

RCI Banque

Business report 2011



RCI BANQUE OVERVIEW

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

The RCI Banque group operates in 38 countries:

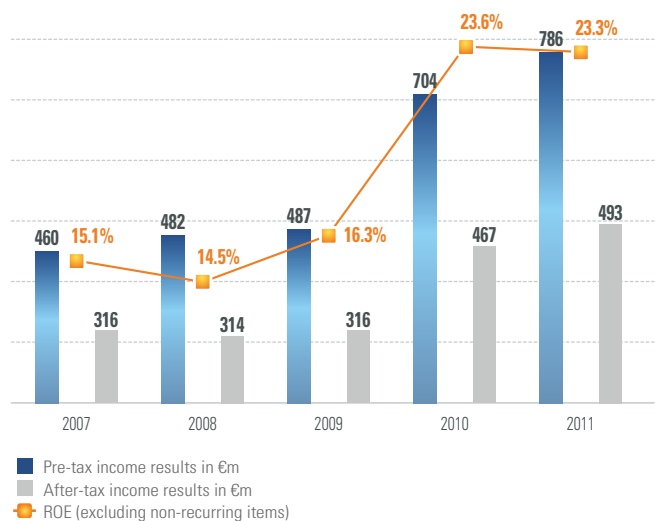
- **Europe:** France, Austria, Belgium, Bosnia-Herzegovina, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina, Brazil, Colombia, Mexico;
- **Euromed region:** Algeria, Bulgaria, Morocco, Romania, Turkey;
- **Eurasia:** Russia, Ukraine;
- **Asia:** South Korea.

As a captive finance company, the group is to offer a comprehensive range of financings and services to:

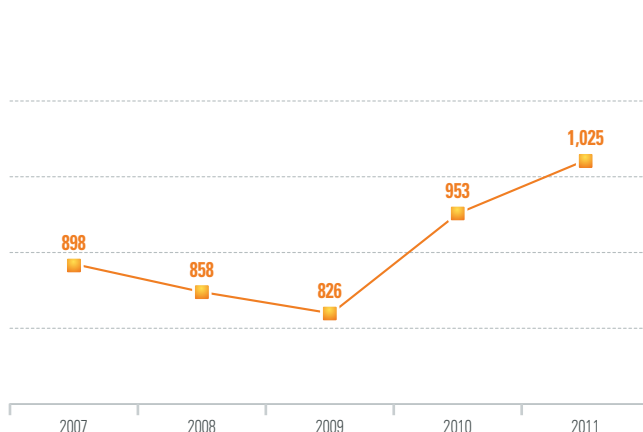
- the **Customers (Retail and Corporate)** to whom RCI Banque offers new and used car loans, rentals with options to buy, leases and long-term rentals. It also provides related services such as insurances, maintenance, extended warranties, roadside assistance, fleet management and credit cards;
- the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

In a volatile and unsettled environment, RCI Banque posted strong growth in its business and financial performances for the second year running.

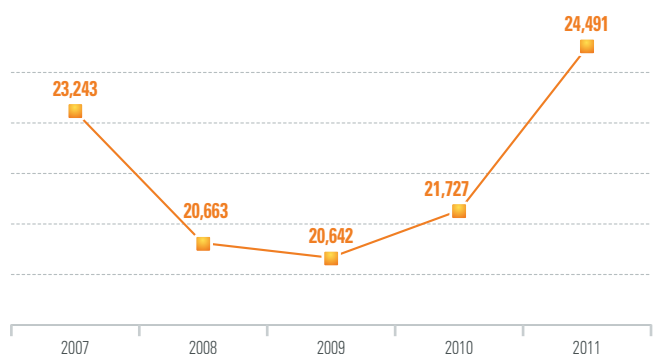
Results



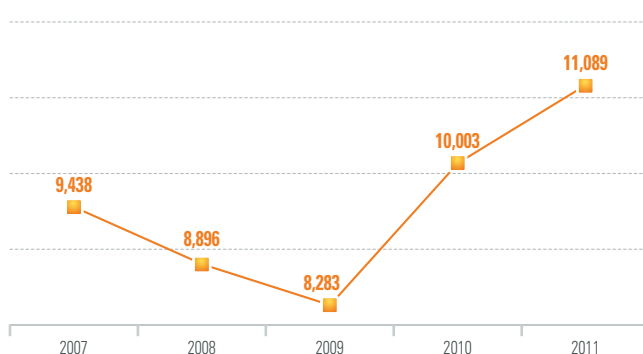
Total number of vehicle contracts in thousands



Net loans outstanding at year-end in million euros



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



BUSINESS ACTIVITY 2011

2011 was a record year with more than €11 billion of new financings. The average penetration rate increases by 2 points, at 33.6% for all the Alliance brands.

In 2011, global automotive markets posted growth of 5.3%. This increase was driven by countries outside Europe; the market within Europe remained stable (down by 0.5%).

In this environment, the RCI Banque group achieved a record year, passing the threshold of €11 billion in new financings (excluding cards and personal loans), an increase of 11% compared to 2010. Over the year, 1,024,771 new vehicle contracts were signed (up by 7.5%).

The group's overall penetration rate reached 33.6%, (+2 points compared to 2010, thanks to a strong growth due to Dacia (29.5% against 25.6% in 2010) and Nissan (28.8% against 25.8% in 2010) brands. The penetration rate on Renault improved by 1.5 points to 34.4%.

Loans outstanding rose by 13% to €24.5 billion from €21.7 billion at year-end 2010. Net customer loans outstanding amounted to €18.2 billion, posting an increase of 8% compared to 2010.

CP+LUV* MARKET		MARKET SHARE	MARKET SHARE	RCI BANQUE	NEW VEHICLE	NEWS	NET LOANS	OF WHICH
		RENAULT GROUP BRANDS %	NISSAN %	PENETRATION RATE %	CONTRATS PROCESSED NUMBER	FINANCINGS EXCLUDING CARDS AND PL (€M)	OUTSTANDING AT YEAR-END (€M)	DEALERS (€M)
Western Europe	2011	10.6%	3.3%	33.0%	755,388	8,703	20,065	5,117
	2010	11.3%	2.9%	30.9%	719,504	8,067	18,430	4,308
of which Germany	2011	5.3%	2.2%	33.4%	114,804	1,432	3,852	958
	2010	5.5%	2.0%	34.1%	111,929	1,344	3,595	755
of which Spain	2011	10.9%	5.0%	40.5%	65,646	713	1,717	409
	2010	11.4%	4.4%	34.5%	65,114	722	1,821	342
of which France	2011	26.1%	3.1%	34.5%	338,068	3,950	8,869	2,239
	2010	27.9%	2.3%	32.0%	325,317	3,731	8,151	1,932
of which United Kingdom	2011	4.0%	4.9%	25.5%	68,140	743	1,603	285
	2010	5.0%	4.2%	24.8%	69,701	740	1,449	271
of which Italy	2011	6.4%	3.6%	40.5%	83,121	1,067	2,064	545
	2010	6.6%	2.8%	37.2%	76,718	883	1,724	412
Brazil	2011	5.7%	2.0%	38.2%	104,009	1,109	2,058	756
	2010	4.8%	1.1%	35.7%	72,998	723	1,232	313
South Korea	2011	7.0%	0.4%	56.6%	71,282	819	1,326	12
	2010	10.1%	0.4%	46.1%	77,331	855	1,199	12
Rest of the world **	2011	12.7%	1.7%	25.6%	94,092	457	1,042	378
	2010	11.2%	1.3%	25.5%	83,277	357	866	283
TOTAL RCI BANQUE GROUP	2011	9.7%	2.7%	33.6%	1,024,771	11,089	24,491	6,263
	2010	10.1%	2.2%	31.6%	953,110	10,003	21,727	4,916

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

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

COST OF RISK ON AVERAGE PERFORMING LOANS OUTSTANDING (excluding country risk)

The cost of risk (excluding country risk) improved to 0.21% of average performing loans outstanding, compared to 0.40% in 2010.

- This improvement affected the whole group but more specifically Spain and Romania;
- for the second year running, the cost of Dealer's risk was an income due to reversals of provisions following the improvement in the financial health of dealerships.

COST OF RISK ON AVERAGE LOAN OUTSTANDINGS	CUSTOMERS		DEALERS		TOTAL	
	2010	2011	2010	2011	2010	2011
France	-0.55%	-0.43%	-0.01%	0.44%	-0.41%	-0.20%
Rest of the world	-0.62%	-0.30%	0.36%	0.02%	-0.40%	-0.22%
TOTAL	-0.59%	-0.35%	0.21%	0.19%	-0.40%	-0.21%

CONSOLIDATED FINANCIAL HIGHLIGHTS 2011

In a tough economic crisis environment, RCI Banque posted a pre-tax income of €786 million and a ROE* of 23.3%.

EARNINGS

The RCI Banque group's pre-tax income rose by 11.6% compared with December 2010.

This performance is primarily accounted for by:

- net banking income at 5.21% of APO (Average Performing loans Outstanding), a rise of 4.9% compared to December 2010 due to the increase in the gross financial margin and margin on services (4.7% and 4.6% respectively during the period);
- a very significant decrease in the cost of risk, which came to 0.23% of APO against 0.40% in 2010;
- a decrease in the operating expenses-to-APO ratio (1.58% against 1.64% in December 2010), resulting from actions to optimize the group's structures.

Net consolidated income –parent company shareholders' part– came to €493 million, showing a rise of 5.6% compared to December 2010.

BALANCE SHEET

The excellent business performance in the 2011 financial year boosted loans outstanding by €2.8 billion compared to December 2010.

Consolidated equity amounted to €2,569 million, compared with €2,460 million at the end of December 2010, a rise of €109 million.

PROFITABILITY

For the second consecutive year, the ROE* is above 23%, confirming the performance of RCI Banque.

SOLVENCY

The RCI Banque group's solvency ratio (Core Tier 1) rises to 10.5% in 2011 against 10.6% at end-December 2010.

Excluding transitional requirements under the floor level provisions, the Core Tier 1 ratio was 13.6% at 31 December 2011, against 13% as at 31 December 2010.

*ROE: Return On Equity (excluding non-recurring items).

CONSOLIDATED INCOME STATEMENT (in million euros)	12/2011	12/2010	12/2009
Operating income	2,131	1,957	1,911
Operating expenses	(942)	(823)	(867)
Net banking income	1,189	1,134	1,044
Operating costs and depreciation and impairment losses on tangible and intangible assets	(357)	(347)	(363)
Cost of risk	(52)	(85)	(199)
Share of companies accounted for under the equity method	6	2	5
Consolidated pre-tax income	786	704	487
CONSOLIDATED NET INCOME (part of the shareholders of the parent company)	493	467	316

CONSOLIDATED BALANCE SHEET (in million euros)	12/2011	12/2010	12/2009
Net total outstandings of which	24,491	21,727	20,642
• Retail customer loans	11,843	11,057	10,486
• Leasing and long-term rentals	6,385	5,754	5,407
• Dealer loans	6,263	4,916	4,749
Financial assets at fair value through profit or loss and hedging derivatives	310	81	95
Other assets	2,304	2,302	3,508
Shareholders' equity of which	2,830	2,723	2,545
• Equity	2,569	2,460	2,284
• Subordinated debts	261	263	261
Bonds	10,895	7,809	6,113
Negotiable debt securities (CD, CP, BMTN)	3,213	3,540	3,040
Securitization	3,704	3,775	3,812
Banks and other lenders (including Schuldscheine)	4,851	4,763	7,408
Financial liability at fair value through profit or loss and hedging derivatives	91	137	182
Other liabilities	1,521	1,363	1,145
TOTAL BALANCE SHEET	27,105	24,110	24,245

FINANCIAL POLICY

In 2011, the markets saw very mixed fortunes. During the first half of the year, bond investors were highly active, which led to a steady tightening of credit spreads. Towards the end of the first half of 2011, concerns about the sovereign debt of countries in Southern Europe reappeared and over the summer drove strong risk aversion, which affected all categories of assets. However, unlike the situation seen in 2008, the bond market remained open to corporate debt.

In this tough environment, RCI Banque, which saw strong growth in its business activity, carried out the biggest financing plan of its history.

The group borrowed over €7 billion resources with a maturity of one year or more, of which €3.35 billion on the bond markets in EUR and €1.8 billion in securitizations.

RCI Banque continued and accelerated the process of diversifying its investor base initiated in 2010 and issued:

- for the first time in 2011:
 - > a private placement in USD for an amount equivalent to €0.9 billion (144 A format),
 - > a bond dedicated to the Belgian retail market,
 - > a public issue of *Letras Financeiras* (financial bill) in Brazil, following the recent creation of this new financial instrument by the Brazilian Monetary Council (CMN);
- a second bond in CHF.
- The group was also active on the market for private placements in euros and on the Korean and Argentine bond markets.

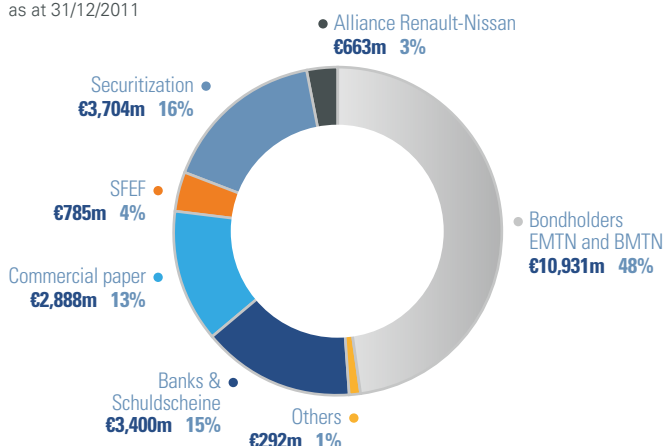
The amounts borrowed and the many different sources of access to liquidity demonstrate that RCI Banque has a stable and diversified funding base.

These long-term resources, to which should be added €4.5 billion of undrawn committed credit lines and €1.7 billion of collateral eligible to the European Central Bank's (ECB) open market operations, secure the continuity of RCI Banque's commercial business activity for more than eight months under a stress scenario characterized by a total lack of new funding sources.

In a complex and volatile environment, the conservative financial policy implemented by the group in recent years proved especially justified. This policy protects the commercial margin of each entity while securing the refinancing 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.

Structure of total debt

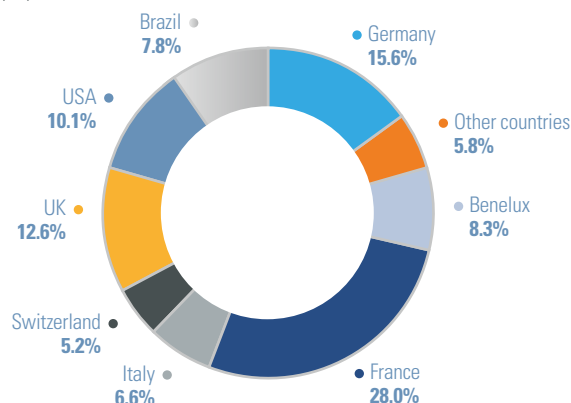
as at 31/12/2011



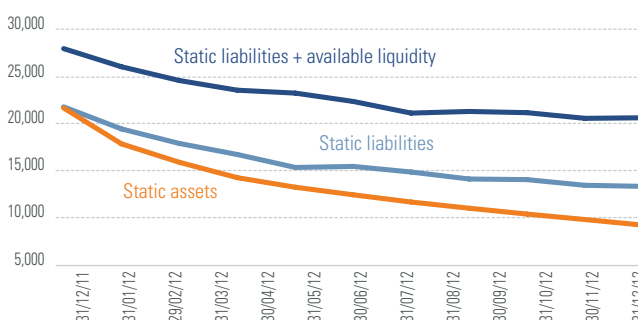
Geographical breakdown

of new resources with equal and over 1 year maturities

as at 31/12/2011



RCI Banque group liquidity position in million euros





Balance sheet sensitivity can also be measured through very low market risks (interest rate, currency and counterparty), which are monitored daily on a consolidated basis:

- In 2011, RCI Banque's **overall sensitivity to the interest rate risk** remained below the €30 million limit set by the group.

At 31 December, a 100-base point rise would have an impact of:

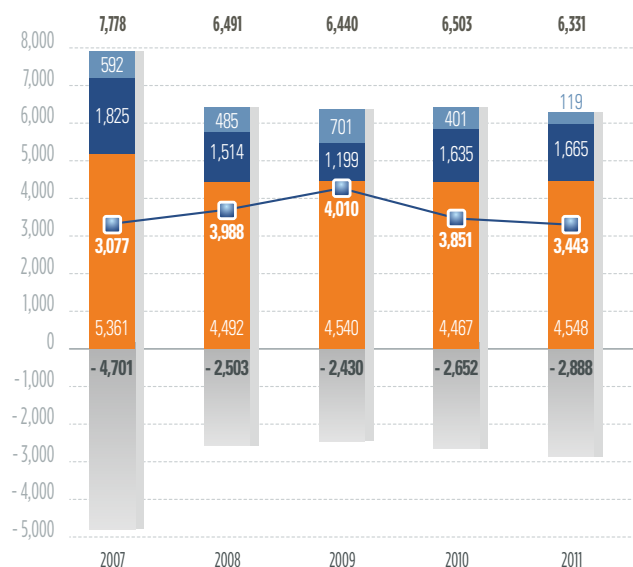
- > -€4.5 million in EUR
- > +€0.5 million in CHF
- > -€0.1 million in GBP
- > -€0.2 million in USD

The sum of the absolute values of sensitivities in each currency amounted to €6 million.

- **Exposure to currency risk** amounted to €8.4 million.

RCI Banque group liquidity reserve*

in million euros



AVAILABLE LIQUIDITY: ■ Committed credit lines ■ ECB Eligible ■ Cash.

■ Net Liquidity reserve ■ CD / CP

*Centralized refinancing scope: Czech Republic + Hungary + Poland + Slovakia + South Korea + Western Europe.

RCI BANQUE GROUP'S PROGRAMS

The 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 billion.

ISSUER	PROGRAM	MARKET	AMOUNT	S & P	MOODY'S	
RCI Banque	Euro CP	Euro	€2,000m	A-2	P2	
RCI Banque	Euro MTN	Euro	€12,000m	BBB (stable)	Baa2 (stable)	R & I: a-2 R & I: BBB+
RCI Banque	CD	French	€4,500m	A-2	P2	
RCI Banque	BMTN	French	€2,000m	BBB (stable)	Baa2 (stable)	
Diac S.A.	CD	French	€1,000m	A-2	P2	
Diac S.A.	BMTN	French	€1,500m	BBB (stable)	Baa2 (stable)	
Rombo Compania Financiera S.A.	Bonds*	Argentine	700 MARS	raAA-	Fitch: raAA	

*Local ratings.

This document and further information about RCI Banque are available on our website:

www.rcibanque.com

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