

# RCI Banque

Business Report

# 2013

**RENAULT**  
Bank direkt

65  
3 467

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**ZESTO**  
by RCI Banque

RENAULT  
**ZE**





# 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:

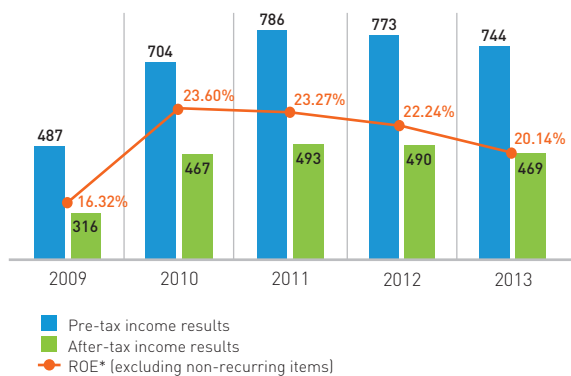
- **Europe:** France, Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina, Brazil, Colombia;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

RCI Banque's continuing international expansion contributes to the achievement of good business results, with a full year of activity in Turkey and the granting of a banking license in Russia.

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;
- 2013 is the year that sees RCI Banque develop its **savings business**, which is now up and running in France and in Germany with both savings accounts and term deposit products.

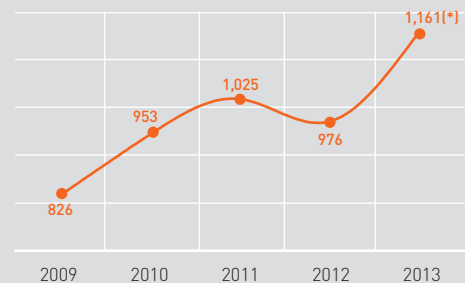
## Results (in million euros)



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

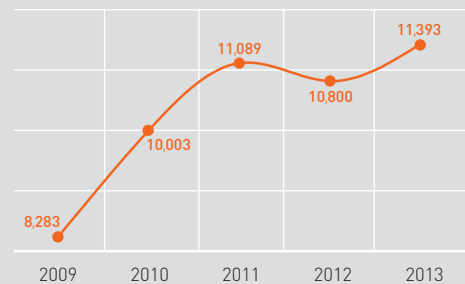
The momentum in Alliance brand sales helps the RCI Banque group to increase the volume of financing contracts written as well as total new lending.

## Total number of vehicle contracts (in thousands)

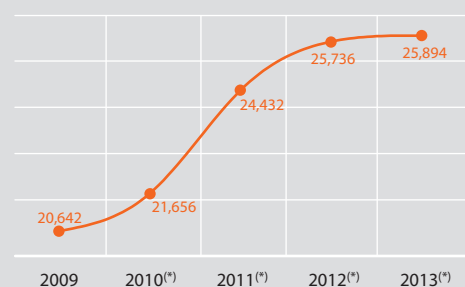


(\*) of which about 130 thousand contracts following consolidation of Turkey and Russia.

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



## Net loans outstandings (in million euros)



(\*) Excluding operating lease business.





# BUSINESS ACTIVITY 2013

**Commercial support for of all the Alliance's brands materialized in 2013 showing a record performance: 1,160,612 new contracts processed, up 19% on 2012.**

On a global car market marked by a 1.6% fall in Europe and slower growth in emerging countries, RCI Banque benefited from the dynamism of the Alliance's brands posting a 18,9% rise new financing contracts with 1,160,612 units in 2013. Compared on a like-for-like basis to 2012 (\*), the number of financing contracts increased by 5.5%. This record performance is driven both by the rise in the financing penetration rate on most markets where RCI Banque is present, for virtually all the Alliance's brands, and by continuing international development. Business in the used vehicle financing sector also contributed to this growth (new contracts written up 6,3% on 2012).

Compared on a like-for-like basis to 2012 (\*), the financing penetration rate increased to 36.7%, its highest level for ten years (against 35.0% in 2012). Taking into account the consolidation in 2013 of the new subsidiaries in

Turkey and in Russia, whose financing penetration rates are below the group average, RCI Banque's financing penetration rate came to 34.6%.

Services, another area of strategic focus for the group, recorded strong growth in 2013, with 1,756,496 new contracts written (up 34% compared to 2012; 27.3% on a like-for-like basis).

New financings (excluding cards and personal loans) amounted to €11.4 billion in 2013, showing a 5.5% increase (including Turkey) compared to 2012. After four years of growth, Average Performing loans Outstandings (APO) steadied at €24.2 billion (up 0.1% compared to 2012), dampened by a negative foreign exchange effect mainly on the Americas region of €0.6 billion.

(\* ) Turkey and Russia were included in the RCI Banque scope of consolidation in 2013.

PC+LUV* MARKET		MARKET SHARE		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)
		RENAULT group brands (%)	NISSAN group brands (%)						
Europe	2013	9.7	3.2	35.1	759	8,810	21,395	14,920	6,475
	2012	9.3	3.2	33.9	726	8,301	21,144	15,039	6,105
of which Germany	2013	5.1	1.9	36.3	107	1,356	3,710	2,718	992
	2012	5.1	2.1	30.1	100	1,192	3,800	2,805	995
of which Spain	2013	12.1	4.8	45.9	73	760	1,673	1,215	458
	2012	10.7	5.2	42.5	61	669	1,658	1,161	497
of which France	2013	25.4	3.3	36.9	304	3,650	9,023	6,266	2,757
	2012	24.2	3.5	36.9	306	3,666	9,029	6,475	2,554
of which Italy	2013	7.2	3.6	49.3	83	1,096	2,340	1,701	639
	2012	6.3	3.6	49.8	82	1,099	2,240	1,637	603
of which United Kingdom	2013	3.0	5.1	28.7	82	1,036	2,295	1,727	568
	2012	2.5	5.1	27.5	71	882	1,882	1,467	415
of other countries	2013	9.4	2.4	24.9	109	911	2,355	1,293	1,062
	2012	8.9	2.4	24.6	106	794	2,536	1,495	1,041
Asia-Pacific (South Korea)	2013	4.0	0.3	47.4	39	446	954	946	8
	2012	4.0	0.2	57.3	43	526	1,213	1,201	12
Americas	2013	8.4	1.7	42.7	211	1,781	3,170	2,148	1,022
	2012	8.1	2.4	37.1	186	1,817	3,055	2,092	963
of which Argentina	2013	15.4	-	25.4	42	265	511	295	216
	2012	14.8	0.2	24.8	34	232	484	304	180
of which Brazil	2013	6.6	2.2	50.5	170	1,516	2,660	1,853	807
	2012	6.6	2.9	41.3	152	1,585	2,571	1,788	783
Euromed-Africa	2013	21.1	0.2	26.0	60	357	375	304	71
	2012	35.5	0.8	26.3	21	156	323	261	62
Eurasia (Russia)	2013	7.6	5.5	25.0	92	-	(no outstandings - commercial agreement in 2013)		
	2012								
TOTAL	2013	9.3	2.9	34.6	1,161	11,393	25,894	18,318	7,576
	2012	8.9	2.8	35.0	976	10,800	25,736	18,596	7,140

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

## COST OF RISK ON AVERAGE PERFORMING LOANS OUTSTANDINGS IN 2013 (excluding country risk)

• **The Customer cost of risk** (excluding country risk) remained under control at -0.46% of APO, showing an improvement in comparison to 2012 (-0.49%). The fact that this remains below the structural limit confirms both the effectiveness of the underwriting policy and the efficiency of RCI Banque's debt collection management system.

• **The Dealer cost of risk** came to -0.26% of APO, compared to a particularly favorable level in 2012 (-0.02%) following the change in the provisioning method for the Dealer business which had generated reversals of provisions.

Cost of risk on average loans outstandings					
Customers		Dealers		TOTAL	
2012	2013	2012	2013	2012	2013
-0.49%	-0.46%	-0.02%	-0.26%	-0.37%	-0.41%



# CONSOLIDATED FINANCIAL HIGHLIGHTS 2013

In a tense economic environment, RCI Banque posts good financial results, with a pre-tax profit of €744 million and ROE\* of 20.1%.

## Earnings

Net banking income came to €1,221 million, or 5.04% of APO, showing a 1.5% fall compared to 2012. This decrease is due to a negative foreign exchange effect on the Americas region, offset partially by the growing contribution made by services, which account for 25% of net banking income.

Operating expenses remained under control, with the ratio of operating expenses as a percentage of APO at 1.56% as compared to 1.57% in 2012, demonstrating RCI Banque's ability to control its costs while continuing to grow its business.

The total cost of risk was maintained below its structural level, at -0.42% of APO against -0.38% in 2012. This slight increase is attributable to the fact that the Dealer cost of risk was exceptionally favorable in 2012 as a result of changes in provisioning methods.

The group's pre-tax profit came to €744 million (down 3.8% compared to 2012), continuing to reflect a high performance level.

Net consolidated income – parent company shareholders' share – came to €469 million, dropping by 4.3% compared to 2012.

## Balance sheet

Good commercial performances increased net financing outstandings to €25.9 billion, against €25.7 billion at 2012 year-end, despite a negative foreign exchange effect of €0.8 billion.

At the same time, APO amounted to €24.2 billion, showing stability compared to 2012.

Consolidated equity reached to €2,923 million compared to €2,681 million at 31 December 2012.

Deposits from retail customers in France and Germany (savings accounts and term deposit accounts) represented more than €4.3 billion at end 2013 against €0.9 billion at end 2012.

## Profitability

ROE\* slipped to 20.1% at year-end 2013 from 22.2% at end December 2012, affected mainly by the increase in consolidated average shareholders' equity over the period.

## Solvency

At 31 December 2013, the Core Tier 1 solvency ratio came to 14.2%, compared to 13.7% at end December 2012.

CONSOLIDATED INCOME STATEMENT (in million euros)	12/2013	12/2012	12/2011
Net banking income	1,221	1,238	1,189
General operating expense**	(382)	(383)	(357)
Cost of risk	(102)	(91)	(52)
Share in net income (loss) of associates and joint ventures	7	9	6
Consolidated pre-tax income	744	773	786
<b>CONSOLIDATED NET INCOME</b> (parent company shareholders' share)	<b>469</b>	<b>490</b>	<b>493</b>

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

CONSOLIDATED BALANCE SHEET (in million euros)	12/2013	12/2012	12/2011
Net total outstandings***	25,894	25,736	24,432
of which			
• Retail customer loans	12,094	12,007	11,843
• Leasing and long-term rentals	6,224	6,589	6,326
• Dealer loans	7,576	7,140	6,263
Operational lease transactions net of depreciation and impairment***	195	124	59
Other assets	3,416	2,907	2,614
Shareholders' equity of which	3,184	2,940	2,830
• Equity	2,923	2,681	2,569
• Subordinated debts	261	259	261
Bonds	11,755	11,638	10,895
Negotiable debt securities (CD, CP, BT, BMTN)	802	2,994	3,213
Securitization	3,605	3,902	3,704
Customer savings accounts - Ordinary accounts	3,549	893	0
Customer term deposit accounts	784	0	0
Banks and other lenders (including Schuldschein)	4,030	4,656	4,851
Other liabilities	1,796	1,744	1,612
<b>TOTAL BALANCE SHEET</b>	<b>29,505</b>	<b>28,767</b>	<b>27,105</b>

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

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



# FINANCIAL POLICY

During the 2013 financial year, RCI Banque covered 52% of its funding requirements through collected deposits, thus reducing its need to call on market resources.

The year 2013 was marked by a return to calm after the crisis that shook the Eurozone in 2011 and 2012. Injections of liquidity by the main central banks brought a certain degree of stability to the financial sector, with their effects on growth seen more rapidly in the United States than in Europe. Consequently in May, the FED, confident in the US recovery, announced its intention to gradually wind down its monetary stimulus measures if economic improvement continued. This announcement caused a sharp rise in US interest rates, with dealers expecting the withdrawal of liquidity as early as September. Through a contagion effect, European interest rates followed the same upward trend and funds invested in emerging countries were reallocated towards the United States.

In the fourth quarter, the FED moved to reassure the markets by confirming its intention to act gradually; its speech stabilized US interest rates. In Europe, more modest recovery figures than those seen in the United States led to a decline in long-term interest rates. Short-term rates remained low, spurred on by the ECB which firmly guided operator expectations from the summer onwards and rapidly cut rates in November after inflation fell.

Bond spreads, despite a degree of volatility caused by the FED's announcement in May, globally tightened over 2013. The bond market remained open and dynamic throughout the year.

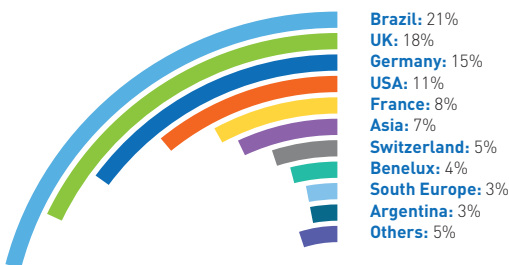
Following the launch of the *ZESTO* savings account for retail customers in France in 2012, the group pursued its strategy to access household savings and started up a deposits business in Germany under the *Renault Bank direkt* brand name, offering from now on savings account as well as term deposit accounts. Deposits collected in France and in Germany grew €3.4 billion over the 2013 financial year (of which €0.8 billion in term deposits) and cover 52% of the year's funding requirements (Europe scope). Diversifying its sources of funds in this way reduces the company's dependence on market funding, which fell sharply from €5.0 billion on 2012 to €3.1 billion.

On the bond market, while continuing to diversify its sources of funding, RCI Banque raised the equivalent of €2.1 billion through its traditional markets (two bonds and one tap in euros, one issue in Swiss francs) as well as on less-exploited markets. After a seven year absence from the GBP market, RCI Banque returned with a bond in Sterling (GBP 300 million), and also made its second issue in US dollars (USD 600 million). Likewise, through its subsidiaries, the group also tapped the local bond markets on a regular basis in Argentina, South Korea and especially in Brazil. After a first bond issue in 2011, the subsidiary confirmed its ability to access local liquidity, widened its investor base, and issued BRL 1.4 billion.

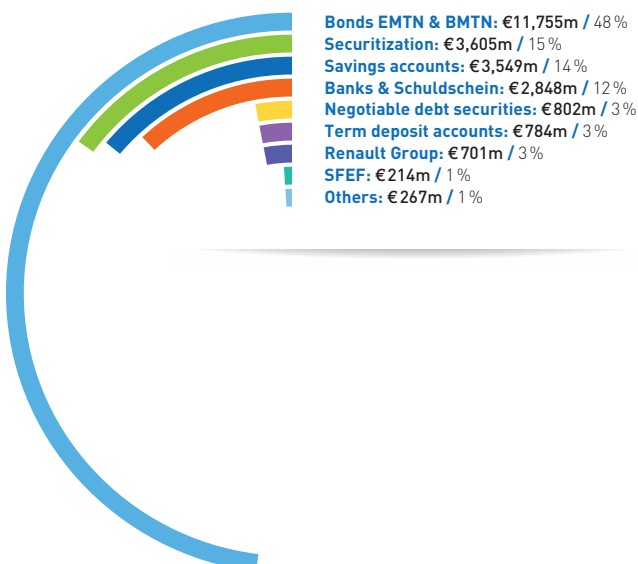
On the structure finance segment, in response to investor demand for simpler structures, RCI Banque rearranged its auto loan securitization program in Germany. A new FCT (*Fonds Commun de Titrisation*) was created, which placed floating-rate securities for €800 million with investors.

At the same time, the *Master Trust* set up in 2007 continues to issue securities on a regular basis that are retained by RCI Banque and eligible as ECB collateral.

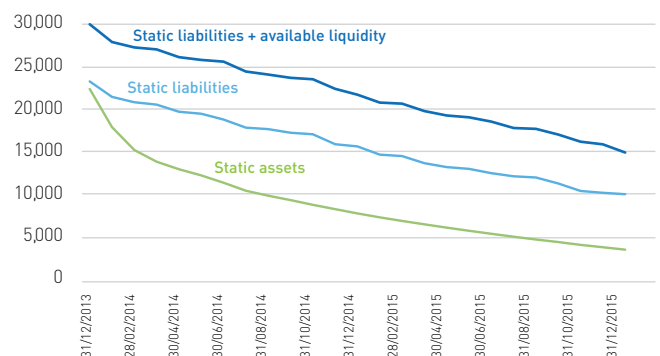
## Geographical breakdown of new resources with a maturity of one year or more (deposits excluded) as at 31/12/2013



## Structure of total debt as at 31/12/2013



## RCI Banque group liquidity position\* (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 German securitization program therefore replicates the structure adopted in France in 2012.

These long-term resources, to which should be added €4.1 billion of undrawn committed credit lines, and €2.5 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 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:

- RCI Banque's overall sensitivity to the interest-rate risk remained below the limit set by the group (€30 million up to October 2013, €35 million since that date).

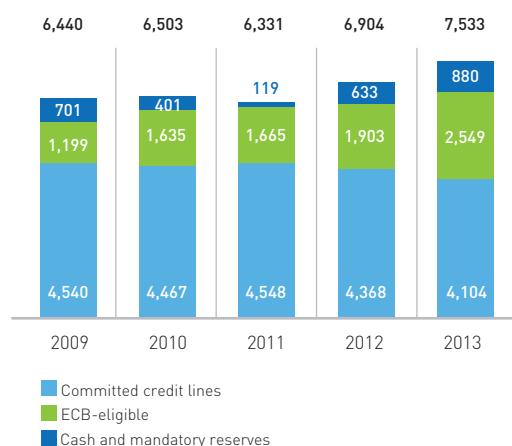
At 31 December 2013, a 100-base point rise in rates would have an impact of:

-€0.7 million in EUR,	+€0.4 million in KRW,
+€0.6 million in CHF,	+€0.7 million in MAD.
+€0.5 million in GBP,	

The absolute sensitivity values in each currency totaled €3.9 million.

- At year-end 2013, the consolidated foreign exchange position of the RCI Banque group totaled €0.7 million.

**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 five issuers: RCI Banque, Diac, Rombo Compania Financiera (Argentina), RCI FS K (South Korea) and CFI RCI Brasil.

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)	P3
Diac	BMTN Program	French	€1,500m	BBB (negative outlook)	Baa3
Rombo Compania Financiera S.A.	Bond Program*	Argentina	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 1,700m		Aa1

\* Local ratings.

# RCI Banque

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