

Rating Action: Moody's affirms RCI Brasil's issuer rating at Ba1; assigns corporate family rating of Ba1

Global Credit Research - 26 Oct 2012

Sao Paulo, October 26, 2012 -- Moody's Investors Service affirmed Companhia de Crédito, Financiamento e Investimento RCI Brasil (RCI Brasil)'s (RCI Brasil) long-term local currency issuer rating at Ba1 and long-term local currency issuer rating, on the Brazilian national scale, at Aa1.br. At the same time, Moody's maintained RCI Brasil's standalone baseline credit assessment (BCA) at ba3. Moody's also assigned a long-term local currency corporate family rating (CFR) of Ba1 to RCI Brasil. All ratings have a stable outlook.

The following ratings were affirmed:

Long term global local currency issuer rating: Ba1, with a stable outlook

Long term Brazilian national scale local currency issuer rating: Aa1.br, with a stable outlook

The following rating was assigned:

Long-term global local currency corporate family rating: Ba1, with a stable outlook

RATINGS RATIONALE

Moody's said that RCI Brasil's ba3 standalone BCA continues to reflect the company's low diversification of revenues and high dependence on wholesale funding, both intrinsic characteristics of a captive finance operation. RCI Brasil's monoline activity is closely linked to the performance of the automakers Renault and Nissan, which makes earnings of the finance company susceptible to fluctuations should car production and sales vary. Moody's noted that RCI Brasil's reliance on expensive and predominantly short-term funding sources constrains the company's standalone BCA. Nevertheless, RCI Brasil has reported consistent and adequate metrics for profitability and asset quality as new vehicle financing continues to expand in Brazil. Renault and Nissan in particular have seen growth, as their combined market share reached 10% in car sales as of September 2012.

RCI Brasil's issuer rating of Ba1 reflects the company's standalone BCA of ba3 and incorporates Moody's assessment of a high likelihood of support from RCI Banque (Baa2 review for downgrade; C-/baa2 review for downgrade), the France-based controlling shareholder.

Moody's also assigned a corporate family rating (CFR) of Ba1 to RCI Brasil. As a reference point, CFRs represent the rating agency's opinion of the consolidated credit risk of a speculative-grade company, equivalent to the weighted average of all debt classes within the company's capital structure, considering the proportionality, seniority and level of asset protection associated with various debt classes, both nominally and in relation to each other. Because RCI Brasil's outstanding obligations are unsecured debt, the company's Ba1 issuer rating is at the same rating level as its Ba1 CFR. Upon issuance of new debt obligations, Moody's will reassess the seniority and level of asset protection in the company's capital structure.

The last rating action on RCI Brasil occurred on June 29, 2011, when Moody's assigned first time ratings to the finance company. Moody's assigned a long-term global local currency issuer rating of Ba1 and local currency issuer rating of Aa1.br on the Brazilian national scale.

The methodology used in this rating is the Finance Company Global Rating Methodology published in March 2012. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

Moody's National Scale Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".mx" for Mexico. For further information on Moody's approach to national scale ratings, please refer to Moody's Rating Methodology published in October 2012 entitled "Mapping Moody's National Scale Ratings to Global Scale Ratings".

RCI Brasil is headquartered in Curitiba, Brazil. As of June 2012, the finance company had total assets of approximately R\$6.3 billion (US\$3.1 billion) and equity of R\$908 million (US\$450 million).

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