CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP

31 December 2011

SUMMARY

CONSOLIDATED BALANCE SHEET

ASSETS - in millions of euros	**Notes**	**12/2011**	**12/2010**
Cash and balances at central banks and PCAs		188	375
Derivatives	2	310	81
Financial assets available for sale and other financial assets	3	65	25
Amounts receivable from credit institutions	4	947	992
Loans and advances to customers	5 et 6	24 877	21 951
Operating lease transactions	5 et 6	59	72
Adjustment accounts - Assets	7	518	473
Interests in associates	8	36	34
Tangible and intangible non-current assets	9	22	25
Goodwill	10	83	82
TOTAL ASSETS		**27 105**	**24 110**

LIABILITIES AND EQUITY - in millions of euros	**Notes**	**12/2011**	**12/2010**
Derivatives	2	91	137
Amounts payable to credit institutions	11.2	4 133	4 107
Amounts payable to customers	11.3	718	656
Debt evidenced by certificates	11.4	17 812	15 124
Adjustment accounts - Liabilities	13	1 316	1 201
Provisions	14	100	110
Insurance technical provisions	14	105	52
Subordinated debt - Liabilities	16	261	263
Equity		2 569	2 460
- Of which equity - owners of the parent		*2 566*	*2 457*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*1 304*	*1 198*
Unrealized or deferred gains and losses		*(45)*	*(22)*
Net income for the year		*493*	*467*
- Of which equity - non-controlling interests		*3*	*3*
TOTAL LIABILITIES & EQUITY		**27 105**	**24 110**

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	12/2011	12/2010
Interest and similar income	23	1 922	1 782
Interest expenses and similar charges	24	(934)	(816)
Fees and commission income		26	26
Fees and commission expenses		(8)	(7)
Net gains (losses) on financial instruments at fair value through profit or loss	25	1	(2)
Net gains (losses) on AFS securities and other financial assets	26	5	1
Net income (expense) of other activities	27	177	150
NET BANKING INCOME		**1 189**	**1 134**
General operating expenses	28	(351)	(339)
Depreciation and impairment losses on tangible and intangible assets		(6)	(8)
GROSS OPERATING INCOME		**832**	**787**
Cost of risk	29	(52)	(85)
OPERATING INCOME		**780**	**702**
Share of net income of equity method companies	8	6	2
Gains less losses on non-current assets			
PRE-TAX INCOME		**786**	**704**
Income tax	30	(265)	(214)
NET INCOME		**521**	**490**
Of which, non-controlling interests		28	23
Of which owners of the parent		493	467
Net Income per share (*) in euros		493,28	466,84
Diluted earnings per share in euro		493,28	466,84

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	12/2011	12/2010
NET INCOME	**521**	**490**
Other comprehensive income (**)	**(23)**	**113**
Unrealised P&L on cash flow hedge instruments	3	46
Other unrealized or deferred P&L	1	(1)
Actuarial differences on defined-benefit pension plans	(1)	1
Exchange differences	(26)	67
TOTAL COMPREHENSIVE INCOME	**498**	**603**
Of which Comprehensive income attributable to non-controlling interests	28	23
Comprehensive income attributable to owners of the parent	470	580
(**) Of which share of the other comprehensive income of equity method companies	*(3)*	*5*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income attributable to equity holders of the parent	**Equity – shareholders of the parent company**	Equity – share of part non-controlling interests (5)	**Total Consolidated equity**
Equity at 31 December 2009	**100**	**714**	**1 286**	**(82)**	**(53)**	**316**	**2 281**	**3**	**2 284**
Appropriation of net income of previous year			316			(316)			
Equity at 1 January 2010	**100**	**714**	**1 602**	**(82)**	**(53)**		**2 281**	**3**	**2 284**
Change in value of financial instruments (CFH & AFS) recognized in equity					45		45		45
Actuarial differences on defined-benefit pension plans					1		1		1
Exchange differences				67			67		67
Net income for the year (before appropriation)						467	467	23	490
Total comprehensive income for the period				***67***	***46***	***467***	***580***	***23***	***603***
Effect of acquisitions, disposals and others			(1)				(1)	(1)	(2)
Dividend for the year			(400)				(400)	(6)	(406)
Repurchase commitment of non-controlling interests			(3)				(3)	(16)	(19)
Equity at 31 December 2010	**100**	**714**	**1 198**	**(15)**	**(7)**	**467**	**2 457**	**3**	**2 460**
Appropriation of net income of previous year			467			(467)			
Equity at 1 January 2011	**100**	**714**	**1 665**	**(15)**	**(7)**		**2 457**	**3**	**2 460**
Change in value of financial instruments (CFH & AFS) recognized in equity					4		4		4
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(26)			(26)		(26)
Net income for the year (before appropriation)						493	493	28	521
Total comprehensive income for the period				***(26)***	***3***	***493***	***470***	***28***	***498***
Effect of acquisitions, disposals and others								(1)	(1)
Effect of change in share capital								3	3
Dividend for the year			(350)				(350)	(13)	(363)
Repurchase commitment of non-controlling interests			(11)				(11)	(17)	(28)
Equity at 31 December 2011	**100**	**714**	**1 304**	**(41)**	**(4)**	**493**	**2 566**	**3**	**2 569**

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

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

(3) The change in translation adjustments at 31 December 2011 relates primarily to United Kingdom, Brazil, and Switzerland. At 31 December 2010, the change mainly related to Brazil, South Korea and Switzerland.

(4) Includes changes in the fair value of derivatives used as cash flow hedges for -€1.6m and IAS 19 actuarial gains and losses for -€2.8m at the end of 2011.

(5) Non-controlling interests consisted essentially of the stake held in Cogera SA by Renault s.a.s.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	12/2011	12/2010
Net income attributable to owners of the parent company	**493**	**467**
Depreciation and amortization of tangible and intangible non-current assets	5	7
Net allowance for impairment and provisions	(45)	(70)
Share of net income of associates	(6)	(2)
Deferred tax (income) / expense	45	56
Net income attributable to non-controlling interests	28	23
Other (gains/losses on derivatives at fair value through profit and loss)	(67)	114
Cash flow	**453**	**595**
Other movements (accrued receivables and payables)	71	80
Total non-monetary items included in net income and other adjustments	**31**	**208**
Cash flows on transactions with credit institutions	(372)	(2 841)
- Increases / decreases in Amounts receivable from credit institutions	*84*	*(144)*
- Increases / decreases in Amounts payable to credit institutions	*(456)*	*(2 697)*
Cash flows on transactions with customers	(2 927)	(730)
- Increases / decreases in amounts receivable from customers	*(2 902)*	*(721)*
- Increases / decreases in Amounts payable to customers	*(25)*	*(9)*
Cash flows on other transactions affecting financial assets and liabilities	3 071	1 977
- Inflows / outflows related to AFS securities and similar	*(19)*	*(6)*
- Inflows / outflows related to debts evidenced by certificates	*3 048*	*1 965*
- Inflows / outflows related to collections	*42*	*18*
Cash flows on other transactions affecting non-financial assets and liabilities	5	(167)
Net decrease / (increase) in assets and liabilities resulting from operating activities	**(223)**	**(1 761)**
Net cash generated by operating activities (A)	**301**	**(1 086)**
Flows related to financial assets and investments	(20)	
Flows related to tangible and intangible non-current assets	(4)	(4)
Net cash from / (used by) investing activities (B)	**(24)**	**(4)**
Net cash from / (to) shareholders	(360)	(406)
- Dividends paid	*(363)*	*(406)*
- Inflows / outflows related to non-controlling interests	*3*	
Net cash from / (used by) financing activities (C)	**(360)**	**(406)**
Effect of changes in exchange rates and scope of consolidation on cash and cash equivalents (D)	**(23)**	**8**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	**(106)**	**(1 488)**
Cash and cash equivalents at beginning of year:	1 018	2 507
- Cash and balances at central banks and PCAs	*375*	*646*
- Balances in sight accounts at credit institutions	*643*	*1 861*
Cash and cash equivalents at end of year:	912	1 019
- Cash and balances at central banks and PCAs	*188*	*375*
- Credit balances in sight accounts with credit institutions	*874*	*808*
- Debit balances in sight accounts with credit institutions	*(150)*	*(164)*
Change in net cash	**(106)**	**(1 488)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The RCI Banque group's consolidated financial statements for the year 2011 were established by the Board of Directors on 7 February 2012 and will be presented for shareholder approval to the Annual General Meeting on 21 May 2012. An annual dividend of 250 euros per share, for a total distribution of 250 million euros, will also be proposed at that meeting.

For comparison, the General Meeting of 20 May 2011 set the dividend for 2010 at 350 euros per share, for a total distribution of 350 million euros.

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

2. ACCOUNTING METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the RCI Banque group has prepared its consolidated financial statements for 2011 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2011 and as adopted in the European Union by the statement closing date.

The following standards, interpretations and amendments, as published in the Official Journal of the European Union at the time of the annual closing, have been applied for the first time in accounting year 2011:

- Revised IAS 24 "Related party disclosures";
- Improvements to various IFRS standards published in 2010;
- Amendment to IAS 32 "Financial instruments: presentation - Classification of financial instruments issued";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity instruments"
- Amendment to IFRIC 14 relating to IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their Interaction - Minimum funding advance payments;

First-time application of these standards, interpretations and amendments had no significant impact on the group's financial statements at 31 December 2011.

The Group has not applied the amendment to IFRS 7 "Financial instruments in advance: Disclosures – financial asset transfers" published in the *Official Journal* of the European Union on 31 December 2011, application of which is mandatory as of 1st January 2013. To date, the Group anticipates no significant effects on the consolidated financial statements further to the adoption of this amendment.

Standards IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements", published by IASB in 2011, had not yet been adopted by the European Union at 31 December 2011. They are thus not applicable in advance at 2011 year-end closing. Nevertheless, the Group wishes to point out that to date it does not expect application thereof to have any significant impact.

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

A) Consolidation

Scope and methods of consolidation

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

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

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

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

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

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

Acquisition cost of shares and goodwill

The acquisition cost of shares is the amount paid by the acquirer to the seller plus incidental expenses costs directly attributable to the acquisition.

Goodwill is the difference between the cost of acquisition adjusted for directly attributable expenses and the fair value of the assets and liabilities acquired. If the difference is negative, the amount of that difference is recognized immediately in the income statement.

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

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

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

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

Non-controlling interests

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

In accordance with the provisions set out in standard IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €192m at 31 December

2011, compared to €177m at 31 December 2010. This liability is measured initially at the present value of the estimated exercise price of the put options.

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

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

B) Presentation of the financial statements

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

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

C) Estimates and judgments

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

D) Loans and advances to customers and finance lease contracts

Measurement (excluding impairment) and presentation

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

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

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

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

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

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

Identifying credit risk

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

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

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

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

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

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

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

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

Impairment

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

Customer lending

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

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

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

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

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

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

Dealer financing

For the largest outstandings, such as dealer receivables, impairment allowances for doubtful amounts are determined individually on a case-by-case basis, according to the classification of the debtor company and the stage reached in collection or other proceedings.

An approach based on a case-by-case review and collective review of credit risk is used for non-doubtful receivables.

Non-doubtful receivables found upon case-by-case review to be associated with an objective impairment indicator are classified separately from other non-doubtful receivables in the delinquent loan category created for this purpose. Any deterioration in the borrower’s financial condition, profitability or payment pattern will trigger the reclassification of the receivable as delinquent and a consequent impairment charge. Delinquent receivables are written down by an impairment charge based on the impairment ratio for doubtful loans weighted by the percentage of delinquent receivables that subsequently become doubtful.

Based on information available on the individual borrower, write-downs for delinquent receivables may also be based on an expert appraisal.

Non-doubtful receivables reviewed on a case-by-case basis and found not to be associated with an objective impairment indicator are classified as performing loans. They are subject to a collective review of credit risk as assessed for the sector. In each country where RCI Banque provides dealer financing, the long-term macroeconomic factors that explain risk on dealer financing operations are identified and correlated with historical losses. Whenever the benchmark macroeconomic indicators show a deterioration suggesting an increase in risk, the impairment allowance for the performing loan portfolio as a whole is adjusted accordingly. The impairment ratio reflects the loss ratio associated with the observed deterioration.

Country risk

Allowances for country risk are determined on the basis of the systemic credit risk to which debtors are exposed in the event of a continued and persistent deterioration in the economic and general situation of the countries included in this base.

The provision concerns subsidiaries with locations in countries where economic conditions are unstable. The calculation consists in applying a projected default rate and a loss ratio in the event of default to individual non-current financing assets grouped together per country, at period-end. The result obtained is compared to the net situation of the subsidiary concerned, which represents the maximum loss possible in the country. The projected default rate is an indicator of a country's default probability and is the result of a cross between a rating depending on changes in macro-economic indicators and the maturity of the loans outstanding.

On the balance sheet, impairment allowances for country risk are booked as deductions from the carrying value of loans and advances to customers.

Impairment allowances for such risks that are recognized or reversed are combined under the "Cost of risk" item in the consolidated income statement.

Rules for writing off loans

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

Impairment of residual values

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

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

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

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

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

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

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

E) Operating leases (IAS17)

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

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

Operating leases are recognized on the balance sheet as non-current assets leased out and are carried at the gross value of the assets leased out less depreciation, plus lease payments receivable and staggered transaction costs yet to be taken to the income statement. Lease payments and depreciation are also recognized separately in the income statement. Transaction costs are taken to income on a straight-line basis. Classification as an operating lease does not affect the assessments of counterparty risk and residual value risk.

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

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

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

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

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

Sales support

In 2011, the RCI Banque group provided € 11,170m in new financing (including credit cards), compared with € 10,096m in 2010.

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 2011, dealer financing net of impairment allowances amounted to €6,263m against €4,916m at 31 December 2010.

At 31 December 2011, direct financing of Renault Group affiliates and branches amounted to €485m against €520m at 31 December 2010.

At 31 December 2011, the dealer network has collected, as business contributor, income of €303m against €232m at 31 December 2010.

Relations with the car makers

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

Under their trade policies and as part of promotional campaigns, manufacturers are participating in the subsidy of financings granted to customers by RCI Banque. At 31 December 2011, this participation amounts €389m against €359m at 31 December 2010.

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

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

Securities held for trading purposes

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

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

Securities available for sale

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

These securities are measured at fair value (including accrued interest), and changes in value (excluding accrued interest) are recognized directly in equity under a revaluation reserve. Accrued interest is recognized in the income statement. If there is an objective indication of the impairment of theses 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.

H) Non-current assets (IAS16/IAS36)

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

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

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

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

I) Income taxes (IAS 12)

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

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

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

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

Overview of plans

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

<u>Defined benefit plans:</u>

Charges are booked to provisions for these plans to cover:

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

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

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

<u>Defined contribution plans:</u>

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

Valuation of liabilities for defined benefit plans

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

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

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

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

K) Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

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

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

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

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

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

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

L) Translation of foreign currency transactions

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

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

M) Financial liabilities (IAS 39)

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

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

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

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

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

N) Structured products and embedded derivatives (IAS 39)

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

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

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

O) Derivatives and hedge accounting (IAS 39)

Risks

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

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

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

Measurement

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

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

Fair value hedge

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

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

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

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

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

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

Cash flow hedge

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

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

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

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

Trading transactions

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

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

These transactions mainly include:

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

P) Information pertaining to counterparty risks on derivatives

Exposure relating to counterparty risk is monitored using two methods.

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

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

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

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

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

Q) Operating segments (IFRS 8)

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

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

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

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

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

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

R) Insurance

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

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

Technical liabilities on insurance contracts:

- Reserve for unearned premiums (non-life insurance): Technical reserves for unearned premiums are equivalent to the portion of the premiums relating to the period between the inventory date and the following endowment date. They are determined on a prorata basis.
- Policy reserves (life insurance): These are intended to cover the long-term obligations (or payment of benefits) resulting from the commitments given, and the costs of managing such contracts.
- Reserve for outstanding claims: the reserve for outstanding claims represents the estimation, net of outstanding recoveries, of the cost of all claims reported but not yet settled at the closing date.
- IBNR (Incurred But Not Reported) claim reserves: these are reserves for claims not yet reported, estimated on a statistical basis.

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

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

Income statement:

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

3. GROUP STRUCTURE

Changes in the scope of consolidation in 2011

In 2011 the structure of the group was affected by the following events:

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

Changes in the scope of consolidation in 2010

In 2010, there was no change in the group's scope of consolidation.

Foreign affiliates that do not have a tax agreement with France

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A in Colombia. The latter's business consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. In 2011, pre-tax income came to €2.3m.

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

Liquidity

RCI Banque's management of liquidity risk is based on several indicators or analyses, updated monthly on the basis of the latest in-force business forecasts (customer base and network) and completed refinancing transactions. The system has undergone an internal audit and a review by the banking regulator (ACP) and has been reinforced by updating internal procedures, duly ratified by the Board of Directors on 15 November 2011:

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

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

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

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

The liquidity pool stands at €3,443m at 31 December 2011. This represents available liquidity surplus to the certificates of deposit and commercial paper outstandings. The group has a duty to maintain sources of alternative liquidity above the level of its short-term negotiable debt securities.

Credit business risk

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

After reaching a historically low point in 2010, lower than the level observed before the financial crisis, the risk cost of the commercial portfolio continued to fall in 2011, benefiting from improved acceptance and collection policies.

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

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

Profitability

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

Governance

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

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

Exposure to credit risk (excluding business activity)

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

Refinancing

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

• In order to diversify its sources of refinancing, in 2011 the RCI Banque launched:

- an initial dollar issue totalling $1,250m
- an issue distribute to the general public of Benelux for €50m
- an initial public offering of 300 million BRL (Brazilian real)
- an issue of 175 million CHF (Swiss francs)
- 3 issues totalling 210 billion KRW (Korean won)
- 4 issues totalling 262 million ARS (Argentinian pesos).

• Diversification in sources of funds also materialized in 2011 by two new conduit securitizations for approximately € 950m , as well as a new public ABS backed by German car loans for € 800m.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

1.1 - Segmentation by market

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

In millions of euros	Customer	Dealer financing	Other	Total 12/2010
Average performing loan outstandings	15 913	5 068		**20 981**
Net banking income	859	165	110	**1 134**
Gross operating income	578	130	79	**787**
Operating income	484	139	79	**702**
Pre-tax income	487	139	78	**704**

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

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

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

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

1.2 Segmentation by geographic region

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

Note 2 : Derivatives

In millions of euros	12/2011		12/2010	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**26**	**42**	**1**	**84**
Currency derivatives	26	42	1	84
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**284**	**49**	**80**	**53**
Interest-rate and currency derivatives: Fair value hedges	273	1	75	15
Interest-rate derivatives: Cash flow hedges	11	48	5	38
Total derivatives	**310**	**91**	**81**	**137**

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

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

Changes in the cash flow hedging instrument revaluation reserve

In millions of euros	Cash flow hedging	Schedule for the transfer of the CFH reserve account to the income statement		
		<1 year	1 to 5 years	+5 years
Balance at 31 December 2009	**(51)**	**(47)**	**(4)**	
Changes in fair value recognized in equity	(25)			
Transfer to income statement	71			
Balance at 31 December 2010	**(5)**	**(5)**		
Changes in fair value recognized in equity	(12)			
Transfer to income statement	15			
Balance at 31 December 2011	**(2)**	**2**	**(4)**	

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 12/2011
Hedging of currency risk				
Forex transactions				
Currency loaned, not yet delivered				
Currency borrowed, not yet received	1			**1**
Forward forex contracts				
Sales	1 219			**1 219**
Purchases	1 224			**1 224**
Currency swaps				
Loans	492	1 022		**1 514**
Borrowings	506	972		**1 478**
Hedging of interest-rate risk				
Interest rate swaps				
Lender	3 878	6 969		**10 847**
Borrower	3 878	6 969		**10 847**

In millions of euros	0-1 year	1-5 years	+5 years	Total 12/2010
Hedging of currency risk				
Forex transactions				
Currency loaned, not yet delivered				
Currency borrowed, not yet received	1			**1**
Forward forex contracts				
Sales	533			**533**
Purchases	524			**524**
Currency swaps				
Loans	578	529		**1 107**
Borrowings	602	541		**1 143**
Hedging of interest-rate risk				
Forward Rate Agreement (F.R.A)				
Sales (Loans)				
Purchases (borrowings)	1 100			**1 100**
Interest rate swaps				
Lender	3 362	3 463	600	**7 425**
Borrower	3 362	3 463	600	**7 425**

At 31 December 2011, according to the "positive mark to market + add on" methodology, the counterpart risk exposure is € 739m. According to the internal methodology, it is € 2,004m against € 1,503m at 31 December 2010. These figures apply only to credit institutions. They were determined without taking into account netting agreements in accordance with the methodology described in accounting principles (Note P).

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

In millions of euros	12/2011	12/2010
Financial assets available for sale	**36**	**16**
Government debt securities and similar	36	15
Bonds and other fixed income securities		1
Other financial assets	**29**	**9**
Interests in companies controlled but not consolidated	29	9
Total financial assets available for sale and other financial assets	**65**	**25**

Note 4 : Amounts receivable from credit institutions

In millions of euros	12/2011	12/2010
Credit balances in sight accounts at credit institutions	**875**	**809**
Ordinary accounts in debit	842	798
Overnight loans	32	10
Accrued interest	1	1
Term deposits at credit institutions	**72**	**183**
Term loans	70	182
Doubtful receivables	2	1
Total amounts receivable from credit institutions	**947**	**992**

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

Note 5 : Customer finance transactions and similar

In millions of euros	12/2011	12/2010
Loans and advances to customers	**24 877**	**21 951**
Customer finance transactions	18 551	16 269
Finance lease transactions	6 326	5 682
Operating lease transactions	**59**	**72**
Total customer finance transactions and similar	**24 936**	**22 023**

5.1 - Customer finance transactions

In millions of euros	12/2011	12/2010
Loans and advances to customers	**19 423**	**17 263**
Factoring	565	397
Other commercial receivables	106	112
Other customer credit	17 739	15 711
Ordinary accounts in debit	272	140
Doubtful and compromised receivables	741	903
Interest receivable on customer loans and advances	**73**	**49**
Other customer credit	44	28
Ordinary accounts	6	1
Doubtful and compromised receivables	23	20
Total of items included in amortized cost - Customer loans and advances	**(217)**	**(252)**
Staggered handling charges and sundry expenses - Received from customers	(118)	(108)
Staggered contributions to sales incentives by manufacturer or dealers	(353)	(349)
Staggered fees paid for referral of business	254	205
Impairment on loans and advances to customers	**(728)**	**(791)**
Impairment on delinquent or at-risk receivables	(160)	(148)
Impairment on doubtful and compromised receivables	(546)	(624)
Impairment on residual value	(22)	(19)
Total customer finance transactions, net	**18 551**	**16 269**

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.

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

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2010
Finance leases - net investment	2 829	2 997	6	**5 832**
Finance leases - future interest receivable	236	157		**393**
Finance leases - gross investment	**3 065**	**3 154**	**6**	**6 225**
Amount of residual value guaranteed to RCI Banque group	1 273	1 522	5	**2 800**
Of which amount guaranteed by related parties	*665*	*694*	*1*	***1 360***
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2 400	2 458	6	**4 864**

5.3 - Operating lease transactions

In millions of euros	12/2011	12/2010
Operating lease transactions	**65**	**80**
Non-current assets, net of security deposits	63	74
Doubtful non-current assets and Doubtful and compromised receivables	2	6
Impairment on operating leases	**(6)**	**(8)**
Impairment on doubtful and compromised lease contracts	(2)	(4)
Impairment on residual value	(4)	(4)
Total operating lease transactions, net	**59**	**72**

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

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2011
Operating leases - Gross investment	49	18	3	**70**
Residual value not guaranteed	14	2		**16**
Minimum payments receivable under the lease	36	15	3	**54**

In millions of euros	< 1 year	1 to 5 years	> 5 years	Total 12/2010
Operating leases - Gross investment	64	23		**87**
Residual value not guaranteed	11	7		**18**
Minimum payments receivable under the lease	53	16		**69**

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 2011, the RCI Banque group’s maximum aggregate exposure to credit risk stood at €28,486m. This exposure chiefly includes the net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group’s off-balance sheet (see Note 21: Commitments received).

Amount of receivables due

In millions of euros	12/2011	of which non-impaired (1)	12/2010	of which non-impaired (1)
Receivables due	**661**	**17**	**723**	**21**
Between 0 and 90 days	82	17	93	21
Between 90 and 180 days	54		56	
Between 180 days and 1 year	33		45	
More than one year	492		529	

(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 2011, guarantees held on doubtful or delinquent receivables totaled €537m, compared with €462m at 31 December 2010.

5.5 - Residual values of risk carried by RCI Banque

The total risk on residual values carried by the RCI Banque group amounted to €413m in 2011 against €319m in 2010. It was covered by provisions totaling 4 million euros in 2011 (essentially affecting the United Kingdom). This provision was 1 million euros less than in December 2010.

Note 6 : Customer finance transactions by business segment

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

In millions of euros	**Customer**	**Dealer**	**Other**	**Total 12/2010**
Gross value	**17 503**	**5 171**	**298**	**22 972**
Non-impaired receivables	16 779	4 806	293	21 878
Doubtful receivables	164	316	3	483
Compromised receivables	560	49	2	611
% of doubtful and compromised receivables	*4,14%*	*7,06%*	*1,68%*	*4,76%*
Impairment allowance on individual basis	**(654)**	**(222)**	**(2)**	**(878)**
Non-impaired receivables	(61)	(63)		(124)
Doubtful receivables	(98)	(112)	(1)	(211)
Compromised receivables	(495)	(47)	(1)	(543)
Impairment allowance on collective basis	**(38)**	**(33)**		**(71)**
Impairment	(21)	(27)		(48)
Country risk	(17)	(6)		(23)
Net value (*)	**16 811**	**4 916**	**296**	**22 023**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*15*	*520*	*106*	*641*

Business segment information is given in detail in note 1.

The “Other” category includes refinancing and holding activities.

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

Note 7 : Adjustment accounts - Assets

In millions of euros	**12/2011**	**12/2010**
Tax receivables	**176**	**153**
Current tax assets	8	20
Deferred tax assets	82	85
Tax receivables other than on current income tax	86	48
Adjustment accounts and other assets	**342**	**320**
Other sundry debtors	145	108
Adjustment accounts - Assets	29	32
Other assets		1
Items received on collections	108	143
Reinsurer part in technical provisions	60	36
Total adjustment accounts – Assets and other assets (*)	**518**	**473**
(*) Of which related parties	*102*	*63*

Deferred tax assets are analyzed in note 30.

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

Changes in the part of reinsurance in the technical provions

In millions of euros	12/2011	12/2010
Reinsurer part in technical provisions at the beginning of period	**36**	**15**
Increase of the technical provisions chargeable to reinsurers	26	22
Claims recovered from reinsurers	(2)	(1)
Reinsurer part in technical provisions at the end of period	**60**	**36**

Note 8 : Interests in associates

In millions of euros	12/2011		12/2010	
	Share of net assets	Net income	Share of net assets	Net income
Nissan Renault Finance Mexico (Customer financing)	36	6	34	2
Total interests in associates	**36**	**6**	**34**	**2**

Note 9 : Tangible and intangible non-current assets

In millions of euros	12/2011	12/2010
Intangible assets: net	**2**	**2**
Gross value	29	29
Accumulated amortization and impairment	(27)	(27)
Property, plant and equipment: net	**20**	**23**
Gross value	109	109
Accumulated depreciation and impairment	(89)	(86)
Total tangible and intangible non-current assets	**22**	**25**

Note 10 : Goodwill

In millions of euros	12/2011	12/2010
Germany	12	12
United Kingdom	38	36
Italy	9	9
Argentina	7	8
South Korea	17	17
Total goodwill from acquisitions by country	**83**	**82**

Given the slump in the Hungarian business, this country’s goodwill was fully impaired in 2008.

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

11.1 - Liabilities by measurement method

In millions of euros	12/2011	12/2010
Liabilities measured at amortized cost	**17 505**	**17 574**
Amounts payable to credit institutions	3 963	3 938
Amounts payable to customers	718	656
Debt evidenced by certificates	12 824	12 980
Liabilities measured at fair value hedge	**5 158**	**2 313**
Amounts payable to credit institutions	170	169
Debt evidenced by certificates	4 988	2 144
Total financial debts	**22 663**	**19 887**

11.2 - Amounts payable to credit institutions

In millions of euros	12/2011	12/2010
Sight accounts payable to credit institutions	**150**	**164**
Ordinary accounts	80	65
Overnight borrowings		2
Other amounts owed	70	97
Term accounts payable to credit institutions	**3 983**	**3 943**
Term borrowings	3 879	3 899
Accrued interest	104	44
Total liabilities to credit institutions (*)	**4 133**	**4 107**
(*) Of which related parties		*99*

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

The book value of receivables provided as collateral to the *Société de financement de l'économie française* (SFEF) by RCI Banque totaled €1,225m at 31 December 2011, in exchange for a refinancing of €785m.

Moreover, the book value of the collateral presented to the Banque Centrale (3G) amounted to €2,601m at 31 December 2011, including €172m of private accounts receivable and €2,429m in collateralized security entity shares. The balance of the funding provided by the European Central Bank in exchange for assigned accounts receivable amounts to €350m at 31 December 2011 (against €450m at 31 December 2010), now listed under the above heading "Term borrowings", in accordance with French Banking Federation (FBF) recommendations (previously listed under "Securities covered by repurchase agreements").

11.3 - Amounts payable to customers

In millions of euros	**12/2011**	**12/2010**
Amounts payable to customers	**711**	**648**
Ordinary accounts in credit	94	95
Term accounts in credit	617	553
Other amounts payable to customers and Accrued interest	**7**	**8**
Other amounts payable to customers	6	7
Accrued interest on ordinary accounts in credit	1	1
Total liabilities to customers (*)	**718**	**656**
(*) Of which related parties (1)	*657*	*599*

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

11.4 - Debt evidenced by certificates

In millions of euros	12/2011	12/2010
Interbank market securities		**824**
Interbank securities		763
Accrued interest on interbank market securities		61
Negotiable debt securities (1)	**3 213**	**2 716**
Certificates of deposit	3 064	2 553
Commercial paper and similar	70	126
French MTNs and similar	37	28
Accrued interest on negotiable debt securities	42	9
Other debt evidenced by certificates (2)	**3 704**	**3 775**
Other debt evidenced by certificates	3 700	3 772
Accrued interest on other debt evidenced by certificates	4	3
Bonds and similar	**10 895**	**7 809**
Bonds	10 776	7 698
Accrued interest on bonds	119	111
Total debt evidenced by certificates (*)	**17 812**	**15 124**
(*) Of which related parties	*127*	

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

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

11.5 - Breakdown of financial liabilities by rate type before derivatives

En millions d'euros	12/2011			12/2010		
	Variable	Fixed	Total	Variable	Fixed	Total
Amounts payable to credit institutions	1 078	3 055	**4 133**	944	3 163	**4 107**
Amounts payable to customers	616	102	**718**	606	50	**656**
Interbank market securities				457	367	**824**
Negotiable debt securities	1 357	1 857	**3 214**	927	1 789	**2 716**
Other debt evidenced by certificates	3 489	214	**3 703**	3 547	229	**3 776**
Bonds	1 511	9 384	**10 895**	1 107	6 701	**7 808**
Total financial liabilities by rate	**8 051**	**14 612**	**22 663**	**7 588**	**12 299**	**19 887**

11.6 - Breakdown of financial liabilities by maturity

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

Note 12 : SECURITIZATION

In millions of euros	SECURITIZATION - public issues				
Ceding entity	**DIAC SA**	**COGERA SA**	**RCI Banque Succursale Italiana**	**RCI Niederlassung**	
Country	France	France	Italie	Allemagne	
Start date	October 2006	April 2010	July 2007	July 2010	December 2011
Maximum term of fund	October 2020	October 2015	October 2023	April 2023	April 2023
Asset SPV	Cars Alliance Auto Loans France FCC	FCT Cars Alliance DFP France	Alliance Auto Loans Italy SPV Loi 130	Cars Alliance Auto Loans Germany FCT	
Initial purchase of receivables	2 323	1 235	1 402	1 793	
Kind of purchased receivables	Auto loans to customers	Receivables independent dealers	Auto loans to customers	Auto loans to customers	
Receivables purchased as of	1 830	1 545	1 239	1 925	
Credit enhancement as at	Cash reserve for 0,10%	Cash reserve for 1%		Cash reserve for 1%	Cash reserve for 1%
	Over-collateralization of receivables 16,4%	Over-collateralization of receivables 13,6%	Over-collateralization of receivables 4,61%	Over-collateralization of receivables 15,8%	Over-collateralization of receivables 12,7%
Issuing SPV	Cars Alliance Auto Loans France FCC	FCT Cars Alliance DFP France	Cars Alliance Funding PLC Irlande	Cars Alliance Auto Loans Germany FCT	
Public issues	Class A	Séries 2010-1 Class A	Séries 2007-1 Class A	Class A	Class A
Medium-term	Rating AAA	Rating AAA	Rating AAA	Rating AAA	Rating AAA
Notes in issue as at	337,6	750,0	288,7	679,0	800,0
(including any units held	Class B	Séries 2005-1 Class B	Séries 2007-1 Class B	Class B	Class B
by the RCI Banque group)	Rating A	No Rated	Rating A	Rating A	Rating A
	94,3	36,5	35,5	28,0	25,7
Listed private placement	Class R	Séries 2005-2 Class A		Class R	
Short term	Rating AAA	Rating AAA		Rating AAA	
Notes in issue as at	1 136,5	250,0		176,8	

The RCI Banque group carried out a number of securitization transactions (France, Italy and Germany) securitizing amounts receivable from the distribution network and final customer credits, by means of special purpose vehicles.

These securitization transactions were not intended to result in derecognition of the receivables transferred, as the whole of the risk is kept by the group. At 31 December 2011, the amount of the sales financing receivables thus maintained on the balance sheet was €8,739m (€7,247m at 31 December 2010). Liabilities of €3,704m have been booked under ‘Other debt evidenced by certificates’, corresponding to the securities issued during these securitization transactions. The difference between the amount of receivables purchased and the amount of the afore mentioned liabilities corresponds to the credit enhancement needed for these transactions and to the share of securities kept by RCI Banque group, serving as a liquidity reserve.

In accordance with the rules of consolidation, any residual units and short-term units held by RCI Banque SA have been eliminated from the consolidated financial statements.

In addition, and as part of its efforts to diversify its refinancing, certain transactions are secured by conduit:
- in 2011: €630m of dealer receivables in Germany
- in 2011: €680m of customer leasing contracts in Germany
- in 2011: £799.5m of customer receivables in the United Kingdom

As these issues were private, their terms and conditions are not disclosed in the above table.

All securitized receivables, including accrued interest not yet due, remain on the asset side of the balance sheet.

Note 13 : Adjustment accounts - Liabilities

In millions of euros	12/2011	12/2010
Taxes payable	**430**	**360**
Current tax liabilities	80	58
Deferred tax liabilities	317	275
Taxes payable other than on current income tax	33	27
Adjustment accounts and other amounts payable	**886**	**841**
Social security and employee-related liabilities	51	48
Other sundry creditors	665	625
Adjustment accounts - liabilities	155	151
Collection accounts	15	17
Total adjustment accounts - Liabilities and other liabilities (*)	**1 316**	**1 201**
(*) Of which related parties	*64*	*91*

Deferred tax assets are analyzed in note 30.

Note 14 : Provisions

In millions of euros	12/2010	Charge	Reversals		Other (*)	12/2011
			Used	Not Used		
Provisions on banking operations	**84**	**93**	**(6)**	**(41)**	**(2)**	**128**
Provisions for litigation risks	5		(1)			4
Other provisions	79	93	(5)	(41)	(2)	124
Provisions on non-banking operations	**78**	**17**	**(8)**	**(13)**	**3**	**77**
Provisions for pensions liabilities and related	27	4	(2)		2	31
Provisions for restructuring	13		(4)	(3)		6
Provisions for tax and litigation risks	35	12	(2)	(8)		37
Other	3	1		(2)	1	3
Total provisions	**162**	**110**	**(14)**	**(54)**	**1**	**205**

(*) 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 2011, the provisions for restructuring mainly concern Germany, Spain, the United Kingdom and the Netherlands.

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	12/2011	12/2010
Liabilities relative to insurance contracts in the beginning of period	**52**	**22**
Allowance for insurance technical provisions	56	31
Services paid	(3)	(1)
Liabilities relative to insurance contracts at the end of period	**105**	**52**

Provisions for pension and other post-employment benefits

In millions of euros	12/2011	12/2010
France	23	22
Rest of world	8	5
Total provisions	**31**	**27**

Principal actuarial assumptions	12/2011	12/2010
Retirement age	67 years	67 years
Salary increases	2,90%	2,90%
Financial discount rate	4,36%	4,16%
Starting rate	4,34%	4,49%

Changes in provisions during the year

In millions of euros	Actuarial value of obligations	Actuarial value of invested funds	Obligations less invested funds	Unrecognized actuarial gains/losses	Provision on balance sheet
Balance at 31 December 2009	**45**	**(19)**	**26**		**26**
Net charge for the year 2010	**4**		**4**		**4**
Benefits and contributions paid	**(2)**		**(2)**		**(2)**
Actuarial differences	**2**	(3)	**(1)**		**(1)**
Translation adjustment	**1**	(1)		**1**	**1**
Projected return on assets		(1)	**(1)**		**(1)**
Balance at 31 December 2010	**50**	**(24)**	**26**	**1**	**27**
Net charge for the year 2011	**5**	1	**6**	**(2)**	**4**
Benefits and contributions paid	**(1)**	(1)	**(2)**		**(2)**
Actuarial differences (1)	**2**		**2**	**1**	**3**
Translation adjustment	**1**	(1)			
Projected return on assets		(1)	**(1)**		**(1)**
Balance at 31 December 2011	**57**	**(26)**	**31**		**31**

(1) of which €0.5m in actuarial value of obligations resulting from effects of experience

Expected rates of return on invested funds in 2011 are 6.30% in the United Kingdom, 5.18% in the Netherlands and 2.50% in Switzerland.

Amounts recognized in the income statement for pension obligations

In millions of euros	12/2011	12/2010
Cost of services rendered	2	2
Cost of accretion	2	2
Net charges	**4**	**4**

Note 15 : Impairments allowances to cover counterparty risk

In millions of euros	12/2010	Charge	Reversals		Other (*)	12/2011
			Used	Not used		
Impairments on banking operations	**976**	**306**	**(243)**	**(150)**	**8**	**897**
Customer finance transactions (on individual basis)	875	284	(243)	(132)	7	791
Customer finance transactions (on collective basis)	71	22		(18)		75
Securities transactions	30				1	31
Impairments on non-banking operations	**8**	**1**	**(1)**	**(1)**	**1**	**8**
Other impairment to cover counterparty risk	8	1	(1)	(1)	1	8
Total provisions to cover counterparty risk	**984**	**307**	**(244)**	**(151)**	**9**	**905**

(*) 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	12/2011	12/2010
Liabilities measured at amortized cost	**251**	**252**
Subordinated debt	250	250
Accrued interest on subordinated debt	1	2
Hedged liabilities measured at fair value	**10**	**11**
Participating loan stock	10	11
Total subordinated liabilities	**261**	**263**

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

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

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

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

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2011
Financial assets	**7 658**	**8 413**	**10 095**	**92**	**26 258**
Derivatives	18	70	222		**310**
Financial assets available for sale and other financial assets	7	5	25	28	**65**
Amounts receivable from credit institutions	944	2	1		**947**
Loans and advances to customers	6 672	8 314	9 830	61	**24 877**
Operating lease transactions	17	22	17	3	**59**
Financial liabilities	**6 667**	**4 451**	**11 327**	**570**	**23 015**
Derivatives	41	10	40		**91**
Amounts payable to credit institutions	2 251	655	1 217	10	**4 133**
Amounts payable to customers	162	6		550	**718**
Debt evidenced by certificates	4 212	3 780	9 820		**17 812**
Subordinated debt	1		250	10	**261**

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2010
Financial assets	**6 826**	**7 114**	**9 137**	**44**	**23 121**
Derivatives	12	30	39		**81**
Financial assets available for sale and other financial assets	2	2	12	9	**25**
Amounts receivable from credit institutions	984	8			**992**
Loans and advances to customers	5 807	7 041	9 068	35	**21 951**
Operating lease transactions	21	33	18		**72**
Financial liabilities	**5 191**	**5 661**	**8 176**	**1 259**	**20 287**
Derivatives	36	63	23	15	**137**
Amounts payable to credit institutions	2 212	640	1 252	3	**4 107**
Amounts payable to customers	103	3		550	**656**
Debt evidenced by certificates	2 840	4 954	6 650	680	**15 124**
Subordinated debt		1	251	11	**263**

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

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2010
Financial liabilities	**5 353**	**5 771**	**8 759**	**1 256**	**21 139**
Derivatives	83	92	112	3	**290**
Amounts payable to credit institutions	2 207	599	1 252	3	**4 061**
Amounts payable to customers	102	3		550	**655**
Debt evidenced by certificates	2 856	4 741	6 650	680	**14 927**
Subordinated liabilities			250	11	**261**
Future interest payable	105	336	495	9	**945**
Financing and guarantee commitments to customers	**1 992**				**1 992**
Total breakdown of future contractual cash flows by maturity	**7 345**	**5 771**	**8 759**	**1 256**	**23 131**

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

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

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

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

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

19.1 - Nature hierarchy breakdown

In millions of euros	12/2011			12/2010		
	NBV (*)	FV (*)	Difference	NBV (*)	FV (*)	Difference
Financial assets	**26 258**	**26 337**	**79**	**23 121**	**23 292**	**171**
Derivatives	310	310		81	81	
Financial assets available for sale and other financi	65	65		25	25	
Amounts receivable from credit institutions	947	947		992	992	
Loans and advances to customers	24 877	24 956	79	21 951	22 122	171
Operating lease transactions	59	59		72	72	
Financial liabilities	**23 015**	**22 860**	**155**	**20 287**	**20 602**	**(315)**
Derivatives	91	91		137	137	
Amounts payable to credit institutions	4 133	4 112	21	4 107	4 066	41
Amounts payable to customers	718	718		656	656	
Debt evidenced by certificates	17 812	17 675	137	15 124	15 476	(352)
Subordinated debt	261	264	(3)	263	267	(4)

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

Assumptions and methods used:

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

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

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

The main assumptions and valuation methods used are the following:

- **Financial assets**

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2011 and at 31 December 2010 for loans with similar conditions and maturities.

- **Loans and advances to customers**

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2011 and at 31 December 2010.

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

- **Financial liabilities**

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2011 and 31 December 2010 for borrowings with similar conditions and maturities. Projected cash flows are discounted according to the zero-coupon yield curve augmented by the spread specific to RCI Banque.

19.2 - Level hierarchy breakdown

In millions of euros	Level 1	Level 2	Level 3	Total 12/2011
Assets measured at fair value	**36**	**310**		**346**
Financial assets available for sale and other financial assets	36			36
Derivatives		310		310
Liabilities measured at fair value	**10**	**91**		**101**
Participating loan stock	10			10
Derivatives		91		91

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

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

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

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

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

Note 20 : Commitments given

In millions of euros	12/2011	12/2010
Financing commitments	**1 626**	**1 981**
Commitments to customers	1 626	1 981
Guarantee commitments	**8**	**18**
Customer guarantees	8	18
Commitments on securities	**8**	**80**
Other securities receivable	8	80
Total commitments given (*)	**1 642**	**2 079**
(*) Of which related parties	*8*	*18*

Following the withdrawal of the car scrappage scheme in France on 31/12/2010, Diac pre-management financing increased by €121m at the end of 2010.

Note 21 : Commitments received

In millions of euros	12/2011	12/2010
Financing commitments	**4 617**	**4 572**
Commitments from credit institutions	4 616	4 571
Commitments from customers	1	1
Guarantee commitments	**6 779**	**5 799**
Guarantees received from credit institutions	130	127
Guarantees from customers	3 579	2 790
Commitments to take back leased vehicles at the end of the contract	3 070	2 882
Total commitments received (*)	**11 396**	**10 371**
(*) Of which related parties	*1 974*	*1 991*

At 31 December 2011 RCI Banque had €4,589m in unused confirmed lines of credit as well as broadly diversified short-term and medium-term issuance programs. RCI Banque also held €1,665m of receivables eligible as central bank collateral (excluding securities and receivables already in use to secure financing at year-

Guarantees and collateral

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

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

Note 22 : Exposure to currency risk

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

In millions of euros 12/2010	Balance sheet		Off balance sheet		Net position		
	Long position	Short position	Long position	Short position	Total	Of which monetary	Of which structural
Position USD		(57)	57				
Position GBP	465			(366)	**99**		99
Position JPY		(92)	92				
Position CHF	158			(154)	**4**		4
Position CZK	30			(10)	**20**		20
Position ARS	26				**26**		26
Position BRL	139				**139**		139
Position PLN	74			(16)	**58**		58
Position HUF	7				**7**		7
Position RON	1				**1**	1	
Position KRW	143				**143**		143
Position MAD	11				**11**		11
Position DKK	5			(5)			
Position SEK	37			(37)			
Total exposure	**1 096**	**(149)**	**149**	**(588)**	**508**	**1**	**507**

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

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

Note 23 : Interest and similar income

In millions of euros	12/2011	12/2010
Interests ans similar incomes	**2 145**	**1 976**
Transactions with credit institutions	23	14
Customer finance transactions	1 447	1 319
Finance lease transactions	533	489
Operating lease transactions	20	30
Accrued interest due and payable on hedging instruments	118	114
Accrued interest due and payable on Financial assets available for sale	4	10
Staggered fees paid for referral of business:	**(223)**	**(194)**
Customer Loans	(170)	(149)
Finance leases	(53)	(45)
Total interests and similar incomes (*)	**1 922**	**1 782**
(*) Of which related parties	*521*	*438*

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

Note 24 : Interest expenses and similar charges

In millions of euros	12/2011	12/2010
Transactions with credit institutions	(272)	(218)
Customer finance transactions	(10)	(6)
Operating lease transactions	(12)	(19)
Accrued interest due and payable on hedging instruments	(104)	(179)
Expenses/debt evidenced by certificates	(525)	(385)
Other interest and similar expenses	(11)	(9)
Total interest and similar expenses (*)	**(934)**	**(816)**
(*) Of which related parties	*(27)*	*(18)*

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

In millions of euros	12/2011	12/2010
Net gains (losses) on derivatives classified as transactions in trading securiti	**1**	**(2)**
Net gains / losses on forex transactions	(66)	112
Net gains / losses on derivatives classified in trading securities	66	(113)
Net gains and losses on equity investments at fair value	2	(1)
Fair value hedges : change in value of hedging instruments	181	(7)
Fair value hedges : change in value of hedged items	(182)	7
Total net gains or losses on financial instruments at fair value	**1**	**(2)**

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

In millions of euros	12/2011	12/2010
Other financial assets	**5**	**1**
Dividends	5	1
Total Net gains (losses) on financial assets available for sale and other	**5**	**1**

Note 27 : Net income (expense) of other activities

In millions of euros	12/2011	12/2010
Other income from banking operations	**586**	**534**
Incidental income from finance contracts	313	336
Income from service activities	179	115
Income related to non-doubtful lease contracts	63	60
of which reversal of impairment on residual values	*8*	*8*
Other income from banking operations	31	23
of which reversal of charge to reserve for banking risks	*7*	*4*
Other expenses of banking operations	**(411)**	**(395)**
Cost of services related to finance contracts	(157)	(165)
Cost of service activities	(113)	(75)
Expenses related to non-doubtful lease contracts	(57)	(58)
of which allowance for impairment on residual values	*(10)*	*(7)*
Distribution costs not treatable as interest expense	(63)	(75)
Other expenses of banking operations	(21)	(22)
of which charge to reserve for banking risks	*(2)*	*(6)*
Other income and expense of banking operations, net	**2**	**11**
Other income from non-banking operations	14	20
Other expenses of non-banking operations	(12)	(9)
Total net income (expense) of other activities (*)	**177**	**150**
(*) Of which related parties	*(1)*	*(1)*

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

Income and expenses of services activities include the income and expenses booked for insurance contracts issued by the group's captive insurance companies as detailed hereafter:

Net income of insurance activities

In millions of euros	12/2011	12/2010
Gross premiums written	91	42
Net charge of provisions for technical provisions	(54)	(30)
Claims paid	(3)	(1)
Claims recovered from reinsurers	2	1
Others reinsurance charges and incomes	4	5
Total net income of insurance activities	**40**	**17**

Note 28 : General operating expenses et des effectifs

In millions of euros	12/2011	12/2010
Personnel costs	**(199)**	**(200)**
Employee pay	(138)	(135)
Expenses of post-retirement benefits	(15)	(15)
Other employee-related expenses	(42)	(41)
Other personnel expenses	(4)	(9)
Other administrative expenses	**(152)**	**(139)**
Taxes other than current income tax	(19)	(16)
Rental charges	(14)	(13)
Other administrative expenses	(119)	(110)
Total general operating expenses (*)	**(351)**	**(339)**
(*) Of which related parties		*2*

Average number of employees	12/2011	12/2010
Sales financing operations and services in France	1 297	1 293
Sales financing operations and services in other countries	1 533	1 549
	2 830	**2 842**

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

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

Note 29 : Cost of risk by customer category

In millions of euros	12/2011	12/2010
Cost of risk on customer financing	**(57)**	**(94)**
Impairment allowances	(208)	(315)
Reversal of impairment	271	389
Losses on receivables written off	(136)	(179)
Amounts recovered on loans written off	16	11
Cost of risk on dealer financing	**9**	**9**
Impairment allowances	(69)	(82)
Reversal of impairment	94	97
Losses on receivables written off	(16)	(6)
Other cost of risk	**(4)**	
Change in allowance for country risk	(4)	(1)
Change in allowance for impairment of other receivables		1
Total cost of risk	**(52)**	**(85)**

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

Note 30 : Income tax

In millions of euros	12/2011	12/2010
Current tax expense	**(219)**	**(158)**
Current tax expense	(219)	(158)
Deferred taxes	**(46)**	**(56)**
Income (expense) of deferred taxes, gross	(46)	(56)
Total income tax	**(265)**	**(214)**

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	12/2011	12/2010
Impairment	89	65
Provisions and other charges deductible when paid	11	18
Tax loss carryforwards	38	33
Other assets and liabilities	(25)	(27)
Lease transactions	(341)	(278)
Non-current assets	(1)	5
Impairment allowance on deferred tax assets	(6)	(6)
Total net deferred tax asset (liability)	**(235)**	**(190)**

Reconciliation of actual tax expense booked and theoretical tax charge

In %	12/2011	12/2010
Statutory income tax rate - France	**36,10%**	**34,43%**
Differential in tax rates of french entities	0,71%	0,24%
Differential in tax rates of foreign entities	-3,23%	-4,06%
Change in impairment allowance on deferred tax assets and losses on tax loss ca	-0,02%	0,00%
Effect of equity-accounted associates	-0,25%	-0,12%
Other impacts	0,37%	-0,09%
Effective tax rate	**33,68%**	**30,40%**

Deferred tax expense recognized in the other comprehensive income

In millions of euros	2011 change in equity			2010 change in equity		
	Before tax	Tax	Net	Before tax	Tax	Net
Unrealised P&L on cash flow hedge instruments	3		3	70	(24)	46
Actuarial differences	(1)		(1)	1		1
Exchange differences	(26)		(26)	67		67
Other unrealized or deferred P&L	1		1	(1)		(1)

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

	Country	Direct interest of RCI Banque	Indirect interest of RCI Banque		%	
			%	Held by	2011	2010
PARENT COMPANY: RCI Banque S.A.						
Branches of RCI Banque:						
RCI Banque S.A. Niederlassung Deutschland	Germany					
RCI Banque Sucursal Argentina	Argentina					
RCI Banque Niederlassung Osterreich*	Austria					
RCI Banque S.A. Sucursal España	Spain					
RCI Banque Sucursal Portugal	Portugal					
RCI Banque S.A. Bančna podružnica Ljubljana	Slovenia					
RCI Banque Succursale Italiana	Italy					
RCI Banque Branch Ireland*	Ireland					
Renault Finance Nordic Bankfilial till RCI Banque S.A. Frankrike	Sweden					
FULLY CONSOLIDATED COMPANIES:						
RCI Versicherungs Service GmbH	Germany	100			100	100
Rombo Compañía Financiera S.A.	Argentina	60			60	60
Courtage S.A.	Argentina	95			100	100
RCI Financial Services S.A.	Belgium	100			100	100
Renault AutoFin S.A.	Belgium	100			100	100
Administradora de Consorcio Renault do Brasil S/C Ltda.	Brazil	99.92	-		99.92	99.92
Companhia de Arrendamento Mercantil RCI do Brasil S.A.	Brazil	60.12			60.12	60.12
Companhia de Crédito. Financiamento e Investimento RCI do Brasil S.A.	Brazil	60.09			60.09	60.09
Corretora de Seguros RCI do Brasil S.A.	Brazil	100			100	100
RCI Financial Services Korea Co Ltd	South Korea	100			100	100
Overlease S.A.	Spain	100			100	100
Diac S.A.	France	100			100	100
Cogéra S.A.	France	-	94.81	Diac S.A.	94.81	94.81
Diac Location S.A.	France	-	100	Diac S.A.	100	100
Sogesma S.A.R.L.	France	-	100	Diac S.A.	100	100
Renault Acceptance Ltd	United Kingdom	100			100	100
RCI Financial Services Ltd	United Kingdom	84.59	15.41	Renault Acceptance Ltd	100	100
RCI zrt Hungary	Hungary	100			100	100
RCI Services Ltd**	Malta	100			100	100
RCI Insurance Ltd**	Malta		100	RCI Services Ltd	100	100
RCI Life Ltd**	Malta		100	RCI Services Ltd	100	100
RCI Finance Maroc S.A.	Morocco	100			100	100
RCI Financial Services B.V.	Netherlands	100			100	100
Renault Credit Polska Sp. z.o.o.	Poland	100			100	100
RCI Bank Polska S.A.	Poland	100			100	100
RCI Gest Instituição Financeira de Crédito S.A.	Portugal	100			100	100
RCI Gest Seguros Mediadores de Seguros Lda	Portugal	-	100	RCI GEST IFIC S.A.	100	100
RCI Finance CZ s.r.o.	Czech Rep.	100			100	100
RCI Broker De Asigurare S.R.L.	Romania		100	RCI Finantare Romania	100	100
RCI Finantare Romania S.R.L.	Romania	100			100	100
RCI Leasing Romania IFN S.A.	Romania	100			100	100
RCI Finance S.A.	Switzerland	100			100	100
SPV						
SPV Alliance Auto Loans – Italy	Italy		(see note	RCI Banque Succursale		
FCT Cars Alliance Auto Loans Germany	Germany		(see note	RCI Banque Niederlassung		
FCT Cars Alliance Auto Leases Germany	Germany			RCI Banque Niederlassung		
SPV DFP RHOMBUS SA	Germany			RCI Banque Niederlassung		
FCC Cars Alliance Auto Loans – France	France		(see note	Diac S.A.		
FCT Cars Alliance DFP France	France		(see note	Cogera S.A.		
SPV Cars Alliance UK	United Kingdom			RCI Financial Services Ltd		
PROPORTIONALLY CONSOLIDATED COMPANIES						
Renault Credit Car	Belgium		50.10	Renault AutoFin S.A.	50.10	50.10
RCI Financial Services s.r.o.	Czech Rep.	50			50	50
COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD						
Nissan Renault Finance Mexico S.A. de C.V. Sofom E.N.R.	Mexico	15			15	15

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

APPENDIX 1: RCI BANQUE GROUP OPERATIONS

In million euros	Year	Net loans outstanding at end December	Of which dealers at end December
Western Europe	2 011	20 065	5 117
	2 010	18 430	4 308
of which Germany	2 011	3 852	958
	2 010	3 595	755
of which Spain	2 011	1 717	409
	2 010	1 821	342
of which France	2 011	8 869	2 239
	2 010	8 151	1 932
of which United-Kingdom	2 011	1 603	285
	2 010	1 449	271
of which Italy	2 011	2 064	545
	2 010	1 724	412
Brazil	2 011	2 058	756
	2 010	1 232	313
South Korea	2 011	1 326	12
	2 010	1 199	12
Rest of world*	2 011	1 042	378
	2 010	866	283
Total RCI Banque Group	**2 011**	**24 491**	**6 263**
	2 010	**21 727**	**4 916**

* Rest of world : Argentina, Hungary, Morocco, Scandinavian countries, Poland, Czech Republic, Romania, and Slovenia.

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

APPENDIX 2 : FINANCIAL RISKS

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

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

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

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

MARKET RISK MANAGEMENT ORGANIZATION

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

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

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

Interest-rate risk (audited)

In the case of RCI Banque, the overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin.
The objective of the RCI Banque group is to mitigate this risk as far as possible in order to protect its mark-up.
In order to take account of the difficulty of precisely adjusting the structure of borrowings with that of loans, limited flexibility is accepted in interest rate risk hedging by each subsidiary.
This flexibility consists in a sensitivity limit being assigned to each subsidiary as approved by the Finance committee, individual adaptation of part of the limit granted by Renault to the RCI Banque group.

Refinancing limits for subsidiaries: €20m
Limit of commercial subsidiaries: €10m
Total sensitivity limit in millions of euros granted to RCI Banque by Renault: €30m
The sensitivity thus defined consists in measuring at a given point in time (t) the impact of a change in interest rates on the market price of flows relating to the commercial assets and financial liabilities of an entity.
The market price is determined by the discounted future cash flows at the market price at point t.
The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 bp of the interest rates on all maturities. The calculation is based on the active GAPs and average monthly liabilities.
The instalments of in-force business are determined by taking into account the contractual characteristics of

transactions and the results of the modelling of historical customer behaviour patterns (advance repayment, etc.), supplemented by assumption on certain aggregates (owners' equity, etc.)

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

In 2011, overall sensitivity to the interest-rate risk of RCI Banque remained below the €30m limit set by the group.
At 31 December 2011, a 100 bp rise in the Euro interest rate would have a negative impact of €4.5m, a 100 bp rise in the CHF rates would have a positive impact of €0.5m, and a fall in the GBP rate would have a negative impact of €0.1m. The absolute sensitivity values in each currency totaled €6.0m at 31 December 2011.

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

- Sales financing subsidiaries

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

- Refinancing subsidiary

The main activity of RCI Banque SA is to refinance the group's commercial subsidiaries.
The in-force business of the commercial refinancing subsidiaries is backed primarily by floating rate resources.
Thanks to macro-hedging operations in the form of interest rate swaps, the sensitivity of the refinancing holding company has been kept below the €20m threshold.
These swaps and the securities available for sale are measured at fair value by reserves in accordance with IFRS.
A uniform change in the yield curve of 1% applied to the valuation of these instruments would have an impact on consolidated reserves of €39.2m (before tax) at 31 December 2011.
This data is calculated on the basis of simplified scenarios, working on the assumption that all positions run to maturity and that management does not readjust them to factor in new market conditions. The sensitivity of reserves to a change in interest rates as presented above would in no way be representative of an impact on future results.

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

Liquidity risk

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

Two indicators are monitored monthly by the finance committee:

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

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

- The liquidity reserve
This indicator is the difference between available securities (confirmed unused credit facilities, which can be mobilized in the Central Bank and in cash) and commercial paper outstandings. It reflects the capacity of RCI Banque

to raise new resources, either on certificate of deposit and commercial paper markets in the form of mobilization in the Central Bank, or by using confirmed lines of financing.

To achieve its objectives, at 31 December 2011 RCI Banque had €4,548m of confirmed unused credit (apart from Brazil for €41m, the refinancing of which is not centralized), extensive diversification of its short and medium-term issues and €1,665m of eligible debt securities that can be mobilized with the Bank of France (after application of bad debt discounting and apart from receivables mobilized at the end of the reporting period).

The foreign exchange risk

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

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

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

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

At 31 December 2011, the consolidated forex position of the RCI Banque group totalled €8.4m.

Credit risk

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

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

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

• Temporary cash surpluses are invested exclusively in short-term bank deposits. Commitments on derivatives are weighted by more conservative coefficients than those recommended by regulations. The risk of payment/delivery on forex transactions is monitored and subject to specific limits.