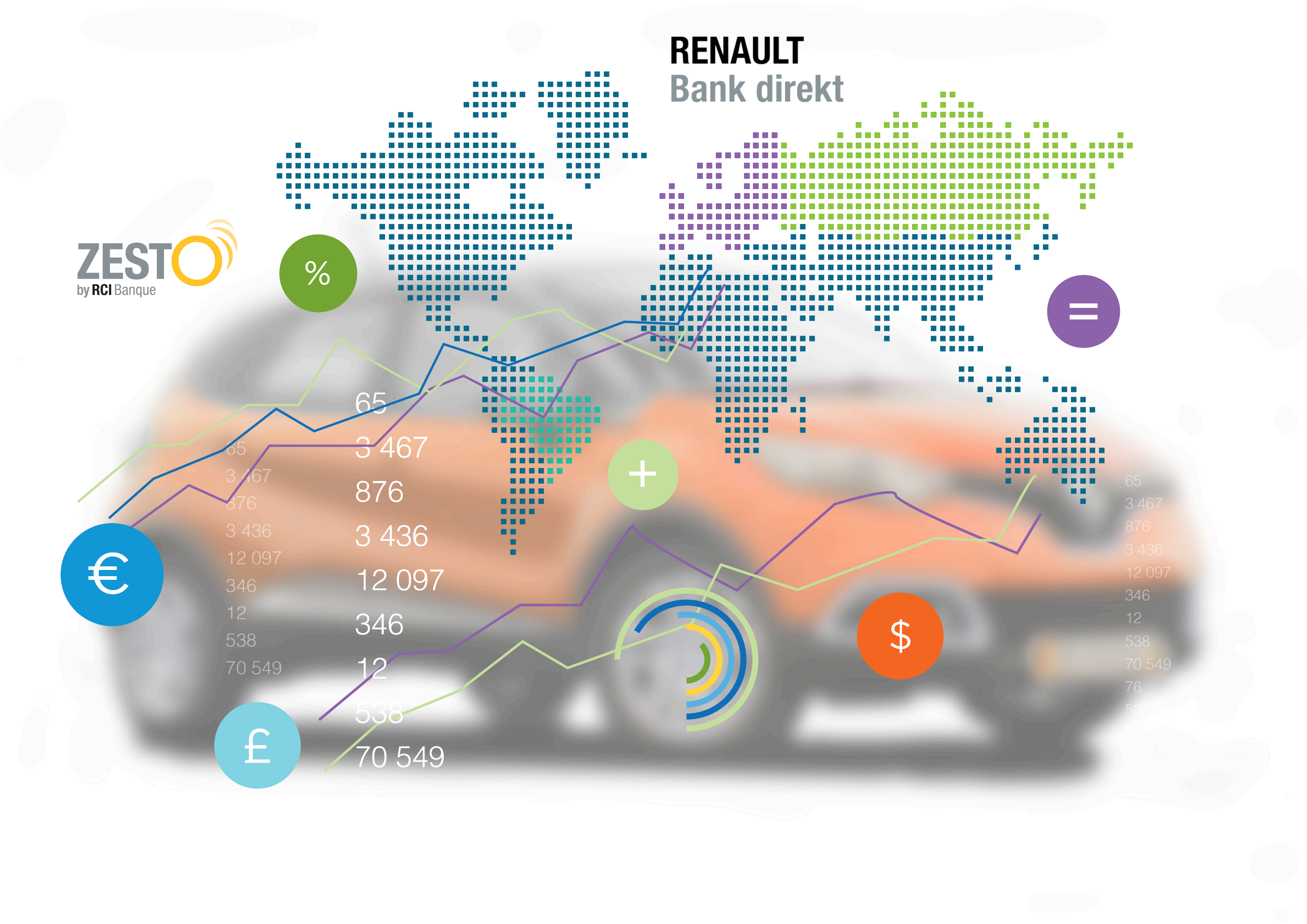
RCI Banque
groupe RENAULT

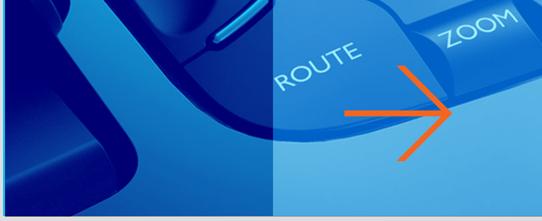
BUSINESS REPORT

FIRST HALF 2014



RENAULT INFINITI

RCI BANQUE OVERVIEW



RCI Banque is the finance company of the Alliance and as such provides financing for sales of the following brands, in countries where RCI operates : Renault, Renault Samsung Motors (RSM), Dacia, Nissan and Infiniti.

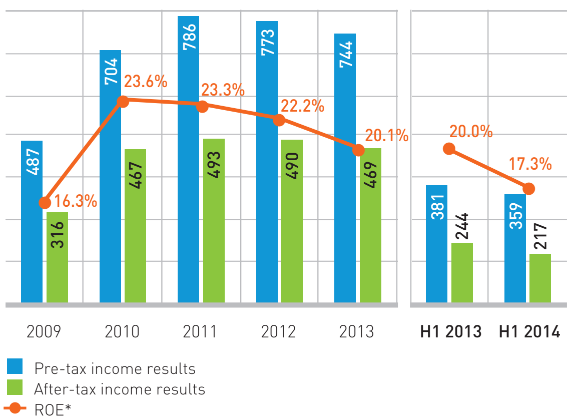
The RCI Banque group operates in 36 countries:

- **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;
- **Euromed-Africa**: Algeria, Bulgaria, Morocco, Romania, Turkey;
- **Eurasia**: Russia, Ukraine;
- **Asia-Pacific**: South Korea.

The task of RCI Banque, within the Alliance, is to offer a comprehensive range of financings and services to:

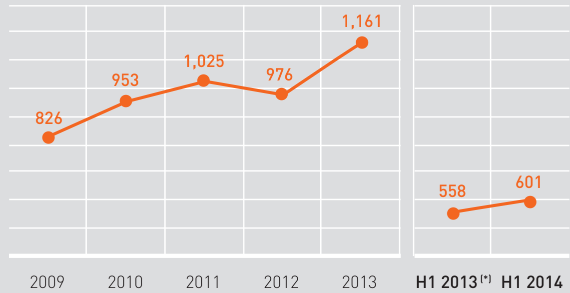
- **Customers (Retail and Corporate)**, to whom RCI Banque offers new and used car loans, rentals with options to buy, leases and long-term rentals. It also provides related services such as insurance, maintenance, extended warranties, roadside assistance, fleet management and credit cards;
- **Brand Dealers**, RCI Banque finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements;
- In addition, **the savings business**, which now operates in three European countries (France, Germany and, since May 2014, Austria). This business is a key source of funding for RCI Banque. At 30 June 2014, deposits collected totaled €5.1 billion, more than 20% of the group's average performing loans outstanding (APO).

Results
(in million euros)



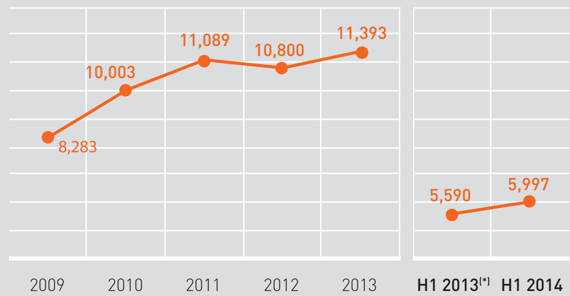
* ROE : Return On Equity (excluding non-reccuring items).

Total number of vehicle contracts
(in thousands)



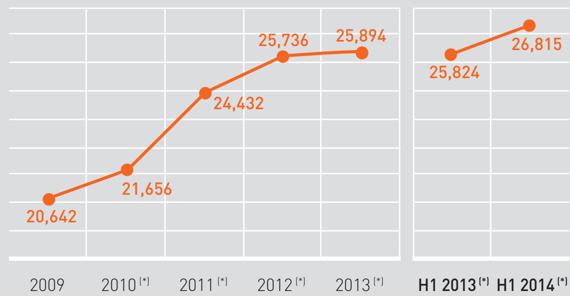
(*) Restated to reflect the entry of Russia and Turkey into the scope of consolidation in the second half-year of 2013, with retroactive effect from 1 January 2013.

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



(*) Restated to reflect the entry of Russia and Turkey into the scope of consolidation in the second half-year of 2013, with retroactive effect from 1 January 2013.

Net loans outstandings
(in million euros)



(*) Excluding operating lease business.

BUSINESS ACTIVITY IN THE FIRST HALF OF 2014

RCI Banque confirms its profitable growth momentum with stronger commercial support for all of the Alliance's brands (some 601,000 financing contracts, up 7.6% on the first half-year 2013).

The global automotive market grew by 3.8% in the first six months of the year, with sales in Europe bouncing back (up 6.5%) and offsetting the fall seen in the main emerging countries. RCI Banque again enjoyed the benefit of strong Alliance brand momentum, posting a 7.6% rise (compared to the first half-year 2013) in the number of financing contracts processed, to 600,563 units.
This strong performance was achieved thanks to a financing penetration rate remaining at a high level (33.4%) and through continuing international development, particularly in Russia, where the financing penetration rate increased by 5.1 points to 28.3%. New financings (excluding cards and personal loans) came to €6.0 billion (up 7.3% on 30 June 2013).
Services, an area of strategic focus for the group, also saw strong growth (+31.9%), giving a services penetration rate of 68.1% compared to 56.5% in the first six months of 2013.
Despite a negative foreign exchange effect on the Americas region, APO still grew by 3.3% to €24.8 billion, of which €18.1 billion (+2.9%) for the Customer business and €6.7 billion (+4.3%) for the Dealer financing business.
RCI Banque also increased the pace of development of its savings business, which started in France in 2012, then in Germany in 2013, and has now been launched in Austria. Collected deposits have doubled compared to June 2013 to reach €5.1 billion, representing more than 20% of APO.

PC+LUV* MARKET[1]		MARKET SHARE RENAULT group brands (%)	MARKET SHARE NISSAN group brands (%)	RCI BANQUE FINANCING PENETRATION RATE (%)	NEW VEHICLE CONTRACTS PROCESSED (Thousands)	NEW FINANCINGS Excluding cards and pl (€m)	NET LOANS OUTSTANDINGS AT YEAR-END (€m)	of which CUSTOMERS OUTSTANDINGS AT YEAR-END (€m)	of which DEALERS OUTSTANDINGS AT YEAR-END (€m)
Europe	H1 2014	10.4%	3.4%	33.4%	418	4,862	22,466	15,865	6,601
	H1 2013	9.4%	3.4%	34.4%	383	4,420	21,336	14,810	6,526
of which Germany	H1 2014	5.4%	2.1%	44.0%	70	929	3,911	2,895	1,016
	H1 2013	5.1%	1.8%	35.3%	52	651	3,844	2,730	1,114
of which Spain	H1 2014	12.2%	4.3%	39.0%	37	392	1,845	1,382	463
	H1 2013	10.8%	4.9%	46.6%	37	382	1,701	1,250	451
of which France	H1 2014	27.3%	3.6%	33.1%	155	1,816	9,465	6,427	3,038
	H1 2013	24.9%	3.6%	34.7%	148	1,787	9,150	6,331	2,819
of which Italy	H1 2014	8.5%	3.5%	44.5%	47	601	2,348	1,844	504
	H1 2013	7.0%	3.7%	49.4%	46	606	2,273	1,741	532
of which United Kingdom	H1 2014	3.8%	5.3%	26.4%	46	600	2,592	1,979	613
	H1 2013	2.5%	5.2%	29.1%	42	516	2,113	1,521	592
of other countries	H1 2014	9.9%	2.6%	25.0%	63	525	2,306	1,339	967
	H1 2013	9.2%	2.7%	25.3%	58	478	2,257	1,240	1,017
Asia-Pacific (South Korea)	H1 2014	4.7%	0.4%	45.2%	22	271	961	951	10
	H1 2013	3.5%	0.2%	43.1%	15	183	990	983	7
Americas	H1 2014	8.4%	1.6%	40.1%	85	689	3,004	2,337	667
	H1 2013	7.8%	1.7%	40.5%	91	821	3,119	2,146	973
of which Argentina	H1 2014	14.4%	-	18.5%	12	56	286	227	59
	H1 2013	14.1%	-	24.4%	19	126	525	323	202
of which Brazil	H1 2014	7.0%	2.0%	48.1%	74	632	2,718	2,110	608
	H1 2013	6.0%	2.2%	48.3%	72	695	2,594	1,824	770
Euromed-Africa[2]	H1 2014	23.2%	0.2%	23.7%	23	151	385	323	62
	H1 2013	21.4%	0.2%	25.4%	27	165	377	286	91
Eurasia (Russia)[2] [3]	H1 2014	7.8%	7.0%	28.3%	52	24	-	-	-
	H1 2013	7.8%	5.1%	23.1%	41	-	-	-	-
TOTAL[2]	H1 2014	9.8%	3.2%	33.4%	601	5,997	26,815	19,475	7,340
	H1 2013	9.0%	2.9%	33.4%	558	5,590	25,824	18,227	7,597

[1] Figures refer to passenger car and light utility vehicle market.
[2] Restated for the inclusion of Russia and Turkey in the scope of consolidation in the second half of 2013 (with retroactive effect from 1 January 2013).
[3] Consolidation by the equity method of the Customer and Dealer sales financing associate in Russia ; outstandings not carried by RCI Banque.

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

- **The total cost of risk** (excluding country risk) came to -0.46% of APO.
- **The Customer cost of risk** (excluding country risk) remained under control at -0.56% (a rise of 7 base points compared to the first six months of 2013). The fact that this remains below the structural limit confirms both the effectiveness of the underwriting policy implemented by RCI Banque and the efficiency of its debt collection management system.
- **The Dealer cost of risk** came to -0.19% of APO compared to -0.05% at end-June 2013. This downturn is mainly attributable to the impact on provisioning for the Dealer business caused by the deterioration in macro-economic indicators in Spain and Italy.

Cost of risk on average loans outstandings					
Customers		Dealers		TOTAL	
H1 2014	H1 2013	**H1 2014**	H1 2013	**H1 2014**	H1 2013
-0.56%	-0.49%	**-0.19%**	-0.05%	**-0.46%**	-0.37%

CONSOLIDATED FINANCIAL HIGHLIGHTS

In a still unsettled economic environment, RCI Banque posts good financial performances with a pre-tax profit of €359 million and ROE* of 17.3%.

Earnings

In the first half-year 2014, net banking income (NBI) increased by 4.6% to €632 million, or 5.14% of average performing loans outstanding (APO). This increase is due to both the increase in outstandings and the growing contribution made by services.

The total cost of risk (including country risk) was maintained below the group's structural level at -0.47% of APO, against -0.40% at end-June 2013. This slight rise is attributable in particular to the increase in provisioning for the Dealer business further to the deterioration in macro-indicators in Spain and Italy.

Operating expenses amounted to 1.58% of APO compared to 1.57% in the first half-year 2013. The stability of the ratio shows RCI Banque's ability to control its costs while continuing to roll out an ambitious strategic plan.

Pre-tax profit came to €359 million at end-June 2014, down 5.7%, mainly because of the continuing unfavorable exchange rate effect on the Americas region.

Net consolidated income – parent company shareholders' share – came to €217 million, dropping by 11.1% compared to the first half-year 2013.

Balance sheet

Good commercial performances drove an increase in net loans outstanding to €26.8 billion compared to €25.8 billion at end-June 2013.

At the same time, APO also grew, to €24.8 billion compared to €24.0 billion at end-June 2013.

Consolidated equity amounted to €2,947 million at 30 June 2014 compared to €2,704 million at end-June 2013.

Deposits from retail customers in France, Germany and Austria (savings accounts and term deposit accounts) reached a total of more than €5.1 billion at end-June 2014 compared to €2.6 billion at end-June 2013.

Profitability

ROE* slipped to 17.3% from 20.0% at end-June 2013, affected mainly by the increase in consolidated average shareholders' equity over the period.

Solvency

At 30 June 2014, the Core Tier One solvency ratio calculated according to Basel III standards came to 11.7% at 30 June 2014, exactly the same as that calculated at 31 December 2013 using the same rules. Excluding requirements under the floor level provisions, it was 14.8%.

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

CONSOLIDATED INCOME STATEMENT (in million euros)	06/2014	06/2013	12/2013	12/2012
Net banking income	**632**	604	1,221	1,238
General operating expense**	**(211)**	(187)	(382)	(383)
Cost of risk	**(58)**	(47)	(102)	(91)
Share in net income (loss) of associates and joint ventures	**(4)**	11	7	9
Consolidated pre-tax income	**359**	381	744	773
CONSOLIDATED NET INCOME (parent company shareholders' share)	**217**	244	469	490

** including depreciation and impairment losses on tangible and intangible assets, and gains less losses on non-current assets.

CONSOLIDATED BALANCE SHEET (in million euros)	06/2014	06/2013	12/2013	12/2012
Net total outstandings of which	**26,815**	25,824	25,894	25,736
• *Retail customer loans*	***13,105***	*11,727*	*12,094*	*12,007*
• *Leasing and long-term rentals*	***6,370***	*6,500*	*6,224*	*6,589*
• *Dealer loans*	***7,340***	*7,597*	*7,576*	*7,140*
Operational lease transactions net of depreciation and impairment	**219**	180	195	124
Other assets	**3,076**	3,329	3,416	2,907
Shareholders' equity of which	**3,208**	2,965	3,184	2,940
• *Equity*	***2,947***	*2,704*	*2,923*	*2,681*
• *Subordinated debts*	***261***	*261*	*261*	*259*
Bonds	**12,017**	13,347	11,755	11,638
Negotiable debt securities (CD, CP, BT, BMTN)	**877**	1,282	802	2,994
Securitization	**3,311**	3,310	3,605	3,902
Customer savings accounts - Ordinary accounts	**4,001**	2,310	3,549	893
Customer term deposit accounts	**1,132**	296	784	-
Banks and other lenders (including Schuldschein)	**3,731**	4,159	4,030	4,656
Other liabilities	**1,833**	1,664	1,796	1,744
TOTAL BALANCE SHEET	**30,110**	29,333	29,505	28,767

FINANCIAL POLICY

RCI Banque issued its first 7-year bond, thereby extending the maturity of its funding and returning to the floating rate notes market for the first time since the financial crisis.

The first six months of 2014 saw the major central banks taking different stances on monetary policy, reflecting and driven by diverging economic cycles in the Eurozone, the United States and in the United Kingdom.

The US Federal Reserve gradually reduced its liquidity injections. Since February, it has cut its asset purchases by USD 10 billion a month, leading the market to expect the quantitative easing program to end in the fourth quarter of 2014.

In contrast, in early June the ECB announced a set of monetary policy measures designed to support the European recovery and get inflation moving. Interest rates were reduced to record lows, and for the first time ever cut into negative territory at their lower end. In order to increase market liquidity, the ECB has stopped its sterilization program (borrowings from banks representing the total amount of government debt bought by the Central Bank) and announced long term liquidity injections in the form of TLTROs (Targeted Longer-Term Refinancing Operations). These preferential rate operations will be granted with a four-year maturity to banks funding the economy.

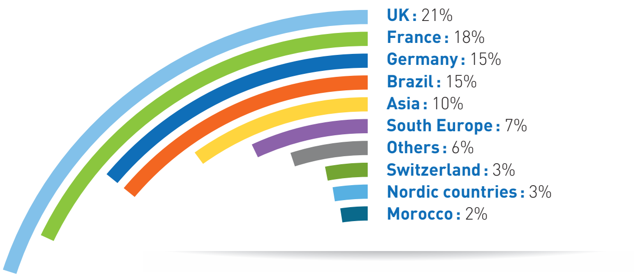
In this context, bond spreads continued to tighten over the first six months of 2014. Euro rates, affected by the ECB's decisions, also lowered. For example, the 3-year swap rate dropped almost 40 base point over the period to 0.38%.

The group confirmed its excellent access to sources of funding. On the bond market, RCI Banque extended the maturity of its debt by issuing a 7-year bond under a €500 million transaction that reached out to new investors looking for long-term assets. RCI Banque also took advantage of the fact that the market for floating rate notes opened up again, and issued its first benchmark in this format since the financial crisis. Strong investor demand for the 3-year FRN raised €600 million, a very significant size for this format, and the transaction was carried out under excellent conditions, with the first coupon below the symbolic 1% level. Following its successful issue on the GBP market in 2013, the group also issued a 5-year bond in Sterling (GBP 250 million), thereby confirming its ability to access liquidity in this currency.

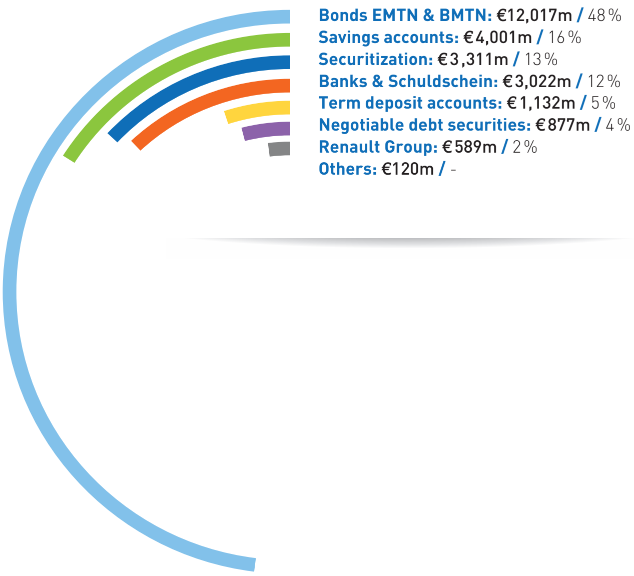
Outside Europe, the Moroccan subsidiary made its first issue in February and then confirmed its ability to access market funding with a second issue in June. The group's entities in Argentina, South Korea and Brazil also borrowed on their respective domestic bond markets.

Following the launch of a range of savings and term deposit account products for retail customers in France and in Germany in 2012 and in 2013, the group continued to grow its savings operations in Austria. At end-June, retail deposits totaled €5.1 billion (of which €4.0 billion in sight deposits collected and €1.1 billion in term deposits), showing an increase of 18% over the last six months.

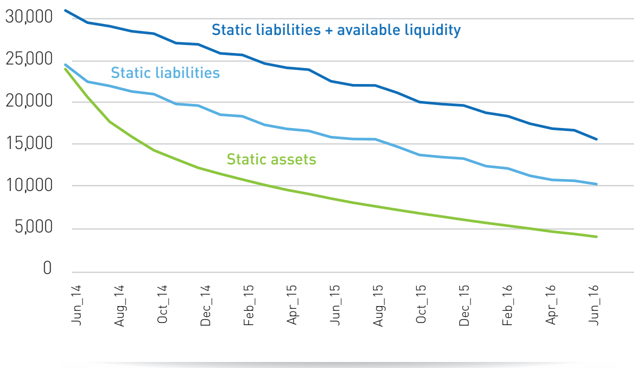
Geographical breakdown of new resources with a maturity of one year or more (deposits excluded) as at 30/06/2014



Structure of total debt as at 30/06/2014



RCI Banque group liquidity position*
(in million euros)



* RCI Banque and affiliate included in the scope of centralized refinancing Western Europe + Poland + Czech Republic + Romania + Slovenia + Nordic countries + South Korea.

These resources, to which should be added €4.1 billion of undrawn committed credit lines, and €2.2 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 almost 12 months without access to external sources of liquidity.

In a complex and volatile environment, the conservative financial policy implemented by the group in recent years proved especially justified. This policy has protected 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:

RCI Banque's overall sensitivity to the interest rate risk in the first half-year 2014 remained below the €35 million limit set by the group.

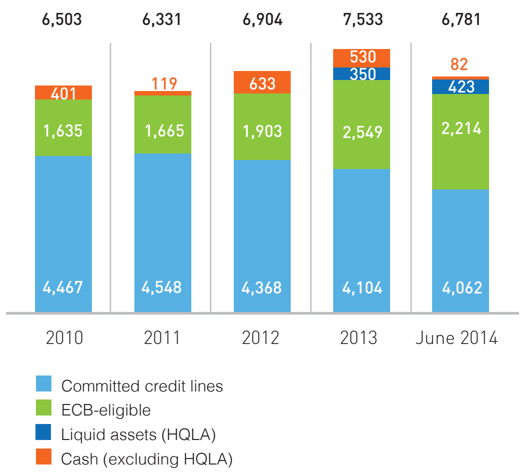
At 30 June 2014, a 100-base point rise in rates would have an impact of:

- +€3.8 million in EUR,
- -€0.4 million in CHF,
- +€0.6 million in GBP,
- +€0.2 million in KRW,
- +€0.6 million in MAD,
- +€0.1 million in USD.

The absolute sensitivity values in each currency totaled €7.4 million.

The consolidated foreign exchange position of the RCI Banque group totaled €16.1 million at 30 June 2014.

RCI Banque's available liquidity*
(in million euros)



*RCI Banque and affiliates included in the scope of centralized refinancing: Western Europe + Poland + Czech Republic + Romania + Slovenia + Nordic countries + South Korea.

THE RCI BANQUE GROUP'S ISSUES AND PROGRAMS

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

ISSUER	INSTRUMENT	MARKET	AMOUNT	S & P	MOODY'S	OTHERS
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	CD Program	French	€1,000m	A-2 (negative outlook)		
Diac	BMTN Program	French	€1,500m	BBB (negative outlook)	Baa3	
Rombo Compania Financiera S.A.	Bond Program*	Argentinian	ARS 1,000m	raBB+ (negative outlook)		Fix Scr : AA (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds*	South Korean	KRW 865bn			KR, KIS, NICE : A+
CFI RCI Brasil	Bonds*	Brazilian	BRL 2,907m		Aa1	
RCI Finance Maroc	BSF	Moroccan	MAD 1,000m			

* Local ratings.

The group's consolidated financial statements as at 30 June 2014 were approved by the Board of Directors on 23 July 2014.
The group's Statutory Auditors have conducted their limited review of these financial statements and are in the process of issuing their report thereon.

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