



**CONSOLIDATED FINANCIAL
STATEMENTS OF THE
RCI BANQUE GROUP**

31 December 2014

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CONSOLIDATED BALANCE SHEET

ASSETS - in millions of euros	Notes	12/2014	12/2013
Cash and balances at central banks		465	524
Derivatives	2	298	203
Financial assets available for sale and other financial assets	3	756	134
Amounts receivable from credit institutions	4	750	1 160
Loans and advances to customers	5 et 6	28 397	26 328
Adjustment accounts - Assets	7	876	831
Investments in associates and joint ventures	8	50	15
Operating lease transactions	5 et 6	309	195
Tangible and intangible non-current assets	9	28	28
Goodwill	10	90	87
TOTAL ASSETS		32 019	29 505

LIABILITIES AND EQUITY - in millions of euros	Notes	12/2014	12/2013
Derivatives	2	89	130
Amounts payable to credit institutions	11.2	2 660	3 227
Amounts payable to customers	11.3	7 304	5 136
Debt securities	11.4	16 627	16 162
Adjustments accounts - Miscellaneous liabilities	13	1 549	1 368
Provisions	14	141	115
Insurance technical provisions	14	227	183
Subordinated debt - Liabilities	16	261	261
Equity		3 161	2 923
- <i>Of which equity - owners of the parent</i>		3 148	2 908
<i>Share capital and attributable reserves</i>		814	814
<i>Consolidated reserves and other</i>		2 029	1 750
<i>Unrealised or deferred gains and losses</i>		(116)	(125)
<i>Net income for the year</i>		421	469
- <i>Of which equity - non-controlling interests</i>		13	15
TOTAL LIABILITIES & EQUITY		32 019	29 505

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	12/2014	12/2013
Interest and similar income	24	1 914	1 925
Interest expenses and similar charges	25	(962)	(1 001)
Fees and commission income		23	24
Fees and commission expenses		(12)	(15)
Net gains (losses) on financial instruments at fair value through profit or loss	26	(4)	
Net gains (losses) on AFS securities and other financial assets	27	2	16
Net income (expense) of other activities	28	249	272
NET BANKING INCOME		1 210	1 221
General operating expenses	29	(417)	(376)
Depreciation and impairment losses on tangible and intangible assets		(6)	(7)
GROSS OPERATING INCOME		787	838
Cost of risk	30	(109)	(102)
OPERATING INCOME		678	736
Share in net income (loss) of associates and joint ventures	8	(5)	7
Gains less losses on non-current assets		1	1
PRE-TAX INCOME		674	744
Income tax	31	(218)	(238)
NET INCOME		456	506
Of which, non-controlling interests		35	37
Of which owners of the parent		421	469
Net Income per share (*) in euros		420,74	468,90
Diluted earnings per share in euros		420,74	468,90

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	12/2014	12/2013
NET INCOME	456	506
Other comprehensive income	10	(59)
Actuarial differences on defined-benefit pension plans	(5)	2
Total of items that will not be reclassified subsequently to profit or loss	(5)	2
Unrealised P&L on cash flow hedge instruments	(1)	21
Unrealised P&L on AFS financial assets		
Other unrealised or deferred P&L		
Exchange differences	16	(82)
Total of items that will be reclassified subsequently to profit or loss	15	(61)
TOTAL COMPREHENSIVE INCOME	466	447
Of which Comprehensive income attributable to non-controlling interests	36	41
Comprehensive income attributable to owners of the parent	430	406

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Attribut. reserves	Consolid. reserves	Translation adjust.	Unrealized or deferred P&L	Net income attributable to equity holders of the parent	Equity – shareholders of the parent company	Equity – Non-controlling interests	Total Consolidated equity
	(1)	(2)		(3)	(4)			0	
Equity at 31 December 2012	100	714	1 438	(46)	(16)	490	2 680	1	2 681
Appropriation of net income of previous year			490			(490)			
Equity at 1 January 2013	100	714	1 928	(46)	(16)		2 680	1	2 681
Change in value of financial instruments (CFH & AFS) recognized in equity					17		17	4	21
Actuarial differences on defined-benefit pension plans					2		2		2
Exchange differences				(82)			(82)		(82)
Net income for the year (before appropriation)						469	469	37	506
Total comprehensive income for the period				(82)	19	469	406	41	447
Effect of acquisitions, disposals & others			1				1	13	14
Dividend for the year			(175)				(175)	(12)	(187)
Repurchase commitment of non-controlling interests			(4)				(4)	(28)	(32)
Equity at 31 December 2013	100	714	1 750	(128)	3	469	2 908	15	2 923
Appropriation of net income of previous year			469			(469)			
Equity at 1 January 2014	100	714	2 219	(128)	3		2 908	15	2 923
Change in value of financial instruments (CFH & AFS) recognized in equity					(2)		(2)	1	(1)
Actuarial differences on defined-benefit pension plans					(5)		(5)		(5)
Exchange differences				16			16		16
Net income for the year (before appropriation)						421	421	35	456
Total comprehensive income for the period				16	(7)	421	430	36	466
Dividend for the year			(210)				(210)	(17)	(227)
Repurchase commitment of non-controlling interests			20				20	(21)	(1)
Equity at 31 December 2014	100	714	2 029	(112)	(4)	421	3 148	13	3 161

- (1) The share capital of RCI Banque SA (100 million euros) consists of 1,000,000 fully paid up ordinary shares with par value of 100 euros each, of which 999,992 ordinary 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 2014 relates primarily to Argentina, Brazil, South Korea, and Russian Federation. At 31 December 2013, it mainly related to Brazil, Argentina, the United Kingdom and South Korea.
- (4) Includes changes in the fair value of derivatives used as cash flow hedges and available-for-sale assets for € 3.7m and IAS 19 actuarial gains and losses for - €7.8m at end-December 2014.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	12/2014	12/2013
Net income attributable to owners of the parent company	421	469
Depreciation and amortization of tangible and intangible non-current assets	5	6
Net allowance for impairment and provisions	19	(25)
Dividends received and share in net (income) loss of associates and joint ventures	5	(7)
Deferred tax (income) / expense	(10)	19
Net loss / gain from investing activities	(2)	(14)
Net income attributable to non-controlling interests	35	37
Other (gains/losses on derivatives at fair value through profit and loss)	(33)	(19)
Cash flow	440	466
Other movements (accrued receivables and payables)	173	3
Total non-monetary items included in net income and other adjustments	192	
Cash flows on transactions with credit institutions	(94)	(657)
- Inflows / outflows in amounts receivable from credit institutions	348	(381)
- Inflows / outflows in amounts payable to credit institutions	(442)	(276)
Cash flows on transactions with customers	237	2 347
- Inflows / outflows in amounts receivable from customers	(1 941)	(1 219)
- Inflows / outflows in amounts payable to customers	2 178	3 566
Cash flows on other transactions affecting financial assets and liabilities	(422)	(2 075)
- Inflows / outflows related to AFS securities and similar	(665)	3
- Inflows / outflows related to debt securities	250	(1 937)
- Inflows / outflows related to collections	(7)	(141)
Cash flows on other transactions affecting non-financial assets and liabilities	(111)	47
Net decrease / (increase) in assets and liabilities resulting from operating activities	(390)	(339)
Net cash generated by operating activities (A)	223	131
Flows related to financial assets and investments	(15)	(17)
Flows related to tangible and intangible non-current assets	(4)	(6)
Net cash from / (used by) investing activities (B)	(19)	(23)
Net cash from / (to) shareholders	(227)	(187)
- Dividends paid	(227)	(187)
Net cash from / (used by) financing activities (C)	(227)	(187)
Effect of changes in exchange rates and scope of consolidation on cash and cash equivalents	7	(30)
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(16)	(110)
Cash and cash equivalents at beginning of year:	972	1 082
- Cash and balances at central banks	524	616
- Balances in sight accounts at credit institutions	448	466
Cash and cash equivalents at end of year:	956	973
- Cash and balances at central banks	466	524
- Credit balances in sight accounts with credit institutions	615	678
- Debit balances in sight accounts with credit institutions	(125)	(229)
Change in net cash	(16)	(110)

‘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

RCI Banque S.A., the group's parent company, is a limited company (*Société Anonyme* under French law) with a Board of Directors and a fully paid up share capital of 100,000,000 euros. It is subject to all legislation and regulations applicable to credit institutions and is listed on the Bobigny Register of Trade and Companies under number 306 523 358.

RCI Banque S.A's registered office is located at 14, avenue du Pavé-Neuf, 93168 Noisy-le-Grand Cedex, France.

RCI Banque S.A's main business is to provide financing for the Alliance brands.

The consolidated financial statements of the RCI Banque S.A. group by the end of December 2014 relate to the Company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The RCI Banque group's consolidated financial statements for the year 2014 were established by the Board of Directors on 4 February 2015 and will be presented for shareholder approval to the Annual General Meeting on 28 May 2015.

For comparison, the General Meeting of 22 May 2014 set the dividend for 2013 at 210 euros per share, for a total distribution of €210m.

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

2. ACCOUNTING RULES AND 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 2014 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2014 and as adopted in the European Union by the statement closing date.

A) Changes in accounting policies

The following new standards, interpretations and amendments, as published in the Official Journal of the European Union and application of which is mandatory, have been applied for the first time to the annual reporting year 2014.

New standards, interpretations and amendments application of which became mandatory on 1 January 2014	
Amendment to IAS 32	Presentation - Offsetting Financial Assets and Financial Liabilities
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities

The Amendment to IAS 32 clarifies the criteria to be met for offsetting a financial asset and a financial liability.

The Amendment to IAS 36 requires the disclosure of the recoverable amount of any cash generating unit or asset for which an impairment loss is recognized or reversed, and the disclosure of additional information (such as fair value) about any asset for which an impairment loss is booked based on net fair value.

The Amendment to IAS 39 allows the continuation of hedge accounting in circumstances in which a derivative, which has been designated as a hedging instrument, is novated as a consequence of new laws or regulations.

The amendments to IFRS 10, IFRS 12 and IAS 27 propose exemption from consolidation for investment companies.

They have no impact on the group.

The group has applied the following standards, interpretations and amendments in advance, as from 1 January 2013 (mandatory from 1 January 2014).

Standards, interpretations and amendments applied in advance as from 1 January 2013	
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance
Amendment to IAS 28	Investments in Associates and Joint Ventures

The group has not applied the following amendments, published in the Official Journal of the European Union and application of which will be mandatory for RCI Banque as of 1 January 2015 or later, in advance. The group does not expect adoption of these amendments to have any significant impact on the consolidated financial statements.

New standards, interpretations and amendments not applied in advance by the Group	
IFRIC 21	Taxes
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements –2010-2012 Cycle	Various provisions
Annual Improvements – 2011-2013 Cycle	Various provisions

The IASB has also published a number of major new standards that to date have not been adopted by the European Union. The group is currently conducting an examination of the impacts of these new standards on the financial statements.

New IFRS standards not adopted by the European Union		Application date according to the IASB
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from contracts with Customers	1 January 2017

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

B) Consolidation principles

Scope and methods of consolidation

The consolidated financial statements incorporate the accounts of companies over which the group directly or indirectly (subsidiaries and branches) exercises control, within the meaning of IFRS 10 or IFRS 11 (significant influence – associate companies or joint control - joint ventures).

Associate companies and joint ventures are accounted for under the equity method.

Whenever the group is a joint investor in a joint operation, it recognizes directly in its financial statements its assets and liabilities (including its share of jointly-held assets and liabilities), revenue from the sale of its share of the output generated by the joint operation, its share of the revenue from the sale of the output generated by the joint operation and its expenses, including its share of any expenses incurred jointly.

The securitized assets of Diac SA, RCI FS Ltd, the Italian and German branches, and the loans made to 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.

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, Samsung and Datsun 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.

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.

One-year data projections about profit or loss are used.

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 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 €203 m at 31 December 2014, compared to €204m at 31 December 2013. This liability is initially measured 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.

C) Presentation of the financial statements

The summary statements are presented in the format recommended by the *Autorité des Normes Comptables* (French Accounting Standards Authority) in its Recommendation 2013-04 of 7 November 2013 on the format of consolidated financial statements for banking sector institutions 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.

D) 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.

These estimates are taken into account in each of the relevant Notes.

E) Loans and advances to customers and finance lease contracts

Measurement (excluding impairment) and presentation of loans and advances to customers

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.

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

Impairment for credit risk

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.

As soon as a financial asset or group of similar financial assets has been impaired following a loss in value, any later interest income items are recognized on the basis of the interest rate used to discount future cash flows in order to measure loss in value.

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

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-euro zone 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 and Morocco.

The calculation consists in applying a projected default rate and a loss-given-default rate to non-current financing assets unimpaired 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 residual term of the portfolio, 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 2013. The loss-given-default (LGD) rate refers to that of Brazil and is calculated on a 12-month mean basis 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.

However, when a country is rated as selective default, the allowance of that country is frozen at the last allowance balance before the change of rating to avoid the release of allowance due to the depreciation of the local currency.

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 used 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.

F) Operating leases (IAS17)

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

The general principle 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 on the balance sheet at the gross value of the assets leased out less depreciation, plus lease payments receivable and transaction costs still to be staggered. 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.

G) 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**

At 31 December 2014, the RCI Banque group had provided €12,659m in new financing (including credit cards) compared with €11,455m at 31 December 2013.

- **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 2014, dealer financing net of impairment allowances amounted €7,877m to against €7,576m at 31 December 2013.

At 31 December 2014, direct financing of Renault Group subsidiaries and branches amounted to €585m against €473m at 31 December 2013.

At 31 December 2014, the dealer network had collected, as a business contributor, income of €405m against €320m at 31 December 2013.

- **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, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 31 December 2014, this contribution amounted to €393 against €397m at 31 December 2013.

H) 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, the increasing probability of borrower bankruptcy, or the disappearance of an active market, the aggregate loss that has been recorded directly under equity must be removed from equity and recognized in the income statement.

I) 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 less accumulated depreciation and impairment losses, if any.

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

- | | |
|-------------------------------------|----------------|
| - Buildings | 15 to 30 years |
| - Other tangible non-current assets | 4 to 8 years |

J) 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.

K) 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 actuarial 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.

Such plans and schemes release the group from any later obligations, as the national or private institution is responsible for paying employees the amounts owed to them. Payments by the group are booked as expenses for the period to which they refer.

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 and on the estimated average term of the plan measured.

Actuarial gains or losses resulting from revision of the assumptions used in the calculation and experience-related adjustments are recognized as items of other comprehensive income.

The net expense of the period, corresponding to the sum of the cost of services rendered plus any past service costs, and to the cost of accretion of provisions less the return on plan assets is recognized in the income statement under personnel expenses.

L) 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, said rate being used as an approximation applied to underlying transactions, except in the event of significant fluctuations;
- 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.

M) 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.

N) 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 on an actuarial basis 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.

O) 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.

tain 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.

P) 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 "Financial risks" appendix 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.

In accordance with IFRS 13 "Fair Value Measurement", fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At initial recognition in the accounts, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price).

- 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. It also incorporates the measurement of interest rate and currency swap "base" effects.
- The fair value of interest-rate derivatives represents what the group would receive (or would pay) to unwind the running contracts at the closing date, taking into account unrealized gains or losses as determined by current interest rates at the closing date.

Credit adjustment

An adjustment is booked on the valuation of OTC derivative portfolios for counterparty credit risk (or CVA, Credit Valuation Adjustment) and own credit risk (or DVA, Debt Valuation Adjustment).

Exposure (EAD - Exposure At Default) is approximated by the mark-to-market (MTM) plus or minus an add-on, representing potential future risk and taking into account netting agreements with each counterparty. This potential future risk is estimated using the standard method recommended by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274 on capital adequacy requirements applicable to credit institutions and investment companies).

Loss Given Default (LGD) is estimated by default at 60%.

Probability of default (PD) is the probability of default associated with each counterparty's CDS (Credit Default Swaps). In certain countries, if this information is unavailable, the approximated probability of default is that of the counterparty's country.

- 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 foreign exchange 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 and of the results of fair value hedge effectiveness tests, 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,
- variable/pay variable swaps in a given currency to hedge interest-rate risk on variable-rate issues.

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, Samsung and Datsun brands 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, Dacia, Samsung and Datsun 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 2014

- RN Bank, the customer and dealer sales financing associate set up in Russia by the Alliance and an external partner (Unicredit), entered the scope of consolidation in 2014 and is accounted for under the equity method. RN Bank is held through a RN SF BV joint venture, a joint RCI Banque and Nissan holding, which with the external partner holds the associate company BARN BV, RN Bank's shareholder. These two holdings also entered the scope of consolidation in 2014 and are accounted for under the equity method. RCI Banque has a 30% interest in RN Bank and BARN BV and a 50% interest in RN SF BV. Goodwill on initial consolidation of this entity was insignificant.
- On 30/09/2014, Sogesma was taken over by DIAC S.A. with retro-active effect from 01/01/2014.
- New FCT (Fonds Commun de Titrisation) issues:
 - In October 2014, FCT CARS Alliance Auto Loans France V 2014-1 issued AAA-rated and A-rated notes backed by customer auto loans for €600m and €44m respectively.
 - CARS Alliance Auto Loans Germany Master, created in March 2014, issued a number of series of AAA notes retained by RCI Banque Niederlassung Deutschland for a total of €674m at 31/12/2014.
- FCT Cars Alliance DFP France (Fonds Commun de Titrisation) matured.
- FCT CARS Alliance Auto Loans Germany (Fonds Commun de Titrisation) matured.

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. At 31 December 2014, pre-tax income came to €2.4m.

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

In a challenging economic environment, RCI Banque continues to implement a prudent financial policy and to reinforce its liquidity management and control system.

Liquidity

RCI Banque pays great attention to diversifying its sources of access to liquidity. Since the start of the financial crisis, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked, resulting in access to bond markets in numerous currencies (USD, CHF, GBP, BRL, KRW, etc.) to fund European assets and support growth outside Europe.

Recourse to funding through securitization transactions in private and public format also helps RCI Banque to expand its investor base.

The launching of the deposits business has added to diversification of the company's sources of funding, and helped it to adjust to future liquidity requirements arising from Basel 3 standards.

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 dealer network) and completed refinancing transactions. Very prudent assumptions about the outflow of deposits are used, with a multiplying factor applied to the stressed cash outflows adopted by the Basel Committee. The system underwent an internal audit in 2013, a review by the banking regulator (ACPR), and has been reinforced by updating internal procedures.

Credit business risk

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 maintained.

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 stress tests, which are updated quarterly for the main countries per segment (retail customers, corporate customers). All in all, the quality of gross lending is in line with the objectives set.

In a constantly changing environment, RCI Banque's aim is to maintain overall credit risk at a level compatible with the expectations of the financial community and profitability targets.

Profitability

RCI Banque regularly reviews 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 borrowed resources and liquidity cushions needed for business continuity. This method maintains a steady return for this business.

Governance

Liquidity indicators are the subject of particular scrutiny at each monthly financial committee meeting.

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

Exposure to non-commercial credit risk

RCI Banque's exposure to bank counterparty risk mainly arises from the investment of temporary cash surpluses as short-term deposits and from interest-rate or forex hedging with derivatives.

Such transactions are made with first-class banks approved beforehand by the Counterparty Committee. RCI Banque pays close attention to diversifying its counterparties.

To meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI Banque now invests in liquid assets as defined by the Basel Committee. Over the first half-year 2014, liquid assets held by RCI Banque mainly consisted of deposits in the Central Bank. Since the ECB ended its liquidity absorption policy, these liquid assets have mainly consisted of securities issued by governments or supranational European issuers held directly. The duration of this portfolio is less than one year.

In addition, RCI Banque has also invested in a fund whose assets consist of debt securities issued by European agencies and sovereigns and by supranational issuers. Targeted average exposure to credit risk is seven years with a limit at nine years. The fund is aiming for zero exposure to the interest rate risk with a maximum of two years.

5. REFINANCING

RCI Banque made the most of excellent market conditions and extended the maturity of its debt by issuing a seven-year bond for the first time ever, under a €500 million transaction that reached out to new investors looking for longer-term assets. RCI Banque also took advantage of the fact that the market for floating rate notes opened up again, and issued its first two benchmarks in this format since the financial crisis began. RCI Banque also issued a fixed-rate five-year bond. Finally, following its first issue on the GBP market in 2013, the group confirmed its access to liquidity in this currency with two further borrowings in 2014 of GBP 250 million each (a five-year bond followed by a three-year bond).

On the structured finance segment, RCI Banque carried out a €644 million securitization transaction in public format backed by customer loans in France and renewed its private securitization of dealer receivables in Germany.

Outside Europe, the Moroccan subsidiary made its first issue in February and then confirmed its ability to access market funding with a second issue in June. The group's entities in Argentina, Brazil and South Korea also borrowed on their respective domestic bond markets.

Following the launch of a range of savings and term deposit account products for retail customers in France and in Germany in 2012 and in 2013, the group continued to grow its savings operations and in 2014, launched in Austria. At end-December 2014, retail deposits totaled more than €6.5 billion (of which €5.1 billion in sight deposits and €1.4 billion in term deposits), showing an increase of more than 50% over the last twelve months.

These resources, to which should be added (for Europe) €4.0 billion of undrawn committed credit lines, €1.9 billion of assets eligible as collateral in European Central Bank (ECB) monetary policy operations, €913 million of high quality liquid assets (HQLA) and €91 million of available cash, secure the continuity of RCI Banque's commercial business activity for more than eleven months without access to external sources of liquidity.

6. REGULATORY REQUIREMENTS

In accordance with the prudential banking regulations transposing EU Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and EU Regulation 575/2013 into French law, the RCI Banque group is subject to compliance with the solvency ratio and liquidity ratios, risk division ratio and balance sheet balancing (leverage ratio).

The ratios calculated in 2014 do not show any non-compliance with the regulatory requirements.

RCI Banque's participation in the Asset Quality Review

RCI Banque was one of 130 banks selected by the European Central Bank (ECB) to be included in the Comprehensive Assessment carried out in preparation for the Single Supervisory Mechanism. Overall outcomes as well as bank-level data were disclosed in the results published by the ECB on 26 October 2014.

At completion of the Asset Quality Review, RCI Banque was not required to make any significant adjustments to its capital or provisions.

In a highly stressed scenario as defined by the European regulator, RCI Banque's capital remained well above the required level, with a Common Equity Tiers 1 (CET1) ratio of 9.08%, compared to the imposed threshold of 4% in 2014.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

1.1 - Segmentation by market

In millions of euros	Customer	Dealer financing	Other	Total 12/2014
Average performing loan outstandings	18 717	6 698		25 415
Net banking income	943	188	79	1 210
Gross operating income	625	151	11	787
Operating income	529	138	11	678
Pre-tax income	530	138	6	674

In millions of euros	Customer	Dealer financing	Other	Total 12/2013
Average performing loan outstandings	17 721	6 498		24 219
Net banking income	974	192	55	1 221
Gross operating income	674	156	8	838
Operating income	589	139	8	736
Pre-tax income	595	138	11	744

A breakdown by market is provided for the main income statement as well as for average performing loan outstanding 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 outstanding 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	12/2014		12/2013	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	36	42	3	38
Interest-rate derivatives				22
Currency derivatives	36	39	3	15
Other derivatives		3		1
Fair value of financial assets and liabilities recognized as derivatives used for hedging	262	47	200	92
Interest-rate and currency derivatives: Fair value hedges	248	32	187	85
Interest-rate derivatives: Cash flow hedges	14	15	13	7
Total derivatives	298	89	203	130

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 the accounting rules and methods in the following paragraphs: “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 2012	(13)	(9)	(4)	
Changes in fair value recognized in equity	4			
Transfer to income statement	13			
Balance at 31 December 2013	4		4	
Changes in fair value recognized in equity	(3)			
Transfer to income statement	2			
Balance at 31 December 2014	3	(1)	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 12/2014
Hedging of currency risk				
<u>Forward forex contracts</u>				
Sales	1 765			1 765
Purchases	1 777			1 777
<u>Spot forex transactions</u>				
Loans	112			112
Borrowings	112			112
<u>Currency swaps</u>				
Loans	94	1 241		1 335
Borrowings	117	1 172		1 289
Hedging of interest-rate risk				
<u>Interest rate swaps</u>				
Lender	5 820	5 579	350	11 749
Borrower	5 820	5 579	350	11 749

(*) Of which related parties

92

In millions of euros	0-1 year	1-5 years	+5 years	Total 12/2013
Hedging of currency risk				
<u>Forward forex contracts</u>				
Sales	1 465			1 465
Purchases	1 453			1 453
<u>Spot forex transactions</u>				
Loans	53			53
Borrowings	53			53
<u>Currency swaps</u>				
Loans	332	1 060		1 392
Borrowings	335	1 124		1 459
Hedging of interest-rate risk				
<u>Interest rate swaps</u>				
Lender	2 941	6 356		9 297
Borrower	2 941	6 356		9 297

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

In millions of euros	12/2014	12/2013
Financial assets available for sale	743	77
Government debt securities and similar	455	37
Variable income securities	118	8
Bonds and other fixed income securities	170	32
Other financial assets	13	57
Interests in companies controlled but not consolidated	13	57
Total financial assets available for sale and other financial assets	756	134

Note 4 : Amounts receivable from credit institutions

In millions of euros	12/2014	12/2013
Credit balances in sight accounts at credit institutions	615	677
Ordinary accounts in debit	586	659
Overnight loans	27	17
Accrued interest	2	1
Term deposits at credit institutions	135	483
Term loans	128	473
Reverse repurchase agreement or bought outright	3	8
Doubtful receivables		1
Accrued interest	4	1
Total amounts receivable from credit institutions (*)	750	1 160

(*) Of which related parties

114

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

Current bank accounts held by the Fonds Commun de Titrisation (FCTs) contribute in part to the funds' credit enhancement. They totaled €479 million at year-end 2014 and are included in "Ordinary Accounts in debit".

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

Note 5 : Customer finance transactions and similar

In millions of euros	12/2014	12/2013
Loans and advances to customers	28 398	26 328
Customer finance transactions	22 325	20 104
Finance lease transactions	6 073	6 224
Operating lease transactions	309	195
Total customer finance transactions and similar	28 707	26 523

The gross value of restructured loans outstanding, further to measures and concessions made towards borrowers experiencing financial difficulty (or likely to experience financial difficulty in the future), came to €24.9m and is impaired by €7.7m at 31 December 2014.

5.1 - Customer finance transactions

In millions of euros	12/2014	12/2013
Loans and advances to customers	22 951	20 802
Factoring	509	487
Other commercial receivables	1	87
Other customer credit	21 387	19 132
Ordinary accounts in debit	319	302
Doubtful and compromised receivables	735	794
Interest receivable on customer loans and advances	38	57
Other customer credit	27	40
Ordinary accounts	2	
Doubtful and compromised receivables	9	17
Total of items included in amortized cost - Customer loans and advances	(76)	(136)
Staggered handling charges and sundry expenses - Received from customers	(72)	(96)
Staggered contributions to sales incentives by manufacturer or dealers	(412)	(372)
Staggered fees paid for referral of business	408	332
Impairment on loans and advances to customers	(588)	(619)
Impairment on delinquent or at-risk receivables	(166)	(165)
Impairment on doubtful and compromised receivables	(397)	(432)
Impairment on residual value	(25)	(22)
Total customer finance transactions, net	22 325	20 104

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	12/2014	12/2013
Finance lease transactions	6 208	6 378
Leasing and long-term rental	6 085	6 244
Doubtful and compromised receivables	123	134
Accrued interest on finance lease transactions	7	8
Leasing and long-term rental	5	5
Doubtful and compromised receivables	2	3
Total of items included in amortized cost - Finance leases	(39)	(49)
Staggered handling charges	(16)	(18)
Staggered contributions to sales incentives by manufacturer or dealers	(102)	(117)
Staggered fees paid for referral of business	79	86
Impairment on finance leases	(103)	(113)
Impairment on delinquent or at-risk receivables	(10)	(10)
Impairment on doubtful and compromised receivables	(89)	(98)
Impairment on residual value	(4)	(5)
Total finance lease transactions, net	6 073	6 224

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 12/2014
Finance leases - net investment	3 058	3 116	2	6 176
Finance leases - future interest receivable	209	178		387
Finance leases - gross investment	3 267	3 294	2	6 563
Amount of residual value guaranteed to RCI Banque group	1 451	1 406	1	2 858
<i>Of which amount guaranteed by related parties</i>	<i>1 009</i>	<i>806</i>	<i>1</i>	<i>1 816</i>
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2 257	2 487	2	4 746

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2013
Finance leases - net investment	3 100	3 233	4	6 337
Finance leases - future interest receivable	225	164		389
Finance leases - gross investment	3 325	3 397	4	6 726
Amount of residual value guaranteed to RCI Banque group	1 433	1 461	2	2 896
<i>Of which amount guaranteed by related parties</i>	<i>841</i>	<i>609</i>	<i>2</i>	<i>1 452</i>
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2 485	2 789	2	5 276

5.3 - Operating lease transactions

In millions of euros	12/2014	12/2013
Fixed asset net value on operating lease transactions	308	195
Gross value of tangible assets	346	220
Depreciation of tangible assets	(38)	(25)
Receivables on operating lease transactions	4	3
Accrued interest	1	1
Non-impaired receivables	3	1
Doubtful and compromised receivables		1
Impairment on operating leases	(3)	(3)
Impairment on doubtful and compromised lease contracts		(1)
Impairment on residual value	(3)	(2)
Total operating lease transactions, net	309	195

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

In millions of euros	12/2014	12/2013
0-1 year	26	21
1-5 years	65	26
+5 years		1
Total	91	48

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 2014, the RCI Banque group's maximum aggregate exposure to credit risk stood at €32,686 m. This exposure chiefly includes 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 22 Commitments received).

Amount of receivables due

In millions of euros	12/2014	of which non-impaired (1)	12/2013	of which non-impaired (1)
Receivables due	840	416	518	15
Between 0 and 90 days	455	416	82	15
Between 90 and 180 days	44		61	
Between 180 days and 1 year	27		36	
More than one year	314		339	

(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 2014, guarantees held on doubtful or delinquent receivables totaled €469m, compared with €655m at 31 December 2013.

5.5 - Residual values of risk carried by RCI Banque

The total risk on residual values carried by the RCI Banque group amounted to €912m at December 2014 against €569m at December 2013. It was covered by provisions totaling €5.7 m at December 2014 (essentially affecting the United Kingdom).

Note 6 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer	Other	Total 12/2014
Gross value	20 932	8 090	379	29 401
Non-impaired receivables	20 428	7 727	377	28 532
Doubtful receivables	178	324	1	503
Compromised receivables	326	39	1	366
<i>% of doubtful and compromised receivables</i>	<i>2,41%</i>	<i>4,49%</i>	<i>0,53%</i>	<i>2,96%</i>
Impairment allowance on individual basis	(444)	(153)	(1)	(598)
Non-impaired receivables	(59)	(53)		(112)
Doubtful receivables	(106)	(61)		(167)
Compromised receivables	(279)	(39)	(1)	(319)
Impairment allowance on collective basis	(37)	(59)		(96)
Impairment	(6)	(59)		(65)
Country risk	(31)			(31)
Net value (*)	20 451	7 878	378	28 707

(*) Of which: related parties (excluding participation in incentives and fees paid for referrals) 241 585 273 1 099

In millions of euros	Customer	Dealer	Other	Total 12/2013
Gross value	19 036	7 787	435	27 258
Non-impaired receivables	18 496	7 379	434	26 309
Doubtful receivables	155	368		523
Compromised receivables	385	40	1	426
<i>% of doubtful and compromised receivables</i>	<i>2,84%</i>	<i>5,24%</i>	<i>0,23%</i>	<i>3,48%</i>
Impairment allowance on individual basis	(484)	(157)	(1)	(642)
Non-impaired receivables	(58)	(53)		(111)
Doubtful receivables	(95)	(64)		(159)
Compromised receivables	(331)	(40)	(1)	(372)
Impairment allowance on collective basis	(39)	(54)		(93)
Impairment	(8)	(54)		(62)
Country risk	(31)			(31)
Net value (*)	18 513	7 576	434	26 523

(*) Of which: related parties (excluding participation in incentives and fees paid for referrals) 163 473 249 885

Business segment information is given in detail in note 1.

The “Other” category mainly includes buyer and ordinary accounts with dealers and the Renault Group.

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

Note 7 : Adjustment accounts - Assets

In millions of euros	12/2014	12/2013
Tax receivables	239	214
Current tax assets	37	46
Deferred tax assets	105	86
Tax receivables other than on current income tax	97	82
Adjustment accounts and other assets	637	618
Other sundry debtors	203	231
Adjustment accounts - Assets	29	33
Items received on collections	295	261
Reinsurer part in technical provisions	110	93
Total adjustment accounts – Assets and other assets (*)	876	832

(*) Of which related parties 153 174

Deferred tax assets are analyzed in note 31.

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

Changes in the part of reinsurance in the technical provisions

In millions of euros	12/2014	12/2013
Reinsurer part in technical provisions at the beginning of period	93	80
Increase of the technical provisions chargeable to reinsurers	24	19
Claims recovered from reinsurers	(7)	(6)
Reinsurer part in technical provisions at the end of period	110	93

Note 8 : Investments in associates and joint ventures

In millions of euros	12/2014		12/2013	
	Share of net assets	Net income	Share of net assets	Net income
NR Finance Mexico SA de CV				3
RCI Financial Services,s.r.o.				3
RN SF B.V.	33	(6)		
Orfin Finansman Anonim Sirketi	17	1	15	1
Total interests in associates	50	(5)	15	7

Note 9 : Tangible and intangible non-current assets

In millions of euros	12/2014	12/2013
Intangible assets: net	4	3
Gross value	34	32
Accumulated amortization and impairment	(30)	(29)
Property, plant and equipment: net	24	25
Gross value	114	112
Accumulated depreciation and impairment	(90)	(87)
Total tangible and intangible non-current assets	28	28

Note 10 : Goodwill

In millions of euros	12/2014	12/2013
Germany	12	12
United Kingdom	40	37
Italy	9	9
Argentina	4	5
South Korea	19	18
Czech Republic	6	6
Total goodwill from acquisitions by country	90	87

Impairment tests were performed on all goodwill (using the methods and assumptions described in Note B). These impairment tests revealed no impairment risk at 31 December 2014.

As a reminder, the Hungary's goodwill was fully impaired in 2008. In 2013, goodwill of €6.4m was recognized for a new partnership agreement signed with Unicredit under which control of RCI Financial Services s.r.o, in the Czech Republic, was taken over by RCI Banque S.A.

Note 11 : Liabilities to credit institutions and customers & debt securities**11.1 - Breakdown of liabilities by valuation method**

In millions of euros	12/2014	12/2013
Liabilities valued at amortized cost - Excluding fair value hedge	20 720	18 597
Amounts payable to credit institutions	2 650	3 062
Amounts payable to customers	7 304	5 136
Debt securities	10 766	10 399
Liabilities valued at amortized cost - Fair value hedge	5 871	5 928
Amounts payable to credit institutions	10	165
Debt securities	5 861	5 763
Total financial debts	26 591	24 525

11.2 - Amounts payable to credit institutions

In millions of euros	12/2014	12/2013
Sight accounts payable to credit institutions	125	229
Ordinary accounts	47	130
Other amounts owed	78	99
Term accounts payable to credit institutions	2 535	2 998
Term borrowings	2 396	2 847
Accrued interest	139	151
Total liabilities to credit institutions	2 660	3 227

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 was zero at 31 December 2014, following discharge of said receivables. There is no longer any SFEF refinancing (which totaled €210 million at 31 December 2013).

The balance of the funding provided by the European Central Bank in exchanged for assigned accounts receivable amounted €550 m at end-December 2014 (against zero at end-December 2013). It is included in the “Central banks” line item in the liabilities-side of the balance sheet.

The book value of the collateral presented to the Bank of France (3G) amounted to €2,850 m at 31 December 2014, including €398m of private accounts receivable and €2,452m in collateralized security entity shares.

11.3 - Amounts payable to customers

In millions of euros	12/2014	12/2013
Amounts payable to customers	7 280	5 114
Ordinary accounts in credit	75	58
Term accounts in credit	671	723
Ordinary saving accounts	5 102	3 549
Term deposits (retail)	1 432	784
Other amounts payable to customers and accrued interest	24	22
Other amounts payable to customers	17	20
Accrued interest on ordinary accounts in credit	6	
Accrued interest on term accounts in credit	1	2
Total amounts payable to customers (*)	7 304	5 136
	677	717

(*) Of which related parties (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.

RCI Banque launched its savings business in February 2012 in France and in February 2013 in Germany and in April 2014 in Austria, marketing both savings accounts and term deposit accounts.

11.4 - Debt securities

In millions of euros	12/2014	12/2013
Negotiable debt securities (1)	952	802
Certificates of deposit	797	589
Commercial paper and similar	111	184
French MTNs and similar	10	
Accrued interest on negotiable debt securities	34	29
Other debt securities (2)	3 636	3 605
Other debt securities	3 635	3 602
Accrued interest on other debt securities	1	3
Bonds and similar	12 039	11 755
Bonds	11 784	11 490
Accrued interest on bonds	255	265
Total debt securities (*)	16 627	16 162
	203	203

(*) Of which related parties

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

- (2) Other debt evidenced by certificates consists primarily of the securities issued by the vehicles created for the French (Diac SA), Italian (RCI Banque Succursale Italiana), 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	12/2014			12/2013		
	Variable	Fixed	Total	Variable	Fixed	Total
Amounts payable to credit institutions	1 011	1 649	2 660	1 089	2 138	3 227
Amounts payable to customers	5 728	1 576	7 304	4 134	1 002	5 136
Negotiable debt securities	452	500	952	407	395	802
Other debt securities	3 063	572	3 635	3 393	212	3 605
Bonds	2 409	9 631	12 040	1 340	10 415	11 755
Total financial liabilities by rate	12 663	13 928	26 591	10 363	14 162	24 525

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							
Country	France					Italy	Germany	
Originator	DIAC SA	DIAC SA	DIAC SA	DIAC SA	DIAC SA	RCI Banque Succursale Italiana	RCI Bank Niederlassung	RCI Bank Niederlassung
Securitized collateral	Auto loans to customers	Auto loans to customers	Auto loans to customers	Crédits automobiles à la clientèle	Receivables independant dealers	Auto loans to customers	Auto loans to customers	Auto loans to customers
Issuer	CARS Alliance Auto Loans France FCT Master	CARS Alliance Auto Loans France F 2012-1	CARS Alliance Auto Loans France V 2012-1	CARS Alliance Auto Loans France V 2014-1	FCT Cars Alliance DFP France	Cars Alliance Warehouse Italy SRL	CARS Alliance Auto Loans Germany Master	CARS Alliance Auto Loans Germany V2013-1
Closing date	May 2012	June 2012	November 2012	October 2014	July 2013	June 2012	March 2014	December 2013
Legal maturity date	August 2030	September 2021	February 2024	January 2026	July 2023	December 2029	March 2031	December 2024
Initial purchase of receivables	715 M€	867 M€	826 M€	700 M€	1 020 M€	777 M€	674 M€	977 M€
Credit enhancement as at the closing date	Cash reserve for 1% Over-collateralization of receivables 15,1%	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 11,5%	Cash reserve for 1% Over-collateralization of receivables 20,35%	Cash reserve for 2% Over-collateralization of receivables 14,5%	Cash reserve for 1% Over-collateralization of receivables 8%	Cash reserve for 1% Over-collateralization of receivables 12%
Receivables purchased as of 31/12/14	447 M€	97 M€	379 M€	671 M€	1054 M€	511 M€	946 M€	904 M€
Notes in issue as at 31/12/14 (including any units held by the RCI Banque group)	Class A Rating : AAA 377 M€	Class A Rating : AAA 4 M€	Class A Rating : AAA 285 M€	Class A Rating : AAA 600 M€	Class A Rating : AAA 750 M€	Class A Rating : AAA 433 M€	Class A Rating : AAA 870 M€	Class A Rating : AAA 800 M€
	Class B Non rated 68 M€	Class B Non rated 102 M€	Class B Non rated 109 M€	Class C Non noté 34 M€			Class B Rating : A+ 44 M€	Class B Non rated 76 M€
					Class C Non noté 52 M€			
Period	Revolving	Amortizing	Amortizing	Revolving	Revolving	Amortizing	Revolving	Revolving
Transaction's nature	Retained	Market	Market	Market	Retained	Retained	Retained	Market

In 2014, the RCI Banque group carried out two securitization transactions in public format in France and in Germany, by means of special purpose vehicles. Certain transactions were retained by RCI Banque SA thus providing securities eligible as ECB collateral.

In addition, and as part of its efforts to diversify its refinancing, a number of operations were secured by conduit. As these issues were private, their terms and conditions are not disclosed in the above table. Customer receivables in the

United Kingdom and in Italy were securitized, as were leasing receivables and dealer receivables in Germany.

At 31 December 2014, the amount of financing obtained through securitization by conduit totaled €1,931m. The amount of financing obtained through securitization transactions in public format placed on the markets totaled €1,711m.

The securitization transactions carried out by the group all meet the requirement under Article 405 of European Directive No. 575/2013 for a net economic interest of not less than 5% to be retained. These transactions were not intended to result in derecognition of the receivables transferred, and at 31 December 2014, the amount of the sales financing receivables thus maintained on the balance sheet totaled €7,724m (€7,680m at 31 December 2013), as follows:

- Securitization transactions placed on the market: €2,052m
- Retained securitization transactions: €2,958m
- Private securitization transactions: €2,714m

The fair value of these receivables was €7,901m at 31 December 2014.

Liabilities of €3,636m have been booked under "Other debt securities" corresponding to the securities issued during securitization transactions. The fair value of these liabilities was €3,670m at 31 December 2014.

The difference between the amount of receivables transferred 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 : Adjustments accounts - Miscellaneous liabilities

In millions of euros	12/2014	12/2013
Taxes payable	445	451
Current tax liabilities	74	76
Deferred tax liabilities	339	329
Taxes payable other than on current income tax	32	46
Adjustment accounts and other amounts payable	1 104	917
Social security and employee-related liabilities	38	58
Other sundry creditors	875	676
Adjustment accounts - liabilities	186	176
Collection accounts	5	7
Total adjustment accounts - Liabilities and other liabilities (*)	1 549	1 368
<i>(*) Of which related parties</i>	<i>187</i>	<i>64</i>

Deferred tax assets are analyzed in note 31.

Note 14 : Provisions

In millions of euros	12/2013	Charge	Reversals		Other (*)	12/2014
			Used	Not Used		
Provisions on banking operations	214	197	(55)	(86)		270
Provisions for litigation risks	4	43	(27)			20
Other provisions, including insurance technical provisions	210	154	(28)	(86)		250
Provisions on non-banking operations	84	26	(14)	(6)	8	98
Provisions for pensions liabilities and related	34	4	(4)		7	41
Provisions for restructuring	5		(1)			4
Provisions for tax and litigation risks	41	20	(8)	(3)		50
Other	4	2	(1)	(3)	1	3
Total provisions	298	223	(69)	(92)	8	368

(*) 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 2014, the provisions for restructuring mainly concern Spain, the United Kingdom and Germany.

Other provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to €227m at end-December 2014.

Provisions for litigation risks include the provision for the German branch (RCI Banque S.A. Niederlassung Deutschland), which came to €13m at end-December 2014 (€1m for the VAT-related tax audit and €12m for unfair administration/processing fees following the ruling by Germany's Supreme Court) and the €5m provision for the Hungarian subsidiary (RCI ZRT) made further to a new law, with retrospective effect, on loans in foreign currencies.

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	12/2014	12/2013
Liabilities relative to insurance contracts in the beginning of period	183	151
Allowance for insurance technical provisions	62	46
Services paid	(18)	(14)
Liabilities relative to insurance contracts at the end of period	227	183

Insurance risk

The main risk to which the group is exposed in respect of insurance and re-insurance policies taken out is the risk that the actual total amount of claims and settlements and/or the rate of payment thereof may differ from estimations. The frequency of claims, their seriousness, the valuation of settlements paid out and the type of claims, some of whose

development may be long term, all have an impact on the main risk to which the group is exposed. The group makes sure that its available reserves are sufficient to cover its commitments.

Exposure to risk is limited by diversifying the portfolio of insurance and re-insurance policies, and the geographical areas in which they are taken out. Fluctuations in the level of risk are also kept to a minimum through stringent policy selection, compliance with subscription guides and the use of re-insurance agreements.

The group makes use of re-insurance in order to limit risk. Policies are transferred under re-insurance agreements on a proportionate basis. Proportionate reinsurance treaties are signed in order to reduce the group's overall exposures for all businesses and in all countries. The amounts that may be recovered from re-insurers are determined in accordance with the claim reserves and with the reinsurance treaties. Re-insurance does not release the transferor from its commitments to policy holders and if for any reason the re-insurer is unable to meet its obligations, the group is exposed to a credit risk on the policies transferred. Re-insurance treaties are signed with A-rated counterparties and the group actively monitors each re-insurer's rating. The group has assessed the risks covered by reinsurance contracts and believes that no retrocession is required.

Key assumptions

The main assumption underlying estimations of liabilities is that the trend in future claims will follow exactly the same trend as in past claims.

The group has therefore factored in an ultimate loss rate in estimating the total cost of claims and of claim reserves (IBNR). Bearing in mind the reinsurance treaties that have been signed, any deterioration or improvement in this loss rate would have no significant impact on the year's results.

Provisions for pension and other post-employment benefits

In millions of euros	12/2014	12/2013
France	32	28
Rest of world	9	6
Total provisions	41	34

Subsidiaries without a pension fund

Main actuarial assumptions	France	
	12/2014	12/2013
Retirement age	67 years	67 years
Salary increases	2,26%	2,16%
Financial discount rate	1,89%	3,19%
Starting rate	5,83%	4,25%

Subsidiaries with a pension fund

Main actuarial assumptions	UK		Switzerland		Netherlands	
	12/2014	12/2013	12/2014	12/2013	12/2014	12/2013
Average duration	27 years	27 years	17 years	11 years	12 years	12 years
Rate of wage indexation	3,00%	3,35%	1,00%	1,00%	1,25%	1,25%
Financial discount rate	3,80%	4,75%	1,50%	2,00%	2,60%	3,20%
Actual return rate of hedge assets	12,10%	6,80%	2,00%	1,40%	2,60%	3,20%

Changes in provisions during the year

In millions of euros	Actuarial value of obligations (A)	Actuarial value of invested funds (B)	Obligations less invested funds (C)	Net liabilities (assets) of the defined-benefit pension plans (A) – (B) – (C)
Opening balance of the current period	67	33		34
Current service cost	3			3
Net interest on the net liability (asset)	2	1		1
Expense (income) recorded in the income statement	5	1		4
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	(2)			(2)
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	11			11
Net return on fund asset (not included in net interest above)		3		(3)
Actuarial gains and losses on the obligation resulting from experience adjustments	1			1
Expense (income) recorded in Other components of comprehensive income	10	3		7
Employer's contributions to funds		1		(1)
Benefits paid	(4)	(1)		(3)
Effect of changes in exchange rates	2	(2)		
Balance at the closing date of the period	80	38		42

Nature of invested funds

In millions of euros	12/2014		12/2013	
	Quoted on an active market	Not quoted on an active market	Quoted on an active market	Not quoted on an active market
Shares	9		8	
Bonds	25		21	
Others	4		4	
Total	38		33	

Note 15 : Impairments allowances to cover counterparty risk

In millions of euros	12/2013	Charge	Reversals		Other (*)	12/2014
			Used	Not used		
Impairments on banking operations	735	339	(250)	(131)	4	697
Customer finance transactions (on individual	642	321	(245)	(124)	6	600
Customer finance transactions (on collective	93	17	(5)	(7)	(2)	96
Securities transactions		1				1
Impairment on non-banking operations	4	1				5
Other impairment to cover counterparty risk	4	1				5
Impairment on banking operations	4	43	(27)			20
Provisions for litigation risks	4	43	(27)			20
Total provisions to cover counterparty risk	743	383	(277)	(131)	4	722

(*) 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	12/2014	12/2013
Liabilities measured at amortized cost	251	251
Subordinated debt	250	250
Accrued interest on subordinated debt	1	1
Hedged liabilities measured at fair value	10	10
Participating loan stocks	10	10
Total subordinated liabilities	261	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.

Annual remuneration is between 100% and 130% of the money market rate, with a floor rate of 6.5%.

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 12/2014
Financial assets	8 570	9 762	11 589	281	30 202
Derivatives	41	21	214	22	298
Financial assets available for sale and other financial assets	125	399	101	132	757
Amounts receivable from credit institutions	685	5	60		750
Loans and advances to customers	7 719	9 337	11 214	127	28 397

Financial liabilities	8 455	3 679	13 728	1 079	26 941
Derivatives	17	38	34		89
Amounts payable to credit institutions	874	709	1 077		2 660
Amounts payable to customers	5 345	394	1 015	550	7 304
Debt securities	2 219	2 287	11 602	519	16 627
Subordinated debt		251		10	261

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2013
Financial assets	8 205	8 823	10 637	160	27 825
Derivatives	8	19	176		203
Financial assets available for sale and other financial assets	12	15	49	58	134
Amounts receivable from credit institutions	1 152	7	1		1 160
Loans and advances to customers	7 033	8 782	10 411	102	26 328

Financial liabilities	6 561	4 811	12 984	560	24 916
Derivatives	21	10	99		130
Amounts payable to credit institutions	1 132	1 131	964		3 227
Amounts payable to customers	3 777	165	644	550	5 136
Debt securities	1 630	3 505	11 027		16 162
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 12/2014
Financial liabilities	8 399	4 087	14 415	1 112	28 013
Derivatives	13	27	25		65
Amounts payable to credit institutions	848	596	1 077		2 521
Amounts payable to customers	5 339	394	1 015	550	7 298
Debt securities	1 930	2 176	11 587	519	16 212
Subordinated debts		250		9	259
Future interest payable	269	644	711	34	1 658
Financing and guarantee commitments to customers	1 653				1 653
Total breakdown of future contractual cash flows by maturity	10 052	4 087	14 415	1 112	29 666

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2013
Financial liabilities	6 592	5 070	13 915	603	26 180
Derivatives	23	5	42	37	107
Amounts payable to credit institutions	1 101	1 009	964		3 074
Amounts payable to customers	3 774	165	644	550	5 133
Debt securities	1 439	3 386	11 021		15 846
Subordinated debts			250	9	259
Future interest payable	255	505	994	7	1 761
Financing and guarantee commitments to customers	1 576				1 576
Total breakdown of future contractual cash flows by maturity	8 168	5 070	13 915	603	27 756

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 assets and liabilities (in accordance with IFRS 7 & IFRS 13) and breakdown of assets and liabilities by fair value hierarchy

In millions of euros 12/2014	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	30 201	743	1 048	28 541	30 332	131
Derivatives	298		298		298	
Financial assets available for sale and other finan	756	743		13	756	(0)
Amounts receivable from credit institutions	750		750		750	
Loans and advances to customers	28 397			28 528	28 528	131
Financial liabilities	26 941	10	27 256		27 266	(325)
Derivatives	89		89		89	
Amounts payable to credit institutions	2 660		2 688		2 688	(28)
Amounts payable to customers	7 304		7 304		7 304	
Debt securities	16 627		16 924		16 924	(297)
Subordinated debt	261	10	251		261	

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

Financial assets available for sale classified as Level 3 are holdings in non-consolidated companies.

The €44m decrease compared to December 2013 is mainly attributable to the consolidation of RN SF BV in May 2014, which explains most of the change in the item "Investments in associates and joint ventures".

In millions of euros 12/2013	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	27 825	77	1 363	26 481	27 921	96
Derivatives	203		203		203	
Financial assets available for sale and other finan	134	77		57	134	
Amounts receivable from credit institutions	1 160		1 160		1 160	
Loans and advances to customers	26 328			26 424	26 424	96
Financial liabilities	24 916	10	25 269		25 279	(363)
Derivatives	130		130		130	
Amounts payable to credit institutions	3 227		3 268		3 268	(41)
Amounts payable to customers	5 136		5 136		5 136	
Debt securities	16 162		16 484		16 484	(322)
Subordinated debt	261	10	251		261	

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

Assumptions and methods used:

The three-level hierarchy for financial instruments recognized on the balance sheet at fair value, as required by IFRS 7 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.

Estimated fair values have been determined using available market information and appropriate valuation methods for each type of instrument.

However, the methods and assumptions 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 without a quoted price, market value is determined by applying recognized valuation models that use observable market parameters. If RCI Banque does not have the necessary valuation tools, including 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 2014 and at 31 December 2013 for loans with similar conditions and maturities.

Level 3 securities are non-consolidated holdings for which there is no quoted price.

- 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 2014 and at 31 December 2013.

Customer receivables with a term of less than one year are not discounted, as their fair value is not significantly different from their 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 2014 and 31 December 2013 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

Note 20 : Netting agreements and other similar commitments

Master Agreement relating to transactions on forward financial instruments and similar agreements

The RCI Banque group negotiates its forward derivative agreements under International Swaps and Derivatives Association (ISDA) and FBF (*Fédération Bancaire Française*) Master Agreements.

The occurrence of an event of default entitles the non-defaulting party to suspend performance of its payment obligations and to payment or receipt of a settlement amount for all terminated transactions.

ISDA and FBF Master Agreements do not meet the criteria for offsetting in the financial statements. The RCI Banque group currently only has a legally enforceable right to offset booked amounts in the event of default or a credit event.

Synthesis of financial assets and liabilities agreements

In millions of euros - 31/12/2014

ASSETS	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability-side of the balance	Guarantees on the liability-side of balance sheet	Off-balance sheet guarantees	
Derivatives	298		298	66			233
Network financing receivables (1)	1 121		1 121		724		397
Total	1 419		1 419	66	724		630

LIABILITIES AND EQUITY	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the assets of the balance	Guarantees on the assets-side of balance sheet	Off-balance sheet guarantees	
Derivatives	89		89	66			23
Others Contracts							
Total	89		89	66			23

(1) The gross book value of dealer financing receivables breaks down into €521m for the Renault Retail Group, whose exposures are hedged for up to €550m by a cash warrant agreement given by the Renault manufacturer (see note 11.3), and €600m for dealers financed by Companhia de Credito, Financiamento e Investimento RCI Brasil, whose exposures are hedged for up to €205m by *letras de cambio* taken out by the dealers.

In millions of euros - 31/12/2013

ASSETS	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability-side of the balance	Guarantees on the liability-side of balance sheet	Off-balance sheet guarantees	
Derivatives	203		203	81			122
Network financing receivables (1)	1 232		1 232		669		563
Total	1 435		1 435	81	669		685

LIABILITIES AND EQUITY	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the assets of the balance	Guarantees on the assets-side of balance sheet	Off-balance sheet guarantees	
Derivatives	130		130	81			49
Others Contracts							
Total	130		130	81			49

(1) The gross book value of dealer financing receivables breaks down into €423m for the Renault Retail Group, whose exposures are hedged for up to €550m by a cash warrant agreement given by the Renault manufacturer (see note 11.3), and €809m for non-group dealers financed by Companhia de Credito, Financiamento e Investimento RCI Brasil, whose exposures are hedged for up to €246m by letras de cambio taken out by the dealers.

Note 21 : Commitments given

In millions of euros	12/2014	12/2013
Financing commitments	1 645	1 486
Commitments to customers	1 645	1 486
Guarantee commitments	64	157
Commitments to credit institutions	34	67
Customer guarantees	30	90
Total commitments given (*)	1 709	1 643

(*) Of which related parties

11

12

Note 22 : Commitments received

In millions of euros	12/2014	12/2013
Financing commitments	4 812	4 669
Commitments from credit institutions	4 812	4 668
Commitments from customers		1
Guarantee commitments	8 051	8 192
Guarantees received from credit institutions	146	212
Guarantees from customers	4 676	4 788
Commitments to take back leased vehicles at the end of the contract	3 229	3 192
Total commitments received (*)	12 863	12 861

(*) *Of which related parties*

2 476

2 103

RCI Banque dispose au 31 décembre 2014 de 4 803 millions d'euros de lignes de sécurité confirmées non utilisées, d'une diversification importante de ses programmes d'émissions court et moyen termes et de 1 874 millions d'euros de titres de créances éligibles et mobilisables auprès de la Banque Centrale Européenne (après prise en compte des décôtes, hors titres et créances

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 23 : Exposure to currency risk

In millions of euros 12/2014	Balance sheet		Off balance sheet		Net position		
	Long position	Short position	Long position	Short position	Total	Of which monetary	Of which structural
Position USD	1 006			(1 006)			
Position GBP		(898)	1 027		129		129
Position CHF		(115)	118		3		3
Position CZK		(12)	30		18		18
Position ARS	14				14		14
Position BRL	121				121		121
Position PLN		(190)	203		13		13
Position HUF	6				6		6
Position KRW	162				162		162
Position MAD	26				26		26
Position DKK		(71)	71				
Position TRY	17				17		17
Position SEK		(40)	40				
Position NOK	55			(55)			
Position AUD	125			(125)			
Position RUB		(45)	45				
Position SGD	30			(30)			
Total exposure	1 562	(1 371)	1 534	(1 216)	509		509

In millions of euros 12/2013	Balance sheet		Off balance sheet		Net position		
	Long position	Short position	Long position	Short position	Total	Of which monetary	Of which structural
Position USD	1 419			(1 419)			
Position GBP		(875)	995		120		120
Position CHF		(7)	10		3		3
Position CZK	12		6		18		18
Position ARS	15				15		15
Position BRL	120				120		120
Position PLN		(81)	94		13		13
Position HUF	6				6		6
Position KRW	148				148		148
Position MAD	26				26		26
Position DKK		(44)	44				
Position TRY	16				16		16
Position SEK		(23)	23				
Position NOK	60			(60)			
Position AUD	120			(120)			
Position SGD	28			(28)			
Total exposure	1 970	(1 030)	1 172	(1 627)	485		485

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 24 : Interest and similar income

In millions of euros	12/2014	12/2013
Interests and similar incomes	2 252	2 228
Transactions with credit institutions	27	20
Customer finance transactions	1 630	1 563
Finance lease transactions	496	535
Accrued interest due and payable on hedging instruments	98	109
Accrued interest due and payable on Financial assets available for sale	1	1
Staggered fees paid for referral of business:	(338)	(303)
Customer Loans	(271)	(231)
Finance leases	(67)	(72)
Total interests and similar incomes (*)	1 914	1 925
<i>(*) Of which related parties</i>	<i>560</i>	<i>538</i>

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 25 : Interest expenses and similar charges

In millions of euros	12/2014	12/2013
Transactions with credit institutions	(224)	(281)
Customer finance transactions	(103)	(70)
Finance lease transactions	(1)	(1)
Accrued interest due and payable on hedging instruments	(15)	(37)
Expenses on debt securities	(598)	(587)
Other interest and similar expenses	(21)	(25)
Total interest and similar expenses (*)	(962)	(1 001)
<i>(*) Of which related parties</i>	<i>(33)</i>	<i>(35)</i>

Note 26 : Net gains (losses) on financial instruments at fair value through profit or loss

In millions of euros	12/2014	12/2013
Net gains (losses) on derivatives classified as transactions in trading securities	(4)	
Net gains / losses on forex transactions	(38)	(20)
Net gains / losses on financial assets non trading derivatives	1	
Net gains / losses on derivatives classified in trading securities	28	18
Net gains and losses on equity securities at fair value	(1)	(1)
Fair value hedges : change in value of hedging instruments	115	(202)
Fair value hedges : change in value of hedged items	(109)	205
Total net gains or losses on financial instruments at fair value	(4)	0

Net gains (or losses) on financial instruments at fair value through profit or loss include the - €3.3m adjustment for credit risk at 31 December 2014, which breaks down into a gain of + €0.2 m for DVA and an expense of - €3.5 m for CVA.

Note 27 : Net gains (losses) on AFS securities and other financial assets

In millions of euros	12/2014	12/2013
Other financial assets	2	3
Dividends from non-consolidated holdings	3	3
Charges to (reversals of) impairment allowances	(1)	
Goodwill on first consolidation		13
Goodwill on first consolidation		13
Total Net gains (losses) on financial assets available for sale and other (*)	2	16

(*) Of which related parties

(1)

Goodwill on first consolidation was €13m at 31 December 2013, of which €12m following the entry of OOO RN Finance RUS (Russia) into the scope of consolidation.

Note 28 : Net income (expense) of other activities

In millions of euros	12/2014	12/2013
Other income from banking operations	791	700
Incidental income from finance contracts	300	296
Income from service activities	339	288
Income related to non-doubtful lease contracts	62	54
<i>of which reversal of impairment on residual values</i>	<i>3</i>	<i>5</i>
Income from operating lease transactions	44	33
Other income from banking operations	46	29
<i>of which reversal of charge to reserve for banking risks</i>	<i>18</i>	<i>4</i>
Other expenses of banking operations	(558)	(450)
Cost of services related to finance contracts	(134)	(141)
Cost of service activities	(167)	(144)
Expenses related to non-doubtful lease contracts	(53)	(46)
<i>of which allowance for impairment on residual values</i>	<i>(3)</i>	<i>(2)</i>
Distribution costs not treatable as interest expense	(84)	(74)
Expenses related to operating lease transactions	(26)	(21)
Other expenses of banking operations	(94)	(24)
<i>of which charge to reserve for banking risks</i>	<i>(13)</i>	<i>(3)</i>
Other income and expense of banking operations, net	16	22
Other income from non-banking operations	32	34
Other expenses of non-banking operations	(16)	(12)
Total net income (expense) of other activities (*)	249	272
<i>(*) Of which related parties</i>	<i>(8)</i>	<i>(8)</i>

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

Other expenses of banking operations include €52m further to Germany's Supreme Court ruling that administration/processing fees were unfair (with retrospective effect to 2004).

Net income of insurance activities

In millions of euros	12/2014	12/2013
Gross premiums written	197	158
Net charge of provisions for technical provisions	(42)	(31)
Claims paid	(18)	(14)
Others contract charges including commissions paid	(2)	(1)
Claims recovered from reinsurers	7	6
Others reinsurance charges and incomes	(10)	(9)
Total net income of insurance activities	132	109

Note 29 : General operating expenses and personnel costs

In millions of euros	12/2014	12/2013
Personnel costs	(221)	(218)
Employee pay	(149)	(145)
Expenses of post-retirement benefits	(14)	(15)
Other employee-related expenses	(49)	(48)
Other personnel expenses	(9)	(10)
Other administrative expenses	(196)	(158)
Taxes other than current income tax	(24)	(26)
Rental charges	(11)	(14)
Other administrative expenses	(161)	(118)
Total general operating expenses (*)	(417)	(376)
<i>(*) Of which related parties</i>	<i>(3)</i>	<i>(4)</i>

Average number of employees	12/2014	12/2013
Sales financing operations and services in France	1 305	1 321
Sales financing operations and services in other countries	1 545	1 523
	2 850	2 844

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

In accordance with IFRS standards applicable to RCI Banque, 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".

Other administrative expenses include a €17m payment further to a VAT-related tax adjustment for the German branch (RCI Banque S.A. Niederlassung Deutschland).

Note 30 : Cost of risk by customer category

In millions of euros	12/2014	12/2013
Cost of risk on customer financing	(94)	(81)
Impairment allowances	(235)	(193)
Reversal of impairment	274	245
Losses on receivables written off	(157)	(150)
Amounts recovered on loans written off	24	17
Cost of risk on dealer financing	(13)	(17)
Impairment allowances	(92)	(118)
Reversal of impairment	91	119
Losses on receivables written off	(13)	(20)
Amounts recovered on loans written off	1	2
Other cost of risk	(2)	(4)
Change in allowance for country risk		(3)
Change in allowance for impairment of other receivables	(2)	(1)
Total cost of risk	(109)	(102)

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

Note 31 : Income tax

In millions of euros	12/2014	12/2013
Current tax expense	(228)	(218)
Current tax expense	(228)	(218)
Deferred taxes	10	(20)
Income (expense) of deferred taxes, gross	10	(20)
Total income tax	(218)	(238)

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	12/2014	12/2013
Impairment	56	66
Provisions and other charges deductible when paid	14	15
Tax loss carryforwards	78	85
Other assets and liabilities	24	(21)
Lease transactions	(399)	(382)
Non-current assets	(1)	
Impairment allowance on deferred tax assets	(6)	(6)
Total net deferred tax asset (liability)	(234)	(243)

Reconciliation of actual tax expense booked and theoretical tax charge

In %	12/2014	12/2013
Statutory income tax rate - France	38,00%	38,00%
Differential in tax rates of french entities	0,53%	1,69%
Differential in tax rates of foreign entities	-7,87%	-9,38%
Change in impairment allowance on deferred tax assets and losses on tax loss car	-0,02%	0,01%
Effect of equity-accounted associates	0,33%	-0,73%
Other impacts	2,27%	2,45%
Effective tax rate	33,24%	32,04%

The French entities Diac S.A. and Diac Location S.A. are subject to the special contribution on corporation tax, the current rate of which is 10.7%, which brings their income tax rate to 38%.

Deferred tax expense recognized in the other comprehensive income

In millions of euros	2014 change in equity			2013 change in equity		
	Before tax	Tax	Net	Before tax	Tax	Net
Unrealised P&L on cash flow hedge instruments	(1)		(1)	34	(13)	21
Actuarial differences	(7)	2	(5)	3	(1)	2
Exchange differences	16		16	(82)		(82)

Note 32: Events after the end of the reporting period

There were no events between the reporting period end date and 4 February 2015 when the Board of Directors approved the financial statements that might have a significant impact on the financial statements for the year ended 31 December 2014.

8. COMPANIES AND FOREIGN BRANCHES OF THE GROUP

A) List of consolidated companies and foreign branches

	Country	Direct interest of RCI	Indirect interest of RCI Banque		%	
			%	Held by	2014	2013
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 en Espana	Spain					
RCI Banque Sucursal Portugal	Portugal					
RCI Banque S.A. Bancna Podruznicna Ljubljana	Slovenia					
RCI Banque Succursale Italiana	Italy					
RCI Banque Branch Ireland	Ireland					
Renault Finance Nordic, Bankfilial till RCI Banque S.A. Frankrike	Sweden					
RCI Banque Spółka Akcyjna Oddział w Polsce **	Poland					
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 SA	Belgium	100			100	100
AUTOFIN	Belgium	100			100	100
Administradora De Consorcio RCI Brasil Ltda.	Brazil	99,92	-		99,92	99,92
Companhia de Arrendamento Mercantil RCI Brasil	Brazil	-	100	Companhia de Credito, Financiamento e Investimento RCI Brasil	60,11	60,11
Companhia de Credito, Financiamento e Investimento RCI Brasil	Brazil	60,11			60,11	60,11
Corretora de Seguros RCI Brasil S.A.	Brazil	100			100	100
RCI Financial Service Korea Co, Ltd	South Korea	100			100	100
Overlease S.A.	Spain	100			100	100
Diac S.A.	France	100			100	100
Diac Location S.A.	France	-	100	Diac S.A.	100	100
RCI ZRT	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	Morocco	100			100	100
RDFM**	Morocco		100	RCI Finance Maroc	100	100
RCI Financial Services B.V.	Netherlands	100			100	100
RCI Leasing Polska	Poland	100			100	100
RCI GEST - Instituição Financeira de Crédito, SA	Portugal	100			100	100
RCI GEST SEGUROS – Mediadores de Seguros, Lda	Portugal	-	100	RCI GEST - Instituição Financeira de Crédito, SA	100	100
RCI Finance CZ s.r.o.	Czech Rep	100			100	100
RCI Financial Services s.r.o.	Czech Rep	50			50	50
RCI Finantare Romania	Romania	100			100	100
RCI Broker De Asigurare S.R.L.	Romania		100	RCI Finantare Romania	100	100
RCI Leasing Romania IFN S.A.	Romania	100			100	100
RCI Financial Services Ltd	United Kingdom	100			100	100
OOO RN FINANCE RUS**	Russia	100			100	
RCI Finance S.A.	Switzerland	100			100	100
SPV						
CARS Alliance Auto Loans Germany Master*	Germany		(see note 12)	RCI Banque Niederlassung Deutschland		
FCT Cars Alliance Auto Loans Germany V2013-1**	Germany		(see note 12)	RCI Banque Niederlassung Deutschland		
FCT Cars Alliance Auto Leases Germany	Germany			RCI Banque Niederlassung Deutschland		
Cars Alliance DFP Germany 2014*	Germany			RCI Banque Niederlassung Deutschland		
FCT CARS Alliance Auto Loans France V 2014-1*	France		(see note 12)	Diac S.A.		
FCT Cars Alliance DFP France**	France		(see note 12)	Diac 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 Auto Loans UK	United Kingdom			RCI Financial Services Ltd		
COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD :						
RN SF B.V.*	Netherlands	50			50	
BARN B.V.*	Netherlands		60	RN SF B.V.*	30	
RN Bank*	Russia		100	BARN B.V.*	30	
Orfin Finansman Anonim Sirketi**	Turkey	50			50	50
Renault Crédit Car	Belgium		50,10	AUTOFIN	50,10	50,10

* Entities added to the scope in 2014 ** Entities added to the scope in 2013

B) Information about locations and operations

Country-by-country reporting

In millions of euros - 31/12/2014

Geographical location	Company name	Nature of activities	Number of employees (1)	Net banking income	Profit or loss before tax	Tax on profit or loss	Public subsidies received
Germany	RCI Banque S.A. Niederlassung Deutschland	Financing	322	91	33	(9)	
	RCI Versicherungs Service GmbH	Services					
Argentina	RCI Banque Sucursal Argentina	Financing	38	56	46	(16)	
	Rombo Compania Financiera S.A.	Financing					
	Courtage S.A.	Services					
Austria	RCI Banque SA Niederlassung Osterreich	Financing	38	12	4	(1)	
Belgium	RCI Financial Services SA	Financing	24	10	7	(2)	
	AUTOFIN	Financing					
	Renault Credit Car	Financing					
Brazil	Administradora De Consorcio RCI Brasil Ltda.	Financing	140	163	100	(33)	
	Companhia de Arrendamento Mercantil RCI Brasil	Financing					
	Companhia de Credito, Financiamento e Investimento RCI Brasil	Financing					
	Corretora de Seguros RCI Brasil S.A.	Services					
South Korea	RCI Financial Service Korea Co, Ltd	Financing	84	53	41	(9)	
Spain	RCI Banque S.A. Sucursal en Espana	Financing	159	71	45	(11)	
	Overlease S.A.	Financing					
France	RCI BANQUE SA	Financing	1 236	399	179	(78)	
	Diac Location S.A.	Financing					
Hungary	RCI ZRT	Financing	5	1	(4)	1	
Ireland	RCI Banque branch Ireland	Financing	19	4	1	(0)	
Italy	RCI Banque Succursale italiana	Financing	184	71	24	(23)	
	ES MOBILITY SRL	Financing					
Malta	RCI SERVICES LTD	Holding	12	74	71	(4)	
	RCI Insurance Ltd	Services					
	RCI Life Ltd	Services					
Morocco	RCI Finance Maroc	Financing	27	18	7	(3)	
	RDFM	Services					
Netherlands	RCI Financial Services B.V.	Financing	36	12	3	(1)	
Poland	RCI Banque Spolka Akcyjna Oddzial w Polsce	Financing	51	17	13	(3)	
	RCI Leasing Polska	Financing					
Portugal	RCI Banque Sucursal Portugal	Financing	35	10	6	(2)	
	RCI GEST - Instituicao Financeira de Credito, SA	Financing					
	RCI GEST SEGUROS - Mediadores de Seguros, Lda	Services					
Czech Rep	RCI Finance CZ s.r.o.	Financing	20	10	8	(2)	
	RCI Financial Services s.r.o.	Financing					
Romania	RCI Finantare Romania	Financing	63	12	9	(1)	
	RCI Broker De Asigurare S.R.L.	Services					
	RCI Leasing Romania IFN S.A.	Financing					
United Kingdom	RCI Financial Services Ltd	Financing	208	91	64	(15)	
Russia	OOO RN FINANCE RUS	Financing	229	10	3	(2)	
	RN SF B.V.	Financing					
Slovenia	RCI Banque S.A. Bancna Podruznica Ljubljana	Financing	21	2	(1)	0	
Sweden	Renault Finance Nordie, Bankfilial till RCI Banque S.A. Frankrike	Financing	13	5	3	(1)	
Switzerland	RCI Finance S.A.	Financing	36	18	11	(3)	
Turkey	ORFIN Finansman Anonim Sirketi	Financing	45		1		
TOTAL			3 043	1 210	674	(218)	

(1) Full time equivalent basis

C) Subsidiaries in which non-controlling interests are significant

The following table summarizes information about companies in the RCI Banque group that have significant minority interests, before intra-group elimination:

In millions of euros - 31/12/2014 - before intra-group elimination	Rombo Compania Financiera	Cia de Arrendamento Mercantil RCI Brasil	CFI RCI Brasil
Country of location	Argentina	Brazil	Brazil
Percentage of capital held by non controlling interests	40,00%	39,89%	39,89%
Share in associates by non controlling interests	40,00%	39,89%	39,89%
Nature	Subsidiary	Subsidiary	Subsidiary
Consolidation method	Fully consolidated	Fully consolidated	Fully consolidated
Net Income: Share in net income (loss) of associates and joint ventures	8	10	15
Equity: Investments in associates and joint ventures	0	0	0
Dividends paid to non controlling interests (minority shareholders)	0	0	13
Cash, due from banks	13	10	96
Net outstandings customers loans and lease financings	198	315	2 355
Other assets	2	18	237
Total assets	213	343	2 688
Due to banks, customer deposits and debt securities issued	135	36	2 297
Other liabilities	14	64	61
Net Equity	64	244	330
Total liabilities	213	343	2 688
Net banking income	39	50	105
Net income	20	25	37
Other components of comprehensive income	(0)		10
Total comprehensive income	20	25	47
Net cash generated by operating activities	(11)	(7)	36
Net cash generated by financing activities			32
Net cash generated by investing activities			1
Net increase/(decrease) in cash and cash equivalents	(11)	(7)	68

Percentages of voting rights are identical.

The amount of debt for puts on minority interests for the two Brazilian entities, CAM RCI Brasil and CFI RCI Brasil, is classified under "Other liabilities" for €175m at 31 December 2014 and €179m at 31 December 2013.

The amount of debt for puts on minority interests for ROMBO Compania Financiera is classified under "Other liabilities" for €28m at 31 December 2014 and €25m at 31 December 2013.

In millions of euros - 31/12/2013 - before intra-group elimination	Rombo Compania Financiera	Cia de Arrendamento Mercantil RCI Brasil	CFI RCI Brasil
Country of location	Argentina	Brazil	Brazil
Percentage of capital held by non controlling interests	40,00%	39,89%	39,89%
Share in associates by non controlling interests	40,00%	39,89%	39,89%
Nature	Subsidiary	Subsidiary	Subsidiary
Consolidation method	Fully consolidated	Fully consolidated	Fully consolidated
Net Income: Share in net income (loss) of associates and joint ventures	8	11	17
Equity: Investments in associates and joint ventures	0	0	0
Dividends paid to non controlling interests (minority shareholders)	0	0	11
Cash, due from banks	4	3	170
Net outstandings customers loans and lease financings	325	394	2 307
Other assets	2	13	217
Total assets	331	410	2 693
Due to banks, customer deposits and debt securities issued	266	139	2 322
Other liabilities	14	54	53
Net Equity	51	217	318
Total liabilities	331	410	2 693
Net banking income	41	54	103
Net income	20	28	41
Other components of comprehensive income	1		6
Total comprehensive income	21	28	47
Net cash generated by operating activities	1	(2)	(102)
Net cash generated by financing activities			27
Net cash generated by investing activities			
Net increase/(decrease) in cash and cash equivalents	1	(2)	(75)

D) Significant associates and joint ventures

Significant associates and joint ventures

In millions of euros - 31/12/2014	RN Bank	Orfin Finansman Anonim Sirketi
Country of location	Russia	Turkey
Percentage of capital held	30,00%	50,00%
Share in associates and joint ventures	30,00%	50,00%
Nature	Associate	Joint venture
Consolidation method	Equity method	Equity method
Share in net income (loss) of associates and joint ventures	(6)	1
Investments in associates and joint ventures	33	17
Dividends paid to non controlling interests (minority shareholders)	0	0
Cash, due from banks	151	49
Net outstandings customers loans and lease financings	354	429
Other assets	28	8
Total assets	533	487
Due to banks, customer deposits and debt securities issued	410	446
Other liabilities	13	6
Net Equity	110	34
Total liabilities	533	487
Net banking income	23	7
Net income	15	2
Other components of comprehensive income		
Total comprehensive income	15	2
Net cash generated by operating activities	(15)	(8)
Net cash generated by financing activities		
Net cash generated by investing activities		
Net increase/(decrease) in cash and cash equivalents	(15)	(8)

In millions of euros - 31/12/2013	RN Bank	Orfin Finansman Anonim Sirketi
Country of location	Russia	Turkey
Percentage of capital held	30,00%	50,00%
Share in associates and joint ventures	30,00%	50,00%
Nature	Subsidiary	
Consolidation method	Non consolidated	
Share in net income (loss) of associates and joint ventures		
Investments in associates and joint ventures		
Dividends paid to non controlling interests (minority shareholders)	0	0
Cash, due from banks		31
Net outstandings customers loans and lease financings		269
Other assets		5
Total assets		304
Due to banks, customer deposits and debt securities issued		267
Other liabilities		5
Net Equity		32
Total liabilities		304
Net banking income		7
Net income		2
Other components of comprehensive income		
Total comprehensive income		2
Net cash generated by operating activities		
Net cash generated by financing activities		
Net cash generated by investing activities		
Net increase/(decrease) in cash and cash equivalents		

E) Significant restrictions

The group has no significant restrictions on its ability to access or use its assets and settle its liabilities, other than those resulting from the regulatory framework in which its subsidiaries operate. Local supervisory authorities may require bank subsidiaries to maintain a certain level of capital and liquidities, to limit their exposure to other parts of the group and to comply with other ratios.

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	2 014	23 612	7 090
	2 013	21 395	6 475
of which Germany	2 014	4 229	1 124
	2 013	3 710	992
of which Spain	2 014	2 016	476
	2 013	1 673	458
of which France	2 014	9 268	2 893
	2 013	9 023	2 757
of which Italy	2 014	2 623	688
	2 013	2 340	639
of which United-Kingdom	2 014	2 956	720
	2 013	2 295	568
of which others countries (2)	2 014	2 519	1 188
	2 013	2 355	1 062
Asia Pacific - South Korea	2 014	1 047	9
	2 013	954	8
America	2 014	2 966	707
	2 013	3 170	1 022
of which Brazil	2 014	2 652	590
	2 013	2 660	807
of which Argentina	2 014	315	117
	2 013	511	216
Euromed - Africa	2 014	306	68
	2 013	283	68
Total RCI Banque group	2 014	28 017	7 877
	2 013	25 894	7 576

(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

RCI Banque works towards its objectives by means of two main strategies:

- it obtains the funds required to ensure continuity of the group's consolidated subsidiaries' 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 lines of credit, and it makes cash available to group companies;
- it manages and minimizes exposure to the financial risk linked to its sales financing subsidiaries' Customer business, through interest rate swaps, currency swaps and spot and forward foreign exchange transactions.

The scope of the group's financial policy extends to all consolidated finance subsidiaries of the RCI Banque group, including those for which refinancing is not done centrally.

All refinancing for subsidiaries in countries outside the Eurozone whose transfer and convertibility risk is deemed to be a material risk by RCI Banque is generally done locally to limit any cross-border risk. Group procedures do however allow the central refinancing office to grant occasional cross-border funding to subsidiaries located in such countries, if there is an insurance policy covering the non-convertibility and non-transfer risk or if the funding is for a very limited amount only.

Such subsidiaries are also subject to the same financial risk monitoring requirements as other group subsidiaries: they must observe limits on interest rate risk and foreign exchange risk, monitor their liquidity risk, contain their counterparty risk and have in place specific monitoring of financial risk by means of a dedicated financial committee and special purpose reporting.

Transactions on financial instruments carried out by the RCI Banque holding are for the main part related to its central refinancing function for the RCI Banque group.

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 and Cash Department is responsible for managing market risks (aggregate risk arising from interest rate, liquidity and foreign exchange 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. The Financial Risk Team attached to the Permanent Control Department (Company Secretary's Office and Risk Management Department) is responsible for producing a daily report and for monitoring the Group's exposure to financial risks.

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, FOREIGN EXCHANGE, COUNTERPARTY AND LIQUIDITY RISKS

INTEREST RATE RISK

The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin.

The RCI-Banque group's aim 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 to that of loans, limited flexibility is accepted in interest rate hedging by each subsidiary.

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

Central refinancing limit:	€22m
Limit for sales financing subsidiaries:	€11m
Not assigned:	€2m
Total sensitivity limit in €m granted by Renault to RCI Banque:	€35m

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 an entity's balance sheet flows.

The market price is determined by the discounting of 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 base points in interest rates on all maturities. The calculation is based on average monthly asset and liability gaps.

Maturities 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 (early repayment, etc.), supplemented by assumptions about certain aggregates (owners' equity, etc.).

Sensitivity is calculated daily per currency and per management entity (central refinancing office, French and foreign sales financing subsidiaries) and enables overall management of interest rate risk across the consolidated scope of the RCI Banque group. Monitoring is performed by the Financial Risk Team attached to the Permanent Control Department (Company Secretary's Office and Risk Management Department).

The situation of each entity with regard to its limit is checked daily, 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 2014, RCI Banque's aggregate sensitivity to interest rate risk remained below the limit set by the group (€35m).

At 31 December 2014, a 100-base point rise in rates would have an impact of:

- +€1.0m in EUR,
- +€0.4m in CHF,
- +€0.9m in GBP,
- -€0.3m in KRW,
- +€0.5m in MAD,
- -€0.5m in BRL.

The sum of the absolute sensitivity values in each currency totaled €4.52m.

Analysis of the structural rate risk highlights the following points:

- SALES FINANCING SUBSIDIARIES

Virtually all loans to customers by sales financing subsidiaries are granted at a fixed rate for terms of one to seventy-two 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, interest rate risk is hedged by macro-hedging interest rate swaps.

- CENTRAL REFINANCING OFFICE

RCI Holding's main activity is to refinance the group's commercial subsidiaries.

The in-force business of the sales financing 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 holding company below the €22m limit.

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.

These data are calculated on the basis of simplified scenarios, working on the assumption that all positions run to maturity and that they are not readjusted 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.

LIQUIDITY RISK

RCI Banque has a duty, at all times, to have sufficient funding to secure the sustainability and growth of its business.

For that purpose, RCI Banque imposes stringent internal standards on itself.

Four indicators are monitored monthly by the finance committee:

- The static liquidity position: RCI Banque's aim is to achieve positive static liquidity. Assets generated in the past are financed by resources with a similar or longer maturity.
- 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 issued resources, confirmed unused bilateral credit lines, the potential eligible for European System Central Bank (ESCB) monetary policy transactions and the cash position on the one hand, and on the other hand, existing commercial and financial assets and business projections.

- Intrinsic liquidity: this indicator measures the number of days during which RCI Banque can carry out its business activities without recourse to confirmed credit facilities, by using its cash, its high quality liquid assets and its central bank borrowing capacity.
- Available securities

Available securities are sources of emergency liquidity that can be used by RCI Banque in the event of necessity. They consist of confirmed bilateral lines of credit, transferable assets eligible in Central Bank refinancing transactions, short-term financial assets and liquid assets.

- To achieve its objectives, at 31 December 2014 (scope: Europe) RCI Banque had €4.0 billion in unused confirmed lines of credit, €1.9 billion of receivables eligible as collateral in European Central Bank monetary policy operations (after haircuts and excluding receivables already in use to secure financing at year-end), €913m of high quality liquid assets (HQLA), and €96m of available cash.

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

FOREIGN EXCHANGE RISK

Since May 2009, RCI Banque has been authorized by France's Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) to exclude durable and structural assets from its foreign exchange exposure, given its compliance with the conditions set out in Article 331 of the Order dated 20 February 2007.

Consequently, as its foreign exchange position is below the 2% of capital threshold set in Article 293-2 of the Order dated 20 February 2007, RCI Banque no longer calculates capital requirements for the foreign exchange risk.

- CENTRAL REFINANCING UNIT

The forex position of RCI Banque S.A., the central refinancing unit, which historically is very low, stayed under €3m throughout most of the year, except on 30/06/2014 when it reached €11.9m due to receipt of a dividend in CHF. A spot sale reduced this position to €0.4m on 01/07/2014.

No position is accepted within the framework of refinancing management. In this respect, the trading room secures the systematic hedging of all flows concerned.

Residual and temporary positions in currencies, related to cash flow timing differences inherent in multi-currency cash management, may, however, remain. Any such 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) may only be initiated further to the decision of the head of the Finance and Cash Department.

- SALES FINANCING SUBSIDIARIES

Sales financing subsidiaries are required to refinance themselves in their own currency and thus are not exposed.

By way of exception, limits are allocated to subsidiaries whose sales financing operations or refinancing are multi-currency, and to those that are authorized to invest some of their cash surpluses in a currency other than their domestic currency.

The RCI Banque group's overall limit granted by the Renault shareholder is €17m.

At 31 December 2014, RCI Banque group's consolidated forex position was €6.5m.

COUNTERPARTY RISK

Counterparty risk on market transactions is managed with a system of limits set by RCI Banque and then approved by Renault as part of the group-wide consolidation of counterparty risks. Compliance with these limits is monitored daily. All the results of controls are communicated monthly to the RCI Banque finance committee and integrated into the consolidated monitoring of Renault Group counterparty risk.

Counterparties on market transactions are selected French and international banks. Limits are assigned according to an internal rating system currently in effect for the whole of the Renault Group.

Cash surpluses are invested mainly in very short-term bank deposits with the Central Bank and in liquid assets (definition adopted by the European Parliament following Basel Committee recommendations).

The amounts and terms of such investments in liquid assets, which among other things are meant to provide the safety cushion needed for compliance with the liquidity coverage ratio, are subject to limits set by the RCI Banque Group.

For example, RCI Banque SA, the central refinancing unit, may invest directly or via investment funds in:

- treasury bills issued by Eurozone countries;
- bonds issued by supranational entities (European Financial Stability Facility, ESM, European Union) and development banks (European Investment Bank, KFW)

Occasional authorization is also granted to sales financing subsidiaries so that they can invest in treasury bills or Central Bank notes in their home countries.

Commitments on derivatives are weighted by much more conservative factors than those recommended by regulations. The risk of payment/delivery on forex transactions is monitored and subject to specific limits.

Bank guarantees received are subject to specific monitoring.

At 31 December 2014, according to the "positive mark to market + add on" method, the equivalent counterparty risk was €456 million against €249 million at 31 December 2013. According to the fixed-rate method, it was €1,053 million at 31 December 2014 against €1,103 million at 31 December 2013.

These figures only relate to credit institutions. They were determined without taking into account netting agreements, in accordance with the methodology described hereafter.

Two methods are used to monitor exposure relating to counterparty risk.

Individual monitoring of counterparty 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-term 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 and the duration of the transaction.

Residual term	Rate factor (as a % of the nominal)	Initial term	Foreign exchange factor (as a % of the nominal)
Between 0 and 1 year	2%	Between 0 and 1 year	6%
Between 1 and 2 years	5%	Between 1 and 2 years	18%
Between 2 and 3 years	8%	Between 2 and 3 years	22%
Between 3 and 4 years	11%	Between 3 and 4 years	26%
Between 4 and 5 years	14%	Between 4 and 5 years	30%
Between 5 and 6 years	17%	Between 5 and 6 years	34%
Between 6 and 7 years	20%	Between 6 and 7 years	38%
Between 7 and 8 years	23%	Between 7 and 8 years	42%
Between 8 and 9 years	26%	Between 8 and 9 years	46%
Between 9 and 10 years	29%	Between 9 and 10 years	50%

These factors are intentionally higher than those stipulated by capital adequacy regulations, which is a deliberately prudent and conservative approach given current market conditions. No netting is made between risks relating to positions that neutralize each other with the same counterparty.

Overall monitoring with the "positive mark to market + add-on" method is also performed.

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 foreign exchange), this is calculated as the sum of potential losses, calculated on the basis of the replacement value of the contracts with the counterparty without netting with potential gains, plus an "add-on" representing the potential future risk. This potential future risk is determined by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274) as follows:

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

KPMGS S.A.

ERNST & YOUNG Audit

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

RCI Banque

Year ended December 31, 2014

Statutory auditors' report on the consolidated financial statements

KPMG S.A.

Immeuble le Palatin
3, cours du Triangle
92939 Paris-La Défense Cedex
S.A. au capital € 5.497.100

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

RCI Banque

Year ended December 31, 2014

**Statutory auditors' report
on the consolidated financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2014, on:

the audit of the accompanying consolidated financial statements of RCI Banque;

the justification of our assessments;

the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Estimations

Your group sets aside allowances to cover the credit risks inherent to its business operations, as disclosed in notes 2-D, 2E, 4, 5.1, 5.2 and 6 to the consolidated financial statements. As part of our assessment of significant estimates taken into account in the financial statements, we reviewed the processes put in place by management to identify risks and their adaptation to the context of financial crisis, to evaluate them and to determine their level of coverage by provisions in the assets or liabilities of the balance sheet. We assessed the analysis of risks incurred based on a sample of individual borrowers and, for a sample of portfolios evaluated collectively, the data and variables used by your group in documenting its estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2015

The statutory auditors
French original signed by

KPMG S.A.

ERNST & YOUNG Audit

Valéry Foussé

Bernard Heller