RCI Banque

BUSINESS REPORT 2010

RCI OVERVIEW

RCI is the captive finance company of the Renault Nissan Alliance and in that capacity finances the sales of the following brands: Renault, Renault Samsung Motors (RSM), Dacia, Nissan and Infiniti.

The RCI group operates in 37 countries.

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

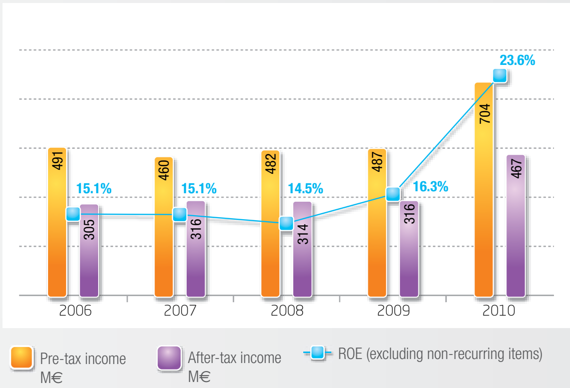
As a captive finance company, the group offers a comprehensive range of financings and services to:

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

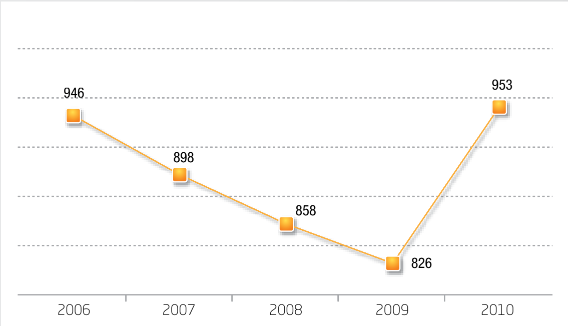
In a transitional economic environment, RCI returned to growth in 2010 and recorded a strong improvement in performances.

Key figures

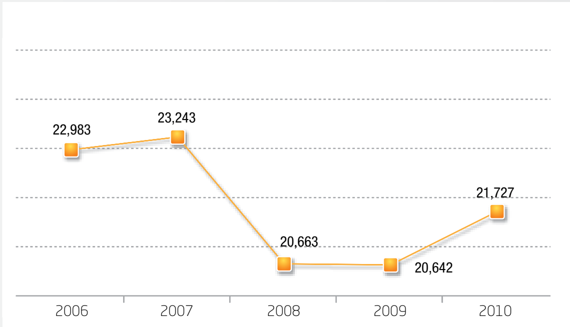
Results



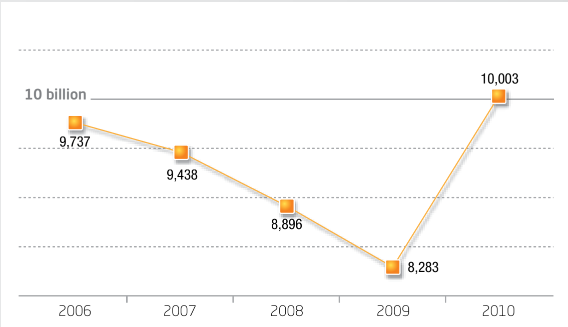
Total number of vehicle contracts
in thousands



Net loans outstanding at year-end
in million euros



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



BUSINESS ACTIVITY 2010

Following a year 2009 marked by continuing economic and financial turmoil, the RCI group returned to growth in 2010 and passed the symbolic threshold of €10 billion in new financings.

Renault Group posted record sales of 2.6 million vehicles in 2010, a 14% rise compared with 2009, and a 3.7% market share.
This substantial increase was mainly due to sales in countries outside Europe, which were up by 26%. In Latin America especially, sales grew by 39%, increasing Renault's market share by 0.9 point to over 5%. In Western Europe growth remained sustained (up 7.4%) despite the slump following the end of governmental scrapping schemes in a certain number of countries.

With more than 953,000 contracts signed (an increase of 15.4% compared with 2009) and more than €10 billion in new financings (up by 20.7%), the RCI group achieved its best performance over five years.

In Europe, the RCI group, underpinned by excellent performances by vehicle manufacturers and a pioneering "products" policy, recorded a 15% growth in new financings. Stronger ties with Nissan played a significant part in the increase in RCI's penetration rate.

Outside Europe, the year was marked by strong growth in new financings in the "Americas" (up by 86% compared with 2009) and in South Korea (up by 39%).

PASSENGER CAR & LIGHT UTILITY VEHICLE MARKET*		Renault Group brands market share %	Nissan market share %	RCI Banque penetration rate %	Number of new vehicle contracts processed	New financings (M€) excluding cards and PL	Net loans outstanding at year-end (M€)	Of which Dealers (M€)
Western Europe	**2010**	**11.3%**	**2.9%**	**30.9%**	**719,504**	**8,067**	**18,430**	**4,308**
	2009	10%	2.5%	29.1%	643,168	7,032	18,233	4,262
of which Germany	**2010**	**5.5%**	**2.0%**	**34.1%**	**111,929**	**1,344**	**3,595**	**755**
	2009	6%	1.7%	31.3%	127,336	1,398	3,687	728
of which Spain	**2010**	**11.4%**	**4.4%**	**34.5%**	**65,114**	**722**	**1,821**	**342**
	2009	10.9%	4.1%	35.9%	66,678	716	2,197	399
of which France	**2010**	**27.9%**	**2.3%**	**32.0%**	**325,317**	**3,731**	**8,151**	**1,932**
	2009	26%	2%	29.1%	276,324	3,230	8,114	2,001
of which United Kingdom	**2010**	**5.0%**	**4.2%**	**24.8%**	**69,701**	**740**	**1,449**	**271**
	2009	3.4%	3.9%	23.4%	51,742	526	1,273	199
of which Italy	**2010**	**6.6%**	**2.8%**	**37.2%**	**76,718**	**883**	**1,724**	**412**
	2009	5.3%	2.5%	32.8%	61,404	644	1,476	388
Brazil	**2010**	**4.8%**	**1.1%**	**35.7%**	**72,998**	**723**	**1,232**	**313**
	2009	3.9%	0.8%	35.6%	52,192	417	845	276
South Korea	**2010**	**10.1%**	**0.4%**	**46.1%**	**77,331**	**855**	**1,199**	**12**
	2009	9.3%	0.3%	47.4%	65,767	613	825	3
Rest of the world**	**2010**	**11.2%**	**1.3%**	**25.5%**	**83,277**	**357**	**866**	**283**
	2009	11%	1%	23%	65,027	221	739	208
TOTAL RCI BANQUE GROUP	**2010**	**10.1%**	**2.2%**	**31.6%**	**953,110**	**10,003**	**21,727**	**4,916**
	2009	9.2%	1.9%	30%	826,154	8,283	20,642	4,749

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

Cost of risk on average performing loans outstanding (excluding country risk)

Cost of risk on average loan outstandings	Customers		Dealers		TOTAL	
	End of 2009	End of 2010	End of 2009	End of 2010	End of 2009	End of 2010
France	-0.86%	-0.55%	-0.13%	-0.01%	-0.66%	-0.41%
Rest of the world	-1.32%	-0.62%	-0.53%	0.36%	-1.14%	-0.40%
TOTAL	**-1.15%**	**-0.59%**	**-0.35%**	**0.21%**	**-0.96%**	**-0.40%**

The cost of risk (excluding country risk) improved, falling to 0.40% of average performing loan outstandings (APO) in 2010 from 0.96% in 2009.

- The cost of risk on Customer financing fell from 1.15% to 0.59% of Customer APO. This improvement concerned the whole group, including the Spanish entity (a drastic change in circumstances) and France (excellent performance of 0.55% in 2010 compared with 0.86% in 2009) as well as Germany and Italy, of which risk level is structurally low.
- The cost of risk on Dealer financing improved from a charge of 0.35% in 2009 to a product of 0.21% Dealer APO, as a result of reversals of charges made subsequent to an improvement in the financial situation of dealerships.

CONSOLIDATED FINANCIAL HIGHLIGHTS

In a context of economic recovery, RCI group achieved excellent financial results.
Pre-tax profit came to €704 million and ROE* to 23.6%.

Earnings

RCI Banque's pre-tax profit rose by 44.6% compared with December 2009. At the same time, average performing loan outstandings (APO) grew by €790 million to €20,981 million in 2010.

This excellent performance is primarily accounted for by:

- Net banking income up to 5.4% of APO (5.17% in 2009), particularly due to a 7.9% rise in the gross financial margin and a 7.9% rise in the margin on services.
- A significant decrease in the total cost of risk to 0.40% of APO (0.99% in 2009), due partly to the strengthening of recovery processes and partly to the tightening up of the loan underwriting policy from the second half-year 2009 onwards.
- Stabilization of operating expenses through continuing action to optimise the group's structures across Western Europe, which helped to offset the increase in growth-related costs outside Europe.

Net consolidated income – group share – stood at €467 million against €316 million at the end of December 2009 (up 47.8%).

Balance sheet

Buoyant trading in the second half of 2009, but above all the excellent performance achieved in 2010 as a whole boosted loans outstanding by €1.1 billion (of which €322 million from a positive exchange rate effect) to €21.7 billion in December 2010 (an increase of 5.3%).

At 31/12/2010, the RCI group's shareholders' equity amounted to €2,723 million. This increase (+ 7.0%) is primarily due to a net profit – group share –, the €400 million dividends paid out in 2010 and an improvement in conversion reserves and future cash flow hedges, respectively up by €67 million and €45 million.

Profitability

ROE* grew to 23.6% at the end of 2010, compared with 16.3% at the end of 2009.

Solvency

At year-end 2010, the RCI group's solvency ratio remained stable at 11.9% with a Core Tier 1 at 10.6%, compared with 11.8% (with a Core Tier 1 at 10.4%) at year-end 2009, mainly due to the retention of the floor at 80% of the Basel I ratio, which was renewed in 2010 by the supervisory authorities.

Excluding transitional requirements regarding the floor, the Core Tier 1 solvency ratio stood at 13.1%. Furthermore, the RCI group was authorized by the Prudential Supervisory Authority to switch the scope of exposure for the United Kingdom to the advanced method in the second half of 2010.

** Excluding non-recurring items*

CONSOLIDATED NET INCOME in millions of euros	12/2010	12/2009	12/2008
Operating income	**1,957**	1,911	2,288
Operating expenses	**(823)**	(867)	(1,248)
Net banking income	**1,134**	1,044	1,040
Operating costs and other non-current assets	**(347)**	(363)	(367)
Net banking income	**(85)**	(199)	(197)
Share of companies accounted for under the equity method	**2**	5	6
Consolidated pre-tax income	**704**	487	482
CONSOLIDATED NET INCOME (group share)	**467**	316	314

CONSOLIDATED BALANCE SHEET in millions of euros	12/2010	12/2009	12/2008
Net total outstandings Of which	**21,727**	20,642	20,663
- Retail customer loans	***11,057***	*10,486*	*10,345*
- Leasing and long-term rentals	***5,754***	*5,407*	*5,838*
- Dealer loans	***4,916***	*4,749*	*4,480*
Financial assets at fair value through profit or loss and hedging derivatives	**81**	95	498
Other assets	**2,302**	3,508	1,906
Shareholders' equity Of which	**2,723**	2,545	2,450
- Equity	***2,460***	*2,284*	*2,188*
- Subordinated debts	***263***	*261*	*262*
Bonds	**7,809**	6,113	5,774
Negotiable debt securities (CD, CP, BT, BMTN)	**3,540**	3,040	3,629
Securitization	**3,775**	3,812	3,493
Banks and other lenders (including Schuldscheine)	**4,763**	7,408	6,414
Financial liability at fair value through profit or loss and hedging derivatives	**137**	182	278
Other liabilities	**1,363**	1,145	1,029
TOTAL BALANCE SHEET	**24,110**	24,245	23,067

FINANCIAL POLICY

In 2010, RCI Banque (*) borrowed €5 billion resources with a maturity of one year or more and thus supported its commercial outstandings growth.

S&P increased "RCI Banque"'s credit rating to BBB/A-2.

Funding requirements generated by expected commercial business are covered for 7 months under a "stress scenario" characterized by a total lack of new funding sources.

During the year 2010, the markets went through two successive periods of aversion to risk, reacting to concerns about Greece's debt in the second quarter, and Ireland's in the fourth. Against this backdrop, RCI Banque demonstrated its ability to act swiftly and took advantage of periods of positive market feeling to launch six public bond issues and a tap in Euros, for a total of €3,575 million. RCI Banque also started a process of diversifying its investor base, by launching its first public issue in Swiss Francs for CHF250 million. The group's subsidiaries also issued on local markets in Argentina and in South Korea, where the first bond in Wons was distributed.

RCI placed a €873 million securitization backed by Auto loans in Germany. This transaction (the largest post-crisis Auto loan securitization) confirmed the re-opening of this source of funding for this type of assets. The UK portfolio funding done by securitization conduits has been extended for a further year and the amount funded increased by €102 million.

Resources with a maturity of one year or more (*) thus amounted to €4,994 million and so exceeded theoretical funding requirements, which were computed as the sum of the year's maturing long-term debt (€4,430 million) increased by the growth in Customer assets in countries covered by centralized refinancing (roughly €300 million, excluding the exchange rate effect).

Against this backdrop, borrowings from European Central Bank fell sharply to €450 million on 31/12/2010.

The volume of funds raised, the extension of liabilities' maturity (two five-year bond issues for a total of €1.3 billion, increasing the average life of issued liabilities to 3.1 years) and the multiplicity of liquidity sources used show that RCI Banque has returned to a stable and diversified funding base.

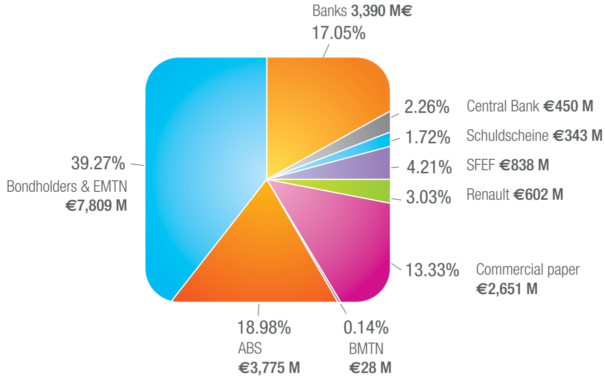
These long-term resources, to which one should add €4,467 million of confirmed undrawn committed lines and €1,635 million of collateral eligible for ECB monetary policy transactions, enable RCI to ensure the continuity of its commercial business for 7 months in a "stress scenario" characterized by a total lack of new funding sources.

Absolute rates, which continued to fall (two-year swap average rates down to 1.47% in 2010 compared with 1.87% in 2009) and the credit spreads drop drove refinancing rates down to an all-time low.

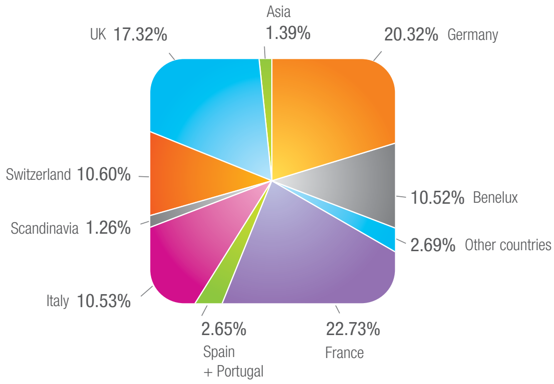
In a still volatile context, the conservative financial policy implemented by the group in recent years proved especially justified. This policy protects the gross margin of each entity while securing the refinancing for its business activities. It is defined and implemented at a consolidated level by RCI Banque and applies to all sales financing subsidiaries in the group.

The upgrade of the credit rating published by Standard & Poor's in November, now BBB/A-2, confirms the soundness of the company's fundamental bases.

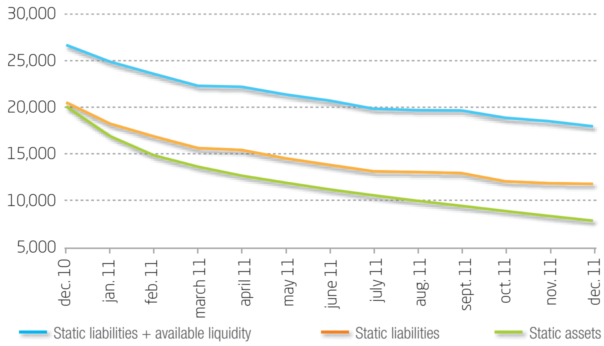
Total debt structure
as at 31/12/2010



Geographical breakdown of funding sources with a maturity equal or above one year
as at 31/12/2010



RCI group liquidity position
in million euros



(*) RCI Banque and subsidiaries included in the scope of centralized refinancing

The strength of the group's balance sheet is evidenced by the very low market risks (interest rate, currency and counterparty risks), which are monitored on a daily consolidated basis:

- **In 2010, RCI Banque's overall sensitivity to the interest rate** risk remained below the €20 million limit set by the Group.
  At year-end 2010, a 100-basis point rise in interest rates would have had an impact of:
  - - €4.8 million in EUR
  - + €1.7 million in CHF
  - - €0.5 million in GBP.

The sum of the absolute values of sensitivities in each currency amounted to €7.6 million.

- **exposure to currency risk** amounted to €4.8 million.

RCI group liquidity reserve
in million euros

- **available liquidity** amounted to €6,503 million (confirmed undrawn committed lines with a residual term above 3 months: €4,467 million, available receivables assignable at the central bank: €1,635 million, cash and cash equivalents: €401 million), twice the combined total of commercial papers and certificates of deposit outstanding.
- **the liquidity reserve** amounted to €3,851 million. This represents available liquidity surplus to the certificates of deposit and commercial paper outstanding. The group has to maintain sources of alternative liquidity above the level of its short-term negotiable debt securities.

RCI group's programs

RCI group's programs are concentrated on three issuers (RCI, DIAC and Rombo Compania Financiera S.A.) and represent a total of approximately €24 billion.

ISSUER	PROGRAM	MARKET	AMOUNT	S & P	MOODY'S	R & I
RCI Banque	Euro CP	euro	2,000 M€	A-2	P2	a-2
RCI Banque	Euro MTN	euro	12,000 M€	BBB (stable)	Baa2	BBB+
RCI Banque	CD	French	4,500 M€	A-2	P2	
RCI Banque	BMTN	French	2,000 M€	BBB (stable)	Baa2	
Diac	CD	French	1,000 M€	A-2	P2	
Diac	BMTN	French	1,500 M€	BBB (stable)	Baa2	
RCI Banque + Overlease + Renault AutoFin (RCI guarantee)	CP	Belgian	500 M€	A-2	P2	
Rombo Compania Financiera S.A.	Bonds	Argentine	400 MARS	raA*		

* Local ratings

This document and further information are available on RCI Banque's website: www.rcibanque.com
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