risks heat map for further information). RCI's environmental strategy is integrated with that of its parent company. Renault plans to achieve the stricter regulations on CO2 emissions through an increased share of battery-powered electric vehicles, plug-in hybrid electric vehicles, vehicle optimisations and electrification of internal combustion engines.

Governance is highly relevant for RCI, as it is to all entities in the banking industry. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. Governance risks are largely internal rather than externally driven, and for RCI, we do not have any particular governance concern. The bank's risk governance infrastructure is adequate and has not shown any major shortfall in recent years. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring.

Support and structural considerations

Affiliate support

We believe RCI benefits from a high probability of support from its parent, Renault. This view is underpinned by the bank's strategic importance to the car manufacturer. The bank is a wholly owned subsidiary of Renault and is fully integrated into its strategy. The bank finances around 40% of the new vehicles registered by Renault Group's brands, which highlights the critical importance of a financial captive as a means to facilitating car sales. The bank also plays a critical role for Renault through the financing of its dealer network.

To date, RCI's ratings have not benefited from any affiliate support uplift from Renault because Renault's rating (Ba2 negative) is lower than the bank's ba1 BCA.

Loss Given Failure (LGF) analysis

Our Advanced LGF analysis applies to RCI, given that the bank is subject to an operational resolution regime under the Bank Recovery and Resolution Directive (BRRD), which was transposed into French law on 20 August 2015.

In accordance with our methodology, we apply our LGF analysis, taking into consideration the risks faced by the different debt and deposit classes across the liability structure should the bank be put in resolution. We assume a residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior deposits and a 5% runoff in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

In addition, we apply a proportion of 10% of deposits considered junior, given that the deposit base is predominantly comprised of online retail deposits.

Under these assumptions, RCI's deposits and senior unsecured debt are likely to face a very low Loss Given Failure because of the loss absorption provided by the large amount of senior unsecured debt. This results in a two-notch LGF uplift from the adjusted BCA of ba1 for both deposits and senior unsecured debt (Baa2).

Government support

We expect a low probability of government support for debt and deposits, resulting in no uplift for both the long-term deposits and senior unsecured debt issued by the bank.

Counterparty Risk (CR) Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

RCI's CR Assessment is positioned at Baa1(cr)/Prime-2(cr)

The CR Assessment, before government support, is positioned three notches above the Adjusted BCA of ba1, based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments, amounting to 39% of tangible banking assets. The main difference with our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than the expected loss; therefore, we focus purely on subordination and take no account of the volume of the instrument class.

Counterparty Risk Ratings (CRRs)

Our CRRs are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

RCI's CRRs are positioned at Baa1/Prime-2

The CRRs for RCI, before government support, are positioned three notches higher than the Adjusted BCA of ba1, based on the level of subordination to CRR liabilities in the bank's balance sheet, and assuming a nominal volume of such liabilities.

Rating methodology and scorecard factors

Exhibit 5

RCI Banque

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.3%	a1	↓↓	baa1	Sector concentration	Long-run loss performance
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	16.0%	aa3	↓	a2	Risk-weighted capitalisation	
Profitability						
Net Income / Tangible Assets	1.6%	a2	↓	a3	Earnings quality	Return on assets
Combined Solvency Score		a1		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	51.5%	b3	←→	b2	Extent of market funding reliance	Term structure
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	6.7%	b1	←→	ba2	Access to committed facilities	
Combined Liquidity Score		b2		b1		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				-		
BCA Scorecard-indicated Outcome - Range				baa3 - ba2		
Assigned BCA				ba1		
Affiliate Support notching				-		
Adjusted BCA				ba1		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	12,777	24.6%	14,197	27.4%
Deposits	20,286	39.1%	18,866	36.4%
Preferred deposits	18,257	35.2%	17,345	33.5%
Junior deposits	2,029	3.9%	1,521	2.9%
Senior unsecured bank debt	16,367	31.6%	16,367	31.6%
Dated subordinated bank debt	850	1.6%	850	1.6%
Junior subordinated bank debt	14	0.0%	14	0.0%
Equity	1,555	3.0%	1,555	3.0%
Total Tangible Banking Assets	51,850	100.0%	51,850	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	39.2%	39.2%	39.2%	39.2%	3	3	3	3	0	baa1
Counterparty Risk Assessment	39.2%	39.2%	39.2%	39.2%	3	3	3	3	0	baa1 (cr)
Deposits	39.2%	4.7%	39.2%	36.2%	2	3	2	2	0	baa2
Senior unsecured bank debt	39.2%	4.7%	36.2%	4.7%	2	2	2	2	0	baa2
Dated subordinated bank debt	4.7%	3.0%	4.7%	3.0%	-1	-1	-1	-1	0	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	baa1	0	Baa1	Baa1
Counterparty Risk Assessment	3	0	baa1 (cr)	0	Baa1(cr)	
Deposits	2	0	baa2	0	Baa2	Baa2
Senior unsecured bank debt	2	0	baa2	0	Baa2	Baa2
Dated subordinated bank debt	-1	0	ba2	0	Ba2	

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 6

Category	Moody's Rating
RCI BANQUE	
Outlook	Negative
Counterparty Risk Rating	Baa1/P-2
Bank Deposits	Baa2/P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
Senior Unsecured	Baa2
Subordinate -Dom Curr	Ba2
Commercial Paper	P-2
Other Short Term -Dom Curr	(P)P-2
PARENT: RENAULT S.A.	
Outlook	Negative
Corporate Family Rating	Ba2
Senior Unsecured -Dom Curr	Ba2
Commercial Paper -Dom Curr	NP
Other Short Term -Dom Curr	(P)NP
BANCO RCI BRASIL S.A.	
Outlook	Stable
Counterparty Risk Rating	Ba1/NP
Bank Deposits -Fgn Curr	Ba3/NP
Bank Deposits -Dom Curr	Ba2/NP
NSR Bank Deposits	Aa2.br/BR-1
Baseline Credit Assessment	ba3
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Ba1(cr)/NP(cr)
RCI BANQUE SUCURSAL ARGENTINA	
Outlook	Negative
Issuer Rating -Dom Curr	Caa1
ROMBO COMPANIA FINANCIERA S.A.	
Outlook	Negative
Bank Deposits -Fgn Curr	Ca/NP
Bank Deposits -Dom Curr	Caa1/NP
NSR Bank Deposits	Ba2.ar/--
Baseline Credit Assessment	ca
Adjusted Baseline Credit Assessment	caa3
Counterparty Risk Assessment	Caa1(cr)/NP(cr)
Senior Unsecured -Dom Curr	Caa1
NSR Senior Unsecured	Ba2.ar

Source: Moody's Investors Service

Endnotes

1 The penetration rate represents the percentage of cars sold by Renault for which RCI Banque provided financing to the client.

2 Cost of risk in the retail customer loan book was 47 bps, down from 58 bps in 2018. For the dealer loan book, the cost of risk was negative 9 bps versus negative 33 bps in 2018).

3 This is composed of 4.5% of Pillar 1 requirement, 2% of Pillar 2 requirement, a capital conservation buffer of 2.5% and 0.2% of countercyclical capital buffer.

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