RCI Banque

BUSINESS REPORT FIRST HALF 2010

RCI BANQUE OVERVIEW

RCI Banque is the captive finance company of the Renault Nissan Alliance and in that capacity finances the sales of the following brands: Renault, Renault Samsung Motors (RSM), Dacia, Nissan and Infiniti.

The RCI Banque group operates in 39 countries:

in Europe: Germany, Austria, Belgium, Luxembourg, Bosnia Herzegovina, Croatia, Denmark, Spain, Estonia, Finland, France, United Kingdom, Latvia, Lithuania, Hungary, Italy, Malta, Norway, Netherlands, Poland, Portugal, Czech Republic, Serbia, Slovakia, Slovenia, Sweden, Switzerland;

in the Americas: Argentina, Brazil, Colombia, Mexico;

in the Euromed region: Algeria, Bulgaria, Morocco, Romania, Turkey;

in Eurasia: Russia, Ukraine;

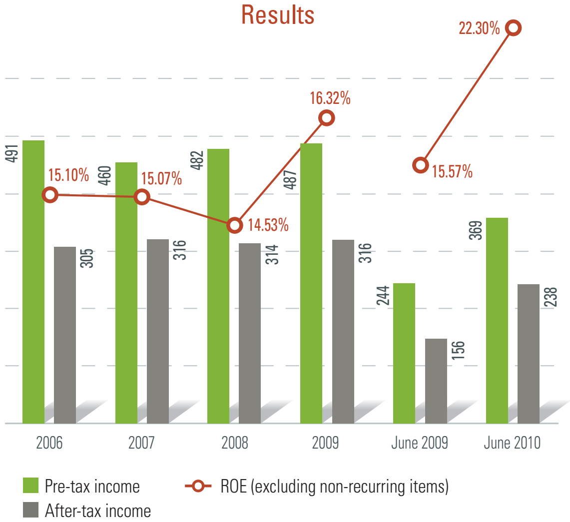
in Asia: South Korea.

As a trade financing firm, the group offers a comprehensive range of financing and services to:

- **The Customers (retail and Corporate markets)** to which the RCI Banque group offers new and used car loans, rentals with options to buy, leases and long-term rentals. It also provides related services such as maintenance and extended warranties, insurance and roadside assistance, fleet management and credit cards;
- **The Dealers** to which the RCI Banque group finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements.

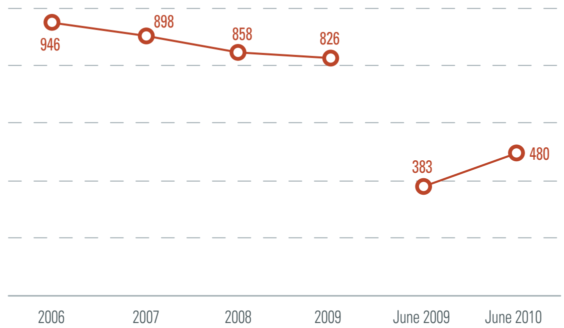
With the end of the governmental scrapping scheme and given the tense economic climate on European markets, RCI Banque enjoyed growth in its business activities and profitability and maintained a prudent financial policy.

Results



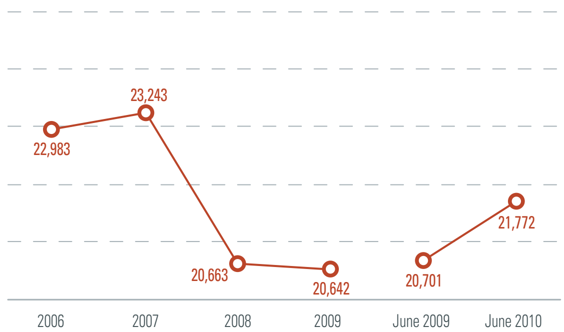
Total number of vehicle contracts

(excluding cards and personal loans) | in thousands



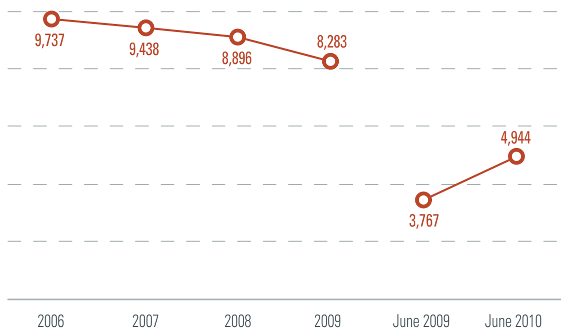
Net loans outstanding at year-end

| in millions of euros



New financings

(excluding cards and personal loans) | in millions of euros



BUSINESS ACTIVITY IN THE FIRST HALF OF 2010

Signs of a recovery in business activity in the second half of 2009 were confirmed, with RCI Banque posting a penetration rate of 30.4% against 30% a the end of December 2009 and 28.9% on 30 June 2009.

Renault Group sales rose by 21.6% on a global market up 16.0%:

- In Europe (including France), Group sales passenger car and light utility vehicles rose by 21.6% in a market showing growth of 1.5%; its market share rose by 1.8 points to 10.8%.
- In South Korea, Renault Samsung Motors' market share grew by 3.6 points to 11.4% (passenger cars and utility vehicles). Renault Samsung Motors grew by 58.8% in volume.
- In Brazil, where its sales grew by 7.5%, the Group rose by 26.6%.
- In Romania, on a very depressed market (down 26.4%), the Group asserted its leading position, gaining 4.8 points and recording a market share of 41.9%.

The first half of 2010 was marked by the launch of new products in all the Group's brands: for Renault, the new *Mégane Coupé-Cabriolet* and *Fluence* (passenger cars), *the New Master* (commercial vehicle), *Duster* for Dacia and the new *SM5* for Renault Samsung Motors.

Nissan sales totaled 232,000 vehicles in countries where RCI Banque group provides financing for them, making a market share of 2.2%, up 31% compared with June 2009.

In the first half of 2010, the RCI Banque group wrote 479,552 new vehicle contracts (21.7% of which were outside Western Europe) and generated €4.9 billion in new financings, up 31.2% compared with June 2009.

RCI Banque posted a penetration rate on new Renault Group and Nissan vehicle registrations of 30.1% in Western Europe, compared with 27.8% for the same period in 2009.

Customer loans outstanding amounted to €16,679 million, up 5.65% on June 2009 (€15,786 million). The €893 million rise includes a positive exchange rate effect of €326 million.

PASSENGER CAR & LIGHT UTILITY VEHICLE MARKET*		Renault Group brands market share %	Nissan market share %	RCI Banque penetration rate %	Number of new vehicle contracts processed	New financings (€m) Excluding cards and PL	Net loans outstanding at year-end (€m)	Of which dealers (€m)
Western Europe	**2010**	**11.4%**	**2.7%**	**30.1%**	**375,562**	**4,107**	**18,831**	**4,497**
	2009	9.4%	2.1%	27.8%	296,525	3,214	18,700	4,512
of which Germany	***2010***	***5.4%***	***2.0%***	***32.4%***	***51,021***	***615***	***3,588***	***760***
	2009	*5.7%*	*1.1%*	*30.7%*	*62,300*	*668*	*3,890*	*870*
of which Spain	***2010***	***10.9%***	***4.1%***	***34.6%***	***37,921***	***412***	***2,085***	***421***
	2009	*10.5%*	*4.0%*	*38.0%*	*32,606*	*353*	*2,411*	*362*
of which France	***2010***	***28.5%***	***2.1%***	***30.5%***	***167,001***	***1,871***	***8,469***	***2,158***
	2009	*25.1%*	*1.7%*	*27.0%*	*123,303*	*1,437*	*8,363*	*2,362*
of which UK	***2010***	***4.9%***	***4.0%***	***25.5%***	***36,731***	***382***	***1,504***	***302***
	2009	*2.8%*	*3.5%*	*19.2%*	*20,665*	*205*	*1,307*	*177*
of which Italy	***2010***	***6.9%***	***2.7%***	***36.7%***	***45,150***	***497***	***1,558***	***272***
	2009	*4.7%*	*2.5%*	*31.4%*	*27,848*	*301*	*1,287*	*245*
Brazil	**2010**	**4.3%**	**1.0%**	**35.4%**	**29,141**	**284**	**1,063**	**327**
	2009	3.7%	0.8%	41.6%	26,522	190	671	218
South Korea	**2010**	**11.4%**	**0.4%**	**41.0%**	**36,739**	**404**	**1,047**	**5**
	2009	8.3%	0.3%	47.4%	26,502	251	566	1
Rest of the world**	**2010**	**11.1%**	**2.3%**	**21.7%**	**38,110**	**149**	**831**	**294**
	2009	11.3%	1.0%	20.4%	33,742	112	764	184
TOTAL RCI BANQUE GROUP	2010	10.3%	2.2%	30.4%	479,552	4,944	21,772	5,093
	2009	8.8%	1.7%	28.9%	383,291	3,767	20,701	4,915

* Figures refer to the passenger car and light utility vehicle market.

** Rest of the world: Poland, Czech Republic, Slovakia, Slovenia, Hungary, Romania, Argentina, Morocco and Scandinavian countries.

Cost of risk on average loans outstanding (excluding country risk)

COST OF RISK ON AVERAGE LOAN OUTSTANDINGS	Customers		Dealers		Total	
	End of June 2009	End of June 2010	End of June 2009	End of June 2010	End of June 2009	End of June 2010
France	-1.01%	-0.62%	-0.05%	-0.20%	-0.75%	-0.50%
Rest of the world	-1.36%	-0.70%	-0.56%	0.50%	-1.19%	-0.43%
TOTAL	-1.23%	-0.67%	-0.34%	0.20%	-1.02%	-0.46%

Thanks to rigorous steering of acceptance policy and collection management, the cost of customer risk improved by 45%, falling from 1.23% to 0.67%. Spain's customer risk fell back to its pre-crisis level at 0.47%.

The dealership network business recorded a positive cost of risk due to reversals of provisions concentrated in three countries (Spain, Germany and the Netherlands), thanks to the upturn in the network's business in these countries.

CONSOLIDATED FINANCIAL HIGHLIGHTS

RCI Banque continues to achieve excellent financial results, reporting a pre-tax profit of €369 million (51% up on June 2009), and an improved ROE* standing at 22.3% (against 15.6% in June 2009).

Earnings

This excellent performance is primarily accounted for by:

- Average productive outstandings (APO) of €20.7 billion, against €20.1 billion at 30 June 2009.
- Net banking income up to 5.75% of outstandings, against 5.23%, thanks to a 10.9% rise in the gross financial margin and a 12.9% increase in the margin on services.
- A total cost of risk standing at 0.49% of APO, much lower than the internal target of 0.8% set by the group for 2010.
- The ongoing search for optimization of structures, which resulted in a reduction in operating expenses (1.66% against 1.75% at 30 June 2009).

Net consolidated income (group share) stood at €238 million at the end of June 2010 against €156 million at the end of June 2009 (up 52.6%).

Balance sheet

Loans oustanding amounted to €1,071 million (€21,772 million against €20,701 million in June 2009).

Buoyant trading in the second half of 2009, but above all the excellent performance of the first half of 2010, boosted at €661 million, to which one should add a positive exchange rate effect of €410 million (in South Korea, Great Britain and Brazil).

The RCI Banque group's shareholders' equity amounted to €2,225 million against €2,284 million at the end of December 2009. This change is primarily down due to a net profit (group share) of €238 million, the €400 million of dividends paid out in 2010 and an improvement in conversion reserves and future cash flow hedges, respectively up by €75 million and €29 million.

Profitability

The RCI Banque group's solvency ratio was unchanged at 11.9% (including Core Tier 1 at 10.6%) compared with the end of December 2009, in particular due to the retention of the floor at 80% of the Basel I ratio, which was renewed in 2010 by the supervisory authorities.

Excluding transitional requirements regarding the floor, the Core Tier 1 solvency ratio stood at 12.9% on 30 June 2010.

RCI Banque was authorized by the Prudential Supervisory Authority to change the scope of exposure for the United Kingdom to the advanced method (IRBA) from June 2010.

Excluding non-recurring items, ROE grew to 22.3% at the end of June 2010, compared with 15.6% at the end of June 2009.

* Excluding non-recurring items.

CONSOLIDATED INCOME STATEMENT (in millions of euros)	06/2010	06/2009	12/2009	12/2008
Operating income	**997**	975	1,911	2,288
Operating expenses	**(405)**	(454)	(867)	(1,248)
Net banking income	**592**	521	1,044	1,040
Operating costs and other non-current assets	**(172)**	(177)	(363)	(367)
Cost of risk	**(50)**	(103)	(199)	(197)
Share of companies accounted for under the equity method	**(1)**	3	5	6
Consolidated pre-tax income	**369**	244	487	482
CONSOLITED NET INCOME (group share)	**238**	156	316	314

CONSOLIDATED BALANCE SHEET (in millions of euros)	06/2010	06/2009	12/2009	12/2008
Net total outstandings	**21,772**	20,701	20,642	20,663
Of which				
• *Retail customer loans*	***10,908***	*10,325*	*10,486*	*10,345*
• *Leasing and long-term rentals*	***5,771***	*5,461*	*5,407*	*5,838*
• *Dealer loans*	***5,093***	*4,915*	*4,749*	*4,480*
Financial assets at fair value through profit or loss and hedging derivatives	**86**	156	95	498
Other assets	**2,183**	1,594	3,508	1,906
Shareholders' equity	**2,487**	2,315	2,545	2,450
Of which				
• *Equity*	***2,225***	*2,055*	*2,284*	*2,188*
• *Subordinated debts*	***262***	*260*	*261*	*262*
Bonds	**7,686**	4,941	6,113	5,774
Negotiable debt securities (CD, CP, BT, BMTN)	**3,046**	2,912	3,040	3,629
Securitization	**2,989**	3,385	3,812	3,493
Banks and other lenders (including Schuldschein)	**6,162**	7,514	7,408	6,414
Financial liability at fair value through profit or loss and hedging derivatives	**196**	300	182	278
Other liabilities	**1,475**	1,084	1,145	1,029
TOTAL BALANCE SHEET	**24,041**	22,451	24,245	23,067

FINANCIAL POLICY

With €2.4 billion in resources with a term of one year or more borrowed during the first half year, RCI Banque keeps a strong positive liquidity position.
The distribution in early July of a new €873 million public securitization operation matched by Auto loans in Germany demonstrates the complete reopening of multiple sources of historical financing (equity markets, banks, public and conduit securitization).

The financial markets had mixed fortunes in the first half year. After four months of relative stability, liquidity access conditions deteriorated from May, with investors being concerned by how the budget cutbacks made by European states would affect the economy.

RCI Banque benefited from the very favorable financing conditions prevailing early in the year to extend its debt maturity, by issuing a €600 million five-year public offering in January. Three other public issues followed, maturing between two and a half and three years, as did a private offering, raising the amount of long-term resources collected in the half year to €2,275 million. The latest bond issue launched in June for €500 million was highly oversubscribed, attracting an order book of €1.7 billion and thereby demonstrating investor confidence and the lengthen of RCI Banque's potential refinancing, despite the widespread aversion to risk.

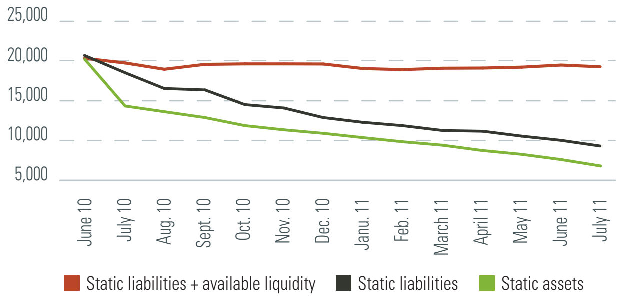
In the first few days of July, RCI Banque also successfully placed an €873 million securitization backed by Auto loans in Germany. After having launched numerous bond issues since 2009, maintained its banking resources, finalized several conduit securitizations, RCI Banque demonstrates through this successful public operation the reopening of all sources of financing used in past years.

These long-term resources, to which one should add €4,623 million of confirmed undrawn bank credit lines, as well as €1,510 million of collateral eligible for ECB monetary policy transactions, enable the company to ensure the continuity of its commercial business for ten months in a "stress scenario" characterized by a total lack of new resources.

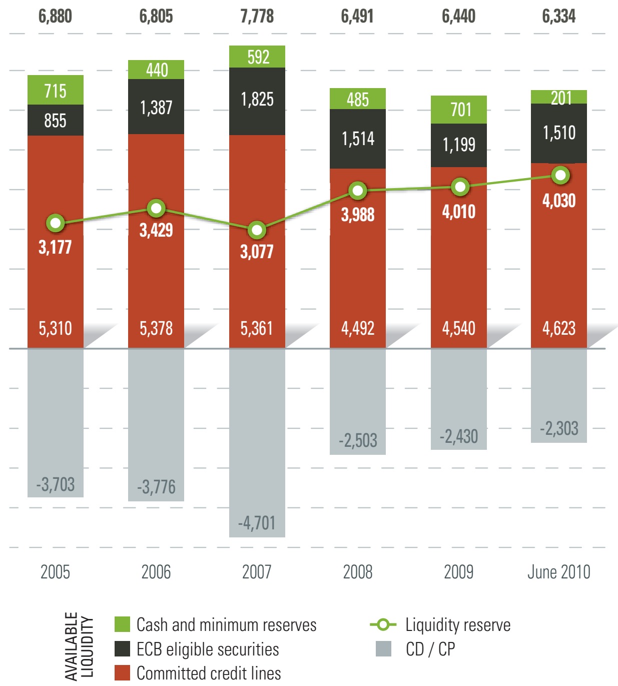
- Available liquidity amounted to €6,334 million (confirmed undrawn credit agreements with a residual term of over three months: €4,623 million, receivables assignable at the central bank: €1,510 million, cash and cash equivalents: €201 million), twice the combined total of commercial papers and certificates of deposit outstanding,

- **The liquidity reserve** amounted to €4,030 million. This represents available liquidity surplus to the certificates of deposit and commercial paper outstanding. The group has a duty to maintain sources of alternative liquidity above the level of its short-term negotiable debt securities. The liquidity reserve remains at the level reached end 2008 and is far higher than the amounts recorded in the period preceding the financial crisis. It reflects the group's stronger liquidity position.

RCI Banque group liquidity position
| in millions of euros



RCI Banque group liquidity reserve
| in millions of euros



Interest rates continued to fall during the half year, with two-year swap rates down from 1.9% to roughly 1.4%. In these conditions, the average refinancing rate reached an all-time low.

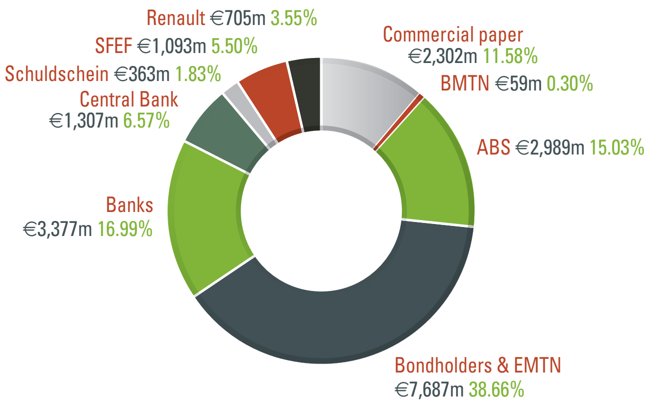
Outstandings on short-term debt programs remain on a par with those of last December.

Refinancing with the issuing institution, which continues to be granted by the central bank for all amounts requested, in response to the market disruption from May onwards, is down €700 million and thus stands at €1.3 billion.

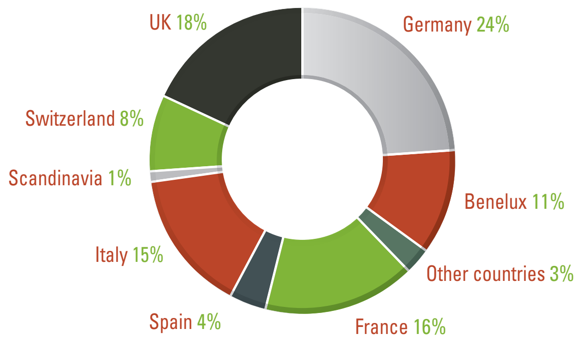
In a still volatile and uncertain context, the conservative financial policy implemented by the group in recent years proved especially justified. This policy protects the gross margin of each entity while at the same time securing the refinancing for its business activities, is defined and implemented at a consolidated level by RCI Banque and applies to all sales financing subsidiaries in the group.
The strength of the group's balance sheet is evidenced by the very low market risks (interest rate, currency and counterparty risks), which are monitored on a daily consolidated basis:

- at the end of June 2010, the RCI Banque group's sensitivity to the interest rate risk was €4.6 million for 100 basis points;
- exposure to currency risk amounted to €5.6 million.

Structure of total debt
as at 30/06/2010



Geographical breakdown of funding sources with a term
of one year and above as at 30/06/2010



The RCI Banque group's programs

The RCI Banque group's programs are concentrated on three issuers (RCI Banque, DIAC and Rombo Compania Financiera S.A.) and represent a total of more than €23.5 billion.

ISSUER	PROGRAM	MARKET	AMOUNT	S & P	MOODY'S	R & I
RCI Banque	Euro CP	Euro	€2,000m	A-3	P2	a-2
RCI Banque	Euro MTN	Euro	€12,000m	BBB-	Baa2	BBB+
RCI Banque	CD	French	€4,500m	A-3	P2	
RCI Banque	BMTN	French	€2,000m	BBB-	Baa2	
Diac	CD	French	€1,000m	A-3	P2	
Diac	BMTN	French	€1,500m	BBB-	Baa2	
RCI Banque + Overlease + Renault AutoFin (RCI guarantee)	CP	Belgian	€500m	A-3	P2	
Rombo Compania Financiera S.A.*	Bonds	Argentine	ARS400m	raA**		

* Local ratings.
** Reviewed on 20 July 2010.

This document and further information about RCI Banque are available on our website:
www.rcibanque.com

Finance & Treasury Division
14, avenue du Pavé Neuf - 93168 Noisy le Grand Cedex