CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP

31 December 2012

SUMMARY

CONSOLIDATED BALANCE SHEET

ASSETS - in millions of euros	**Notes**	**12/2012**	**12/2011**
Cash and balances at central banks and PCAs		616	188
Derivatives	2	332	310
Financial assets available for sale and other financial assets	3	82	65
Amounts receivable from credit institutions	4	741	947
Loans and advances to customers	5 et 6	26 095	24 877
Adjustment accounts - Assets	7	617	518
Interests in associates	8	48	36
Operating lease transactions	5 et 6	124	59
Tangible and intangible non-current assets	9	28	22
Goodwill	10	84	83
TOTAL ASSETS		**28 767**	**27 105**

LIABILITIES AND EQUITY - in millions of euros	**Notes**	**12/2012**	**12/2011**
Derivatives	2	104	91
Amounts payable to credit institutions	11.2	3 930	4 133
Amounts payable to customers	11.3	1 619	718
Debt evidenced by certificates	11.4	18 534	17 812
Adjustment accounts - Liabilities	13	1 368	1 316
Provisions	14	121	100
Insurance technical provisions	14	151	105
Subordinated debt - Liabilities	16	259	261
Equity		2 681	2 569
- Of which equity - owners of the parent		*2 680*	*2 566*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*1 438*	*1 304*
Unrealized or deferred gains and losses		*(62)*	*(45)*
Net income for the year		*490*	*493*
- Of which equity - non-controlling interests		*1*	*3*
TOTAL LIABILITIES & EQUITY		**28 767**	**27 105**

CONSOLIDATED INCOME STATEMENT

In millions of euros	**Notes**	**12/2012**	**12/2011**
Interest and similar income	23	2 007	1 902
Interest expenses and similar charges	24	(1 017)	(922)
Fees and commission income		26	26
Fees and commission expenses		(7)	(8)
Net gains (losses) on financial instruments at fair value through profit or loss	25	(3)	1
Net gains (losses) on AFS securities and other financial assets	26	11	5
Net income (expense) of other activities	27	221	185
NET BANKING INCOME		**1 238**	**1 189**
General operating expenses	28	(377)	(351)
Depreciation and impairment losses on tangible and intangible assets		(6)	(6)
GROSS OPERATING INCOME		**855**	**832**
Cost of risk	29	(91)	(52)
OPERATING INCOME		**764**	**780**
Share of net income of equity method companies	8	9	6
Gains less losses on non-current assets			
PRE-TAX INCOME		**773**	**786**
Income tax	30	(247)	(265)
NET INCOME		**526**	**521**
Of which, non-controlling interests		36	28
Of which owners of the parent		490	493
Net Income per share (*) in euros		489,54	493,28
Diluted earnings per share in euros		489,54	493,28

(*) Net income - Owners of the parent compared to the number of shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**12/2012**	**12/2011**
NET INCOME	**526**	**521**
Other comprehensive income (**)	**(17)**	**(23)**
Unrealised P&L on cash flow hedge instruments	(11)	3
Unrealised P&L on AFS financial assets	1	
Other unrealized or deferred P&L	(1)	1
Actuarial differences on defined-benefit pension plans	(1)	(1)
Exchange differences	(5)	(26)
TOTAL COMPREHENSIVE INCOME	**509**	**498**
Of which Comprehensive income attributable to non-controlling interests	36	28
Comprehensive income attributable to owners of the parent	473	470
(**) Of which share of the other comprehensive income of equity method companies	*3*	*(3)*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income attributable to equity holders of the parent	**Equity – shareholders of the parent company**	Equity – Non-controlling interests	**Total Consolidated equity**
Equity at 31 December 2010	**100**	**714**	**1 198**	**(15)**	**(7)**	**467**	**2 457**	**3**	**2 460**
Appropriation of net income of previous year			467			(467)			
Equity at 1 January 2011	**100**	**714**	**1 665**	**(15)**	**(7)**		**2 457**	**3**	**2 460**
Change in value of financial instruments (CFH & AFS) recognized in equity					4		4		4
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(26)			(26)		(26)
Net income for the year (before appropriation)						493	493	28	521
Total comprehensive income for the period				***(26)***	***3***	***493***	***470***	***28***	***498***
Effect of acquisitions, disposals and others								(1)	(1)
Effect of change in share capital								3	3
Dividend for the year			(350)				(350)	(13)	(363)
Repurchase commitment of non-controlling interests			(11)				(11)	(17)	(28)
Equity at 31 December 2011	**100**	**714**	**1 304**	**(41)**	**(4)**	**493**	**2 566**	**3**	**2 569**
Appropriation of net income of previous year			493			(493)			
Equity at 1 January 2012	**100**	**714**	**1 797**	**(41)**	**(4)**		**2 566**	**3**	**2 569**
Change in value of financial instruments (CFH & AFS) recognized in equity					(11)		(11)		(11)
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(5)			(5)		(5)
Net income for the year (before appropriation)						490	490	36	526
Total comprehensive income for the period				***(5)***	***(12)***	***490***	***473***	***36***	***509***
Effect of acquisitions, disposals and others			2				2	(3)	(1)
Dividend for the year			(350)				(350)	(10)	(360)
Repurchase commitment of non-controlling interests			(11)				(11)	(25)	(36)
Equity at 31 December 2012	**100**	**714**	**1 438**	**(46)**	**(16)**	**490**	**2 680**	**1**	**2 681**

(1) The share capital of RCI Banque SA (100 million euros) consists of 1,000,000 fully paid up shares with par value of 100 euros each, of which 999,992 shares are owned by Renault s.a.s.

(2) Attributable reserves include the share premium account of the parent company.

(3) The change in translation adjustments at 31 December 2012 relates primarily to United Kingdom, Argentina, Brazil, Switzerland, South Korea and Brazil. At 31 December 2011, the change mainly related to United Kingdom, Brazil and Switzerland.

(4) Includes changes in the fair value of derivatives used as cash flow hedges and available-for-sales assets for -€12m and IAS 19 actuarial gains and losses for -€4.0m at the end of 2012.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	12/2012	12/2011
Net income attributable to owners of the parent company	**490**	**493**
Depreciation and amortization of tangible and intangible non-current assets	5	5
Net allowance for impairment and provisions	5	(45)
Share of net income of associates	(9)	(6)
Deferred tax (income) / expense	(15)	45
Net income attributable to non-controlling interests	36	28
Other (gains/losses on derivatives at fair value through profit and loss)	23	(67)
Cash flow	**535**	**453**
Other movements (accrued receivables and payables)	52	71
Total non-monetary items included in net income and other adjustments	**97**	**31**
Cash flows on transactions with credit institutions	(134)	(372)
- Increases / decreases in Amounts receivable from credit institutions	*(59)*	*84*
- Increases / decreases in Amounts payable to credit institutions	*(75)*	*(456)*
Cash flows on transactions with customers	(459)	(2 927)
- Increases / decreases in Amounts receivable from customers	*(1 412)*	*(2 902)*
- Increases / decreases in Amounts payable to customers	*953*	*(25)*
Cash flows on other transactions affecting financial assets and liabilities	625	3 071
- Inflows / outflows related to AFS securities and similar	*(22)*	*(19)*
- Inflows / outflows related to debts evidenced by certificates	*690*	*3 048*
- Inflows / outflows related to collections	*(43)*	*42*
Cash flows on other transactions affecting non-financial assets and liabilities	(77)	5
Net decrease / (increase) in assets and liabilities resulting from operating activities	**(45)**	**(223)**
Net cash generated by operating activities (A)	**542**	**301**
Flows related to financial assets and investments	(2)	(20)
Flows related to tangible and intangible non-current assets	(11)	(4)
Net cash from / (used by) investing activities (B)	**(13)**	**(24)**
Net cash from / (to) shareholders	(358)	(360)
- Dividends paid	*(360)*	*(363)*
- Inflows / outflows related to non-controlling interests	*2*	*3*
Other net cash flows related to financing activities	(1)	
Net cash from / (used by) financing activities (C)	**(359)**	**(360)**
Effect of changes in exchange rates and scope of consolidation on cash and cash equivalents (D)	**(1)**	**(23)**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	**169**	**(106)**
Cash and cash equivalents at beginning of year:	912	1 018
- Cash and balances at central banks and PCAs	*188*	*375*
- Balances in sight accounts at credit institutions	*724*	*643*
Cash and cash equivalents at end of year:	1 082	912
- Cash and balances at central banks and PCAs	*616*	*188*
- Credit balances in sight accounts with credit institutions	*627*	*874*
- Debit balances in sight accounts with credit institutions	*(161)*	*(150)*
Change in net cash	**169**	**(106)**

'Cash and cash equivalents' consist of sight deposits and overnight funds. The items included in this line item are presented in notes 4 and 11.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The RCI Banque group's consolidated financial statements for the year 2012 were established by the Board of Directors on 5 February 2013 and will be presented for shareholder approval to the Annual General Meeting on 23 May 2013. An annual dividend of 275 euros per share, for a total distribution of 275 million euros, will also be proposed at that meeting. An interim dividend of 100 euros per share, for a total distribution of 100 million euros, was paid during the financial year 2012.

For comparison, the General Meeting of 21 May 2012 set the dividend for 2011 at 250 euros per share, for a total distribution of 250 million euros.

The consolidated financial statements are expressed in millions of euros unless otherwise indicated.

2. ACCOUNTING METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the RCI Banque group has prepared its consolidated financial statements for 2012 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2012 and as adopted in the European Union by the statement closing date.

Amendment to IFRS 7, "Financial instruments: Disclosures - Transfers of Financial Assets", published in the Official Journal of the European Union in November 2011, was applied for the first time in 2012.

First-time application of this amendment had no significant impact on the financial statements at 31 December 2012.

The group has not applied the following standards, interpretations and amendments, published in the Official Journal of the European Union on 31 December 2012 and application of which was not mandatory in 2012, in advance:

Standard		**Mandatory application date**
Amendment to IFRS 7	Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
Amendment to IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 January 2013
Amendment to IAS 12	Income Taxes – Deferred Tax: Recovery of underlying Assets	1 January 2013
IAS 19 (revised)	Employee Benefits	1 January 2013
Amendment to IAS 28	Investments in Associates and Joint Ventures	1 January 2014
Amendment to IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014

The effects of the application of IAS 19 (revised) on the consolidated financial statements are currently being measured. The group does not expect there to be any significant impact.

The group does not expect adoption of the other standards and amendments to have any major impact on the consolidated financial statements.

RCI Banque’s consolidated financial statements are fully consolidated in those of the Renault Group.

A) Consolidation

Scope and methods of consolidation

In addition to RCI Banque SA and its foreign branches, the scope of consolidation includes subsidiaries over which RCI Banque exercises exclusive control, entities over which it exercises joint control (joint ventures) and companies over which it exercises significant influence (associated companies). Companies over which RCI Banque exercises exclusive control are fully consolidated.

The securitized assets of Diac SA, Cogera SA, RCI FS Ltd and the Italian and German branches, and the loans made o Renault Retail Group, inasmuch as a majority of the risks and benefits thereof are retained by the RCI Banque group, remain on the asset side of the balance sheet.

Entities over which the RCI Banque group exercises joint control are proportionately consolidated.

Companies over which the RCI Banque group exercises significant influence are accounted for under the equity method.

Significant transactions between consolidated companies are eliminated, as are unrealized intercompany profits.

For the most part, the companies included in RCI Banque’s scope of consolidation are the Renault, Nissan, Dacia and Samsung vehicle sales finance companies and the associated service companies.

Acquisition cost of shares and goodwill

Goodwill is measured at the acquisition date, as the excess of:

- The total amount transferred, measured at fair value, and any participation amount which does not give controlling interest in the acquired company

And

- The net carrying amounts of acquired assets and liabilities

Costs related to the acquisition such as broker’s commissions, advisory fees, legal, accounting, valuation and other professional and consulting fees, are recorded as expenses for the periods when costs are incurred and services received.

Debt issuance or equity costs are accounted under IAS 32 and IAS 39.

If the business combination generates a negative goodwill, it is recorded immediately in profit and loss account.

Goodwill relating to fully or proportionately consolidated companies on the RCI Banque group’s balance sheet is not amortized.

An impairment test is performed at least annually and whenever there is an indication of a loss in value, by comparing the book value of the assets with their recoverable amount, the latter being the highest value between the fair market value (after deducting the cost of disposal) and the going concern value. The going concern value is based on a market approach and determined by using multiples for each group of cash-generating units, which comprise legal entities or groups thereof in the same country. A single discounting value is used for all cash-generating units thus tested, which is the risk-free 10-year forward rate augmented by the average risk premium for the sector in which they operate.

Goodwill is therefore measured at its cost less any accrued impairment losses. If impairment is found, the impairment loss is recognized in the income statement.

Transactions with non-controlling interests (purchases/sales) are booked as capital transactions. The difference between the amount received or paid and the book value of the non-controlling interests sold or bought is recognized directly in equity.

Non-controlling interests

The RCI Banque group has awarded the non-controlling interests in some fully consolidated subsidiaries commitments to buy out their holdings. For the group, these buy-out commitments represent contractual obligations arising from the sales of put options. The exercise price for these options is determined by estimating the price the RCI Banque group would have to pay out to the non-controlling interests if the options were exercised, taking into account future returns on the financing portfolio existing at the closing date and the provisions set out in the cooperation agreements concerning the subsidiaries.

In accordance with the provisions set out in standard IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €207 million at 31 December 2012, compared to €192 million at 31 December 2011. This liability is measured initially at the present value of the estimated exercise price of the put options.

The counterpart entries for this liability are booked as decreases in the non-controlling interests underlying the options and, for the balance, a decrease in equity attributable to the owners of the parent company. The obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the group has applied the same accounting treatment initially as that applied to increases in its proportionate interests in controlled entities.

If the options have not been exercised when this commitment expires, the previous entries are reversed. If the options are exercised and the buyout is made, the amount recognized as a liability is extinguished by the cash outlay associated with the buy-out of the non-controlling interests.

B) Presentation of the financial statements

The summary statements are presented in the format recommended by the *Conseil National de la Comptabilité* (French National Accounting Council) in its Recommendation 2009-R-04 on the “format of summary financial statements for credit institutions and investment firms applying international accounting standards”.

Operating income includes all income and expense directly associated with RCI Banque group operations, whether these items are recurring or result from one-off decisions or transactions, such as restructuring costs.

C) Estimates and judgments

In preparing its financial statements, RCI Banque has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain Notes. RCI Banque regularly reviews its estimates and assessments to take account of past experience and other factors deemed relevant in view of economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in RCI Banque’s future financial statements could differ from current estimates. The main items in the financial statements that depend on estimates and assumptions are the recoverable value of loans and advances to customers and allowances for impairment and provisions.

D) Loans and advances to customers and finance lease contracts

Measurement (excluding impairment) and presentation

Sales financing receivables from end customers and dealer financing receivables come under the category of “Loans and advances issued by the company”. As such, they are initially recorded at fair value and carried at amortized cost calculated according to the effective interest rate method.

The effective interest rate is the internal rate of return to maturity or, for adjustable-rate loans, to the nearest rate adjustment date. The discounted amount of amortization on any difference between the initial loan amount and the amount payable at maturity is calculated using the effective interest rate.

In addition to the contractual component of the receivable, the amortized cost of sales financing receivables includes interest subsidies received from the car maker or dealer as part of promotional campaigns, handling fees paid by customers, and commissions paid for referral of business. These items, which are all factors in the return on the loan, are either deducted from or added to the amount receivable. They are recognized in the income statement as a pro-rated portion discounted at the effective interest rate for the receivables to which they apply.

Finance lease contracts, as identified by the rules described in Part E, are in substance booked as sales financing receivables.

Income from the resale of vehicles at the end of finance lease contracts is included under “Net income / (expense) of other activities”.

As a result, gains and losses on the resale of vehicles coming off performing lease agreements, amounts charged to or recovered from allowances for risks on residual values, and gains or losses resulting from damage to vehicles less any corresponding insurance settlements, are recorded under “Other income related to banking operations” and “Other expenses related to banking operations”.

Identifying credit risk

The RCI Banque group currently uses a number of different internal rating systems:

- A group-wide rating for borrowers in the Dealer segment, which is used during the various phases of the relationship with the borrower (initial approval, risk monitoring, provisioning),
- A group-wide rating for bank counterparties, which is established on the basis of external ratings and each counterparty’s level of capital,
- For “Customer” borrowers, different acceptance scoring systems are used; these vary by affiliate and by type of financing.

Whenever the full or partial collection of a receivable is in doubt, that receivable is classified in one of the following two categories:

- Doubtful loans: a receivable is classified as doubtful not later than when installments remain unpaid for more than three months. When a receivable is classified as doubtful, the full amount of credit outstanding to the customer concerned is transferred to the doubtful loan category.
- Compromised loans: a receivable is classified as compromised when the counterparty is declared to have defaulted on a loan or when a lease agreement is terminated due to deterioration in the counterparty’s financial position. If there is no formal default or termination, the receivable is transferred to this category no later than one year after it was classified as doubtful.

Because local management practices vary, default and termination do not occur at the same point in time in the different countries where the RCI Banque group operates. However, local practices do converge to a certain extent within the major geographical regions:

- Northern Europe: default or termination generally occurs within the three to four month period following the first unpaid installment,
- Southern Europe: default or termination generally occurs within the six to eight month period following the first unpaid installment,
- South America: default or termination generally occurs within the six to eight month period following the first unpaid installment.

Cancellation fees and late interest on doubtful and compromised loans are recognized and fully provisioned until received.

A doubtful loan is reclassified as a performing loan once all overdue amounts have been paid.

Impairment

Impairment allowances are established to cover risks of non-recovery. The amount of these allowances is determined on an individual basis (either case by case or via statistical risk analysis), or on a collective basis. These impairment allowances are recorded on the asset side of the balance sheet as deductions from the asset items with which they are associated.

Customer lending

A statistical approach on an individual basis is applied on loans to Customers. The aim is to estimate ultimate losses on doubtful loans, compromised loans and loans with missed or late payments. Customer loans are grouped into risk classes representative of the type of financing and goods financed.

The projected cash flows used for the statistical estimation of impairment are calculated by applying a periodic recovery factor based on the age of the receivable to the amount owed at the time of default. Recovery cash flows are projected over several years, and the last flow at the end of the period represents a lump-sum value of recoveries beyond that period. The recovery factors used are based on the observation of actual collections, smoothed over a twelve-month period.

The impairment allowance for doubtful loans is calculated by comparing the estimated recoverable value, which consists of the discounted projected collections, with the carrying value of the loans concerned. Bearing in mind the statistical nature of the method used to measure projected collections, the estimated recoverable value is not calculated individually for each loan, but on a collective basis for a given generation of loans.

Impairment charges on loans that are overdue but not doubtful are determined as a function of the probability that the loans will be reclassified as doubtful and the recovery factor that will apply if they are. This is "incurred loss", the established fact being a default on payment under 3 months.

In the event that determining impairment allowances on an individual basis using the statistical approach is not relevant, impairment allowances for delinquent and doubtful receivables are determined on a case-by-case basis according to the classification of the debtor company and the stage reached in collection or other proceedings.

Interest accrued and receivable on doubtful loans is provisioned in full. The impairment allowances are deducted from the corresponding interest income items.

Dealer financing

Impairment allowances for credit risks on dealer financing are determined according to three types of receivable: delinquent, doubtful and performing. The factors and events triggering classification of a receivable as one of the aforementioned types and the principle used to determine impairment allowances are described hereafter.

A collective impairment allowance is determined for non-doubtful receivables (delinquent or performing) either by means of a statistical approach (last three years' history) or by means of an internal expert appraisal validated by the Group Committee of Dealer Risk Experts, chaired by members of the Executive Board. Classification of a receivable as delinquent is triggered by such factors and events as a deterioration in the borrower's financial condition, a loss of profitability, erratic payment, or an inventory control anomaly.

Impairment allowances for doubtful receivables are determined individually and on a case-by-case basis, according to product outstandings (new vehicle, used vehicle, spare parts, cash, etc.) and to whether the debtor party has been classified as having pre-alert or alert status, and after a continued and critical deterioration of the abovementioned indicators by RCI Banque group line staff.

As regards non-doubtful and non-delinquent receivables that are therefore classified as performing receivables, collective impairment allowances based on the credit risks and systemic risks for each country assessed are made. The impaired amounts are determined on the basis of the technical and segment parameters of the performing portfolio and are specific to each country. Impairment allowances for performing dealer financing assets that are recognized or reversed as systemic risks are combined under the "cost of dealer risk" item for the affiliates concerned in the consolidated income statement.

Country risk (customer)

Allowances for country risk are determined on the basis of the credit risk to which debtors in a country experiencing a continued and persistent deterioration in its economic situation are exposed.

Such allowances for impairment of assets are made for any non-eurozone country whose sovereign rating (Standard and Poor's) is lower than BBB+. With regard to the RCI Banque group’s current portfolio, the following countries are concerned by this: Brazil, Argentina, Romania, Hungary and Morocco.

The calculation consists in applying a projected default rate and a loss-given-default rate to non-current financing assets on an individual basis and by country, but only with respect to outstandings from the Customer business. Dealer financing assets are already incorporated into impairment allowances for the dealer business on a similar calculation basis.

The projected default rate used depends on the term of maturity of loans, the country’s rating and the geographical area in which it is located (Emerging countries, Europe, North America). This default rate is an indicator of the probability of default (PD) of companies in the country concerned. The RCI Banque group uses the rates published by S&P for emerging countries and estimated on a historical basis using the period between 1996 and 2010. The loss-given-default (LGD) rate refers to that of Brazil and is updated every six months by internal expert appraisal according to the trend observed for the countries concerned.

On the balance sheet, impairment allowances for country risk are booked as deductions from the carrying value of loans and advances to customers. Such impairment allowances that are recognized or reversed as systemic risks are combined under the RCI Banque SA “Cost of Risk” item in the consolidated income statement.

Rules for writing off loans

When a receivable has presented an established risk for a period of three years and there is no evidence suggesting that it will ever be collected, the amount of the impairment allowance is reversed and the gross amount outstanding is transferred to receivables written off.

Impairment of residual values

The RCI Banque group regularly monitors the resale value of second-hand vehicles across the board so as to optimize the pricing of its financing products.

In most cases, tables of quoted prices showing typical residual values based on vehicle age and mileage are used to determine the residual value of vehicles at the end of the contract term.

However, for contracts under which the trade-in value of the vehicle at the end of the contract term is not guaranteed by a third party outside the RCI Banque group, an impairment allowance is determined by comparing:

a) the economic value of the contract, meaning the sum of future cash flows under the contract plus the re-estimated residual value at market conditions on the measurement date, all discounted at the contract interest rate;

b) the carrying value on the balance sheet at the time of the measurement.

The projected resale value is estimated by considering known recent trends on the used vehicle market, which may be influenced by external factors such as economic conditions and taxation, and internal factors such as changes in the model range or a decrease in the car maker’s prices.

The impairment charge is calculated with no allowance for any profit on resale.

E) Operating leases (IAS17)

In accordance with IAS 17, the RCI Banque group makes a distinction between finance leases and operating leases.

The main criterion that the RCI Banque group uses to classify leases as one or the other is whether the risks and rewards incidental to ownership are transferred to another party. Thus, leases under which the leased vehicle will be bought back by an RCI Banque group entity at the end of the lease are classified as operating leases since most of the risks and rewards are not transferred to a third party outside the group. The classification as operating leases of lease contracts that contain a buy-back commitment from the RCI Banque group also takes into account the estimated term of such leases. This lease term is far shorter than the economic life of the vehicles, which is put by the Renault Group at an estimated seven or eight years, depending on the type of vehicle. Consequently, all leases with a buy-back clause are treated as operating leases.

The classification as operating leases of battery leases for electric vehicles is justified by the fact that the commercial risks and rewards incidental to ownership throughout the automobile life of the batteries are kept by RCI Banque. Automobile life is put at eight years for Twizy batteries and at ten years for other electric vehicle batteries, which is much longer than the leases.

Operating leases are recognized as non-current assets leased out and are carried at the gross value of the assets leased out less depreciation, plus lease payments receivable and staggered transaction costs yet to be taken to the income statement. Lease payments and depreciation are recognized separately in the income statement in “Net income (expense) of other activities”. Depreciation does not take into account residual values and is taken to income on a straight line basis, as are transaction costs. Classification as an operating lease does not affect the assessments of counterparty risk and residual value risk.

The accounting treatment of vehicle resale transactions at the end of operating lease contracts is identical to that described for finance leases in: Loans and advances to customers and finance lease contracts.

F) Transactions between the RCI Banque group and the Renault-Nissan Alliance

Transactions between related parties are conducted following terms equivalent to those prevailing in the case of transactions subject to conditions of normal competition if these terms can be substantiated.

The RCI Banque group helps to win customers and build loyalty to Renault-Nissan Alliance brands by offering financing and providing services as an integral part of the Alliance’s sales development strategy.

The main indicators and cash flows between the two entities are as follows:

- **Sales support**

In 2012, the RCI Banque group provided € 10,871m in new financing (including credit cards), compared with € 11,170m in 2011.

- **Relations with the dealer network**

The RCI Banque group acts as a financial partner to ensure and maintain the sound financial health of the Renault-Nissan Alliance distribution networks.

At 31 December 2012, dealer financing net of impairment allowances amounted to € 7,140m against € 6,263m at 31 December 2011.

At 31 December 2012, direct financing of Renault Group affiliates and branches amounted to €552m against €485m at 31 December 2011.

At 31 December 2012, the dealer network has collected, as business contributor, income of €360m against €303m at 31 December 2011.

- **Relations with the car makers**

The RCI Banque group pays the car maker for vehicles delivered to dealers for which it provides financing. Conversely, at the end of the contract, the Renault Group pays the RCI Banque group for vehicles taken back under financial guarantees made by the car maker. These transactions generate substantial cash flows between the two groups.

Under their trade policies and as part of promotional campaigns, manufacturers are participating in the subsidy of financings granted to customers by RCI Banque. At 31 December 2012, this participation amounted to €389m and therefore remained stable compared to December 2011.

G) Recognition and measurement of the securities portfolio (IAS 39)

RCI Banque’s portfolio of securities is classified according to the financial asset categories specified in IAS 39.

Securities held for trading purposes

These are securities intended to be sold in the very near future or held for the purpose of realizing capital gains.

These securities are measured at fair value (including accrued interest), and changes in value are recognized in the income statement.

Securities available for sale

By default, this category (“AFS securities”) includes all securities that are not intended to be held to maturity and that are not held for trading purposes.

These securities are measured at fair value (including accrued interest), and changes in value (excluding accrued interest) are recognized directly in equity under a revaluation reserve. Accrued interest is recognized in the income statement. If there is an objective indication of the impairment of these securities, such as payment default or the increasing probability of borrower bankruptcy, the aggregate loss that has been recorded directly under equity must be removed from equity and recognized in the income statement.

H) Non-current assets (IAS16/IAS36)

Non-current assets are carried and depreciated using the components approach. The components of an asset item, especially a complex asset, are treated as separate assets if their characteristics or useful lives are different, or if they generate economic benefits at different rates.

Property, plant and equipment is measured at historical acquisition cost.

Non-current assets other than land are generally depreciated on a straight-line basis over the following estimated useful lives:

- Buildings 15 to 40 years
- Other tangible non-current assets 4 to 8 years

I) Income taxes (IAS 12)

The restatements of the annual financial statements of companies included in the scope of consolidation, made to bring them into line with IAS standards for financial reporting purposes, and the tax deferrals allowed in the statutory statements filed for tax purposes, give rise to timing differences in the recognition of income for tax and financial reporting purposes. A timing difference is also recognized whenever the book value of an asset or liability differs from its value for tax purposes.

These differences give rise to the recognition of deferred taxes in the consolidated financial statements. Under the liability method used by RCI Banque, deferred tax expense is calculated by applying the last tax rate in effect at the closing date and applicable to the period in which the timing differences will be reversed. Within a given taxable entity (company, establishment, or tax consolidation group), deferred tax assets and liabilities are presented on a net basis whenever the entity is entitled to offset its tax receivables against its tax payables. Deferred tax assets are written down whenever their utilization is unlikely.

For fully consolidated companies, a deferred tax liability is recognized for taxes payable on advance dividend distributions by the group.

J) Pension and other post employment benefits (IAS 19)

Overview of plans

The RCI Banque group uses different types of pension and post-employment benefit plans:

Defined benefit plans:

Charges are booked to provisions for these plans to cover:

- Indemnities payable upon retirement (France),
- Supplementary pensions: the main countries using this type of plan are the United Kingdom, the Netherlands and Switzerland.
- Mandated savings plans: this type of plan is used in Italy.

Defined-benefit plans are in some cases covered by funds. Such funds are subject to periodic valuation by independent actuaries. The value of such funds, if any, is deducted from the corresponding liability.

The RCI Banque group affiliates that use external pension funds are RCI Financial Services Ltd, RCI Financial Services BV and RCI Finance SA.

Defined contribution plans:

In accordance with the laws and practices of each country, the group makes salary-based contributions to national or private institutions responsible for pension plans and provident schemes. The group has no liabilities in respect of such plans.

Valuation of liabilities for defined benefit plans

With respect to defined-benefit plans, the costs of post-employment benefits are estimated using the projected unit credit method. Under this method, benefit rights are allocated to periods of service according to the plan’s vesting formula, taking into account a linearizing effect when rights are not vested uniformly over subsequent periods of service.

The amounts of future benefits payable to employees are measured on the basis of assumptions about salary increases, retirement age and mortality, and then discounted to their present value at a rate based on interest rates on the long-term bonds of top-grade issuers.

When the assumptions used in the calculation are revised, actuarial differences result which are recognized in equity, in line with the option offered by the amendment to IAS 19.

The net expense of the period, corresponding to the sum of the cost of services rendered, the excess of the cost of accretion over the expected return on the plan assets, and the spreading of past service costs, is recognized in full in personnel expenses.

K) Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

As a general rule, the functional currency used by foreign companies is their local currency. In cases where the majority of transactions are conducted in a currency other than the local currency, that currency is used.

To ascertain whether a country is in hyperinflation, the group refers to the list published by the AICPA's (*American Institute of Certified Public Accountants*) International Task Force. None of the countries in which RCI Banque does any significant amount of business features on this list.

The financial statements of the group's foreign companies are drawn up in their functional currency, and then translated into the group's presentation currency as follows:

- Balance sheet items other than equity, which are held at the historic exchange rate, are translated at closing exchange rates;
- Income statement items are translated at the average rate for the period;
- Translation adjustments are included as a separate component of consolidated equity and do not affect income.

Goodwill and measurement differences realized when combining with a foreign company are treated as assets and liabilities of the acquired entity.

When a foreign company is disposed of, the translation differences in its assets and liabilities, previously recognized in equity, are recognized in the income statement.

L) Translation of foreign currency transactions

Transactions made by an entity in a currency other than its functional currency are translated and booked in the functional currency at the rate in effect on the date such transactions are made.

On the statement closing date, cash assets and liabilities in currencies other than the entity's functional currency are translated at the exchange rate in effect on that date. Gains or losses from such foreign currency translation are recorded in the income statement.

M) Financial liabilities (IAS 39)

The RCI Banque group recognizes financial liabilities consisting of bonds and similar obligations, negotiable debt securities, securities issued as part of securitization transactions and amounts owed to credit institutions.

Any issuance costs and premiums on financial liabilities are amortized over the term of the issue according to the effective interest rate method.

When first recognized, financial liabilities are measured at fair value net of transaction costs directly attributable to their issuance.

At each closing, financial liabilities are measured at amortized cost using the effective interest rate method, except when specific hedge accounting procedures are applicable. The financial expenses calculated in this way include issuance costs and issue or redemption premiums.

Financial liabilities covered by a fair value hedge are accounted for as described in: Derivatives and hedge accounting (IAS 39).

The group's medium-term and long-term issuance programs do not feature any clauses that might lead to acceleration of maturity of the debt.

N) Structured products and embedded derivatives (IAS 39)

The group engages in a small number of structured transactions. These issues are hedged by derivatives so as to neutralize the embedded derivative and thereby obtain a synthetic adjustable-rate liability.

The only embedded derivatives identified within the RCI Banque group correspond to indexing clauses contained in structured bond issues. When embedded derivatives are not closely related to the host contract, they are measured and recognized separately at fair value. Changes in fair value are then recognized in the income statement. The structured issue with the embedded derivative extracted, i.e. the host contract, is measured and recognized at amortized cost.

Structured issues are associated with swaps of assets, whose characteristics are strictly identical to those of the embedded derivative, thereby providing an effective economic hedge. However, because the use of one derivative to hedge another derivative is prohibited by IAS 39, embedded derivatives that are separated from the host contract and swaps associated with structured issues are accounted for as if held for trading purposes.

O) Derivatives and hedge accounting (IAS 39)

Risks

The RCI Banque group's management of financial risks (interest-rate risk, currency risk, counterparty risk and liquidity risk) is described in the risk management chapter of this document.

The RCI Banque group enters derivative contracts as part of its currency and interest-rate risk management policy. Whether or not these financial instruments are then accounted for as hedging instruments depends on their eligibility for hedge accounting.

The financial instruments used by RCI Banque can be classified as fair value hedges or cash flow hedges. A fair value hedge protects against changes in the fair value of the assets and liabilities hedged. A cash flow hedge protects against changes in the value of cash flows associated with existing or future assets or liabilities.

Measurement

Derivatives are measured at fair value when first recognized. Subsequently, fair value is re-estimated at each closing date.

- The fair value of forward currency agreements and currency swaps is determined by discounting cash flows at market interest rates and exchange rates at the closing date.
- The fair value of interest-rate derivatives represents what the group would receive (or would pay) to unwind the contracts at the closing date, taking into account unrealized gains or losses as determined by current interest rates at the closing date.

Fair value hedge

RCI Banque has elected to apply fair value hedge accounting in the following cases:

- Hedging interest-rate risk on fixed rate liabilities using a receive fixed/pay variable swap or cross currency swap;
- Hedging currency risk on foreign currency assets or liabilities using a cross currency swap.

Fair value hedge accounting is applied on the basis of documentation of the hedging relation at the date of implementation of the tests of fair value hedge effectiveness, which are performed at each balance sheet date.

Changes in the value of fair value hedging derivatives are recognized in the income statement.

For financial liabilities covered by a fair value hedge, only the hedged component is measured and recognized at fair value, in accordance with IAS 39. Changes in the value of the hedged component are recognized in the income statement. The unhedged component of these financial liabilities is measured and recognized at amortized cost.

If the hedging relationship is terminated before the end of its term, the hedging derivative is classified as an asset or liability held for trading purposes, and the item hedged is recognized at amortized cost in an amount equal to its last fair value measurement.

Cash flow hedge

RCI Banque has elected to apply cash flow hedge accounting in the following cases:

- Hedging interest-rate risk on variable rate liabilities using a receive/pay fixed swap, enabling them to be backed by fixed rate assets (macro-hedge from the economic perspective);
- Hedging future or probable cash flows in foreign currency.

Cash flow hedge effectiveness tests are performed at each balance sheet date to ensure that the relevant transactions are eligible for hedge accounting. For the second type of hedging, the test performed entails ascertaining that interest-rate exposure on the cash flows from reinvestment of non-derivative financial assets is indeed reduced by the cash flows from the derivatives used for hedging.

Changes in the value of the effective part of cash flow hedging derivatives are recognized in equity, in a special revaluation reserve account.

Trading transactions

This line item includes transactions not eligible for hedge accounting under IAS 39 and currency hedging transactions to which the RCI Banque group has preferred not to apply hedge accounting.

Changes in the value of these derivatives are recognized in the income statement.

These transactions mainly include:

- foreign exchange transactions with an initial maturity of less than one year,
- identified embedded derivatives that are part of the group’s structured issues, and the associated swaps,
- swaps contracted in connection with securitization transactions,
- receive variable/pay variable swaps in a given currency to hedge interest-rate risk on variable-rate issues.

P) Information pertaining to counterparty risks on derivatives

Exposure relating to counterparty risk is monitored using two methods.

Individual monitoring of credit risk is based on an internal fixed-rate method. Among other things, it factors in the risk of delivery and draws on an internal rating method (determined jointly with the Renault shareholder), which links the limit assigned to each counterparty to a score that takes several weighted risk factors into account: capital adequacy, financial solvency ratio, long and short-term ratings by credit rating agencies, qualitative appraisal of the counterparty.
The fixed-rate method is also used to measure the overall counterparty risk incurred on all derivatives contracted by the RCI Banque group. It is based on weighting factors.

These weighting factors are linked to the type of instrument (3% per annum for transactions denominated in a single currency, and 12% per annum over the first two years of the initial term then 4% over the following years for transactions involving two currencies) and the duration of the transaction. These coefficients are intentionally higher than those stipulated by capital adequacy regulations, which is a deliberately prudent and conservative approach given current market conditions. No compensation is made between risks relating to positions that neutralize each other with the same counterparty.

Overall monitoring with the "mark to market positive + add-on" method is also done.
It is based on the so-called "major risks" regulatory method. For current account cash deposits and surpluses, exposure

is recognized on the basis of the nominal amount. For derivatives (rate and exchange), this is calculated as the sum of potential losses, calculated on the basis of the replacement value of contracts with the counterparty without compensation with potential gains, plus an "add-on" representing the potential future risk. This potential future risk is determined by French banking regulations (ministerial order of 20 February 2007 on capital adequacy requirements applicable to credit institutions and investment companies, Article 267-3) as follows:

Residual term	Interest rate options (as a percentage of the nominal)	Foreign currency and gold options (as a percentage of the nominal)
<= 1 year	0%	1%
1 year < term <= 5 years	0.50%	5%
> 5 years	1.50%	7.50%

Q) Operating segments (IFRS 8)

Segment reporting is presented in the annual financial statements in accordance with IFRS 8 “Operating Segments”.

RCI Banque is tasked with offering a comprehensive range of financing products and services to its two core markets: end Customers (Retail and Corporate) and the Renault, Nissan, Dacia and Renault Samsung Motors brand Dealer network. These two segments have different expectations, needs and demands, and so each require a specific approach in terms of marketing, management processes, IT resources, sales methods and communication. Adjustments have been made to the group’s organization to make it consistent with these two types of customer, to strengthen its management and support role and to increase its integration with Renault and Nissan, especially with respect to sales and marketing aspects.

In accordance with IFRS 8, segmentation by market has therefore been adopted as the operating segmentation method. This is in line with the strategic focus developed by the company. The information presented is based on internal reports sent to the group Executive Committee, identified as the “chief operating decision maker” under IFRS 8.
A breakdown by market is thus provided for the main income statement as well as for average performing loan outstandings in the corresponding periods.

Since 1 January 2009, as decided by the Executive Committee, the formerly separate Retail and Corporate segments have been consolidated into the single “Customer” segment. The breakdown of operating segments as required by IFRS 8 has followed the same segmentation.
The Dealer segment covers financing granted to the Renault-Nissan Alliance Dealer network.
The Customer segment covers all financing and related services for all customers other than Dealers.

Results are presented separately for each of these two market segments.
Refinancing and holding activities are grouped together under “Other activities”.

Renault, Nissan and Dacia multi-brand sales financing activities have been combined.

R) Insurance

The accounting policies and measurement rules specific to assets and liabilities generated by insurance contracts issued by consolidated insurance companies are established in accordance with IFRS 4.

Other assets held and liabilities issued by insurance companies follow the rules common to all of the group’s assets and liabilities, and are presented in the same balance sheet and consolidated income statement items.

Technical liabilities on insurance contracts:

- Reserve for unearned premiums (non-life insurance): Technical reserves for unearned premiums are equivalent to the portion of the premiums relating to the period between the inventory date and the following endowment date. They are determined on a prorata basis.

- Policy reserves (life insurance): These are intended to cover the long-term obligations (or payment of benefits) resulting from the commitments given, and the costs of managing such contracts.

- Reserve for outstanding claims: the reserve for outstanding claims represents the estimation, net of outstanding recoveries, of the cost of all claims reported but not yet settled at the closing date.

- IBNR (Incurred But Not Reported) claim reserves: these are reserves for claims not yet reported, estimated on a statistical basis.

The guarantees offered cover death, disability, redundancy and unemployment as part of a loan protection insurance policy. These types of risk are controlled through the use of appropriate mortality tables, statistical checks on loss ratios for the population groups insured and through a reinsurance program.

Liability adequacy test: a goodness-of-fit test aimed at ensuring that insurance liabilities are adequate with respect to current estimations of future cash flows generated by the insurance contracts is performed at each statement of account. Future cash flows resulting from the contracts take into account the guarantees and options inherent therein. In the event of inadequacy, the potential losses are fully recognized in net income.

Income statement:

The income and expenses recognized for the insurance contracts issued by the RCI Banque group appear in the income statement in “Net income of other activities” and “Net expense of other activities”.

3. GROUP STRUCTURE

Changes in the scope of consolidation in 2012

- On 1 June 2012, the Brazilian affiliate Companhia de Crédito Financiamento e Investimento RCI Brasil S.A. became the parent company of another consolidated Brazilian affiliate, Companhia de Arrendamento Mercantil RCI Brasil S.A. (fully owned), following the contribution of assets previously held by RCI Banque S.A. and Santander in consideration of an increase in the share capital of Companhia de Crédito Financiamento e Investimento RCI Brasil S.A. without any changes to the breakdown of ownership between the two shareholders, RCI Banque S.A. and Santander. This change of legal structure is without significance from the consolidation point of view.

- In France, RCI Banque proceeded with the restructuring of its French securitization program, initially set up as a single Master Trust in 2002, which now revolves around three separate FCTs (*Fonds Commun de Titrisation*):

  - On 25/5/2012, Cars Alliance Auto Loans France FCT Master issued ECB-eligible securitization securities retained by RCI Banque SA for €596m;
  - CARS Alliance Auto Loans France F 2012-1 was used for the public issue of fixed rate securities for €750m distributed to investors with a value date of 27/6/2012.
  - CARS Alliance Auto Loans France V 2012-1 was used for the public issue of floating rate securities for €700m distributed to investors with a value date of 26/11/2012

- In Italy, following final repayment of RCI Italie's securitization transaction launched in 2007, on 14/6/2012 a new Cars Alliance Warehouse Italy S.R.L SPV issued AAA-rated notes retained by RCI Banque SA for €619m.

- ES Mobility SRL, a commercial company set up in 2011 for the electric vehicle battery leasing business in Italy, joined the scope of consolidation on 30/11/2012.

Changes in the scope of consolidation in 2011

In 2011, the group's structure was changed by the following events:

- Diac Location S.A. took over Sigma Services S.A. on 30 April 2011 with retro-active effect from 1st January 2011;
- RCI Bank AG merged with RCI Banque SA then was made into a branch with retro-active effect from 1st January 2011;
- The newly formed branch RCI Banque Branch Ireland entered the scope of consolidation on 30 September 2011.

Foreign affiliates that do not have a tax agreement with France

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A in Colombia. The latter's business consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. In 2012, pre-tax income came to €2.2m.

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

In a volatile and uncertain economic environment, RCI Banque maintains its prudent financial policy and reinforces its liquidity management and control system. Furthermore, RCI Banque is not exposed to the sovereign debts of Greece, Spain, Italy, Ireland or Portugal.

Liquidity

RCI Banque's management of liquidity risk is based on several indicators or analyses, updated monthly on the basis of the latest in-force business forecasts (customer base and network) and completed refinancing transactions. The system has undergone an internal audit and a review by the banking regulator (ACP) and has been reinforced by updating internal procedures, duly ratified by the Board of Directors on 27 November 2012:

Static liquidity: RCI Banque’s aim is to achieve positive static liquidity. Assets generated in the past have been financed by debts with longer maturity.

Predictive liquidity, the “worst case scenario”: this indicator factors in projections of new business activity in a maximum stress test context that predicts no access to any new resources. This scenario is the indicator used in external reporting, especially to rating agencies, which demand a clear view of liquidity over at least a 6-month period. It is used to establish two indicators:

- The number of possible business days without access to the market, only making use of confirmed bank lines and funds raised from the ECB (internal monitoring and external reporting indicator),
- Liquidity pool (internal monitoring and external reporting indicator).

Predictive liquidity, the “grey” stress scenario: this is achieved on the basis of assumptions of constrained financing: closure of bond markets, restricted access to short term funding, access to securitization (ECB and conduit corporations). This analysis is completed by simulating the changes in the projected liquidity pool.

The liquidity pool stands at €4,411m at 31 December 2012. This represents available liquidity surplus to the certificates of deposit and commercial paper outstandings. The group has a duty to maintain sources of alternative liquidity above the level of its short-term negotiable debt securities.

Intrinsic liquidity: this is RCI Banque’s liquidity reserve without confirmed credit facilities. It includes available cash, assets that are highly liquid on the market, and available assets eligible as ECB collateral after discounting. The ‘number of days of intrinsic liquidity’ indicator measures the number of days during which RCI Banque can carry out its business activities without recourse to confirmed credit facilities.

Credit business risk

Following the strengthening of the recovery structures between the end of 2008 and early 2009, recovery performances improved from the first quarter 2009 onwards. By taking the Probability of Default derived from scoring systems into account in the management of new gross lending, portfolio quality across all major markets was improved.

After hitting a record low in 2011, lower than the level observed before the financial crisis, the cost of risk on the commercial portfolio began to see a contained rise, mainly attributable to growth in outstandings, particularly in countries outside Europe.

As the economic outlook remained uncertain, the centralized oversight of the approval policy introduced at the start of the crisis was maintained. Acceptance systems are adjusted according to the stress tests, which are updated quarterly for the main countries per segment (private customers, corporate customers). All in all, the quality of gross lending is in line with the objectives set.

In an uncertain economic climate and changing environment, RCI Banque remains on the alert with the aim of maintaining the overall cost of risk at a level compatible with the expectations of the financial community and yield targets.

Profitability

The credit margins observed on the markets have undergone significant changes. In such a volatile context, RCI Banque group responds very promptly and regularly revises the costs of internal liquidity used to price customer transactions, thereby maintaining a margin on new lending in line with budget targets.
Similarly, the pricing of financing granted to dealers is indexed on an internal base rate reflecting the cost of the borrowed resources and liquidity cushions needed for business continuity. This method maintains a steady return for this business.

Governance

The liquidity indicators have been the subject of particular scrutiny at each monthly Financial Committee meeting.

The country management committees have also monitored risk and instant projected margin indicators more systematically, thereby completing the routine assessments of subsidiary profitability.

Exposure to credit risk (excluding business activity)

Due to its structurally borrower position, the RCI Banque group's exposure to bank credit risk is limited to short-term deposits of cash surpluses, and interest-rate or forex hedging with derivatives. These transactions are made with first-class banks that have been duly approved by the Counterparty Committee. Against a backdrop of high volatility in the second half of the year, RCI Banque has also paid close attention to diversifying its counterparties.

Refinancing

• In order to diversify its bank borrowings and limit total resources obtained from a single counterparty, the trading room has developed relations with a great number of banks and intermediaries, both in France and abroad.

• During the financial year 2012, the RCI Banque group raised €5.5 billion in resources with a maturity of one year or more within the scope of its centralized refinancing system.

• Of which €3.2 billion on the bond markets:

- four issues on the euro market totaling €2,400 million
- a public offering in Norwegian krone for NOK500 million (€70m)
- a public offering in Australian dollars for AUD185 million (€150m)
- an issue in Swiss francs for CHF200 million (€170m)
- a public offering in Swedish krona for SEK500 million (€60m)
- five public offerings in Korean won for KRW430 billion (€300m)
- an issue in Czech koruna for CZK250 million (€10m)

• Of which €1.8 billion on the securitization market. In the financial year 2012, RCI Banque's strategy to diversify its sources of funding also resulted in

- a new public securitization transaction (fixed rate notes) backed by auto loans in France for €750m
- a private securitization backed by auto loans in Italy for €300m
- a public securitization transaction (floating rate notes) backed by auto loans in France for €700m

• The RCI Banque group also pursued its strategy of diversifying its sources of funding with the launch on 16/02/2012 of "ZESTO", a savings account for retail depositors in France. At 31 December 2012, collected deposits totaled €893 million, including capitalized interest.

• Outside the scope of its centralized refinancing system, the RCI Banque group raised the equivalent of €250m in resources with a maturity of one year or more on local markets

- 3 issues in Argentine pesos for ARS348 million (€54m)
- 2 issues in Brazilian reals for BRL500 million (€190m)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

1.1 - Segmentation by market

In millions of euros	Customer	Dealer financing	Other	Total 12/2012
Average performing loan outstandings	18 099	6 086		**24 185**
Net banking income	999	189	50	**1 238**
Gross operating income	702	153		**855**
Operating income	604	160		**764**
Pre-tax income	613	160		**773**

In millions of euros	Customer	Dealer financing	Other	Total 12/2011
Average performing loan outstandings	17 103	5 717		**22 820**
Net banking income	940	172	77	**1 189**
Gross operating income	664	137	31	**832**
Operating income	604	145	31	**780**
Pre-tax income	609	145	32	**786**

A breakdown by market is provided for the main income statement as well as for average performing loan outstandings in the corresponding periods.

At the Net Banking Income level, given that most of the RCI Banque group's segment income comes from interest, the latter are shown net of interest expenses.

The earnings of each business segment are determined on the basis of internal or fiscal analytical conventions for intercompany billing and valuation of funds allocated. The equity allocated to each business segment is the capital effectively made available to the affiliates and branches and then divided among them according to internal analytical rules.

Average performing loan outstandings is the operating indicator used to monitor outstandings. As this indicator is the arithmetic mean of outstandings, its value therefore differs from the outstandings featuring in the RCI Banque group's assets, as presented in Notes 5 and 6: Customer finance transactions and similar/Customer finance transactions by business segment.

1.2 Segmentation by geographic region

Information about financial and commercial performance in the main geographic regions is presented in the "Group operations" table appended to this document.

Note 2 : Derivatives

In millions of euros	12/2012		12/2011	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**15**	**50**	**26**	**42**
Currency derivatives	15	50	26	42
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**317**	**54**	**284**	**49**
Interest-rate and currency derivatives: Fair value hedges	315	4	273	1
Interest-rate derivatives: Cash flow hedges	2	50	11	48
Total derivatives	**332**	**104**	**310**	**91**

These line items mainly include OTC derivatives contracted by the RCI Banque group as part of its currency and interest-rate risk hedging policy.

The transactions that give rise to entries under this heading are described in: "Financial liabilities (IAS 39)" and "Derivatives and hedge accounting (IAS 39)".

Changes in the cash flow hedging instrument revaluation reserve

In millions of euros	Cash flow hedging	Schedule for the transfer of the CFH reserve account to the income statement		
		<1 year	1 to 5 years	+5 years
Balance at 31 December 2010	**(5)**	**(5)**		
Changes in fair value recognized in equity	(12)			
Transfer to income statement	15			
Balance at 31 December 2011	**(2)**	**2**	**(4)**	
Changes in fair value recognized in equity	(31)			
Transfer to income statement	20			
Balance at 31 December 2012	**(13)**	**(9)**	**(4)**	

With respect to cash flow hedging, the above table shows the periods during which RCI Banque expects cash flows to intervene and affect the income statement.

Changes in the cash flow hedging reserve result from changes in the fair value of the hedging instruments carried in equity, and from the transfer of the period to the income statement at the same rate as the item hedged.

Nominal values of derivative instruments by maturity and management intent

In millions of euros	0-1 year	1-5 years	+5 years	Total 12/2012
Hedging of currency risk				
Forward forex contracts				
Sales	1 737			**1 737**
Purchases	1 742			**1 742**
Spot forex transactions				
Loans	72			**72**
Borrowings	72			**72**
Currency swaps				
Loans	313	982		**1 295**
Borrowings	340	950		**1 290**
Hedging of interest-rate risk				
Interest rate swaps				
Lender	3 936	6 649		**10 585**
Borrower	3 936	6 649		**10 585**

In millions of euros	0-1 year	1-5 years	+5 years	Total 12/201
Hedging of currency risk				
Forex transactions				
Currency loaned, not yet delivered				
Currency borrowed, not yet received	1			
Forward forex contracts				
Sales	1 219			**1 21**
Purchases	1 224			**1 22**
Currency swaps				
Loans	492	1 022		**1 51**
Borrowings	506	972		**1 47**
Hedging of interest-rate risk				
Interest rate swaps				
Lender	3 878	6 969		**10 84**
Borrower	3 878	6 969		**10 84**

At 31 December 2012, according to the "positive mark to market + add on" methodology, the counterpart ri exposure is € 439m against € 739m at 31st December 2011. According to the internal methodology, it is € 1,106 against € 2,004m at 31 December 2011.
These figures apply only to credit institutions. They were determined without taking into account netting agreements accordance with the methodology described in accounting principles (Note 2-P)

Note 3 : Financial assets available for sale and other financial assets

In millions of euros	**12/2012**	**12/2011**
Financial assets available for sale	**60**	**36**
Government debt securities and similar	36	36
Variable income securities	5	
Bonds and other fixed income securities	19	
Other financial assets	**22**	**29**
Interests in companies controlled but not consolidated	22	29
Total financial assets available for sale and other financial assets	**82**	**65**

Note 4 : Amounts receivable from credit institutions

In millions of euros	**12/2012**	**12/2011**
Credit balances in sight accounts at credit institutions	**627**	**875**
Ordinary accounts in debit	600	842
Overnight loans	27	32
Accrued interest		1
Term deposits at credit institutions	**114**	**72**
Term loans	103	70
Reverse repurchase agreement or bought outright	9	
Doubtful receivables	1	2
Accrued interest	1	
Total amounts receivable from credit institutions	**741**	**947**

Credit balances in sight accounts are included in the “Cash and cash equivalents” line item in the cash flow statement.

Overnight loan transactions with the Central Bank are included in “Cash and balances at central banks and PCAs”.

Note 5 : Customer finance transactions and similar

In millions of euros	12/2012	12/2011
Loans and advances to customers	**26 095**	**24 877**
Customer finance transactions	19 506	18 551
Finance lease transactions	6 589	6 326
Operating lease transactions	**124**	**59**
Total customer finance transactions and similar	**26 219**	**24 936**

5.1 - Customer finance transactions

In millions of euros	12/2012	12/2011
Loans and advances to customers	**20 275**	**19 423**
Factoring	529	565
Other commercial receivables	91	106
Other customer credit	18 672	17 739
Ordinary accounts in debit	210	272
Doubtful and compromised receivables	773	741
Interest receivable on customer loans and advances	**61**	**73**
Other customer credit	40	44
Ordinary accounts	1	6
Doubtful and compromised receivables	20	23
Total of items included in amortized cost - Customer loans and advances	**(157)**	**(217)**
Staggered handling charges and sundry expenses - Received from customers	(122)	(118)
Staggered contributions to sales incentives by manufacturer or dealers	(346)	(353)
Staggered fees paid for referral of business	311	254
Impairment on loans and advances to customers	**(673)**	**(728)**
Impairment on delinquent or at-risk receivables	(161)	(160)
Impairment on doubtful and compromised receivables	(489)	(546)
Impairment on residual value	(23)	(22)
Total customer finance transactions, net	**19 506**	**18 551**

The securitization transactions were not intended to result in derecognition of the receivables assigned. The assigned receivables as well as the accrued interest and impairment allowances on them continue to appear on the asset side of the group’s balance sheet.

The factoring receivables result from the acquisition by the group of the Renault-Nissan Alliance’s commercial receivables.

5.2 - Finance lease transactions

In millions of euros	12/2012	12/2011
Finance lease transactions	**6 756**	**6 512**
Leasing and long-term rental	6 613	6 373
Doubtful and compromised receivables	143	139
Accrued interest on finance lease transactions	**17**	**9**
Leasing and long-term rental	13	5
Doubtful and compromised receivables	4	4
Total of items included in amortized cost - Finance leases	**(60)**	**(65)**
Staggered handling charges	(23)	(21)
Staggered contributions to sales incentives by manufacturer or dealers	(138)	(129)
Staggered fees paid for referral of business	101	85
Impairment on finance leases	**(124)**	**(130)**
Impairment on delinquent or at-risk receivables	(15)	(14)
Impairment on doubtful and compromised receivables	(103)	(109)
Impairment on residual value	(6)	(7)
Total finance lease transactions, net	**6 589**	**6 326**

Reconciliation between gross investment in finance lease contracts at the closing date and present value of minimum payments receivable

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2012
Finance leases - net investment	3 297	3 412	5	**6 714**
Finance leases - future interest receivable	295	194		**489**
Finance leases - gross investment	**3 592**	**3 606**	**5**	**7 203**
Amount of residual value guaranteed to RCI Banque group	1 437	1 592	4	**3 033**
Of which amount guaranteed by related parties	*824*	*668*	*2*	***1 494***
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2 767	2 938	3	**5 708**

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2011
Finance leases - net investment	3 231	3 218	7	**6 456**
Finance leases - future interest receivable	281	174		**455**
Finance leases - gross investment	**3 512**	**3 392**	**7**	**6 911**
Amount of residual value guaranteed to RCI Banque group	1 357	1 593	4	**2 954**
Of which amount guaranteed by related parties	*698*	*649*	*2*	***1 349***
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2 815	2 742	4	**5 561**

5.3 - Operating lease transactions

In millions of euros	12/2012	12/2011
Fixed asset net value on operating lease transactions	**124**	**61**
Gross value of tangible assets	143	80
Depreciation of tangible assets	(19)	(19)
Receivables on operating lease transactions	**4**	**4**
Accrued interest	2	2
Non-impaired receivables	1	5
Doubtful and compromised receivables	1	2
Deposit		(5)
Impairment on operating leases	**(4)**	**(6)**
Impairment on doubtful and compromised lease contracts	(1)	(2)
Impairment on residual value	(3)	(4)
Total operating lease transactions, net	**124**	**59**

The amount of minimum future payments receivable under operating non-cancelable lease contracts is analyzed as follows

In millions of euros	12/2012	12/2011
0-1 year	11	36
1-5 years	23	15
+5 years		3
Total	**34**	**54**

The growth of the electric vehicle battery leasing business, where battery leases are classified as operating leases, has led the group to adjust its calculation of the amount of minimum payments receivable under non-cancelable operating leases. Thus, the comparable amounts of minimum future payments receivable for the year 2011 are equal to €4 million, in total less than 1 year.

5.4 - Maximum exposure to credit risk and indication concerning the quality of receivables deemed non impaired by the RCI Banque group.

At 31 December 2012, the RCI Banque group’s maximum aggregate exposure to credit risk stood at €30,043m. This exposure chiefly includes the net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group’s off-balance sheet (see Note 21: Commitments received).

Amount of receivables due

In millions of euros	12/2012	of which non-impaired (1)	12/2011	of which non-impaired (1)
Receivables due	**595**	**17**	**661**	**17**
Between 0 and 90 days	84	17	82	17
Between 90 and 180 days	57		54	
Between 180 days and 1 year	27		33	
More than one year	427		492	

(1) Only includes fully or partially (on an individual basis) non-impaired sales financing receivables.

The risks on the quality of customer loans are assessed (using a score system) and monitored per type of business (Customer and Dealer). At the statement closing date, no component affected the credit quality of non-due and non-impaired sales financing receivables.

There is no significant concentration of risks within the sales financing customer base.

As at 31 December 2012, guarantees held on doubtful or delinquent receivables totaled €538m, compared with €537m at 31 December 2011.

5.5 - Residual values of risk carried by RCI Banque

The total risk on residual values carried by the RCI Banque group amounted to €463m in 2012 against €413m in 2011. It was covered by provisions totaling 3 million euros in 2012 (essentially affecting the United Kingdom).

Note 6 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer	Other	Total 12/2012
Gross value	**19 307**	**7 353**	**360**	**27 020**
Non-impaired receivables	18 698	7 024	357	26 079
Doubtful receivables	159	285	1	445
Compromised receivables	450	44	2	496
% of doubtful and compromised receivables	*3,15%*	*4,47%*	*0,83%*	*3,48%*
Impairment allowance on individual basis	**(546)**	**(163)**	**(1)**	**(710)**
Non-impaired receivables	(64)	(53)		(117)
Doubtful receivables	(89)	(66)		(155)
Compromised receivables	(393)	(44)	(1)	(438)
Impairment allowance on collective basis	**(41)**	**(50)**		**(91)**
Impairment	(13)	(50)		(63)
Country risk	(28)			(28)
Net value (*)	**18 720**	**7 140**	**359**	**26 219**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*103*	*552*	*171*	*826*

In millions of euros	Customer	Dealer	Other	Total 12/2011
Gross value	**18 861**	**6 493**	**446**	**25 800**
Non-impaired receivables	18 202	6 244	445	24 891
Doubtful receivables	147	211		358
Compromised receivables	512	38	1	551
% of doubtful and compromised receivables	*3,49%*	*3,83%*	*0,22%*	*3,52%*
Impairment allowance on individual basis	**(600)**	**(188)**	**(1)**	**(789)**
Non-impaired receivables	(62)	(70)		(132)
Doubtful receivables	(86)	(81)		(167)
Compromised receivables	(452)	(37)	(1)	(490)
Impairment allowance on collective basis	**(33)**	**(42)**		**(75)**
Impairment	(15)	(34)		(49)
Country risk	(18)	(8)		(26)
Net value (*)	**18 228**	**6 263**	**445**	**24 936**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*9*	*485*	*233*	*727*

Business segment information is given in detail in note 1.

The “Other” category includes refinancing and holding activities.

The provision for country risk primarily affects Brazil and Argentina and to a lesser extent, Romania, Morocco and Hungary.

Note 7 : Adjustment accounts - Assets

In millions of euros	12/2012	12/2011
Tax receivables	**228**	**176**
Current tax assets	24	8
Deferred tax assets	110	82
Tax receivables other than on current income tax	94	86
Adjustment accounts and other assets	**389**	**342**
Other sundry debtors	177	145
Adjustment accounts - Assets	37	29
Items received on collections	95	108
Reinsurer part in technical provisions	80	60
Total adjustment accounts – Assets and other assets (*)	**617**	**518**
(*) Of which related parties	*120*	*102*

Deferred tax assets are analyzed in note 30.

Changes in the share of reinsurers in the technical reserves are analyzed as follows:

Changes in the part of reinsurance in the technical provions

In millions of euros	12/2012	12/2011
Reinsurer part in technical provisions at the beginning of period	**60**	**36**
Increase of the technical provisions chargeable to reinsurers	24	26
Claims recovered from reinsurers	(4)	(2)
Reinsurer part in technical provisions at the end of period	**80**	**60**

Note 8 : Interests in associates

In millions of euros	12/2012		12/2011	
	Share of net assets	Net income	Share of net assets	Net income
Nissan Renault Finance Mexico (Customer financing)	48	9	36	6
Total interests in associates	**48**	**9**	**36**	**6**

Note 9 : Tangible and intangible non-current assets

In millions of euros	12/2012	12/2011
Intangible assets: net	**3**	**2**
Gross value	31	29
Accumulated amortization and impairment	(28)	(27)
Property, plant and equipment: net	**25**	**20**
Gross value	115	109
Accumulated depreciation and impairment	(90)	(89)
Total tangible and intangible non-current assets	**28**	**22**

Note 10 : Goodwill

In millions of euros	12/2012	12/2011
Germany	12	12
United Kingdom	39	38
Italy	9	9
Argentina	6	7
South Korea	18	17
Total goodwill from acquisitions by country	**84**	**83**

Impairment tests were performed on goodwill for all countries and revealed no impairment risk at 31 December 2012. Given the slump in the Hungarian business, this country's goodwill was fully impaired in 2008.

Note 11 : Liabilities to credit institutions and customers, and debt evidenced by certificates

11.1 - Liabilities by measurement method

In millions of euros	12/2012	12/2011
Liabilities measured at amortized cost	**18 323**	**17 505**
Amounts payable to credit institutions	3 761	3 963
Amounts payable to customers	1 619	718
Debt evidenced by certificates	12 943	12 824
Liabilities measured at fair value hedge	**5 760**	**5 158**
Amounts payable to credit institutions	169	170
Debt evidenced by certificates	5 591	4 988
Total financial debts	**24 083**	**22 663**

11.2 - Amounts payable to credit institutions

In millions of euros	12/2012	12/2011
Sight accounts payable to credit institutions	**161**	**150**
Ordinary accounts	92	80
Other amounts owed	69	70
Term accounts payable to credit institutions	**3 769**	**3 983**
Term borrowings	3 632	3 879
Accrued interest	137	104
Total liabilities to credit institutions	**3 930**	**4 133**

Sight accounts are included in the "Cash and cash equivalents" line item in the cash flow statement.

The book value of receivables provided as collateral to the *Société de financement de l'économie française* (SFEF) by RCI Banque totaled €341 million at 31 December 2012, in exchange for a refinancing of €210 million.

The balance of the funding provided by the European Central Bank in exchange for assigned accounts receivable amounts to €400m at 31 December 2012 (against €350m at 31 December 2011), now listed under the above heading “Term borrowings”, in accordance with French Banking Federation (FBF) recommendations (previously listed under “Securities covered by repurchase agreements”).

The book value of the collateral presented to the Banque Centrale (3G) amounted to €2,933m at 31 December 2012, including €160m of private accounts receivable and €2,773m in collateralized security entity shares.

11.3 - Amounts payable to customers

In millions of euros	12/2012	12/2011
Amounts payable to customers	**1 608**	**711**
Ordinary accounts in credit	61	94
Term accounts in credit	654	617
Ordinary saving accounts	893	
Other amounts payable to customers and Accrued interest	**11**	**7**
Other amounts payable to customers	10	6
Accrued interest on ordinary accounts in credit		1
Accrued interest on term accounts in credit	1	
Total liabilities to customers (*)	**1 619**	**718**
(*) Of which related parties (1)	*673*	*657*

(1) Term accounts in credit include a €550m cash warrant agreement given to RCI Banque SA by the manufacturer Renault, covering, without any geographical exceptions, against the risks of the Renault Retail Group defaulting. This cash warrant agreement replaces the two existing agreements.

11.4 - Debt evidenced by certificates

In millions of euros	12/2012	12/2011
Negotiable debt securities (1)	**2 994**	**3 213**
Certificates of deposit	2 434	3 064
Commercial paper and similar	432	70
French MTNs and similar	97	37
Accrued interest on negotiable debt securities	31	42
Other debt evidenced by certificates (2)	**3 902**	**3 704**
Other debt evidenced by certificates	3 899	3 700
Accrued interest on other debt evidenced by certificates	3	4
Bonds and similar	**11 638**	**10 895**
Bonds	11 512	10 776
Accrued interest on bonds	126	119
Total debt evidenced by certificates (*)	**18 534**	**17 812**
(*) Of which related parties	*236*	*127*

(1) Certificates of deposit, commercial paper and French MTNs are issued by RCI Banque SA, CFI RCI Brasil and DIAC SA.

(2) Other debt evidenced by certificates consists primarily of the securities issued by the vehicles created for the French (Diac SA and Cogera SA), Italian (RCI Succursale), German (RCI Banque Niederlassung) and UK (RCI Financial Services Ltd) securitizations.

11.5 - Breakdown of financial liabilities by rate type before derivatives

In millions of euros	12/2012			12/2011		
	Variable	Fixed	Total	Variable	Fixed	Total
Amounts payable to credit institutions	1 319	2 611	**3 930**	1 078	3 055	**4 133**
Amounts payable to customers	1 477	142	**1 619**	616	102	**718**
Negotiable debt securities	1 013	1 981	**2 994**	1 357	1 857	**3 214**
Other debt evidenced by certificates	3 314	588	**3 902**	3 489	214	**3 703**
Bonds	816	10 822	**11 638**	1 511	9 384	**10 895**
Total financial liabilities by rate	**7 939**	**16 144**	**24 083**	**8 051**	**14 612**	**22 663**

11.6 - Breakdown of financial liabilities by maturity

The breakdown of financial liabilities by maturity is shown in note 17.

Note 12 : Securitization

In millions of euros	SECURITIZATION – public issues					
Ceding entity	France				Italy	Germany
Country	DIAC SA	DIAC SA	DIAC SA	COGERA SA	RCI Banque Succursale Italiana	RCI Bank Niederlassung
Concerned collateral	Auto loans to customers	Auto loans to customers	Auto loans to customers	Receivables independent dealers	Auto loans to customers	Auto loans to customers
Asset SPV	CARS Alliance Auto Loans France FCT Master	CARS Alliance Auto Loans France F 2012-1	CARS Alliance Auto Loans France V 2012-1	FCT Cars Alliance DFP France	Cars Alliance Warehouse Italy SRL	CARS Alliance Auto Loans Germany FCT
Start date	May-2012	June-2012	November-2012	April-2010	June-2012	December-2011
Maximum term of fund	August-2030	September-2021	February-2024	October-2015	December-2029	May-2024
Initial purchase of receivables	€715m	€867m	€826m	€1,235m	€777m	€1,793m
Credit enhancement as at the initial date	Cash reserve for 1% Over-collateralization of receivables 15.0%	Cash reserve for 1% Over-collateralization of receivables 13%	Cash reserve for 1% Over-collateralization of receivables 13.5%	Cash reserve for 1% Over-collateralization of receivables 13.6%	Cash reserve for 2% Over-collateralization of receivables 14.5%	Cash reserve for 1.00% Over-collateralization of receivables 12.7%
Receivables purchased as of 31/12/12	€250m	€610m	€793m	€1,972m	€714m	€1,721m
Notes in issue as at 31/12/12 (including any units held by the RCI Banque group)	Class A Rating: AAA €224m	Class A Rating: AAA €527m	Class A Rating: AAA €700m	Series 2010-1 Class A Rating: AAA €750m Series 2005-2 Class A Rating: AAA €250m	Class A Rating: AAA €619m	Class A Rating: AAA €739m Class R Rating: AAA €810m
	Class B Not rated €39m	Class B Not rated €102m	Class B Not rated €109m	Series 2005-1 Class B Not rated €37m	Class B Not rated €137m	Class B Rating: A €26m
Period	Revolving	Fixed term	Revolving	Revolving	Revolving	Revolving
Transaction's nature	Retained	Market	Market	Retained	Retained	Class A: Market Class R: Retained

In 2012, the RCI Banque group carried out a number of public securitization transactions (France and Italy) securitizing amounts receivable from final customer credits, by means of special purpose vehicles. Certain transactions were held by RCI Banque SA, thus providing securities eligible as ECB collateral.

All securitization transactions carried out by the group meet the 5% retention of net economic interest requirement set out in Article 122a of European Directive 2006/48/EC.

In addition, and as part of its efforts to diversify its refinancing, certain transactions were secured by conduit. As these issues were private, their terms and conditions are not disclosed in the table above. Customer receivables in the United Kingdom and in Italy were securitized, as were leasing receivables and dealer receivables in Germany. The amount of financing obtained through securitization by conduit totaled €2,048m at end December 2012.

These transactions were not intended to result in derecognition of the receivables transferred, and at 31 December 2012 the amount of the sales financing receivables thus maintained on the balance sheet totaled €8,814m (€8,739m at 31/12/2011), as follows:

- Securitization transactions placed on the market: €3,124m
- Retained securitization transactions: €2,936m
- Private securitization transactions: €2,754m

The fair value of these receivables was €8,842m at 31 December 2012.

Liabilities of €3,902m have been booked under “Other debt evidenced by certificates” corresponding to the securities issued during these securitization transactions. The fair value of these liabilities was €3,949m at 31/12/2012.

The difference between the amount of receivables purchased and the amount of the aforementioned liabilities corresponds to the credit enhancement needed for these transactions and to the share of securities kept by the RCI Banque group, serving as a liquidity reserve.

Note 13 : Adjustment accounts - Liabilities

In millions of euros	12/2012	12/2011
Taxes payable	**481**	**430**
Current tax liabilities	110	80
Deferred tax liabilities	322	317
Taxes payable other than on current income tax	49	33
Adjustment accounts and other amounts payable	**887**	**886**
Social security and employee-related liabilities	56	51
Other sundry creditors	655	665
Adjustment accounts - liabilities	162	155
Collection accounts	14	15
Total adjustment accounts - Liabilities and other liabilities (*)	**1 368**	**1 316**
(*) Of which related parties	*46*	*64*

Deferred tax assets are analyzed in note 30.

Note 14 : Provisions

In millions of euros	12/2011	Charge	Reversals		Other (*)	12/2012
			Used	Not Used		
Provisions on banking operations	**128**	**130**	**(10)**	**(67)**		**181**
Provisions for litigation risks	4	3		(2)	(1)	4
Other provisions	124	127	(10)	(65)	1	177
Provisions on non-banking operations	**77**	**29**	**(9)**	**(6)**		**91**
Provisions for pensions liabilities and related	31	5	(3)		2	35
Provisions for restructuring	6	5	(4)	(2)		5
Provisions for tax and litigation risks	37	17	(2)	(4)	(2)	46
Other	3	2				5
Total provisions	**205**	**159**	**(19)**	**(73)**		**272**

(*) Other = Reclassification, currency translation effects, changes in scope of consolidation

Each of the known disputes in which RCI Banque or the group's companies are involved was reviewed at the closing date. On the advice of legal counsel, provisions were established when deemed necessary to cover estimated risks.

Every so often, the group's companies are subject to tax audits in the countries where they are based. Uncontested deficiency notices are booked by means of tax provisions. Contested deficiency notices are recognized case by case on the basis of estimates taking into account the merit of the claims against the company concerned and the risk that it may not prevail in its case.

At year-end 2012, the provisions for restructuring mainly concern Germany, Spain and the United Kingdom.

Other provisions on banking operations mainly consist of the insurance technical provision for insurance company commitments towards policy holders and beneficiaries.

Changes in the actuarial reserves for contracts issued by captive insurance companies break down as follows:

Changes in the insurance technical provisions

In millions of euros	12/2012	12/2011
Liabilities relative to insurance contracts in the beginning of period	**105**	**52**
Allowance for insurance technical provisions	56	56
Services paid	(10)	(3)
Liabilities relative to insurance contracts at the end of period	**151**	**105**

Provisions for pension and other post-employment benefits

In millions of euros	12/2012	12/2011
France	28	23
Rest of world	7	8
Total provisions	**35**	**31**

Principal actuarial assumptions	12/2012	12/2011
Retirement age	67 years	67 years
Salary increases	2,70%	2,90%
Financial discount rate	3,31%	4,36%
Starting rate	2,62%	4,34%

Changes in provisions during the year

In millions of euros	Actuarial value of obligations	Actuarial value of invested funds	Obligations less invested funds	Unrecognized actuarial gains/losses	Provision on balance sheet
Balance at 31 December 2010	**50**	**(24)**	**26**	**1**	**27**
Net charge for the year 2011	**5**	1	**6**	**(2)**	**4**
Benefits and contributions paid	**(1)**	(1)	**(2)**		**(2)**
Actuarial differences	**2**		**2**	**1**	**3**
Translation adjustment	**1**	(1)			
Projected return on assets		(1)	**(1)**		**(1)**
Balance at 31 December 2011	**57**	**(26)**	**31**		**31**
Net charge for the year 2012	**6**	(1)	**5**	**(1)**	**4**
Benefits and contributions paid	**(2)**		**(2)**		**(2)**
Actuarial differences (1)	**4**	(2)	**2**		**2**
Translation adjustment	**1**		**1**		**1**
Projected return on assets		(1)	**(1)**		**(1)**
Balance at 31 December 2012	**66**	**(30)**	**36**	**(1)**	**35**

(1) of which -€1,1m in actuarial value of obligations resulting from effects of experience

Expected rates of return on invested funds in 2012 are 5.60% in the United Kingdom, 5.18% in the Netherlands and 2.25% in Switzerland.

At 31 December 2012, the breakdown of invested funds was as follows: €18 million in bonds, €8 million in shares and €4 million in other.

Amounts recognized in the income statement for pension obligations

In millions of euros	12/2012	12/2011
Cost of services rendered	1	2
Financial expense resulting from the discount rate	3	2
Net charges	**4**	**4**

Note 15 : Impairments allowances to cover counterparty risk

In millions of euros	12/2011	Charge	Reversals		Other (*)	12/2012
			Used	Not used		
Impairments on banking operations	**897**	**405**	**(293)**	**(174)**	**6**	**841**
Customer finance transactions (on individual basis)	791	352	(275)	(158)	2	712
Customer finance transactions (on collective basis)	75	35	(2)	(16)	(1)	91
Securities transactions	31	18	(16)		5	38
Impairments on non-banking operations	**8**	**5**		**(3)**	**(1)**	**9**
Other impairment to cover counterparty risk	8	5		(3)	(1)	9
Total provisions to cover counterparty risk	**905**	**410**	**(293)**	**(177)**	**5**	**850**

(*) Other = Reclassification, currency translation effects, changes in scope of consolidation

A breakdown by market segment of allowances for impairment of assets in connection with customer finance operations is provided in note 6.

Note 16 : Subordinated debt - Liabilities

In millions of euros	12/2012	12/2011
Liabilities measured at amortized cost	**250**	**251**
Subordinated debt	250	250
Accrued interest on subordinated debt		1
Hedged liabilities measured at fair value	**9**	**10**
Participating loan stock	9	10
Total subordinated liabilities	**259**	**261**

The €250m subordinated debt securities issued to the public in 2005 have the following characteristics:

- Maturity: in ten years (redeemable on 07/04/2015),
- Currency: euro,
- Interest rate: 3-month Euribor + 0.90.

The remuneration on the participating loan stock issued in 1985 by Diac SA includes a fixed component equal to the money market rate and a variable component obtained by applying the rate of increase in the Diac sub-group's consolidated net income for the year compared to that of the previous year, to 40% of the money market rate.

Note 17 : Financial assets and liabilities by remaining term to maturity

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2012
Financial assets	**7 804**	**8 877**	**10 433**	**136**	**27 250**
Derivatives	12	6	314		**332**
Financial assets available for sale and other financial assets	10	7	43	22	**82**
Amounts receivable from credit institutions	730	2	9		**741**
Loans and advances to customers	7 052	8 862	10 067	114	**26 095**
Financial liabilities	**6 230**	**4 371**	**13 286**	**559**	**24 446**
Derivatives	26	46	32		**104**
Amounts payable to credit institutions	1 175	791	1 964		**3 930**
Amounts payable to customers	1 069			550	**1 619**
Debt evidenced by certificates	3 960	3 534	11 040		**18 534**
Subordinated debt			250	9	**259**

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2011
Financial assets	**7 641**	**8 391**	**10 078**	**89**	**26 199**
Derivatives	18	70	222		**310**
Financial assets available for sale and other financial assets	7	5	25	28	**65**
Amounts receivable from credit institutions	944	2	1		**947**
Loans and advances to customers	6 672	8 314	9 830	61	**24 877**
Financial liabilities	**6 667**	**4 451**	**11 327**	**570**	**23 015**
Derivatives	41	10	40		**91**
Amounts payable to credit institutions	2 251	655	1 217	10	**4 133**
Amounts payable to customers	162	6		550	**718**
Debt evidenced by certificates	4 212	3 780	9 820		**17 812**
Subordinated debt	1		250	10	**261**

Note 18 : Breakdown of future contractual cash flows by maturity

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2012
Financial liabilities	**6 102**	**4 825**	**14 123**	**567**	**25 617**
Derivatives	55	48	27		**130**
Amounts payable to credit institutions	1 153	673	1 964		**3 790**
Amounts payable to customers	1 068			550	**1 618**
Debt evidenced by certificates	3 576	3 433	11 028		**18 037**
Subordinated liabilities			250	9	**259**
Future interest payable	250	671	854	8	**1 783**
Financing and guarantee commitments to customers	**1 519**				**1 519**
Total breakdown of future contractual cash flows by maturity	**7 621**	**4 825**	**14 123**	**567**	**27 136**

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2011
Financial liabilities	**6 639**	**4 925**	**12 491**	**580**	**24 635**
Derivatives	98	114	225		**437**
Amounts payable to credit institutions	2 218	582	1 217	10	**4 027**
Amounts payable to customers	161	6		550	**717**
Debt evidenced by certificates	3 932	3 659	9 817		**17 408**
Subordinated liabilities			250	11	**261**
Future interest payable	230	564	982	9	**1 785**
Financing and guarantee commitments to customers	**1 634**				**1 634**
Total breakdown of future contractual cash flows by maturity	**8 273**	**4 925**	**12 491**	**580**	**26 269**

The sum of the future contractual cash flows is not equal to the values in the balance sheet. This is because future contractual interest and non-discounted coupon payments on swaps are taken into account.

For liability derivatives, the contractual cash flows correspond to the amounts payable.

For the other non-derivative financial liabilities, the contractual cash flows correspond to the repayment of the par value and the payment of interest.

Interest for variable rate financial instruments has been estimated on the basis of the interest rate in effect at 31 December.

Note 19 : Fair value of financial assets and liabilities (under IFRS 7)

19.1 - Nature hierarchy breakdown

In millions of euros	12/2012			12/2011		
	NBV (*)	FV (*)	Difference	NBV (*)	FV (*)	Difference
Financial assets	**27 250**	**27 432**	**182**	**26 199**	**26 278**	**79**
Derivatives	332	332		310	310	
Financial assets available for sale and other financi	82	82		65	65	
Amounts receivable from credit institutions	741	741		947	947	
Loans and advances to customers	26 095	26 277	182	24 877	24 956	79
Financial liabilities	**24 446**	**24 712**	**(266)**	**23 015**	**22 860**	**155**
Derivatives	104	104		91	91	
Amounts payable to credit institutions	3 930	3 984	(54)	4 133	4 112	21
Amounts payable to customers	1 619	1 619		718	718	
Debt evidenced by certificates	18 534	18 750	(216)	17 812	17 675	137
Subordinated debt	259	255	4	261	264	(3)

(*) NBV : Net book value - FV : Fair value - Difference : Unrealized gain or loss

Assumptions and methods used:

Estimated fair values have been determined using available market information and appropriate valuation methods for each type of instrument. However, the methods and assumption used are by nature theoretical, and a substantial amount of judgment comes into play in interpreting market data. Using different assumptions and/or different valuation methods could have a significant effect on the estimated values.

Fair values have been determined on the basis of information available at the closing date of each period, and thus do not reflect later changes.

As a general rule, whenever a financial instrument is traded on an active, liquid market, its most recent quoted price is used to calculate market value. For instruments not traded on such a market, market value is determined by applying recognized valuation models that use observable market parameters. If RCI Banque does not have the necessary valuation tools necessary, as for complex products, valuations are obtained from leading financial institutions.

The main assumptions and valuation methods used are the following:

- **Financial assets**

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2012 and at 31 December 2011 for loans with similar conditions and maturities.

- **Loans and advances to customers**

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2012 and at 31 December 2011.

Customer receivables with a term of less than one year are not discounted, as their fair value is not significantly different from net book value.

- **Financial liabilities**

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2012 and 31 December 2011 for borrowings with similar conditions and maturities. Projected cash flows are discounted according to the zero-coupon yield curve augmented by the spread specific to RCI Banque.

19.2 - Level hierarchy breakdown (IFRS 7)

In millions of euros	Level 1	Level 2	Level 3	Total 12/2012
Assets measured at fair value	**60**	**332**		**392**
Financial assets available for sale and other financial assets	60			60
Derivatives		332		332
Liabilities measured at fair value	**9**	**104**		**113**
Participating loan stock	9			9
Derivatives		104		104

The three-level hierarchy for financial instruments recognized on the balance sheet at fair value, as required by IFRS, is as follows:

- Level 1: measurements based on quoted prices on active markets for identical financial instruments.

- Level 2: measurements based on quoted prices on active markets for similar financial instruments or measurements for which all significant data are based on observable market data.

- Level 3: measurement techniques for which significant data are not based on observable market data.

Debts measured at amortized-fair value hedge cost are only fair-value measured up to the limit of the hedged item, and so are now excluded from the level hierarchy breakdown shown above.

Note 20 : Commitments given

In millions of euros	12/2012	12/2011
Financing commitments	**1 451**	**1 626**
Commitments to customers	1 451	1 626
Guarantee commitments	**123**	**8**
Commitments to credit institutions	55	
Customer guarantees	68	8
Commitments on securities		**8**
Other securities receivable		8
Total commitments given (*)	**1 574**	**1 642**
(*) Of which related parties	*1*	*8*

Note 21 : Commitments received

In millions of euros	12/2012	12/2011
Financing commitments	**4 742**	**4 617**
Commitments from credit institutions	4 741	4 616
Commitments from customers	1	1
Guarantee commitments	**7 629**	**6 779**
Guarantees received from credit institutions	197	130
Guarantees from customers	4 146	3 579
Commitments to take back leased vehicles at the end of the contract	3 286	3 070
Total commitments received (*)	**12 371**	**11 396**
(*) Of which related parties	*2 125*	*1 974*

At 31 December 2012 RCI Banque had €4,696m in unused confirmed lines of credit as well as broadly diversified short-term and medium-term issuance programs. RCI Banque also held €1,903m of receivables eligible as central bank collateral (excluding securities and receivables already in use to secure financing at year-end).

Guarantees and collateral

Guarantees or collateral offer partial or total protection against the risk of losses due to debtor insolvency (mortgages, pledges, comfort letters, bank guarantees on first demand for the granting of loans to dealers and private customers in certain cases). Guarantors are the subject of internal or external rating updated at least annually.

With a view to reducing its risk-taking, the RCI Banque group thus actively and rigorously manages its sureties, among other things by diversifying them: credit insurance, personal and other guarantees.

Note 22 : Exposure to currency risk

In millions of euros	Balance sheet		Off balance sheet		Net position		
12/2012	Long position	Short position	Long position	Short position	Total	Of which monetary	Of which structural
Position USD	1 095			(1 095)			
Position GBP		(819)	942		**123**		123
Position CHF	164			(161)	**3**		3
Position CZK	1		19		**20**		20
Position ARS	21				**21**		21
Position BRL	145				**145**		145
Position PLN		(59)	115		**56**		56
Position HUF	6				**6**		6
Position RON		(2)			**(2)**	(2)	
Position KRW	152				**152**		152
Position MAD	11				**11**		11
Position DKK		(28)	28				
Position TRY	20				**20**		20
Position SEK		(3)	4		**1**		1
Position NOK	68			(68)			
Position AUD	146			(146)			
Position RUB	4			(4)			
Total exposure	**1 833**	**(911)**	**1 108**	**(1 474)**	**556**	**(2)**	**558**

In millions of euros	Balance sheet		Off balance sheet		Net position		
12/2011	Long position	Short position	Long position	Short position	Total	Of which monetary	Of which structural
Position USD	1 005			(1 006)	**(1)**	(1)	
Position GBP		(394)	495		**101**		101
Position CHF		(33)	36		**3**		3
Position CZK		(3)	21		**18**		18
Position ARS	25				**25**		25
Position BRL	132				**132**		132
Position PLN		(62)	113		**51**		51
Position HUF		(1)	6		**5**		5
Position RON	2				**2**	2	
Position KRW	143				**143**		143
Position MAD	11				**11**		11
Position DKK		(24)	24				
Position TRY	19				**19**		19
Position SEK		(46)	46				
Total exposure	**1 337**	**(563)**	**741**	**(1 006)**	**509**	**1**	**508**

The structural foreign exchange position corresponds to the value of foreign currency equity securities held by RCI Banque SA.

Throughout the year, the consolidated RCI Banque group's foreign exchange position remained below the €11m limit imposed by the Renault Group. Consequently, the sensitivity of the income statement to changes in exchange rates is not significant.

Note 23 : Interest and similar income

In millions of euros	12/2012	12/2011
Interests ans similar incomes	**2 289**	**2 125**
Transactions with credit institutions	19	23
Customer finance transactions	1 581	1 447
Finance lease transactions	577	533
Accrued interest due and payable on hedging instruments	111	118
Accrued interest due and payable on Financial assets available for sale	1	4
Staggered fees paid for referral of business:	**(282)**	**(223)**
Customer Loans	(214)	(170)
Finance leases	(68)	(53)
Total interests and similar incomes (*)	**2 007**	**1 902**
(*) Of which related parties	*585*	*521*

As the receivables assigned under the securitization transactions have not been derecognized, interest on those receivables continues to appear under interest and similar income in customer finance transactions.

Note 24 : Interest expenses and similar charges

In millions of euros	12/2012	12/2011
Transactions with credit institutions	(297)	(272)
Customer finance transactions	(27)	(10)
Accrued interest due and payable on hedging instruments	(88)	(104)
Expenses/debt evidenced by certificates	(584)	(525)
Other interest and similar expenses	(21)	(11)
Total interest and similar expenses (*)	**(1 017)**	**(922)**
(*) Of which related parties	*(29)*	*(27)*

Note 25 : Net gains (losses) on financial instruments at fair value through profit or loss

In millions of euros	12/2012	12/2011
Net gains (losses) on derivatives classified as transactions in trading securities	**(3)**	**1**
Net gains / losses on forex transactions	20	(66)
Net gains / losses on derivatives classified in trading securities	(18)	66
Net gains and losses on equity investments at fair value		2
Fair value hedges : change in value of hedging instruments	82	181
Fair value hedges : change in value of hedged items	(87)	(182)
Total net gains or losses on financial instruments at fair value	**(3)**	**1**

Note 26 : Net gains (losses) on AFS securities and other financial assets

In millions of euros	12/2012	12/2011
Other financial assets	**11**	**5**
Dividends	13	5
Charges to (reversals of) impairment allowances	(2)	
Total Net gains (losses) on financial assets available for sale and other	**11**	**5**

Note 27 : Net income (expense) of other activities

In millions of euros	**12/2012**	**12/2011**
Other income from banking operations	**670**	**606**
Incidental income from finance contracts	307	313
Income from service activities	254	179
Income related to non-doubtful lease contracts	59	63
of which reversal of impairment on residual values	*6*	*8*
Operating lease transactions	22	20
Other income from banking operations	28	31
of which reversal of charge to reserve for banking risks	*5*	*7*
Other expenses of banking operations	**(453)**	**(423)**
Cost of services related to finance contracts	(143)	(157)
Cost of service activities	(139)	(113)
Expenses related to non-doubtful lease contracts	(48)	(57)
of which allowance for impairment on residual values	*(4)*	*(10)*
Distribution costs not treatable as interest expense	(77)	(63)
Operating lease	(16)	(12)
Other expenses of banking operations	(30)	(21)
of which charge to reserve for banking risks	*(10)*	*(2)*
Other income and expense of banking operations, net	**4**	**2**
Other income from non-banking operations	16	14
Other expenses of non-banking operations	(12)	(12)
Total net income (expense) of other activities (*)	**221**	**185**
(*) Of which related parties	*(5)*	*(1)*

Incidental income and cost of services related to finance contracts as well as income and expenses of service activities primarily concern insurance and maintenance contracts.

Income and expenses related to operating lease transactions are now classified under “Net income (expense) of other activities”, as recommended by the *Conseil National de la Comptabilité* (French National Accounting Council)) in its Recommendation 2004-R.03. They were previously included as interest in Notes 23 and 24.

Income and expenses of service activities include the income and expenses booked for insurance policies issued by the group’s captive insurance companies.

Net income of insurance activities

In millions of euros	12/2012	12/2011
Gross premiums written	144	91
Net charge of provisions for technical provisions	(47)	(54)
Claims paid	(10)	(3)
Claims recovered from reinsurers	4	2
Others reinsurance charges and incomes	(5)	4
Total net income of insurance activities	**86**	**40**

Note 28 : General operating expenses and personnel costs

In millions of euros	12/2012	12/2011
Personnel costs	**(218)**	**(199)**
Employee pay	(147)	(138)
Expenses of post-retirement benefits	(14)	(15)
Other employee-related expenses	(45)	(42)
Other personnel expenses	(12)	(4)
Other administrative expenses	**(159)**	**(152)**
Taxes other than current income tax	(28)	(19)
Rental charges	(14)	(14)
Other administrative expenses	(117)	(119)
Total general operating expenses (*)	**(377)**	**(351)**
(*) Of which related parties	*(2)*	

Average number of employees	12/2012	12/2011
Sales financing operations and services in France	1 334	1 297
Sales financing operations and services in other countries	1 542	1 533
	2 876	**2 830**

Other personnel expenses include amounts charged to and reversed from provisions for restructuring and for personnel-related risks.

In accordance with Renault Group standards, the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises,* a tax computed on the added value generated by the company) has been included in “Taxes other than current income tax”.

Note 29 : Cost of risk by customer category

In millions of euros	12/2012	12/2011
Cost of risk on customer financing	**(86)**	**(57)**
Impairment allowances	(267)	(208)
Reversal of impairment	317	271
Losses on receivables written off	(155)	(136)
Amounts recovered on loans written off	19	16
Cost of risk on dealer financing	**(2)**	**9**
Impairment allowances	(94)	(69)
Reversal of impairment	103	94
Losses on receivables written off	(12)	(16)
Amounts recovered on loans written off	1	
Other cost of risk	**(3)**	**(4)**
Change in allowance for country risk	(1)	(4)
Change in allowance for impairment of other receivables	(2)	
Total cost of risk	**(91)**	**(52)**

This item includes the net increase (decrease) in impairment allowances, losses on receivables written off, and amounts recovered on receivables written off.

Note 30 : Income tax

In millions of euros	12/2012	12/2011
Current tax expense	**(262)**	**(219)**
Current tax expense	(262)	(219)
Deferred taxes	**15**	**(46)**
Income (expense) of deferred taxes, gross	15	(46)
Total income tax	**(247)**	**(265)**

Current tax expense is equal to the amount of income tax due and payable to tax authorities for the year, under the rules and tax rates applicable in each country.

Certain differences between companies' income for tax purposes and their income for consolidated financial reporting purposes give rise to the recognition of deferred taxes. These differences result mainly from rules for accounting for lease-purchase and long-term rental transactions and for recognizing impairment on doubtful receivables.

Breakdown of net deferred taxes by major category

In millions of euros	12/2012	12/2011
Impairment	135	89
Provisions and other charges deductible when paid	11	11
Tax loss carryforwards	34	38
Other assets and liabilities	(4)	(25)
Lease transactions	(381)	(341)
Non-current assets	(1)	(1)
Impairment allowance on deferred tax assets	(6)	(6)
Total net deferred tax asset (liability)	**(212)**	**(235)**

Reconciliation of actual tax expense booked and theoretical tax charge

In %	12/2012	12/2011
Statutory income tax rate - France	**36,10%**	**36,10%**
Differential in tax rates of french entities	0,72%	0,71%
Differential in tax rates of foreign entities	-4,51%	-3,23%
Change in impairment allowance on deferred tax assets and losses on tax loss carryforwards	-0,03%	-0,02%
Effect of equity-accounted associates	-0,44%	-0,25%
Other impacts	0,14%	0,37%
Effective tax rate	**31,98%**	**33,68%**

Deferred tax expense recognized in the other comprehensive income

In millions of euros	2012 change in equity			2011 change in equity		
	Before tax	Tax	Net	Before tax	Tax	Net
Unrealised P&L on cash flow hedge instruments	(17)	6	(11)	3		3
Unrealised P&L on AFS financial assets	1		1			
Actuarial differences	(2)	1	(1)	(1)		(1)
Exchange differences	(5)		(5)	(26)		(26)
Other unrealized or deferred P&L	(1)		(1)	1		1

6. COMPANIES AND FOREIGN BRANCHES INCLUDED IN THE SCOPE OF CONSOLIDATION

	Country	Direct Interest of RCI Banque	Indirect interest of RCI Banque		%	
			%	Held by	2012	2011
PARENT COMPANY: RCI Banque S.A.						
Branches of RCI Banque SA:						
RCI Banque S.A. Niederlassung Deutschland	Germany					
RCI Banque Sucursal Argentina	Argentina					
RCI Banque SA Niederlassung Osterreich**	Austria					
RCI Banque S.A. Sucursal Espana	Spain					
RCI Banque Sucursal Portugal	Portugal					
RCI Banque S.A. Bancna Podruznica Ljubljana	Slovenia					
RCI Banque Succursale Italiana	Italy					
RCI Banque Branch Ireland**	Ireland					
Renault Finance Nordic Bankfilial till RCI Banque S.A. Frankrike	Sweden					
FULLY CONSOLIDATED COMPANIES:						
RCI Versicherungs Service GmbH	Germany	100			100	100
Rombo Compania Financiera S.A.	Argentina	60			60	60
Courtage S.A.	Argentina	95			95	95
RCI Financial Services S.A.	Belgium	100			100	100
Renault AutoFin S.A.	Belgium	100			100	100
Administradora de Consorcio Renault do Brasil S/C Ltda.	Brazil	99,92	-		99,92	99,92
Companhia de Arrendamento Mercantil RCI do Brasil S.A.	Brazil	-	100	Companhia de Crédito, Financiamento e Investimento RCI do Brasil S.A.	60,11	60,12
Companhia de Crédito, Financiamento e Investimento RCI do Brasil S.A.	Brazil	60,11			60,11	60,09
Corretora de Seguros RCI do Brasil S.A.	Brazil	100			100	100
RCI Financial Services Korea Co Ltd	South Korea	100			100	100
Overlease S.A.	Spain	100			100	100
Diac S.A.	France	100			100	100
Cogéra S.A.	France	-	100	Diac S.A.	100	94,81
Diac Location S.A.	France	-	100	Diac S.A.	100	100
Sogesma S.A.R.L.	France	-	100	Diac S.A.	100	100
RCI zrt Hongrie	Hungary	100			100	100
ES Mobility SRL*	Italy	100			100	100
RCI Services Ltd	Malta	100			100	100
RCI Insurance Ltd	Malta		100	RCI Services Ltd	100	100
RCI Life Ltd	Malta		100	RCI Services Ltd	100	100
RCI Finance Maroc S.A.	Morocco	100			100	100
RCI Financial Services B.V.	Netherlands	100			100	100
Renault Credit Polska Sp. z.o.o.	Poland	100			100	100
RCI Bank Polska S.A.	Poland	100			100	100
RCI Gest Instituiçao Financiora de Credito S.A..	Portugal	100			100	100
RCI Gest Seguros – Mediadores de Seguros, Lda	Portugal	-	100	RCI GEST IFIC S.A.	100	100
RCI Finance CZ s.r.o..	Czech Rep.	100			100	100
RCI Broker De Asigurare S.R.L.	Romania		100	RCI Finantare Romania	100	100
RCI Finantare Romania S.R.L.	Romania	100			100	100
RCI Leasing Romania IFN S.A.	Romania	100			100	100
Renault Acceptance Ltd	United Kingdom	100			100	100
RCI Financial Services Ltd	United Kingdom	100			100	100
RCI Finance S.A.	Switzerland	100			100	100
SPV						
FCT Cars Alliance Auto Loans Germany	Germany		(see note 12)	RCI Banque Niederlassung		
FCT Cars Alliance Auto Leases Germany	Germany			RCI Banque Niederlassung		
SPV DFP RHOMBUS SA	Germany			RCI Banque Niederlassung		
FCT Cars Alliance DFP France	France		(see note 12)	Cogera S.A.		
CARS Alliance Auto Loans France FCT Master	France		(see note 12)	Diac S.A.		
CARS Alliance Auto Loans France F 2012-1	France		(see note 12)	Diac S.A.		
CARS Alliance Auto Loans France V 2012-1	France		(see note 12)	Diac S.A.		
Cars Alliance Warehouse Italy SRL	Italy		(see note 12)	RCI Banque Succursale Italiana		
Cars Alliance Funding Italy SRL	Italy			RCI Banque Succursale Italiana		
SPV Cars Alliance UK	United Kingdom			RCI Financial Services Ltd		
PROPORTIONALLY CONSOLIDATED COMPANIES						
Renault Crédit Car	Belgium		50,10	Renault AutoFin S.A.	50,10	50,10
RCI Financial Services s.r.o.	Czech Rep.	50			50	50
COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD						
Nissan Renault Finance Mexico S.A. de C.V. Sofom E.N.R.	Mexico	15			15	15

***** Entities added to the scope in 2012 ****** Entities added to the scope in 2011

APPENDIX 1: RCI BANQUE GROUP OPERATIONS

In millions of euros	Year	Net loans outstanding at end December (1)	Of which dealers at end December
Europe	2 012	21 144	6 105
	2 011	20 419	5 333
of which Germany	2 012	3 800	995
	2 011	3 850	958
of which Spain	2 012	1 658	497
	2 011	1 716	409
of which France	2 012	9 029	2 554
	2 011	8 813	2 230
of which Italy	2 012	2 240	603
	2 011	2 064	545
of which United-Kingdom	2 012	1 882	415
	2 011	1 581	285
of which others countries (2)	2 012	2 536	1 041
	2 011	2 395	906
Asia Pacific - South Korea	2 012	1 213	12
	2 011	1 323	12
America	2 012	3 055	963
	2 011	2 436	878
of which Brazil	2 012	2 571	783
	2 011	2 058	756
of which Argentina	2 012	484	180
	2 011	379	122
Euromed - Africa	2 012	323	62
	2 011	253	41
Total RCI Banque group	**2 012**	**25 736**	**7 140**
	2 011	**24 432**	**6 263**

(1) excluding operating lease business

(2) Belgium, Netherlands, Switzerland, Austria, Portugal, Scandinavian countries, Poland, Czech Republic, Hungary, Slovenia, Ireland.

Income from external customers is allocated to the different countries according to the home country of each of the entities. Each entity actually only books income from customers residing in the same country as that entity.

APPENDIX 2: FINANCIAL RISKS

Essentially all of the transactions in financial instruments carried out by the RCI Banque SA holding company are related to its function as centralized refinancing office for the RCI Banque group.

In this role, RCI Banque pursues its objectives through two main strategies:

- It obtains the funds required to ensure continuity of the group’s consolidated affiliates’ business operations by borrowing under its own name, via such means as issuance of money-market borrowings, bonds and other negotiable debt securities, securitization of receivables and negotiation of confirmed credit lines, and it makes cash available to group companies;
- It manages and minimizes exposure to the financial risk linked to its affiliates’ Customer sales financing activities, through interest-rate swaps, currency swaps and spot and forward foreign exchange transactions.

The scope of the group’s financial policy extends to all of the sales finance affiliates of the RCI Banque group, including those for which refinancing is not done centrally. All refinancing for affiliates in countries with a rating of less than A- (S&P rating on the transfer and convertibility risk) is done locally to avoid any cross-border risk. These affiliates are also subject to the same financial risk requirements as other group affiliates: they must observe limits on interest rate risk, monitor their liquidity risk, manage their currency risk prudently, contain their counterparty risk, and have in place a dedicated risk monitoring committee as well as a means of ad hoc reporting on financial risks.

MARKET RISK MANAGEMENT ORGANIZATION

The market risk management system, which is part of the RCI Banque group’s overall internal control system, operates according to rules approved by the Renault Group. RCI Banque’s Finance Department is responsible for managing market risks arising from interest rate, liquidity and currency exposures, and for verifying compliance with allowable limits at the consolidated group level. The rules and ceilings are specified and approved by Renault as the shareholder and are periodically updated.

Foreign exchange instruments, interest-rate instruments and currencies approved for use in managing market risks are specified on a list of authorized products validated by RCI Banque’s Finance Committee.

MANAGING AGGREGATE INTEREST-RATE, CURRENCY, COUNTERPARTY AND LIQUIDITY RISKS

Interest-rate risk (audited)

In the case of RCI Banque, the overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin.

The objective of the RCI Banque group is to mitigate this risk as far as possible in order to protect its mark-up.
In order to take account of the difficulty of precisely adjusting the structure of borrowings with that of loans, limited flexibility is accepted in interest rate risk hedging by each subsidiary.

This flexibility consists in a sensitivity limit being assigned to each subsidiary as approved by the Finance committee, individual adaptation of part of the limit granted by Renault to the RCI Banque group.

Refinancing limits for subsidiaries: €20m
Limit of commercial subsidiaries: €10m
Total sensitivity limit in millions of euros granted to RCI Banque by Renault: €30m

The sensitivity thus defined consists in measuring at a given point in time (t) the impact of a change in interest rates on the market price of flows relating to the commercial assets and financial liabilities of an entity.
The market price is determined by the discounted future cash flows at the market price at point t.

The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 bp of the interest rates on all maturities. The calculation is based on the active GAPs and average monthly liabilities.
The instalments of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modeling of historical customer behavior patterns (advance repayment, etc.), supplemented by assumption on certain aggregates (owners' equity, etc.)

Sensitivity is calculated daily per currency and per management entity (refinancing subsidiaries, French and foreign commercial subsidiaries) and enables overall management of the Interest-rate risk on the consolidated scope of the RCI Banque group. This is monitored by the Financial Risks team attached to the Permanent Control department. The situation of each entity with regard to its limit is confirmed every day, and immediate hedging directives are issued to the subsidiaries if circumstances so dictate.
The result of controls is the subject of monthly reporting to the finance committee, which checks the compliance of positions with the group's financial strategy and with prevailing procedural memoranda.

In 2012, overall sensitivity to the interest-rate risk of RCI Banque remained below the €30m limit set by the group.
At 31 December 2012, a 100 bp rise in rates 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.

An analysis of the structural rates risk brings out the following points:

- Sales financing subsidiaries

Virtually all loans to customers by sales financing subsidiaries are granted at a fixed-rate for terms of 1 to 72 months. These loans are hedged by fixed-rate resources having the same structure. They are backed by macro-hedging and only generate a residual Interest-rate risk.
In subsidiaries where the resource is at a floating rate, the Interest-rate risk is hedged thanks to macro-hedging interest rate swaps.

- Refinancing subsidiary

The main activity of RCI Banque SA is to refinance the group's commercial subsidiaries.

The in-force business of the commercial refinancing subsidiaries is backed by fixed rate resources, some of which are micro-hedged by interest rate swaps, and by variable rate resources.

Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the refinancing holding company below the €20m threshold.
These swaps and the securities available for sale are measured at fair value by reserves in accordance with IFRS.
Monthly tests are carried out to ascertain:

- the effectiveness of the hedging of fixed rate resources by the interest rate swaps assigned to micro-hedge them;
- the relevance of macro hedging transactions, by setting them against the variable rate resources.

This data is calculated on the basis of simplified scenarios, working on the assumption that all positions run to maturity and that management does not readjust them to factor in new market conditions. The sensitivity of reserves to a change in interest rates as presented above would in no way be representative of an impact on future results.

Efficiency tests are carried out monthly to ascertain the efficiency of the swap hedging thus put in place.

Liquidity risk

RCI Banque has a duty, at all times and more particularly in difficult periods, to have sufficient funding to guarantee its business growth. For that purpose, RCI Banque imposes stringent internal standards on itself.

Two indicators are monitored monthly by the finance committee:

- **The number of days' liquidity**

A stress scenario is used to calculate the number of days during which the RCI Banque group can, without any additional recourse to the market, have sufficient cash assets to cover its past and projected business.

This figure is the result of calculated liquidity deadlocks that factor in firstly issued resources, confirmed unused credit facilities, the potential eligible for monetary policy transactions of the European System Central Bank (ESCB) and the cash position, and secondly existing commercial and financial assets and business projections.

- **Intrinsic liquidity**

The number of days of intrinsic liquidity measures the number of days during which RCI Banque can carry out its business activities without recourse to confirmed credit facilities.

- **The liquidity reserve**

This indicator is the difference between available securities (confirmed unused credit facilities, which can be mobilized in the Central Bank and in cash) and commercial paper outstandings. It reflects the capacity of RCI Banque to raise new resources, either on certificate of deposit and commercial paper markets in the form of mobilization in the Central Bank, or by using confirmed lines of financing.

• To achieve its objectives, at 31 December 2012, RCI Banque had €4,368m in unused confirmed lines of credit, broadly diversified short-term and medium-term issuance programs and €1,903m of receivables eligible as Bank of France collateral (after discounting and excluding receivables already in use to secure financing at year-end).

• In order to diversify its bank borrowings and limit total resources obtained from a single counterparty, the trading room has developed relations with a large number of banks and intermediaries, both in France and abroad.

The foreign exchange risk

• Very low historically, the forex position of RCI Banque SA, the refinancing unit, remained under €3m throughout the year.

• No position is admitted within the framework of refinancing management: In this respect the trading room guarantees systematic hedging of all the flows concerned.
The sales financing subsidiaries are obliged to refinance themselves in their own currency and are thus not exposed.
By way of exception, a limit of €2.5m has been allocated to Romania, €0.5m to Hungary and €0.1m to Korea, subsidiaries where sales financing activities and related refinancing are multi-currency. A limit of €8m has also been allocated to Russia, which invests its cash surpluses in euros.
The overall limit of the RCI Banque group granted by the Renault shareholder is €17m.

• Residual and temporary positions in currencies, related to cash flow timing differences inherent in multi-currency cash management, may however remain. These possible positions are monitored daily and are subject to the same hedging concern.

• Any other forex transactions (in particular for the anticipated hedging of projected dividends) can only be initiated further to the decision of the finance and cash manager.

At 31 December 2012, the consolidated forex position of the RCI Banque group totaled €3.1m.

Credit risk

• Credit risk is managed with a system of limits set at Renault Group consolidated level and is monitored daily. All the results of controls are communicated monthly to the finance committee of RCI Banque and integrated into the consolidated monitoring of Renault Group credit risk.

• Since the RCI Banque group is structurally a borrower, credit risk primarily arises from hedging transactions carried out with derivative instruments.

• The counterparties of market transactions are chosen from among French and international banks, as well as the limits imposed according to a current internal rating system for the entire Renault Group.

• Temporary cash surpluses are invested exclusively in very short-term bank deposits, including with the Central Bank. The risk of payment/delivery on forex transactions is monitored and subject to specific limits.