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# RCI Banque

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BUSINESS REPORT  
FIRST HALF 2013



# 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 36 countries:

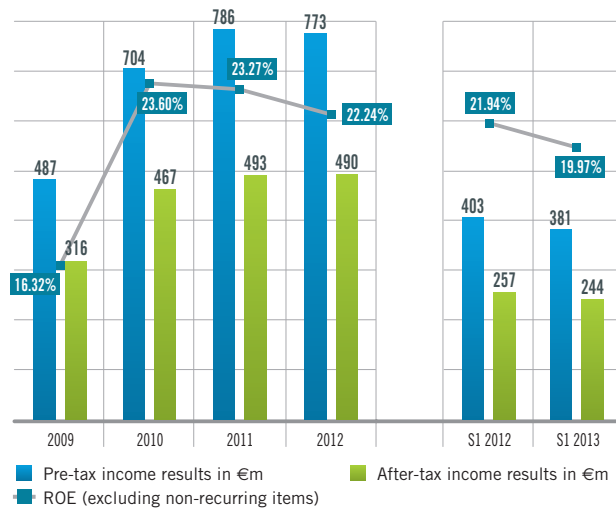
- **Europe:** France, Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina, Brazil, Colombia,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

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

- **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;
- **Brand Dealers.** RCI Banque finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements;
- In addition, in February 2012, the group launched a savings account for retail depositors in France. This new business line has been extended, firstly in early 2013 in Germany, where savings account and term deposit account have been launched, and secondly in France, with the addition to the product range of a term deposit account in July 2013.

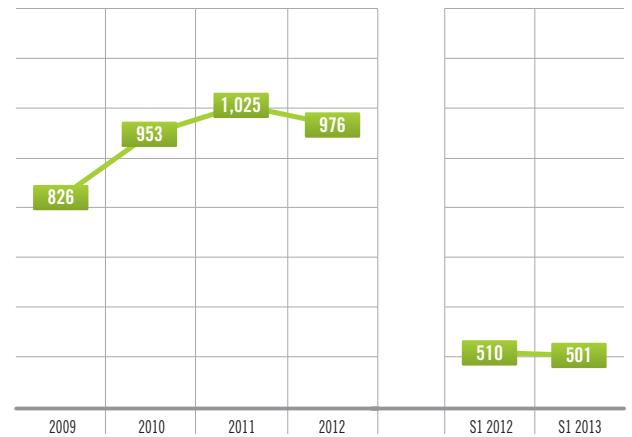
## KEY FIGURES

### Results



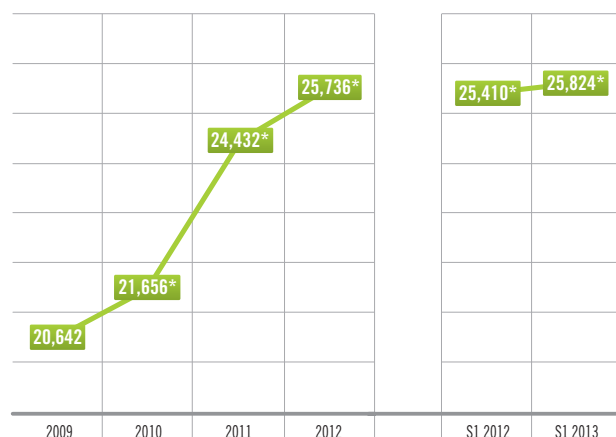
### Total number of vehicle contracts

in thousands



### Net loans outstanding

in million euros



### New financings (excluding cards and personal loans)

in million euros



\*Excluding operating lease business.

# BUSINESS ACTIVITY IN THE FIRST HALF OF 2013

The RCI Banque group confirms the growth path seen since 2010 with a penetration rate on the five brands of 35.5%, up by 1.2 points compared to the first half-year 2012.

Sales by the Renault Group outside Europe hit a new record high, rising by 4.3% in the first six months of 2013. However, this growth was not enough to offset the 7.3% fall in sales by the Group in Europe, where the market remained difficult (down 6.7%).

With 1.3 million vehicles sold worldwide, of which half outside Europe, Renault Group sales were down by 1.9% but up by 0.7% over the second quarter considered in isolation. Its global market share remained steady at 3.2% (down 0.1 point).

Against this backdrop, the RCI Banque group achieved a sound performance with new financings (excluding cards and personal loans) at €5.5 billion, showing a slight drop of 1.5% compared to the first six months of 2012. 501,116 new vehicle contracts were signed over the period (down 1.7%).

The group's penetration rate rose by 1.2 points compared to the first half year of 2012, to 35.5%, driven especially by strong growth on the Dacia (34.8% against 31.8%) and Nissan (31.2% against 27.6%) brands.

Sales financing outstandings rose by 1.6% to €25.8 billion, compared to €25.4 billion at end-June 2012. Net Customer loans outstanding came to €18.2 billion, showing a 3.0% decrease.

The group continued to grow its savings account business. In France, RCI Banque had 33,700 open ZESTO accounts, with collected deposits totaling €1.2 billion. In Germany, net collected savings for both savings accounts and term deposit accounts came to a total of €1.4 billion.

CP+LUV* MARKET		Market share	Market share	RCI Banque	New vehicle	New	Net loans	of which Dealers
		RENAULT group brands (%)	NISSAN group brands (%)	penetration rate (%)	contracts processed (Number)	financings Excluding cards and pl (€m)	outstanding at H1 2013** (€m)	(€m)
Europe	S1 2013	9.4%	3.4%	34.4%	383,413	4,420	21,336	6,526
	S1 2012	9.5%	3.2%	32.6%	379,791	4,286	21,025	5,744
of which Germany	S1 2013	5.1%	1.8%	35.3%	51,846	651	3,844	1,114
	S1 2012	5.1%	2.1%	28.0%	49,288	590	3,776	954
of which Spain	S1 2013	10.8%	4.9%	46.6%	37,250	382	1,701	451
	S1 2012	10.1%	5.1%	39.0%	29,781	335	1,664	412
of which France	S1 2013	24.9%	3.6%	34.7%	147,911	1,787	9,150	2,819
	S1 2012	24.7%	3.4%	34.9%	159,078	1,878	9,103	2,500
of which Italy	S1 2013	7.0%	3.7%	49.4%	45,805	606	2,273	532
	S1 2012	6.6%	3.4%	48.5%	46,500	609	2,122	480
of which United Kingdom	S1 2013	2.5%	5.2%	29.1%	42,174	516	2,113	592
	S1 2012	2.4%	5.0%	26.9%	35,332	429	1,832	426
of other countries	S1 2013	9.2%	2.7%	25.3%	58,427	478	2,257	1,017
	S1 2012	9.0%	2.4%	24.8%	59,812	445	2,529	972
Asia-Pacific (South Korea)	S1 2013	3.5%	0.2%	43.1%	15,412	183	990	7
	S1 2012	4.1%	0.2%	60.2%	22,960	274	1,292	10
Americas	S1 2013	7.8%	1.7%	40.5%	91,390	821	3,119	973
	S1 2012	8.4%	2.9%	38.9%	96,630	960	2,783	877
of which Argentina	S1 2013	14.1%	0.0%	24.4%	19,164	126	525	202
	S1 2012	14.3%	0.6%	21.7%	16,531	110	456	158
of which Brazil	S1 2013	6.0%	2.2%	48.3%	72,226	695	2,594	770
	S1 2012	6.8%	3.6%	45.6%	80,099	851	2,327	718
Euromed-Africa	S1 2013	37.7%	0.8%	28.4%	10,901	91	377	91
	S1 2012	36.0%	0.9%	25.3%	10,496	80	311	73
TOTAL RCI BANQUE GROUP	S1 2013	8.9%	2.7%	35.5%	501,116	5,515	25,824	7,597
	S1 2012	9.1%	2.9%	34.3%	509,877	5,600	25,410	6,704

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

\*\*Excluding operating lease business.

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

Over the first half-year 2013, the total cost of risk (excluding country risk) came to 0.37% of average performing loans outstanding (APO), showing a slight improvement compared to the first half-year 2012 (0.39%).

■ The cost of risk on Customer financing (excluding country risk) remained stable at 0.49% of APO. The fact that it remains below the structural limit demonstrates both the effectiveness of the underwriting policy implemented since 2008 and the efficiency of RCI Banque's debt collection management system.

■ The cost of risk on Dealer financing (excluding country risk) improved to 0.05% of APO, against 0.09% at end-June 2012.

COST OF RISK ON AVERAGE LOAN OUTSTANDINGS	Customers		Dealers		Total	
	S1 2013	S1 2012	S1 2013	S1 2012	S1 2013	S1 2012
France	-0.48%	-0.60%	-0.31%	0.16%	-0.43%	-0.41%
Rest of the world	-0.49%	-0.44%	0.09%	-0.23%	-0.34%	-0.39%
<b>TOTAL</b>	<b>-0.49%</b>	<b>-0.50%</b>	<b>-0.05%</b>	<b>-0.09%</b>	<b>-0.37%</b>	<b>-0.39%</b>

# CONSOLIDATED FINANCIAL HIGHLIGHTS

In a still tense environment, the RCI Banque group posts a pre-tax profit of €381 million and ROE\* of 20%.

## EARNINGS

The RCI Banque group's pre-tax profit is down by 5.5% compared to the first half-year 2012, partly because of an unfavorable exchange rate effect across the Americas region and a rise in international distribution cost driven mainly by the growth of services.

However, this still reflects a strong performance.

In addition:

- The cost of risk remained under control at 0.40% (0.37% excluding country risk) of APO, against 0.44% (0.39% excluding country risk) over the first half-year 2012. It is still significantly below the RCI Banque group's structural level.
- Operating expenses increased slightly overall to €187 million (up €1 million compared to end-June 2012), sustaining the expansion of business in the Americas region and the funding of development projects. The operating ratio (operating expenses-to-net banking income) remained steady at 31.0%, the same level as over the year 2012.

## BALANCE SHEET

Good commercial performances maintained net loan outstandings to €25.8 billion compared to €25.4 billion at end-June 2012.

At the same time, APO came to €24.0 billion, remaining stable compared to June 2012.

Consolidated equity amounted to €2,704 million at 30 June 2013 compared to €2,566 million at end-June 2012.

Deposits outstanding from the savings operations in France and in Germany (savings accounts and term deposit accounts) totaled €2.6 billion at end-June 2013, including accrued interest.

## PROFITABILITY

ROE\* fell slightly to 20.0% from 21.9% at end-June 2012, affected especially by the increase in consolidated average shareholders' equity over the period.

## SOLVENCY

At 30 June 2013, the Core Tier 1 solvency ratio came to 11.0% compared to 10.7% at end-June 2012.

Excluding transitional requirements under the floor level provisions (Basel I floor), the Core Tier 1 solvency ratio came to 13.4%, compared to 13.6% at end-June 2012.

CONSOLIDATED INCOME STATEMENT (in million euros)	06/2013	06/2012	12/2012	12/2011
Operating income	1,100	1,160	2,262	2,131
Operating expenses	(496)	(522)	(1,024)	(942)
Net banking income	604	638	1,238	1,189
Operating costs, depreciation and impairment losses on tangible and intangible assets	(187)	(186)	(383)	(357)
Cost of risk	(47)	(53)	(91)	(52)
Share of companies accounted for under the equity method	11	4	9	6
Consolidated pre-tax income	381	403	773	786
<b>CONSOLIDATED NET INCOME</b> (parent company shareholders' share)	<b>244</b>	<b>257</b>	<b>490</b>	<b>493</b>

CONSOLIDATED BALANCE SHEET (in million euros)	06/2013	06/2012	12/2012	12/2011
Net total outstandings** of which	25,824	25,410	25,736	24,432
● Retail customer loans	11,727	12,016	12,007	11,843
● Leasing and long-term rentals	6,500	6,690	6,589	6,326
● Dealer loans	7,597	6,704	7,140	6,263
Operational lease transactions** net of depreciation and impairment	180	91	124	59
Other assets	3,329	2,626	2,907	2,614
Shareholders' equity of which	2,965	2,827	2,940	2,830
● Equity	2,704	2,566	2,681	2,569
● Subordinated debts	261	261	259	261
Bonds	13,347	11,679	11,638	10,895
Negotiable debt securities (CD, CP, BT, BMTN)	1,282	3,265	2,994	3,213
Securitization	3,310	3,366	3,902	3,704
Ordinary savings accounts	2,310	503	893	
Term deposit accounts	296			
Banks and other lenders (including Schuldschein)	4,159	4,841	4,656	4,851
Other liabilities	1,664	1,646	1,744	1,612
<b>TOTAL BALANCE SHEET</b>	<b>29,333</b>	<b>28,127</b>	<b>28,767</b>	<b>27,105</b>

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

\*\*Operating lease contracts are now excluded from sales financing outstandings and are classified separately.



# FINANCIAL POLICY

In the first half-year 2013, RCI Banque group continued its strategy to diversify its sources of funds with the launch of Renault Bank direkt, a savings account for retail depositors in Germany, and with bond issues in eight different currencies (ARS, BRL, CHF, EUR, GBP, KRW, SGD, USD).

Globally, the first half of 2013 revealed a mixed situation. The injections of liquidity by the world's big central banks brought relative stability to the financial sphere but had different impacts on growth in various countries. For example, the United States was the only country to show real signs of an upturn, with a fall in the unemployment rate from 10.0% in 2009 to 7.6% in May 2013. Furthermore, the European crisis, which had calmed at the end of 2012, saw new developments in the first quarter of 2013 affected by the bailout of Cyprus.

On the financial markets, these events translated into a rise in swap rates in January, which then eased back continuously until the end of May, when the FED announced its intention to gradually reduce its monetary stimulus if the improvement in the US economy continued. Following this announcement, US long-term rates rose sharply, carrying European rates up along with them. Credit spreads saw a similar shift.

RCI Banque took advantage of the positive market conditions that prevailed until May to pursue the efforts to diversify its bond investor base. In March, the group launched a 5-year bond issue totaling €600 million and made its second issue in private placement format on the US market with a 5-year bond totaling \$600 million. In April, RCI Banque issued its first bond in Singapore dollar, its second bond on the UK market after seven years' absence (5-year maturity, £300 million) and its fourth issue in Swiss francs (3-year maturity, CHF100 million). Following this, the group returned to the euro market in May and borrowed €500 million with a 3-year maturity. At 1.75%, this last transaction has the lowest coupon ever paid by the group for a bond in euro.

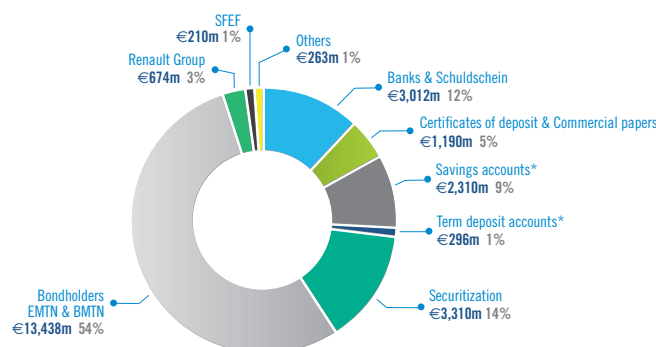
Through its subsidiaries, the group also issued on the local bond markets in Korea, Brazil and Argentina, borrowing a total of approximately €300 million.

Following the launch of the ZESTO savings account for the retail market in France in 2012, the group pursued its strategy to access household savings and started a deposits business in Germany under the Renault Bank direkt brand name, offering an instant savings account as well as term deposit accounts. Deposits collected in France and in Germany grew in the first half year by more than €1.6 billion (of which almost €300 million in term deposits) and accounted for some 40.0% of the new funds for the half-year (centralized refinancing scope\*). This diversification in sources of funds allows to reduce the company's dependence on market funding.

These resources, to which should be added €4 billion of undrawn committed credit lines, and €2.2 billion of assets eligible as collateral in European Central Bank (ECB) open market operations, secure the continuity of RCI Banque's commercial business activity for nearly 12 months without access to external sources of liquidity.

## Structure of total debt

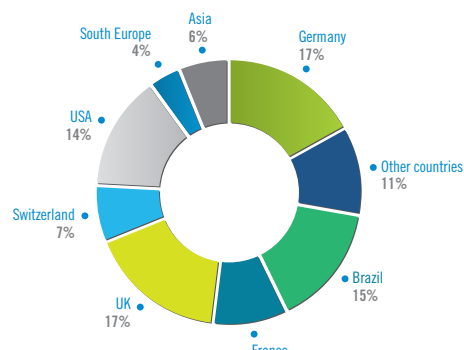
as at 30/06/2013



\*including interest.

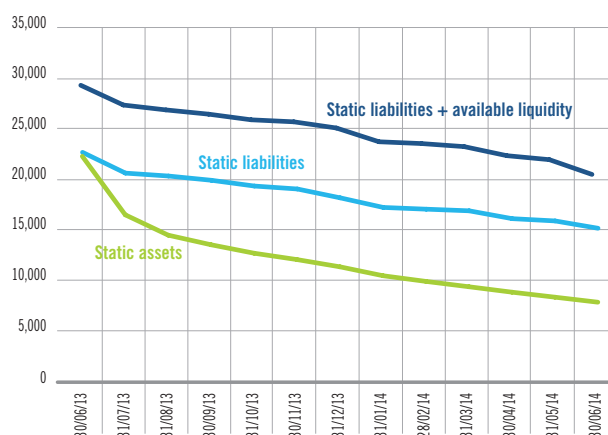
## Geographical breakdown of new market resources with a maturity of one year or more

as at 30/06/2013



## RCI Banque group liquidity position

in million euros



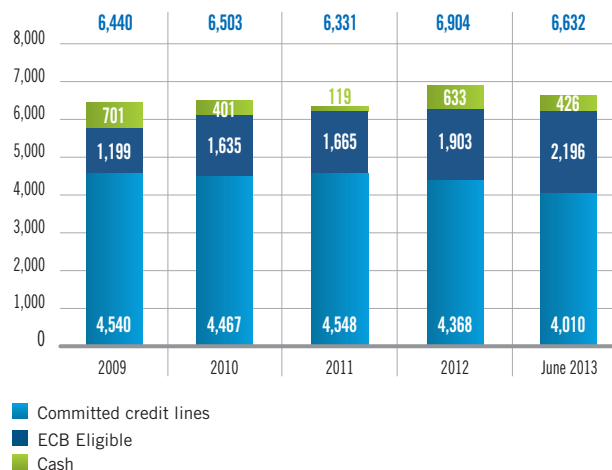
In a volatile and unsettled environment, the conservative financial policy implemented by the group in recent years proved especially justified. This policy protects the commercial margin of each entity while securing the refinancing required for its business activities. It is defined and implemented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

- During the first half year, 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 2013, a 100 base-point rise would have an impact of:
  - > +€7.0 million in EUR,
  - > +€1.7 million in CHF,
  - > +€3.5 million in GBP,
  - > +€0.9 million in KRW,
  - > +€0.9 million in MAD,
  - > -€0.5 million in BRL.
- Exposure to currency risk amounted to €1,4m.

### RCI Banque group available liquidity\*

in millions d'euros



Available liquidity\* amounts to €6.6 billion (undrawn committed credit lines with a residual term of over three months: €4 billion; available notes and receivables eligible as Central Bank collateral: €2.2 billion; cash and cash equivalents: €426 million).

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

## THE RCI BANQUE GROUP'S ISSUES AND PROGRAMS

The group's issues are made by five issuers: RCI Banque, Diac, Rombo Compania Financiera (Argentina), RCI FS K (South Korea) and CFI (Brazil).

ISSUER	INSTRUMENT	MARKET	AMOUNT	S & P	MOODY'S	OTHER
RCI Banque	Euro CP program	Euro	€2,000m	A-2 (negative outlook)	P3	R & I: a-2
RCI Banque	Euro MTN program	Euro	€12,000m	BBB (negative outlook)	Baa3	R & I: BBB+
RCI Banque	CD program	French	€4,500m	A-2 (negative outlook)	P3	
RCI Banque	BMTN program	French	€2,000m	BBB (negative outlook)	Baa3	
Diac S.A.	CD program	French	€1,000m	A-2 (negative outlook)	P3	
Diac S.A.	BMTN program	French	€1,500m	BBB (negative outlook)	Baa3	
Rombo Compania Financiera S.A.	Bond program*	Argentine	ARS 1,000m	raA (negative outlook)		Fitch: AA (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds*	South Korean	KRW 750bn			KR, KIS, NICE: A+
CFI RCI do Brasil	Bonds*	Brazilian	BRL 1,150m		Aa1	

\*Local ratings.

The group's consolidated financial statements as at 30 June 2012/13 were approved by the Board of Directors on 23 July 2013. The group's Statutory Auditors have conducted their limited review of these financial statements and are in the process of issuing their report thereon.

This document and further information about RCI Banque are available on our website: [www.rcibanque.com](http://www.rcibanque.com)

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