RCI Banque

Business report
First half 2012

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:

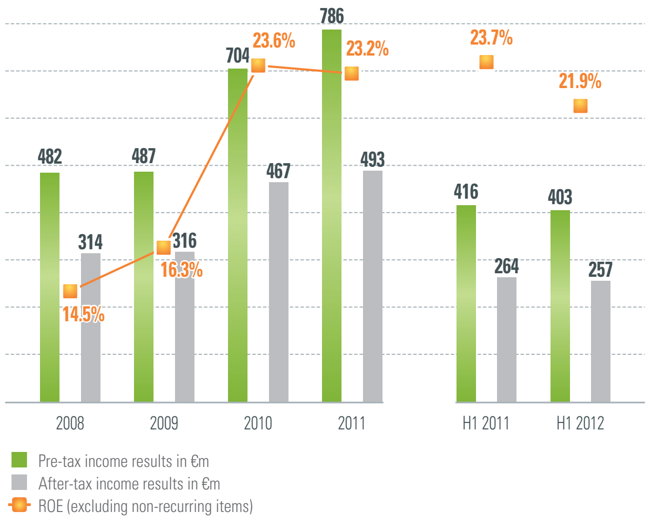
- **Europe:** France, Austria, Belgium, Bosnia-Herzegovina, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina,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

As a captive financing 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 addition, on 16 February 2012, RCI Banque launched a savings account for retail depositors in France. The ***ZESTO by RCI Banque*** savings account provides an additional source of funds, used to support growth in the financing of sales to RCI Banque's retail and corporate customers.

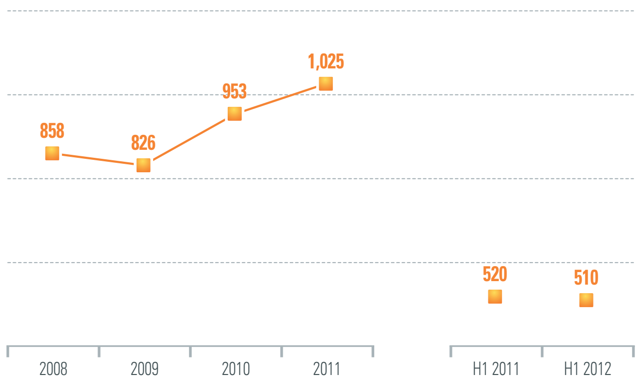
RCI Banque posts good commercial performances and confirms its ability to maintain strong financial results despite the current economic environment.

Results

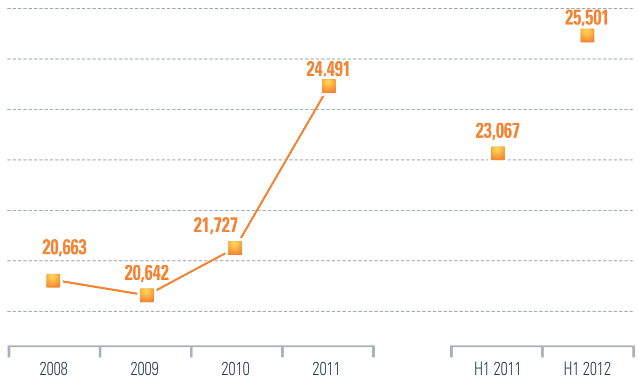


Total number of vehicle contracts

in thousands

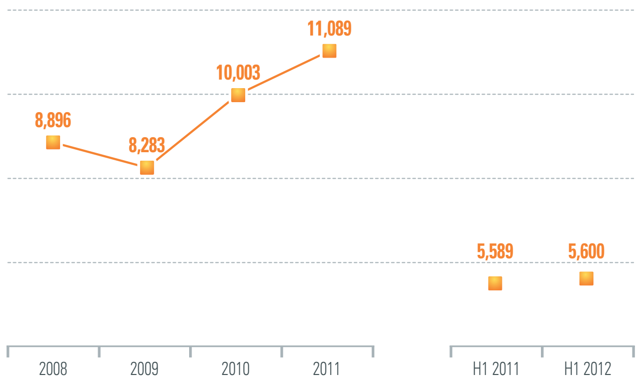


Net loans outstanding in million euros



New financings in million euros

(excluding cards and personal loans)



BUSINESS ACTIVITY IN THE FIRST HALF OF 2012

RCI Banque continues to improve its commercial performance, with a rise in its average penetration rate to 34.3% and the successful launch of its savings account.

The Renault Group continued its international offensive in the first six months of 2012. Its sales outside Europe hit a record high, rising by 14.3% compared to the market's 9.5%, thanks to an excellent commercial performance in Russia and Brazil. However, this growth was not enough to offset the 14.9% fall in sales in Europe.

With 1.3 million vehicles sold worldwide, Renault Group sales were down by 3.3% compared to the first half-year 2011, despite a positive second quarter (up 1.2%).

During the first half-year 2012, 47% of Group sales were made outside Europe (compared with 39% in the first half of 2011).

In the first half of 2012, RCI Banque wrote 509,877 new vehicle contracts and generated €5.6 billion in new financings, stable in comparison with the first half of 2011. 26% of contracts were financed outside Europe, compared to 19% in the first half of 2011.

In a falling market, RCI Banque was able to maintain its business performance thanks to growth in its penetration rate on new Renault Group and Nissan vehicle registrations, which increased to 34.3% from 33.6% for the same period 2011. Outside Europe, the penetration rate rose to 39%, a 3 point increase compared to the first half-year 2011. This was higher than the penetration rate inside Europe, which came to 32.6%.

Net Customer loans outstanding at end-June came to €18.797 billion, an increase of 7% on June 2011 (€17.631 billion).

Net Dealer loans outstanding at end-June came to €6.704 billion, an increase of 23% on June 2011 (€5.436 billion).

The savings account business got off to an encouraging start: at 30 June 2012, more than 10,000 *ZESTO* savings accounts had been opened, with deposits totaling €499 million.

RCI Banque is raising its targets for the savings account and is now aiming at a total of €750 million in deposits by the end of 2012.

CP+LUV* MARKET		MARKET SHARE RENAULT GROUP BRANDS %	MARKET SHARE NISSAN %	RCI BANQUE PENETRATION RATE %	NEW VEHICULE CONTRATS PROCESSED NUMBER	NEWS FINANCINGS EXCLUDING CARDS AND PL (€m)	NET LOANS OUTSTANDING H1 2012 (€m)	OF WHICH DEALERS (€m)
Western Europe	**S1 2012**	**9.6%**	**3.3%**	**32.8%**	**361,019**	**4,227**	**20,695**	**5,504**
	S1 2011	10.5%	3.2%	32.9%	395,529	4,541	19,416	4,646
of which Germany	**S1 2012**	**5.1%**	**2.1%**	**28.0%**	**49,288**	**590**	**3,787**	**954**
	S1 2011	5.2%	2.2%	34.8%	60,305	764	3,768	867
of which Spain	**S1 2012**	**10.1%**	**5.1%**	**39.0%**	**29,781**	**335**	**1,668**	**412**
	S1 2011	10.0%	5.0%	37.1%	31,436	339	1,815	421
of which France	**S1 2012**	**24.7%**	**3.4%**	**34.9%**	**159,078**	**1,878**	**9,183**	**2,509**
	S1 2011	25.2%	2.8%	34.2%	174,457	2,046	8,640	2,052
of which United Kingdom	**S1 2012**	**2.4%**	**5.0%**	**26.9%**	**35,332**	**429**	**1,844**	**426**
	S1 2011	4.0%	4.7%	25.3%	35,024	377	1,467	302
of which Italy	**S1 2012**	**6.6%**	**3.4%**	**48.5%**	**46,500**	**609**	**2,122**	**480**
	S1 2011	6.2%	3.6%	39.2%	44,827	559	1,878	407
Brazil	**S1 2012**	**6.8%**	**3.6%**	**45.6%**	**80,099**	**851**	**2,327**	**718**
	S1 2011	4.9%	1.6%	40.4%	44,738	459	1,539	471
South Korea	**S1 2012**	**4.1%**	**0.2%**	**60.2%**	**22,960**	**274**	**1,294**	**10**
	S1 2011	6.7%	0.3%	55.1%	32,854	366	1,188	9
Rest of the world**	**S1 2012**	**13.0%**	**1.3%**	**25.2%**	**45,799**	**248**	**1,185**	**472**
	S1 2011	12.3%	1.8%	25.9%	47,238	222	924	310
TOTAL RCI BANQUE GROUP	**S1 2012**	**9.1%**	**2.9%**	**34.3%**	**509,877**	**5,600**	**25,501**	**6,704**
	S1 2011	9.5%	2.6%	33.6%	520,359	5,589	23,067	5,436

* Figures refer to passenger car and light utility vehicle market.
** Rest of the world: Argentina, Hungary, Morocco, Scandinavian countries, Poland, Czech Republic, Romania, Slovenia.

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

Despite Europe's deepening economic crisis, RCI Banque kept the cost of customer risk at a healthy -0.50% (excluding country risk) of APO (average performing loans outstanding). This cost of risk was up in comparison with the low of the first half-year 2011, when it came to -0.34%, but lower than the historical RCI performance, proving the effectiveness of the underwriting policy implemented by the group since the 2008 crisis, and the efficiency of its debt collection management system.

The cost of risk on Dealer financing came to -0.09% (excluding country risk) over the first half-year, attributable to the effect of growing Dealer outstandings and to the slight deterioration in the situation of several dealership groups in Europe, which led RCI Banque to book provisions to partially cover its exposure. The first half-year 2011 was marked by reversals of provisions.

COST OF RISK ON AVERAGE LOAN OUTSTANDINGS	CUSTOMERS		DEALERS		TOTAL	
	H1 2011	H1 2012	H1 2011	H1 2012	H1 2011	H1 2012
France	-0.44%	**-0.60%**	1.17%	**0.16%**	-0.02%	**-0.41%**
Rest of the world	-0.28%	**-0.44%**	0.34%	**-0.23%**	-0.13%	**-0.39%**
TOTAL	**-0.34%**	**-0.50%**	**0.68%**	**-0.09%**	**-0.09%**	**-0.39%**

CONSOLIDATED FINANCIAL HIGHLIGHTS

In a tough economic environment, RCI Banque posts excellent financial results, with a pre-tax profit of €403 million and an ROE* of 21.9%.

EARNINGS

The main management indicators show a clear improvement over the first six months of 2012:

- Net banking income came to €638 million, or 5.31% of APO (average performing loans outstanding), showing a 4.6% increase on June 2011. This is due in particular to growth in the loans and in the margin on services;
- The ratio of operating expenses as a percentage of APO fell from 1.63% to 1.54% between June 2011 and June 2012.

On the other hand, a rise in the cost of risk (including country risk), which came to -0.44% of APO compared to the historic low of -0.14% achieved in the first half-year 2011, was recorded.

The rise in the cost of risk is attributable to the Dealer business which has seen reversals of provisions in 2011 particularly in Western Europe (France, Germany and Italy), and, to a lesser degree, to the Customer business primarily in France, Brazil and South Korea.

Net consolidated income – parent company shareholders' share – came to €257 million against €264 million at the end of June 2011 (down 2.7%).

CONSOLIDATED INCOME STATEMENT (in million euros)	06/2012	06/2011	12/2011	12/2010
Operating income	**1,160**	1,046	2,131	1,957
Operating expenses	**(522)**	(437)	(942)	(823)
Net banking income	**638**	609	1,189	1,134
Operating costs, depreciation and impairment losses on tangible and intangible assets	**(186)**	(180)	(357)	(347)
Cost of risk	**(53)**	(15)	(52)	(85)
Share of companies accounted for under the equity method	**4**	2	6	2
Consolidated pre-tax income	**403**	416	786	704
CONSOLITED NET INCOME (part of the shareholders of the parent company)	**257**	264	493	467

BALANCE SHEET

Good commercial performances boosted loans outstanding by €2.4 billion to €25.5 billion, an increase of 10.6% compared to end June 2011.

At the same time, average performing loans outstandings rose to €24.2 billion, an increase of €1.9 billion compared to the first half-year 2011.

Consolidated equity - parent company shareholders' share – came to €2,563 million in June 2012 against €2,362 million at the end of June 2011, posting an increase of €201 million.

CONSOLIDATED BALANCE SHEET (in million euros)	06/2012	06/2011	12/2011	12/2010
Net total outstandings of which	**25,501**	23,067	24,491	21,727
• *Retail customer loans*	***12,016***	*11,364*	*11,843*	*11,057*
• *Leasing and long-term rentals*	***6,781***	*6,267*	*6,385*	*5,754*
• *Dealer loans*	***6,704***	*5,436*	*6,263*	*4,916*
Financial assets at fair value through profit or loss and hedging derivatives	**351**	118	310	81
Other assets	**2,275**	2,536	2,304	2,302
Shareholders' equity of which	**2,827**	2,627	2,830	2,723
• *Equity*	***2,566***	*2,365*	*2,569*	*2,460*
• *Subordinated debts*	***261***	*262*	*261*	*263*
Bonds	**11,679**	10,176	10,895	7,809
Negotiable debt securities (CD, CP, BMTN)	**3,265**	3,879	3,213	3,540
Securitization	**3,366**	3,830	3,704	3,775
Banks and other lenders (including Schuldschein)	**5,344**	3,682	4,851	4,763
Financial liability at fair value through profit or loss and hedging derivatives	**123**	88	91	137
Other liabilities	**1,523**	1,439	1,521	1,363
TOTAL BALANCE SHEET	**28,127**	25,721	27,105	24,110

PROFITABILITY

ROE* fell very slightly to 21.9% against 23.7% at end June 2011, mainly because of an increase in consolidated average shareholders' equity over the period.

SOLVENCY

At 30 June 2012, the Core Tier 1 solvency ratio came to 10.7% compared to 10.5% at end June 2011.

Excluding transitional requirements under the floor level provisions (Basel I floor), the Core Tier 1 solvency ratio came to 13.6%, compared to 13.9% at end June 2011.

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

FINANCIAL POLICY

With €3 billion* in resources with a term of one year or more borrowed during the first half year 2012, RCI Banque continues to maintain a strong liquidity position. Funding requirements generated by expected business activity are covered for more than 12 months under a *stress scenario* characterized by a total lack of new sources of liquidity.

The first quarter of 2012 marked a break with the tension and strain experienced at the end of 2011. The massive injection of liquidity resulting from the two Long Term Refinancing Operations in December 2011 and February 2012 greatly eased credit spreads. However, the effects of these measures gradually faded. From the end of March onwards, the markets became volatile again and an increase in risk aversion was seen, with operators concerned about possible ways out of the crisis in the eurozone. Investors showed a particularly strong appetite for corporate bonds, so much so that over the first six months of 2012, the segment reached volumes close to those achieved over 2011 as a whole. The bond market, which at the end of 2011 was closed to unsecured bank bonds, gradually opened up again during the first six months of 2012.

On the **unsecured debt capital market**, RCI Banque took advantage of the good conditions prevailing in the first quarter to launch two bond issues on the euro market: one 3-year maturity totaling €700 million and one eighteen-month for €300 million. The latter carries a 2% coupon, the lowest ever paid by RCI Banque for an issue in euros. In March, the group successfully launched its third bond issue in Swiss Francs for a total of CHF200 million.

During the second quarter in a much more volatile market, RCI Banque completed a 5-year bond issue totaling €650 million.

Continuing its strategy of seeking out new investors, RCI Banque also issued a private placement in Czech Koruna and, in early July, a public offering in Norwegian Kroner. The group's subsidiaries also issued on local markets in Argentina and Brazil, as well as in South Korea, where three bonds in Korean Wons were distributed.

On the **structured financing sector**, the group completed a securitization transaction backed by auto loans in France for €750 million. The transaction was in fixed rate format, thereby avoiding the use of a securitization swap which would have introduced an additional credit risk into the transaction.

The success of this transaction, which attracted an order book of more than €1.4 billion, demonstrates the fact that RCI Banque's access to the structured financing market is secure on a long-term basis and now independent of bank ratings.

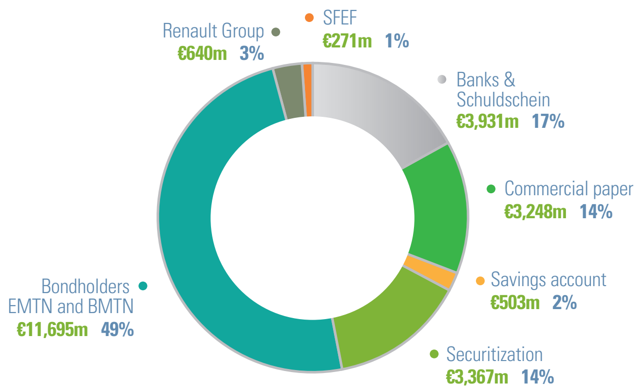
To meet investor demand for simpler structures, the auto loan securitization program in France was restructured. The Master Trust *(Fond Commun de Titrisation, or FCT)* used in the past was replaced by two separate vehicles: the first issued ECB-eligible securities retained by RCI Banque for €596 million (adjustable monthly according to the available collateral base); the second FCT was used for the public issue of €750 million distributed to investors.

In Italy, following final and full repayment of the transaction launched in 2007, a retained securitization transaction for €619 million increased the asset base eligible as ECB collateral. In July, a conduit financing arrangement for €300 million will be added to this.

*Centralized refinancing scope.

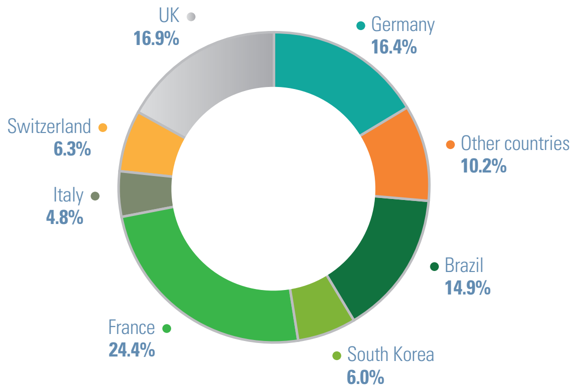
Structure of total debt

as at 30/06/2012



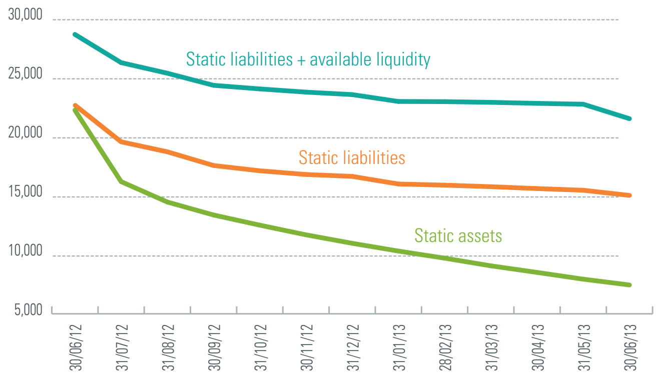
Geographical breakdown of new resources with equal and over 1 year maturities

as at 30/06/2012



RCI Banque group liquidity position

in million euros



These long-term resources, to which should be added €4.5 billion of unused confirmed lines of credit, and €1.8 billion of assets eligible as collateral in European Central Bank (ECB) monetary policy operations, secure the continuity of RCI Banque's commercial business activity for more than 12 months without access to external sources of liquidity.

In order to diversify its sources of funds, in February 2012, RCI Banque launched a savings account for the retail sector in France. As at 30 June 2012, deposits totaled €499 million, reducing the need to use market funding.

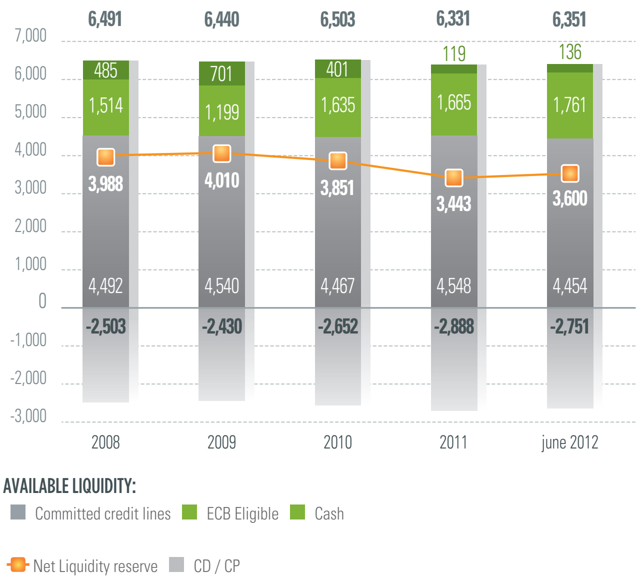
In a volatile and unsettled environment, the conservative financial policy implemented by the group in recent years proved especially justified. This policy protects the commercial margin of each entity while securing the refinancing required for its business activities. It is defined and implemented 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:

- At end-June 2012, the RCI Banque group's overall **sensitivity to the interest rate risk** remained within the €30 million limit set by the Group. At 30 June 2012, a 100-base point rise would have an impact of:
  - -€3,9 million in EUR
  - -€0,3 million in GBP
  - +€3,6 million in CHF
  - -€0,1 million in USD
  - -€0,4 million in BRL
- **Exposure to currency risk amounted** to €3.4 million.
- **Available liquidity** amounted to €6.4 billion (undrawn credit with a residual term of over three months: 4.5 billion; available notes and receivables Central Bank collateral: €1.8 billion; cash and cash equivalents: €136 million), covering more than twice the combined total of commercial papers and certificates of deposit outstanding.
- **The liquidity reserve** amounted to €3.6 billion. This represents available liquidity surplus to the certificates of deposit and commercial papers outstanding. The group has to maintain sources of alternative liquidity above the level of its short-term negotiable debt securities.

RCI Banque group liquidity reserve*

in million euros



* Centralized refinancing scope: Western Europe + Poland + Czech Republic + Romania + Slovenia + Scandinavian countries + South Korea.

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

* Local ratings.