RCI Banque

BUSINESS REPORT 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 36 countries:

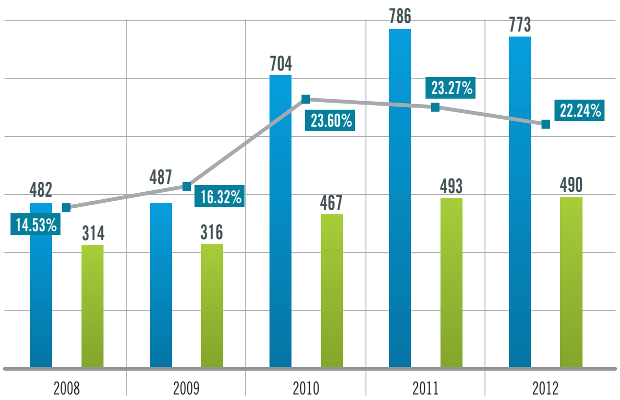
- **Europe:** France, Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina, Brazil, Colombia, Mexico;
- **Euromed-Africa:** Algeria, Morocco, Romania, Turkey: start-up in July 2012 of a financing business operated by the Joint Venture between RCI Banque and Oyak;
- **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 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, on 16 February 2012, RCI Banque launched a savings account for retail depositors in France: ***ZESTO by RCI Banque.*** This is one way in which RCI Banque is diversifying its business.

Despite a tough economic environment, RCI Banque continues to achieve good commercial performances.

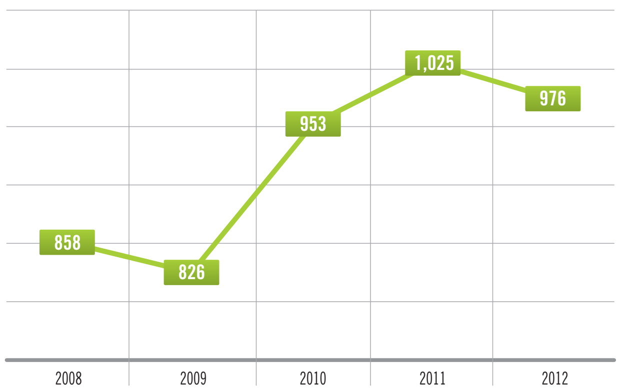
Results



- Pre-tax income results in €m
- After-tax income results in €m
- ROE (excluding non-recurring items)

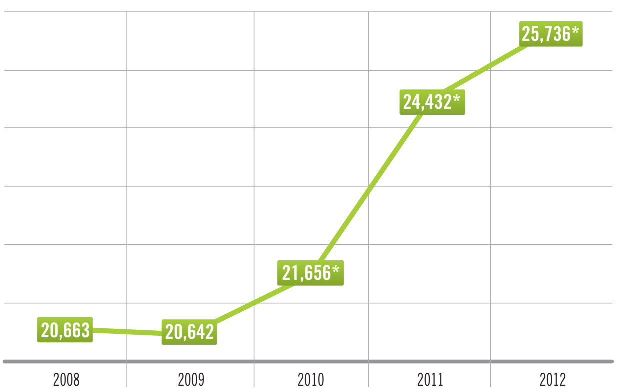
Total number of vehicle contracts

in thousands



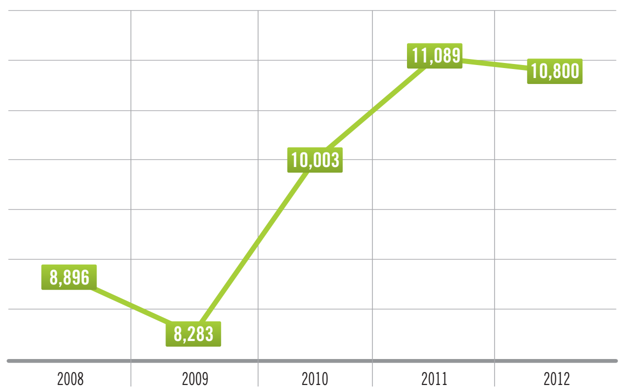
Net loans outstanding

in million euros



New financings (excluding cards and personal loans)

in million euros



*Excluding operating lease business.

BUSINESS ACTIVITY 2012

RCI Banque confirms the growth path seen since 2010 with a penetration rate of 35%, up by 1.4 points compared to 2011.

The Renault Group successfully continued its international offensive in 2012. Its sales outside Europe hit a new record high, rising by 9.1% to 1,279,598 vehicles sold. For the first time in its history, it made more than half of all its sales outside Europe, but this international success was not enough to offset the 18% fall in sales in Europe. Overall, with 2,550,286 vehicles sold worldwide, Renault Group sales were down by 6.3% compared to 2011.

Against this backdrop, the RCI Banque group achieved a sound performance, maintaining new financings (excluding cards and personal loans) at €10.8 billion (a slight drop of 2.6% compared to 2011).

The penetration rate increased to 35% thanks to strong growth on Dacia (33% in 2012 against 29.5% in 2011), Renault (36.6% in 2012 against 34.4% in 2011) and Nissan (29.1% against 28.8%).

Sales financing outstandings rose by 5.3% to €25.7 billion compared to €24.4 billion at year-end 2011. Net Customer loans outstanding came to €18.6 billion, an increase of 2.3% compared to 2011.

CP+LUV* MARKET		Market share RENAULT group brands %	Market share NISSAN %	RCI Banque penetration rate %	New vehicle contracts processed Number	New financings Excluding cards and pl (€m)	Net loans Outstanding at year-end** (€m)	of which Dealers Outstanding at year-end (€m)
Western Europe	**2012**	**9.3%**	**3.2%**	**33.9%**	**726,465**	**8,301**	**21,144**	**6,105**
	2011	10.4%	3.1%	33.0%	801,066	8,846	20,419	5,333
of which Germany	**2012**	**5.1%**	**2.1%**	**30.1%**	**100,421**	**1,192**	**3,800**	**995**
	2011	5.3%	2.2%	33.4%	114,804	1,432	3,850	958
of which Spain	**2012**	**10.7%**	**5.2%**	**42.5%**	**61,161**	**669**	**1,658**	**497**
	2011	10.9%	5.0%	40.5%	65,646	713	1,716	409
of which France	**2012**	**24.2%**	**3.5%**	**36.9%**	**305,941**	**3,666**	**9,029**	**2,554**
	2011	26.1%	3.1%	34.5%	338,068	3,950	8,813	2,230
of which United Kingdom	**2012**	**2.5%**	**5.1%**	**27.5%**	**70,724**	**882**	**1,882**	**415**
	2011	4.0%	4.9%	25.5%	68,140	743	1,581	285
of which Italy	**2012**	**6.3%**	**3.6%**	**49.8%**	**82,438**	**1,099**	**2,240**	**603**
	2011	6.4%	3.6%	40.5%	83,121	1,067	2,064	545
of other countries	**2012**	**8.9%**	**2.4%**	**24.6%**	**105,780**	**794**	**2,536**	**1,041**
	2011	9.6%	2.3%	27.3%	131,287	941	2,395	906
Asia-Pacific (South Korea)	**2012**	**4.0%**	**0.2%**	**57.3%**	**42,957**	**526**	**1,213**	**12**
	2011	7.0%	0.4%	56.6%	71,282	819	1,323	12
Americas	**2012**	**8.1%**	**2.4%**	**37.1%**	**185,996**	**1,817**	**3,055**	**963**
	2011	7.1%	1.9%	33.4%	136,082	1,307	2,436	878
of which Argentina	**2012**	**14.8%**	**0.2%**	**24.8%**	**34,342**	**232**	**484**	**180**
	2011	13.0%	1.7%	22.9%	32,073	198	379	122
of which Brazil	**2012**	**6.6%**	**2.9%**	**41.3%**	**151,654**	**1,585**	**2,571**	**783**
	2011	5.7%	2.0%	38.2%	104,009	1,109	2,058	756
Euromed-Africa	**2012**	**35.5%**	**0.8%**	**26.3%**	**21,031**	**156**	**323**	**62**
	2011	37.1%	1.0%	19.0%	16,341	117	253	41
TOTAL RCI BANQUE GROUP	**2012**	**8.9%**	**2.8%**	**35.0%**	**976,449**	**10,800**	**25,736**	**7,140**
	2011	**9.7%**	**2.7%**	**33.6%**	**1,024,771**	**11,089**	**24,432**	**6,263**

*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)

- Despite a tough economic environment, the cost of Customer risk remained under control at -0.49% of average performing loans outstanding (APO). Although up in comparison with the low seen at year-end 2011, this is below RCI Banque's historical performance, proving both the effectiveness of the underwriting policy implemented by the group since 2008 and the efficiency of its debt collection management system.
- The cost of risk on Dealer financing came to -0.02% of average performing loans outstanding, following an exceptional year 2011 marked by reversals of provisions.

COST OF RISK ON AVERAGE LOAN OUTSTANDINGS	Customers		Dealers		Total	
	2011	2012	2011	2012	2011	2012
France	-0.43%	**-0.56%**	0.44%	**-0.40%**	-0.20%	**-0.52%**
Rest of the world	-0.30%	**-0.45%**	0.02%	**0.19%**	-0.22%	**-0.29%**
TOTAL	**-0.35%**	**-0.49%**	**0.19%**	**-0.02%**	**-0.21%**	**-0.37%**

CONSOLIDATED FINANCIAL HIGHLIGHTS 2012

Against a tense economic background, RCI Banque maintains a healthy financial performance, with a pre-tax profit of €773 million and a ROE* of 22.2%.

EARNINGS

The main management indicators show either stability or a clear improvement compared to year-end 2011:

- Net banking income came to €1,238 million, or 5.12% of APO, showing a 4.1% increase on December 2011. This is mainly due to growth in loans and in the margin on services.
- The ratio of operating expenses as a percentage of APO remained stable at 1.57% at year-end 2012, against 1.58% at year-end 2011.

On the other hand, a contained rise in the cost of risk (including country risk) to -0.38% of APO compared to the group's record low of -0.23% in 2011 was recorded. This rise is mainly attributable to the Customer business, especially in France, Italy, Brazil and South Korea.

The group's pre-tax profit came to €773 million, showing a slight 1.7% drop compared to the previous year.

Net consolidated income – parent company shareholders' share – was stable at €490 million, against €493 million at year-end 2011.

BALANCE SHEET

Good commercial performances boosted net loans outstanding by €1.3 billion to €25.7 billion, an increase of 5.3% compared to year-end 2011.

At the same time, average performing loans outstanding rose to €24.2 billion, showing an increase of €1.4 billion compared to 2011.

Consolidated equity amounted to €2,681 million compared to €2,569 million at 31 December 2011, showing an increase of €112 million.

PROFITABILITY

ROE* fell very slightly to 22.2% at year-end 2012 from 23.3% at end December 2011, affected mainly by the increase in consolidated average shareholders' equity over the period.

SOLVENCY

At 31 December 2012, the Core Tier 1 solvency ratio (excluding Basel I floor) came to 13.7%, compared to 13.6% at end December 2011.

*ROE: Return On Equity (excluding non-recurring items).
**Operating lease contracts are now excluded from sales financing outstandings and are classified separately.

CONSOLIDATED INCOME STATEMENT (in million euros)	12/2012	12/2011	12/2010
Operating income	**2,262**	2,131	1,957
Operating expenses	**(1,024)**	(942)	(823)
Net banking income	**1,238**	1,189	1,134
Operating costs, depreciation and impairment losses on tangible and intangible assets	**(383)**	(357)	(347)
Cost of risk	**(91)**	(52)	(85)
Share of companies accounted for under the equity method	**9**	6	2
Consolidated pre-tax income	**773**	786	704
CONSOLIDATED NET INCOME (parent company shareholders' share)	**490**	**493**	**467**

CONSOLIDATED BALANCE SHEET (in million euros)	12/2012	12/2011	12/2010
Net total outstandings** *of which*	**25,736**	24,432	21,656
• *Retail customer loans*	**12,007**	*11,843*	*11,057*
• *Leasing and long-term rentals*	**6,589**	*6,326*	*5,682*
• *Dealer loans*	**7,140**	*6,263*	*4,916*
Operational lease transactions net of depreciation and impairment**	**124**	59	71
Financial assets at fair value through profit or loss and hedging derivatives	**332**	310	81
Other assets	**2,575**	2,304	2,302
Shareholders' equity *of which*	**2,940**	2,830	2,723
• *Equity*	**2,681**	*2,569*	*2,460*
• *Subordinated debts*	**259**	*261*	*263*
Bonds	**11,638**	10,895	7,809
Negotiable debt securities (CD, CP, BT, BMTN)	**2,994**	3,213	3,540
Securitization	**3,902**	3,704	3,775
Banks and other lenders (including Schuldschein)	**5,549**	4,851	4,763
Financial liability at fair value through profit or loss and hedging derivatives	**104**	91	137
Other liabilities	**1,640**	1,521	1,363
TOTAL BALANCE SHEET	**28,767**	**27,105**	**24,110**

FINANCIAL POLICY

RCI Banque continues its policy to diversify its sources of funds with the launch of *ZESTO*, a savings account for retail depositors in France and with its first bond issues in three new currencies (AUD, NOK, and SEK).

The year 2012 was marked by the eurozone sovereign debt crisis. Greece and its PSI (Private Sector Involvement), fears of a meltdown in the eurozone, and then Spain and its banks shook the markets during the first six months of the year. With the summer came reassurance as the European Union's institutions began taking action, starting with the speech by Mr. Draghi, President of the European Central Bank (ECB), in which he pledged to do "whatever it takes" to protect the monetary union. The ECB (with its OMT* bond-buying plan, aimed at containing the borrowing costs of member states that apply for European aid), European banking integration and the new remit of the EMS** (which could now recapitalize banks directly) drove back the most extreme fears, such as worries about the potential breakup of the eurozone.

Risk aversion fell therefore during the second half of the year, leading to a tightening of credit spreads. This positive climate and the regular fall in interest rates to a now-record low, drove many issuers to make the most of historically attractive financing conditions. In this environment, issues of non-speculative corporate debt securities in euros amounted to approximately €200 billion, twice more than the 2011 total. RCI Banque took advantage of the positive conditions prevailing on the debt markets to continue its strategy to diversify its sources of funds.

On the bond market, the group raised the equivalent of €3.2 billion not only through its traditional markets (four bonds in euros and one in Swiss Francs), but also in new currencies, with public offerings in Norwegian Krone, Swedish Krona and Australian dollars, and a private placement in Czech Koruna. The RCI Banque group was also a regular issuer on the local bond markets in Argentina, Brazil, and more notably in South Korea: after its first offering in the country in 2010, it consolidated its access to local liquidity, grew its investor base and issued five bonds in Korean Won in 2012 for the equivalent of €300 million, a sharp increase compared to 2011.

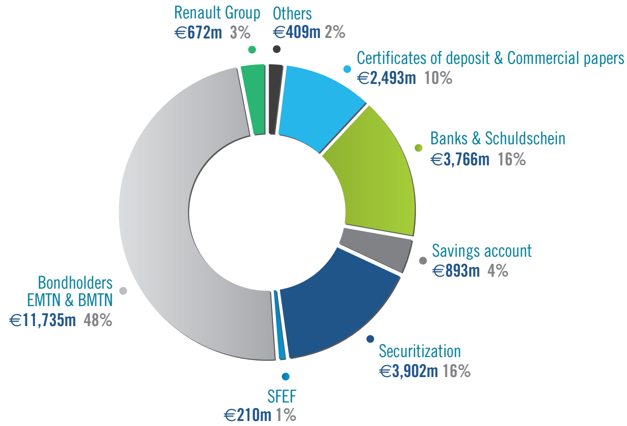
On the structured financing sector, in response to investor demand for simpler structures, the French securitization program, initially set up as a single Master Trust in 2002, was restructured. It now revolves around three separate FCT***; the first dedicated to the issue of ECB-eligible securitization securities retained by RCI Banque and the other two to the public issue of fixed-rate and floating-rate securities for €750 million and €700 million respectively.

In Italy, following the set up of a retained securitization transaction for €619 million in the first half-year 2012, a conduit financing arrangement raised an additional €300 million. In the United Kingdom, growth in the portfolio increased the funding granted by bank conduit by £90 million.

*OMT: Outright Money Transactions.
**EMS: European Stability Mechanism.
***FCT: Fonds Commun de Titrisation.

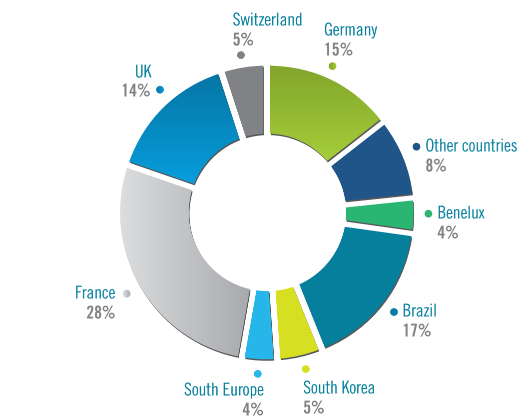
Structure of total debt

as at 31/12/2012



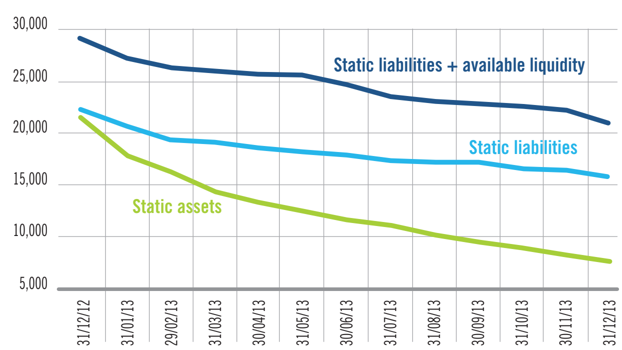
Geographical breakdown of new resources with a maturity of one year or more

as at 31/12/2012



RCI Banque group liquidity position

in million euros

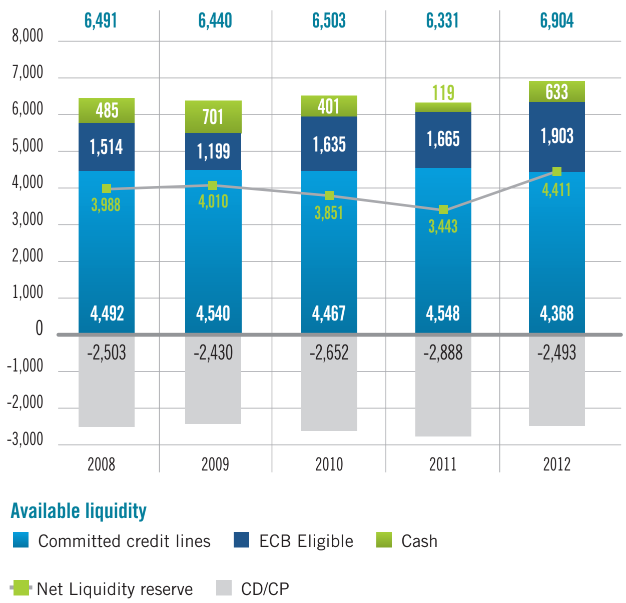


These long-term resources, to which should be added €4.4 billion of undrawn commited credit lines, and €1.9 billion of assets eligible as collateral in European Central Bank (ECB) monetary policy operations, secure the continuity of RCI Banque's commercial business activity for almost 12 months without access to external sources of liquidity.

In order to diversify its sources of funding, in February 2012 the group launched a savings account for the retail sector in France. As at 31 December 2012, deposit outstanding totaled €893 million, thereby reducing the need to use market funding. A similar product is expected to be launched in Germany during the first half of 2013.

RCI Banque group liquidity reserve*

in million euros



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

In a still volatile 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 sensitivity of the balance sheet is also evidenced by very low market risks (interest rate, currency and counterparty risks), which are monitored daily on a consolidated basis:

- In 2012, RCI Banque's overall sensitivity to the interest rate risk remained below the €30 million limit set by the group.

  As at 31 December 2012, a 100-base point rise would have an impact of:
  > -€0.15 million in EUR,
  > +€2.1 million in CHF,
  > -€0.03 million in GBP,
  > -€0.7 million in BRL,
  > +€0.25 million in MAD.
  The absolute sensitivity values in each currency totaled €3.9 million.
- At 31 December 2012, the consolidated foreign exchange position of the RCI Banque group totaled €3.1 million.
- Available liquidity amounted to €6.9 billion (undrawn commited credit lines with a residual term of over three months: €4.4 billion, available notes and receivables eligible as Central bank collateral: €1.9 billion, cash and cash equivalents: €633 million), covering more than twice the combined total of commercial papers and certificates of deposit outstanding.
- The liquidity reserve amounted to €4.4 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.

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 RCI Banque	Euro CP program Euro MTN program	Euro Euro	€2,000m €12,000m	A-2 (negative outlook) BBB (negative outlook)	P3 Baa3	R & I: a-2 R & I: BBB+
RCI Banque RCI Banque Diac S.A. Diac S.A.	CD program BMTN program CD program BMTN program	French French French French	€4,500m €2,000m €1,000m €1,500m	A-2 (negative outlook) BBB (negative outlook) A-2 (negative outlook) BBB (negative outlook)	P3 Baa3 P3 Baa3	
Rombo Compania Financiera S.A.	Bond program*	Argentine	ARS 700m	raA (negative outlook)		Fitch: AA (negative outlook)
RCI Financial Services Korea Co Ltd	Bonds*	South Korean	KRW 600bn			KR, KIS, NICE: A+
CFI RCI do Brasil	Bonds*	Brazilian	BRL 800m		Aa1	

Updated on 8 February 2013.
*Local ratings.

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

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