CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP

31 December 2013

SUMMARY

CONSOLIDATED BALANCE SHEET

ASSETS - in millions of euros	**Notes**	**12/2013**	**12/2012**
Cash and balances at central banks and PCAs		524	616
Derivatives	2	203	332
Financial assets available for sale and other financial assets	3	134	82
Amounts receivable from credit institutions	4	1 160	741
Loans and advances to customers	5 et 6	26 328	26 095
Adjustment accounts - Assets	7	831	617
Investments in associates and joint ventures	8	15	48
Operating lease transactions	5 et 6	195	124
Tangible and intangible non-current assets	9	28	28
Goodwill	10	87	84
TOTAL ASSETS		**29 505**	**28 767**

LIABILITIES AND EQUITY - in millions of euros	**Notes**	**12/2013**	**12/2012**
Derivatives	2	130	104
Amounts payable to credit institutions	11.2	3 227	3 930
Amounts payable to customers	11.3	5 136	1 619
Debt securities	11.4	16 162	18 534
Adjustments accounts - Miscellaneous liabilities	13	1 369	1 368
Provisions	14	113	121
Insurance technical provisions	14	185	151
Subordinated debt - Liabilities	16	261	259
Equity		2 923	2 681
- Of which equity - owners of the parent		*2 908*	*2 680*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*1 750*	*1 438*
Unrealised or deferred gains and losses		*(125)*	*(62)*
Net income for the year		*469*	*490*
- Of which equity - non-controlling interests		*15*	*1*
TOTAL LIABILITIES & EQUITY		**29 505**	**28 767**

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	12/2013	12/2012
Interest and similar income	24	1 925	2 007
Interest expenses and similar charges	25	(1 001)	(1 017)
Fees and commission income		24	26
Fees and commission expenses		(15)	(7)
Net gains (losses) on financial instruments at fair value through profit or loss	26		(3)
Net gains (losses) on AFS securities and other financial assets	27	16	11
Net income (expense) of other activities	28	272	221
NET BANKING INCOME		**1 221**	**1 238**
General operating expenses	29	(376)	(377)
Depreciation and impairment losses on tangible and intangible assets		(7)	(6)
GROSS OPERATING INCOME		**838**	**855**
Cost of risk	30	(102)	(91)
OPERATING INCOME		**736**	**764**
Share in net income (loss) of associates and joint ventures	8	7	9
Gains less losses on non-current assets		1	
PRE-TAX INCOME		**744**	**773**
Income tax	31	(238)	(247)
NET INCOME		**506**	**526**
Of which, non-controlling interests		37	36
Of which owners of the parent		469	490
Net Income per share (*) in euros		468,90	489,54
Diluted earnings per share in euros		468,90	489,54

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	12/2013	12/2012
NET INCOME	**506**	**526**
Other comprehensive income	**(59)**	**(17)**
Actuarial differences on defined-benefit pension plans	2	(1)
Total of items that will not be reclassified subsequently to profit or loss	**2**	**(1)**
Unrealised P&L on cash flow hedge instruments	21	(11)
Unrealised P&L on AFS financial assets		1
Other unrealised or deferred P&L		(1)
Exchange differences	(82)	(5)
Total of items that will be reclassified subsequently to profit or loss	**(61)**	**(16)**
TOTAL COMPREHENSIVE INCOME	**447**	**509**
Of which Comprehensive income attributable to non-controlling interests	41	36
Comprehensive income attributable to owners of the parent	406	473

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income attributable to equity holders of the parent	**Equity – shareholders of the parent company**	Equity – Non-controlling interests 0	**Total Consolidated equity**
Equity at 31 December 2011	**100**	**714**	**1 304**	**(41)**	**(4)**	**493**	**2 566**	**3**	**2 569**
Appropriation of net income of previous year			493			(493)			
Equity at 1 January 2012	**100**	**714**	**1 797**	**(41)**	**(4)**		**2 566**	**3**	**2 569**
Change in value of financial instruments (CFH & AFS) recognized in equity					(11)		(11)		(11)
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(5)			(5)		(5)
Net income for the year (before appropriation)						490	490	36	526
Total comprehensive income for the period				*(5)*	*(12)*	*490*	*473*	*36*	*509*
Effect of acquisitions, disposals & others			2				2	(3)	(1)
Dividend for the year			(350)				(350)	(10)	(360)
Repurchase commitment of non-controlling interests			(11)				(11)	(25)	(36)
Equity at 31 December 2012	**100**	**714**	**1 438**	**(46)**	**(16)**	**490**	**2 680**	**1**	**2 681**
Appropriation of net income of previous year			490			(490)			
Equity at 1 January 2013	**100**	**714**	**1 928**	**(46)**	**(16)**		**2 680**	**1**	**2 681**
Change in value of financial instruments (CFH & AFS) recognized in equity					17		17	4	21
Actuarial differences on defined-benefit pension plans					2		2		2
Exchange differences				(82)			(82)		(82)
Net income for the year (before appropriation)						469	469	37	506
Total comprehensive income for the period				*(82)*	*19*	*469*	*406*	*41*	*447*
Effect of acquisitions, disposals and others			1				1	13	14
Dividend for the year			(175)				(175)	(12)	(187)
Repurchase commitment of non-controlling interests			(4)				(4)	(28)	(32)
Equity at 31 December 2013	**100**	**714**	**1 750**	**(128)**	**3**	**469**	**2 908**	**15**	**2 923**

(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 2013 relates primarily to Brazil, Argentina, United Kingdom, and South Korea. At 31 December 2012, the change mainly related to United Kingdom, Argentina, Switzerland, South Korea and Brazil.

(4) Includes changes in the fair value of derivatives used as cash flow hedges and available-for-sale assets for €4.8m and IAS 19 actuarial gains and losses for -€2.4m at end-December 2013.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	**12/2013**	**12/2012**
Net income attributable to owners of the parent company	**469**	**490**
Depreciation and amortization of tangible and intangible non-current assets	6	5
Net allowance for impairment and provisions	(25)	5
Dividends received and share in net (income) loss of associates and joint ventures	(7)	(9)
Deferred tax (income) / expense	19	(15)
Net loss / gain from investing activities	(14)	
Net income attributable to non-controlling interests	37	36
Other (gains/losses on derivatives at fair value through profit and loss)	(19)	23
Cash flow	**465**	**535**
Other movements (accrued receivables and payables)	3	52
Total non-monetary items included in net income and other adjustments	**(1)**	**97**
Cash flows on transactions with credit institutions	(657)	(134)
- Inflows / outflows in amounts receivable from credit institutions	*(381)*	*(59)*
- Inflows / outflows in amounts payable to credit institutions	*(276)*	*(75)*
Cash flows on transactions with customers	2 346	(459)
- Inflows / outflows in amounts receivable from customers	*(1 219)*	*(1 412)*
- Inflows / outflows in amounts payable to customers	*3 565*	*953*
Cash flows on other transactions affecting financial assets and liabilities	(2 075)	625
- Inflows / outflows related to AFS securities and similar	*3*	*(22)*
- Inflows / outflows related to debt securities	*(1 937)*	*690*
- Inflows / outflows related to collections	*(141)*	*(43)*
Cash flows on other transactions affecting non-financial assets and liabilities	48	(77)
Net decrease / (increase) in assets and liabilities resulting from operating activities	**(337)**	**(45)**
Net cash generated by operating activities (A)	**131**	**542**
Flows related to financial assets and investments	(17)	(2)
Flows related to tangible and intangible non-current assets	(6)	(11)
Net cash from / (used by) investing activities (B)	**(23)**	**(13)**
Net cash from / (to) shareholders	(187)	(358)
- Dividends paid	*(187)*	*(360)*
- Inflows / outflows related to non-controlling interests		*2*
Other net cash flows related to financing activities		(1)
Net cash from / (used by) financing activities (C)	**(187)**	**(359)**
Effect of changes in exchange rates and scope of consolidation on cash and cash equivalents (D)	**(30)**	**(1)**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	**(110)**	**169**
Cash and cash equivalents at beginning of year:	1 082	912
- Cash and balances at central banks and PCAs	*616*	*188*
- Balances in sight accounts at credit institutions	*466*	*724*
Cash and cash equivalents at end of year:	972	1 082
- Cash and balances at central banks and PCAs	*524*	*616*
- Credit balances in sight accounts with credit institutions	*677*	*627*
- Debit balances in sight accounts with credit institutions	*(229)*	*(161)*
Change in net cash	**(110)**	**169**

‘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 2013 were established by the Board of Directors on 4 February 2014 and will be presented for shareholder approval to the Annual General Meeting on 22 May 2014. An annual dividend of 260 euros per share, for a total distribution of €260m, will also be proposed at that meeting.

For comparison, the General Meeting of 23 May 2013 set the dividend for 2012 at 275 euros per share, for a total distribution of €275m.

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

2. ACCOUNTING RULES AND METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the RCI Banque group has prepared its consolidated financial statements for 2013 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2013 and as adopted in the European Union by the statement closing date.

The following new standards, interpretations and amendments, as published in the Official Journal of the European Union and application of which was mandatory by the statement closing date, have been applied for the first time to the annual reporting year 2013.

Standard		Mandatory application date
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19 (revised)	Employee Benefits	1 January 2013
Improvements to various standards	Annual Improvements - 2009-2011 cycle	1 January 2013
Amendment to IFRS 7	Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendment to IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 January 2013
Amendment to IAS 12	Income Taxes – Deferred Tax: Recovery of underlying Assets	1 January 2013

The amendment to IAS 1 requires items of other comprehensive income to be presented in two separate categories: items that may be reclassified to profit or loss in the future, and those that may not.

Application of IAS 19 (revised) "Employee benefits" is retrospective. The impact of first-time application was not significant at group level.

Application of IFRS 13 "Fair Value Measurement" is prospective. This standard provides a framework for the measurement of fair value. Its application had no significant impact on book values.

The group has applied the following standards, interpretations and amendments, published in the Official Journal of the European Union and application of which was optional on the statement closing date, in advance.

Standard		**Mandatory application date**
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities – Transition Guidance	1 January 2014
Amendment to IAS 28	Investments in Associates and Joint Ventures	1 January 2014

The group has not applied the Amendment to IAS 32 “Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”, published in the Official Journal of the European Union in December 2012 and application of which is mandatory as of 1 January 2014, in advance. To date, the group does not expect adoption of this amendment to have any significant impact on the consolidated financial statements.

First-time application of IFRS 11:

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”.

IFRS 11 removes the option to account for jointly-controlled entities using the proportionate consolidation method.

In accordance with IFRS 11, Renault Credit Car and RCI Financial Services s.r.o. have been classified as joint ventures.

These companies, which up until 31 December 2012 were accounted for using the proportionate consolidation method, were moved to the equity method from 1 January 2013. However, RCI Financial Services s.r.o. signed a new partnership agreement with Unicrédit in October 2013, and since that date has been fully consolidated.

The group’s investment in joint ventures is now presented under “Investments in Associates and Joint Ventures” in the consolidated financial statements. The share of net income of such entities is presented under “Share of net income of associates and joint ventures” in the consolidated income statement.

IFRS 11 had no significant impact on the RCI Banque group’s financial statements.

First-time application of IAS 19 (revised) “Employee benefits”:

The main changes brought about by the revision of IAS 19 are as follows:

- All actuarial gains and losses are immediately recognized as items of other comprehensive income; as the group opted for this method of accounting in 2007, this change had no impact on its consolidated financial statements at 31 December 2013;

- Past service costs resulting from changes or curtailments to defined benefit plans are recognized immediately and fully in the income statement; before the revision, past service costs were recognized in income and amortized on a straight line basis over the average vesting period;

- The expected return on plan assets is now calculated using the same rate as the discount rate applied to plan liabilities.

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

A) Consolidation

Scope and methods of consolidation

The consolidated financial statements incorporate the accounts of companies over which the group directly or indirectly exercises exclusive control (subsidiaries and branches). These companies are fully consolidated.

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

Companies over which the group exercises significant influence (associate companies) are accounted for under the equity method.

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

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

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

Acquisition cost of shares and goodwill

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

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

And

- The net carrying amounts of acquired assets and liabilities

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

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

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

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

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

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

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

Non-controlling interests

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

In accordance with the provisions set out in IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €204m at 31 December 2013, compared to €207m at 31 December 2012. This liability is initially measured at the present value of the estimated exercise price of the put options.

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

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

B) Presentation of the financial statements

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

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

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 of loans and advances to customers

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

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

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

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

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

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

Identifying credit risk

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

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

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

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

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

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

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

Impairment

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

Customer lending

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

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

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

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

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

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

Dealer financing

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

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

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

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

Country risk

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

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

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

The projected default rate used depends on the residual term of the portfolio, the country’s rating and the geographical area in which it is located (Emerging countries, Europe, North America). This default rate is an indicator of the probability of default (PD) of companies in the country concerned. The RCI Banque group uses the rates published by S&P for emerging countries and estimated on a historical basis using the period between 1996 and 2012. The loss-given-default (LGD) rate refers to that of Brazil and is calculated on a 12-month mean basis by internal expert appraisal according to the trend observed for the countries concerned.

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

Rules for writing off loans

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

Impairment of residual values

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

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

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

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

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

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

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

E) Operating leases (IAS17)

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

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

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

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

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

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**

At 31 December 2013, the RCI Banque group had provided €11,455m in new financing (including credit cards) compared with €10,871m in 2012.

- **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 2013, dealer financing net of impairment allowances amounted to €7,576m against €7,140m at 31 December 2012.

At 31 December 2013, direct financing of Renault Group subsidiaries and branches amounted to €473m against €552m at 31 December 2012.

At 31 December 2013, the dealer network had collected, as a business contributor, income of €320m against €360m at 31 December 2012.

- **Relations with the car makers**

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

Under their trade policies and as part of promotional campaigns, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 31 December 2013, this contribution amounted to €397m against €389m at 31 December 2012.

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

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

Securities held for trading purposes

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

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

Securities available for sale

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

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

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

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

I) Income taxes (IAS 12)

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

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

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

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

Overview of plans

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

Defined benefit plans:

Charges are booked to provisions for these plans to cover:

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

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

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

Defined contribution plans:

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

Valuation of liabilities for defined benefit plans

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

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

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

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

K) Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

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

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

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

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

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

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

L) Translation of foreign currency transactions

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

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

M) Financial liabilities (IAS 39)

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

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

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

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

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

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

N) Structured products and embedded derivatives (IAS 39)

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

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

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

O) Derivatives and hedge accounting (IAS 39)

Risks

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

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

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

Measurement

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

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

- The fair value of forward currency agreements and currency swaps is determined by discounting cash flows at market interest rates and exchange rates at the closing date. It also incorporates the measurement of interest rate and currency swap "base" effects.

- The fair value of interest-rate derivatives represents what the group would receive (or would pay) to unwind the running contracts at the closing date, taking into account unrealized gains or losses as determined by current interest rates at the closing date.

<u>Credit adjustment</u>

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

Exposure (EAD - Exposure At Default) is approximated by the mark-to-market (MTM) plus or minus an add-on, representing potential future risk and taking into account netting agreements with each counterparty. This potential future risk is estimated using the standard method recommended by French banking regulations (ministerial order of 20 February 2007 on capital adequacy requirements applicable to credit institutions and investment companies, Article 267-3).

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

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

- **Fair value hedge**

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

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

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

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

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

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

Cash flow hedge

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

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

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

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

Trading transactions

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

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

These transactions mainly include:

- foreign exchange transactions with an initial maturity of less than one year,
- identified embedded derivatives that are part of the group's structured issues, and the associated swaps,
- swaps contracted in connection with securitization transactions,

- variable/pay variable swaps in a given currency to hedge interest-rate risk on variable-rate issues.

P) 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.

Q) 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 2013

- In February 2013, the RCI Banque Spolka Akcyjna Oddzial w Polsce branch took over the business of the RCI Bank Polska S.A. subsidiary, which was dissolved on 31 January 2013 and merged with RCI Banque S.A.
- On 01/01/2013, the Renault Credit Car in Belgium and RCI Financial Services s.r.o in the Czech Republic, which until that date were accounted for using the proportionate consolidation method, were moved to the equity method, further to the decision by the Renault Group to apply the new IFRS 10, 11 and 12 standards in advance.
- On 17 May 2013, Cogera S.A. was taken over by Diac S.A. with retro-active effect from 01/01/2013.
- August 2013: ORFIN Finansman Anonim Sirketi (a joint-venture held 50% by Oyak), a company granting consumer loans, entered the scope of consolidation. It is accounted for under the equity method.
- September 2013: RFDM, the insurance broker in Morocco, entered the scope of consolidation. It is fully consolidated.
- October 2013: OOO RN Finance RUS, a commercial company, entered the scope of consolidation. It is fully consolidated.
- From October 2013: RCI Banque S.A. took over control of RCI Financial Services s.r.o in October 2013, and since then, RCI Financial Services s.r.o has been fully consolidated.
- October 2013: exit from the scope of consolidation of NR Finance Mexico SA de CV, following the acquisition by Nissan of the 15% of shares held by RCI Banque SA.
- Winding up of Renault Acceptance Ltd. in November 2013.
- New FCT (*Fonds Commun de Titrisation*) issues:
  - On 22 July 2013, FCT Cars Alliance DFP France issued AAA-rated notes retained by RCI Banque SA for €750m.
  - On 18/12/2013, Cars Alliance Auto Loans Germany V2013-1 issued AAA-rated notes backed by German auto loans for €800m.

Changes in the scope of consolidation in 2012

- On 1 June 2012, the Brazilian affiliate Companhia de Crédito Financiamento e Investimento RCI Brasil S.A. became the parent company of another consolidated Brazilian affiliate, Companhia de Arrendamento Mercantil RCI Brasil S.A. (fully owned), following the contribution of assets previously held by RCI Banque S.A. and Santander in consideration of an increase in the share capital of Companhia de Crédito Financiamento e Investimento RCI Brasil S.A. without any changes to the breakdown of ownership between the two shareholders, RCI Banque S.A. and Santander. This change of legal structure is without significance from the consolidation point of view.
- In France, RCI Banque proceeded with the restructuring of its French securitization program, initially set up as a single Master Trust in 2002, which now revolves around three separate FCTs (*Fonds Commun de Titrisation*):
  - On 25/5/2012, Cars Alliance Auto Loans France FCT Master issued ECB-eligible securitization securities retained by RCI Banque SA for €596m;
  - CARS Alliance Auto Loans France F 2012-1 was used for the public issue of fixed rate securities for €750m distributed to investors with a value date of 27/6/2012.
  - CARS Alliance Auto Loans France V 2012-1 was used for the public issue of floating rate securities for €700m distributed to investors with a value date of 26/11/2012

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

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

Foreign affiliates that do not have a tax agreement with France

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A in Colombia. The latter's business consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. At 31 December 2013, pre-tax income came to €1.5m.

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

Liquidity

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

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

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

RCI Banque's management of liquidity risk is based on several indicators or analyses, updated monthly on the basis of the latest in-force business forecasts (customer base and network) and completed refinancing transactions. Very prudent assumptions about the outflow of deposits are used, with a multiplying factor applied to the stressed cash outflows adopted by the Basel Committee. The system has undergone an internal audit and a review by the banking regulator (ACPR) and has been reinforced by updating internal procedures:

Static liquidity: RCI Banque's aim is to achieve positive static liquidity. Assets generated in the past are 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, making use of confirmed bank lines and funds raised from the ECB (internal monitoring and external reporting indicator) only,

- available securities (internal monitoring and external reporting indicator).

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

Credit business risk

Following the strengthening of the collection structures between the end of 2008 and early 2009, collection 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.

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

Profitability

RCI Banque regularly reviews the costs of internal liquidity used to price customer transactions, thereby maintaining a margin on new lending in line with budget targets. Similarly, the pricing of financing granted to dealers is indexed on an internal base rate reflecting the cost of borrowed resources and liquidity cushions needed for business continuity. This method maintains a steady return for this business.

Governance

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

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

Exposure to credit risk

RCI Banque's exposure to bank credit risk mainly arises from short-term deposits of temporary cash surpluses and from interest-rate or forex hedging with derivatives. These transactions are made with first-class banks that have been duly approved beforehand by the Counterparty Committee. RCI Banque pays close attention to diversifying its counterparties. Temporary cash surpluses are also regularly invested with the Bank of France.

5. REFINANCING

Following the launch of the *ZESTO* savings account for retail customers in France in 2012, the group pursued its strategy to access household savings and started up a deposits business in Germany under the *Renault Bank direkt* brand name, offering from now on savings account as well as term deposit accounts. Deposits collected in France and in Germany grew €3.4 billion over the 2013 financial year (of which €0.8 billion in term deposits) and cover 52% of the year’s funding requirements (Europe scope). Diversifying its sources of funds in this way reduces the company’s dependence on market funding, which fell sharply from €5.0 billion on 2012 to €3.1 billion.

On the bond market, while continuing to diversify its sources of funding, RCI Banque raised the equivalent of €2.1 billion through its traditional markets (two bonds and one tap in euros, one issue in Swiss francs)
as well as on less-exploited markets. After a seven year absence from the GBP market, RCI Banque returned with a bond in Sterling (GBP 300 million), and also made its second issue in US dollars (USD 600 million). Likewise, through its subsidiaries, the group also tapped the local bond markets on a regular basis in Argentina, South Korea and especially in Brazil. After a first bond issue in 2011, the subsidiary confirmed its ability to access local liquidity, widened its investor base, and issued BRL 1.4 billion.

On the structure finance segment, in response to investor demand for simpler structures, RCI Banque rearranged its auto loan securitization program in Germany. A new FCT (Fonds Commun de Titrisation) was created, which placed floating-rate securities for €800 million with investors.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

1.1 - Segmentation by market

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

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

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

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

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

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

1.2 Segmentation by geographic region

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

Note 2 : Derivatives

In millions of euros	12/2013		12/2012	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**3**	**38**	**15**	**50**
Interest-rate derivatives		22		
Currency derivatives	3	15	15	50
Other derivatives		1		
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**200**	**92**	**317**	**54**
Interest-rate and currency derivatives: Fair value hedges	187	85	315	4
Interest-rate derivatives: Cash flow hedges	13	7	2	50
Total derivatives	**203**	**130**	**332**	**104**

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 2011	**(2)**	**2**	**(4)**	
Changes in fair value recognized in equity	(31)			
Transfer to income statement	20			
Balance at 31 December 2012	**(13)**	**(9)**	**(4)**	
Changes in fair value recognized in equity	4			
Transfer to income statement	13			
Balance at 31 December 2013	**4**		**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 12/2013
Hedging of currency risk				
Forward forex contracts				
Sales	1 465			**1 465**
Purchases	1 453			**1 453**
Spot forex transactions				
Loans	53			**53**
Borrowings	53			**53**
Currency swaps				
Loans	332	1 060		**1 392**
Borrowings	335	1 124		**1 459**
Hedging of interest-rate risk				
Interest rate swaps				
Lender	2 941	6 356		**9 297**
Borrower	2 941	6 356		**9 297**

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

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

In millions of euros	12/2013	12/2012
Financial assets available for sale	**77**	**60**
Government debt securities and similar	37	36
Variable income securities	8	5
Bonds and other fixed income securities	32	19
Other financial assets	**57**	**22**
Interests in companies controlled but not consolidated	57	22
Total financial assets available for sale and other financial assets	**134**	**82**

Note 4 : Amounts receivable from credit institutions

In millions of euros	12/2013	12/2012
Credit balances in sight accounts at credit institutions	**677**	**627**
Ordinary accounts in debit	659	600
Overnight loans	17	27
Accrued interest	1	
Term deposits at credit institutions	**483**	**114**
Term loans	473	103
Reverse repurchase agreement or bought outright	8	9
Doubtful receivables	1	1
Accrued interest	1	1
Total amounts receivable from credit institutions	**1 160**	**741**

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

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

Note 5 : Customer finance transactions and similar

In millions of euros	12/2013	12/2012
Loans and advances to customers	**26 328**	**26 095**
Customer finance transactions	20 104	19 506
Finance lease transactions	6 224	6 589
Operating lease transactions	**195**	**124**
Total customer finance transactions and similar	**26 523**	**26 219**

5.1 - Customer finance transactions

In millions of euros	12/2013	12/2012
Loans and advances to customers	**20 802**	**20 275**
Factoring	487	529
Other commercial receivables	87	91
Other customer credit	19 132	18 672
Ordinary accounts in debit	302	210
Doubtful and compromised receivables	794	773
Interest receivable on customer loans and advances	**57**	**61**
Other customer credit	40	40
Ordinary accounts		1
Doubtful and compromised receivables	17	20
Total of items included in amortized cost - Customer loans and advances	**(136)**	**(157)**
Staggered handling charges and sundry expenses - Received from customers	(96)	(122)
Staggered contributions to sales incentives by manufacturer or dealers	(372)	(346)
Staggered fees paid for referral of business	332	311
Impairment on loans and advances to customers	**(619)**	**(673)**
Impairment on delinquent or at-risk receivables	(165)	(161)
Impairment on doubtful and compromised receivables	(432)	(489)
Impairment on residual value	(22)	(23)
Total customer finance transactions, net	**20 104**	**19 506**

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

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

5.2 - Finance lease transactions

In millions of euros	12/2013	12/2012
Finance lease transactions	**6 378**	**6 756**
Leasing and long-term rental	6 244	6 613
Doubtful and compromised receivables	134	143
Accrued interest on finance lease transactions	**8**	**17**
Leasing and long-term rental	5	13
Doubtful and compromised receivables	3	4
Total of items included in amortized cost - Finance leases	**(49)**	**(60)**
Staggered handling charges	(18)	(23)
Staggered contributions to sales incentives by manufacturer or dealers	(117)	(138)
Staggered fees paid for referral of business	86	101
Impairment on finance leases	**(113)**	**(124)**
Impairment on delinquent or at-risk receivables	(10)	(15)
Impairment on doubtful and compromised receivables	(98)	(103)
Impairment on residual value	(5)	(6)
Total finance lease transactions, net	**6 224**	**6 589**

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

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

5.3 - Operating lease transactions

In millions of euros	12/2013	12/2012
Fixed asset net value on operating lease transactions	**195**	**124**
Gross value of tangible assets	220	143
Depreciation of tangible assets	(25)	(19)
Receivables on operating lease transactions	**3**	**4**
Accrued interest	1	2
Non-impaired receivables	1	1
Doubtful and compromised receivables	1	1
Impairment on operating leases	**(3)**	**(4)**
Impairment on doubtful and compromised lease contracts	(1)	(1)
Impairment on residual value	(2)	(3)
Total operating lease transactions, net	**195**	**124**

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

In millions of euros	12/2013	12/2012
0-1 year	21	11
1-5 years	26	23
+5 years	1	
Total	**48**	**34**

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 2013, the RCI Banque group's maximum aggregate exposure to credit risk stood at €30,868m. This exposure chiefly includes net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group's off-balance sheet (see Note 22 Commitments received).

Amount of receivables due

In millions of euros	12/2013	of which non-impaired (1)	12/2012	of which non-impaired (1)
Receivables due	**518**	**15**	**595**	**17**
Between 0 and 90 days	82	15	84	17
Between 90 and 180 days	61		57	
Between 180 days and 1 year	36		27	
More than one year	339		427	

(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 2013, guarantees held on doubtful or delinquent receivables totaled €655m, compared with €538m at 31 December 2012.

5.5 - Residual values of risk carried by RCI Banque

The total risk on residual values carried by the RCI Banque group amounted to €569m in 2013 against €463m in 2012. It was covered by provisions totaling 2 million euros in 2013 (essentially affecting the United Kingdom).

Note 6 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer	Other	Total 12/2013
Gross value	**19 036**	**7 787**	**435**	**27 258**
Non-impaired receivables	18 496	7 379	434	26 309
Doubtful receivables	155	368		523
Compromised receivables	385	40	1	426
% of doubtful and compromised receivables	*2,84%*	*5,24%*	*0,23%*	*3,48%*
Impairment allowance on individual basis	**(484)**	**(157)**	**(1)**	**(642)**
Non-impaired receivables	(58)	(53)		(111)
Doubtful receivables	(95)	(64)		(159)
Compromised receivables	(331)	(40)	(1)	(372)
Impairment allowance on collective basis	**(39)**	**(54)**		**(93)**
Impairment	(8)	(54)		(62)
Country risk	(31)			(31)
Net value (*)	**18 513**	**7 576**	**434**	**26 523**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*163*	*473*	*249*	*885*

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

Business segment information is given in detail in note 1.

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

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

Note 7 : Adjustment accounts - Assets

In millions of euros	12/2013	12/2012
Tax receivables	**214**	**228**
Current tax assets	46	24
Deferred tax assets	86	110
Tax receivables other than on current income tax	82	94
Adjustment accounts and other assets	**618**	**389**
Other sundry debtors	231	177
Adjustment accounts - Assets	33	37
Items received on collections	261	95
Reinsurer part in technical provisions	93	80
Total adjustment accounts – Assets and other assets (*)	**832**	**617**
(*) Of which related parties	*174*	*120*

Deferred tax assets are analyzed in note 31.

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

Changes in the part of reinsurance in the technical provions

In millions of euros	12/2013	12/2012
Reinsurer part in technical provisions at the beginning of period	**80**	**60**
Increase of the technical provisions chargeable to reinsurers	19	24
Claims recovered from reinsurers	(6)	(4)
Reinsurer part in technical provisions at the end of period	**93**	**80**

Note 8 : Investments in associates and joint ventures

In millions of euros	12/2013		12/2012	
	Share of net assets	Net income	Share of net assets	Net income
NR Finance Mexico SA de CV		3	48	9
RCI Financial Services,s.r.o.		3		
Orfin Finansman Anonim Sirketi	15	1		
Total interests in associates	**15**	**7**	**48**	**9**

Note 9 : Tangible and intangible non-current assets

In millions of euros	12/2013	12/2012
Intangible assets: net	**3**	**3**
Gross value	32	31
Accumulated amortization and impairment	(29)	(28)
Property, plant and equipment: net	**25**	**25**
Gross value	112	115
Accumulated depreciation and impairment	(87)	(90)
Total tangible and intangible non-current assets	**28**	**28**

Note 10 : Goodwill

In millions of euros	12/2013	12/2012
Germany	12	12
United Kingdom	37	39
Italy	9	9
Argentina	5	6
South Korea	18	18
Czech Republic	6	
Total goodwill from acquisitions by country	**87**	**84**

Impairment tests were performed on goodwill for all countries and revealed no impairment risk at 31 December 2013.

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

Note 11 : Liabilities to credit institutions and customers, and debt securities

11.1 - Breakdown of liabilities by valuation method

In millions of euros	12/2013	12/2012
Liabilities valued at amortized cost - Excluding fair value hedge	**18 597**	**18 323**
Amounts payable to credit institutions	3 062	3 761
Amounts payable to customers	5 136	1 619
Debt securities	10 399	12 943
Liabilities valued at amortized cost - Fair value hedge	**5 928**	**5 760**
Amounts payable to credit institutions	165	169
Debt securities	5 763	5 591
Total financial debts	**24 525**	**24 083**

11.2 - Amounts payable to credit institutions

In millions of euros	12/2013	12/2012
Sight accounts payable to credit institutions	**229**	**161**
Ordinary accounts	130	92
Other amounts owed	99	69
Term accounts payable to credit institutions	**2 998**	**3 769**
Term borrowings	2 847	3 632
Accrued interest	151	137
Total liabilities to credit institutions	**3 227**	**3 930**

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 €380 million at 31 December 2013, in exchange for a refinancing of €210 million.

The balance of the funding provided by the European Central Bank in exchanged for assigned accounts receivable was zero at end-December 2013 (against €400m at end December 2012), and is listed above under the heading "Term borrowings" in accordance with French Banking Federation (FBF) recommendations (previously listed under "Securities covered by repurchase agreements").

The book value of the collateral presented to the Bank of France (3G) amounted to €3,394m at 31 December 2013, including €565m of private accounts receivable, €350m of short-term Banque de France loans and €2,479m in collateralized security entity shares.

11.3 - Amounts payable to customers

In millions of euros	12/2013	12/2012
Amounts payable to customers	**5 114**	**1 608**
Ordinary accounts in credit	58	61
Term accounts in credit	723	654
Ordinary saving accounts	3 549	893
Term deposits (retail)	784	
Other amounts payable to customers and accrued interest	**22**	**11**
Other amounts payable to customers	20	10
Accrued interest on term accounts in credit	2	1
Total amounts payable to customers (*)	**5 136**	**1 619**
(*) Of which related parties (1)	*717*	*673*

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

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

11.4 - Debt securities

In millions of euros	12/2013	12/2012
Negotiable debt securities (1)	**802**	**2 994**
Certificates of deposit	589	2 434
Commercial paper and similar	184	432
French MTNs and similar		97
Accrued interest on negotiable debt securities	29	31
Other debt securities (2)	**3 605**	**3 902**
Other debt securities	3 602	3 899
Accrued interest on other debt securities	3	3
Bonds and similar	**11 755**	**11 638**
Bonds	11 490	11 512
Accrued interest on bonds	265	126
Total debt securities (*)	**16 162**	**18 534**
(*) Of which related parties	*203*	*236*

(1) Certificates of deposit, commercial paper and French MTNs are issued by RCI Banque SA, Companhia de Crédito, Financiamento e Investimento RCI do Brasil S.A. and DIAC SA.

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

11.5 - Breakdown of financial liabilities by rate type before derivatives

In millions of euros	12/2013			12/2012		
	Variable	Fixed	Total	Variable	Fixed	Total
Amounts payable to credit institutions	1 089	2 138	**3 227**	1 319	2 611	**3 930**
Amounts payable to customers	4 134	1 002	**5 136**	1 477	142	**1 619**
Negotiable debt securities	407	395	**802**	1 013	1 981	**2 994**
Other debt securities	3 393	212	**3 605**	3 314	588	**3 902**
Bonds	1 340	10 415	**11 755**	816	10 822	**11 638**
Total financial liabilities by rate	**10 363**	**14 162**	**24 525**	**7 939**	**16 144**	**24 083**

11.6 - Breakdown of financial liabilities by maturity

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

Note 12 : Securitization

In millions of euros	**SECURITIZATION – public issues**						
Ceding entity	**France**				**Italy**	**Germany**	
Country	**DIAC SA**	**DIAC SA**	**DIAC SA**	**DIAC SA**	**RCI Banque Succursale Italiana**	**RCI Bank Niederlassung**	**RCI Bank Niederlassung**
Concerned collateral	Auto loans to customers	Auto loans to customers	Auto loans to customers	Receivables independent dealers	Auto loans to customers	Auto loans to customers	Auto loans to customers
Asset SPV	CARS Alliance Auto Loans France FCT Master	CARS Alliance Auto Loans France F 2012-1	CARS Alliance Auto Loans France V 2012-1	FCT Cars Alliance DFP France	Cars Alliance Warehouse Italy SRL	CARS Alliance Auto Loans Germany FCT	CARS Alliance Auto Loans Germany V2013-1
Start date	May 2012	June 2012	November 2012	July 2013	June 2012	December 2011	December 2013
Maximum term of fund	August 2030	September 2021	February 2024	July 2023	December 2029	May 2024	December 2024
Initial purchase of receivables	€715m	€867m	€826m	€1,020m	€777m	€1,793m	€977m
Credit enhancement as at the initial date	Cash reserve for 1% Over-collateralization of receivables 15,0%	Cash reserve for 1% Over-collateralization of receivables 13%	Cash reserve for 1% Over-collateralization of receivables 13,5%	Cash reserve for 1% Over-collateralization of receivables 20,35%	Cash reserve for 2% Over-collateralization of receivables 14,5%	Cash reserve for 1% Over-collateralization of receivables 12,7%	Cash reserve for 1% Over-collateralization of receivables 12%
	0	0	0	0	0	0	0
Receivables purchased as of 31/12/13	€615m	€281m	€756m	€1,041m	€709m	€607m	€911m
Notes in issue as at 31/12/13 (including any units held by the RCI Banque group)	Class A Rating : AAA €516m	Class A Rating : AAA €190m	Class A Rating : AAA €656m	Class A Rating : AAA €750m	Class A Rating : AAA €619m	Class R Rating : AAA €547m Class S Non rated €18m	Class A Rating : AAA €800m Class B Rating : A €57m
	Class B Non rated €92m	Class B Non rated €102m	Class B Non rated €109m		Class J Non rated €137m	Class T Non rated €62m	Class C Non rated €52m
Period	Revolving	Fixed Term	Fixed Term	Revolving	Revolving	Revolving	Revolving
Transaction's nature	Retained	Market	Market	Retained	Retained	Retained	Market

In 2013, the RCI Banque group carried out a number of public securitization transactions in France (loans to Dealers) and in Germany (loans to end customers), by means of special purpose vehicles. Certain transactions were retained by RCI Banque SA thus providing securities eligible as ECB collateral.

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

In addition, and as part of its efforts to diversify its refinancing, certain transactions were secured by conduit. As these issues were private, their terms and conditions are not disclosed in the above table. Customer receivables in the United Kingdom and in Italy were securitized, as were leasing receivables and dealer receivables in Germany. The amount of financing obtained through securitization by conduit totaled €2,007m at end December 2013.

These transactions were not intended to result in derecognition of the receivables transferred and at 31 December 2013, the amount of the sales financing receivables thus maintained on the balance sheet totaled €7,680m (€8,814m at 31/12/2012), as follows:

-Securitization transactions placed on the market: €1,948m

-Retained securitization transactions: €2,972m

-Private securitization transactions: €2,760m

The fair value of these receivables was €7,792m at 31 December 2013.

Liabilities of €3,602m have been booked under "Other debt securities" corresponding to the securities issued during these securitization transactions. The fair value of these liabilities was €3,643m at 31 December 2013.

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

Note 13 : Adjusting accounts - Miscellaneous liabilities

In millions of euros	12/2013	12/2012
Taxes payable	**451**	**481**
Current tax liabilities	76	110
Deferred tax liabilities	329	322
Taxes payable other than on current income tax	46	49
Adjustment accounts and other amounts payable	**917**	**887**
Social security and employee-related liabilities	58	56
Other sundry creditors	676	655
Adjustment accounts - liabilities	176	162
Collection accounts	7	14
Total adjustment accounts - Liabilities and other liabilities (*)	**1 368**	**1 368**
(*) Of which related parties	*64*	*46*

Deferred tax assets are analyzed in note 31.

Note 14 : Provisions

In millions of euros	12/2012	Charge	Reversals		Other (*)	12/2013
			Used	Not Used		
Provisions on banking operations	**181**	**132**	**(18)**	**(83)**	**2**	**214**
Provisions for litigation risks	4	1			(1)	4
Other provisions	177	131	(18)	(83)	3	210
Provisions on non-banking operations	**91**	**28**	**(17)**	**(9)**	**(9)**	**84**
Provisions for pensions liabilities and related	35	5	(3)		(3)	34
Provisions for restructuring	5	3	(2)		(1)	5
Provisions for tax and litigation risks	46	19	(11)	(7)	(6)	41
Other	5	1	(1)	(2)	1	4
Total provisions	**272**	**160**	**(35)**	**(92)**	**(7)**	**298**

(*) 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 2013, the provisions for restructuring mainly concern Spain and to a lesser extent, the United Kingdom and Germany.

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

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

Changes in the insurance technical provisions

In millions of euros	12/2013	12/2012
Liabilities relative to insurance contracts in the beginning of period	**151**	**105**
Allowance for insurance technical provisions	46	56
Services paid	(14)	(10)
Liabilities relative to insurance contracts at the end of period	**183**	**151**

<u>Insurance risk</u>

The main risk to which the group is exposed in respect of insurance and re-insurance policies taken out is the risk that the actual total amount of claims and settlements and/or the rate of payment thereof may differ from estimations. The frequency of claims, their seriousness, the valuation of settlements paid out and the type of claims, some of whose development may be long term, all have an impact on the main risk to which the group is exposed. The group makes sure that its available reserves are sufficient to cover its commitments.

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

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

Key assumptions

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

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

Provisions for pension and other post-employment benefits

In millions of euros	12/2013	12/2012
France	28	28
Rest of world	6	7
Total provisions	**34**	**35**

Subsidiaries without a pension fund

	France	
Main actuarial assumptions	**12/2013**	**12/2012**
Retirement age	67 years	67 years
Salary increases	2,16%	2,70%
Financial discount rate	3,19%	3,31%
Starting rate	4,25%	2,62%

Subsidiaries with a pension fund

	UK		Switzerland		Netherlands	
Main actuarial assumptions	**12/2013**	**12/2012**	**12/2013**	**12/2012**	**12/2013**	**12/2012**
Average duration	27 years	27 years	11 years	11 years	12 years	12 years
Rate of wage indexation	3,35%	2,95%	1,00%	1,50%	1,25%	1,25%
Financial discount rate	4,75%	4,70%	2,00%	1,75%	3,20%	2,80%
Actual return rate of hedge assets	6,80%	5,60%	1,40%	2,00%	3,20%	3,20%

Changes in provisions during the year

In millions of euros	Actuarial value of obligations (A)	Actuarial value of invested funds (B)	Obligations less invested funds (C)	Net liabilities (assets) of the defined-benefit pension plans (A) – (B) – (C)
Opening balance of the current period	**66**	**30**		**36**
Current service cost	3			3
Net interest on the net liability (asset)	2	1		1
Expense (income) recorded in the income statement	**5**	**1**		**4**
Actuarial gains and losses on the obligation resulting from changes in demographic assumptions	1			1
Actuarial gains and losses on the obligation resulting from changes in financial assumptions	(1)			(1)
Net return on fund asset (not included in net interest above)		1		(1)
Actuarial gains and losses on the obligation resulting from experience adjustments	(1)			(1)
Expense (income) recorded in Other components of comprehensive income	**(1)**	**1**		**(2)**
Employer's contributions to funds		1		(1)
Benefits paid	(2)			(2)
Effect of changes in exchange rates	(1)			(1)
Balance at the closing date of the period	**67**	**33**		**34**

Nature of invested funds

In millions of euros	12/2013		12/2012	
	Quoted on an active market	**Not quoted on an active market**	**Quoted on an active market**	**Not quoted on an active market**
Shares	8		8	
Bonds	21		18	
Others	4		4	
Total	**33**		**30**	

Note 15 : Impairments allowances to cover counterparty risk

In millions of euros	12/2012	Charge	Reversals		Other (*)	12/2013
			Used	Not used		
Impairments on banking operations	**841**	**326**	**(209)**	**(175)**	**(48)**	**735**
Customer finance transactions (on individual basis)	712	293	(207)	(151)	(5)	642
Customer finance transactions (on collective basis)	91	33	(2)	(24)	(5)	93
Securities transactions	38				(38)	
Impairments on non-banking operations	**9**	**3**	**(1)**	**(1)**	**(2)**	**8**
Other impairment to cover counterparty risk	9	3	(1)	(1)	(2)	8
Total provisions to cover counterparty risk	**850**	**329**	**(210)**	**(176)**	**(50)**	**743**

(*) 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	12/2013	12/2012
Liabilities measured at amortized cost	**251**	**250**
Subordinated debt	250	250
Accrued interest on subordinated debt	1	
Hedged liabilities measured at fair value	**10**	**9**
Participating loan stocks	10	9
Total subordinated liabilities	**261**	**259**

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 12/2013
Financial assets	**8 205**	**8 823**	**10 637**	**160**	**27 825**
Derivatives	8	19	176		**203**
Financial assets available for sale and other financial assets	12	15	49	58	**134**
Amounts receivable from credit institutions	1 152	7	1		**1 160**
Loans and advances to customers	7 033	8 782	10 411	102	**26 328**
Financial liabilities	**6 561**	**4 811**	**12 984**	**560**	**24 916**
Derivatives	21	10	99		**130**
Amounts payable to credit institutions	1 132	1 131	964		**3 227**
Amounts payable to customers	3 777	165	644	550	**5 136**
Debt securities	1 630	3 505	11 027		**16 162**
Subordinated debt	1		250	10	**261**

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

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

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

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

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

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

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

Note 19 : Fair value of assets and liabilities (in accordance with IFRS 7 & IFRS 13) and breakdown of assets and liabilities by fair value hierarchy

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

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

Financial assets available for sale classified as Level 3 are holdings in non-consolidated companies, and include the securities acquired in May 2013 for €51m at the time of the capital increase of the non-consolidated company, RN SF BV, the holding company for the future bank intended to carry the Alliance’s sales financing operation in Russia. These companies will be consolidated in 2014.

In millions of euros 12/2012	Book Value	Fair Value Level 1	Level 2	Level 3	FV (*)	Difference
Financial assets	**27 250**	**60**	**1 073**	**26 299**	**27 432**	**182**
Derivatives	332		332		332	
Financial assets available for sale and other financial as	82	60		22	82	
Amounts receivable from credit institutions	741		741		741	
Loans and advances to customers	26 095			26 277	26 277	182
Financial liabilities	**24 446**	**9**	**24 703**		**24 712**	**(266)**
Derivatives	104		104		104	
Amounts payable to credit institutions	3 930		3 984		3 984	(54)
Amounts payable to customers	1 619		1 619		1 619	
Debt securities	18 534		18 750		18 750	(216)
Subordinated debt	259	9	246		255	4

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

Assumptions and methods used:

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

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

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

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

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

However, the methods and assumptions used are by nature theoretical, and a substantial amount of judgment comes into play in interpreting market data. Using different assumptions and/or different valuation methods could have a significant effect on the estimated values.

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

As a general rule, whenever a financial instrument is traded on an active, liquid market, its most recent quoted price is used to calculate market value. For instruments without a quoted price, market value is determined by applying recognized valuation models that use observable market parameters. If RCI Banque does not have the necessary valuation tools, including for complex products, valuations are obtained from leading financial institutions.

The main assumptions and valuation methods used are the following:

• Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2013 and at 31 December 2012 for loans with similar conditions and maturities.

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

• Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2013 and at 31 December 2012.

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

• Financial liabilities

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2013 and 31 December 2012 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

Note 20 : Netting agreements and other similar commitments

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

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

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

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

Synthesis of financial assets and liabilities agreements

In millions of euros - 31/12/2013

ASSETS	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability-side of the balance sheet	Guarantees on the liability-side of balance sheet	Off-balance sheet guarantees	
Derivatives	203		203	81			122
RRG financing receivables (1)	423		423		423		
Total	626		626	81	423		122

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

(1) Renault Retail Group exposures are hedged up to €550 m by a cash warrant agreement given by the manufacturer Renault (see note 11.3)

In millions of euros - 31/12/2012

ASSETS	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability-side of the balance sheet	Guarantees on the liability-side of balance sheet	Off-balance sheet guarantees	
Derivatives	332		332	50			249
RRG financing receivables (1)	481		481		481		
Total	813		813	50	481		249

LIABILITIES AND EQUITY	Gross book value (before agreement)	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the assets of the balance sheet	Guarantees on the assets-side of balance sheet	Off-balance sheet guarantees	
Derivatives	104		104	50			54
Others Contracts							
Total	104		104	50			54

Note 21 : Commitments given

In millions of euros	12/2013	12/2012
Financing commitments	**1 486**	**1 451**
Commitments to customers	1 486	1 451
Guarantee commitments	**157**	**123**
Commitments to credit institutions	67	55
Customer guarantees	90	68
Total commitments given (*)	**1 643**	**1 574**
(*) Of which related parties	*12*	*1*

Note 22 : Commitments received

In millions of euros	12/2013	12/2012
Financing commitments	**4 669**	**4 742**
Commitments from credit institutions	4 668	4 741
Commitments from customers	1	1
Guarantee commitments	**8 192**	**7 629**
Guarantees received from credit institutions	212	197
Guarantees from customers	4 788	4 146
Commitments to take back leased vehicles at the end of the contract	3 192	3 286
Total commitments received (*)	**12 861**	**12 371**
(*) Of which related parties	*2 103*	*2 125*

At 31 December 2013 RCI Banque had €4,661m in unused confirmed lines of credit as well as broadly diversified short-term and medium-term issuance programs. RCI Banque also held €2,899m of receivables eligible as central bank collateral (excluding securities and receivables already in use to secure financing at year-end).

Guarantees and collateral

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

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

Note 23 : Exposure to currency risk

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

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

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

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

Note 24 : Interest and similar income

In millions of euros	12/2013	12/2012
Interests ans similar incomes	**2 228**	**2 289**
Transactions with credit institutions	20	19
Customer finance transactions	1 563	1 581
Finance lease transactions	535	577
Accrued interest due and payable on hedging instruments	109	111
Accrued interest due and payable on Financial assets available for sale	1	1
Staggered fees paid for referral of business:	**(303)**	**(282)**
Customer Loans	(231)	(214)
Finance leases	(72)	(68)
Total interests and similar incomes (*)	**1 925**	**2 007**
(*) Of which related parties	*538*	*585*

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

Note 25 : Interest expenses and similar charges

In millions of euros	12/2013	12/2012
Transactions with credit institutions	(281)	(297)
Customer finance transactions	(70)	(27)
Finance lease transactions	(1)	
Accrued interest due and payable on hedging instruments	(37)	(88)
Expenses on debt securities	(587)	(584)
Other interest and similar expenses	(25)	(21)
Total interest and similar expenses (*)	**(1 001)**	**(1 017)**
(*) Of which related parties	*(35)*	*(29)*

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

In millions of euros	12/2013	12/2012
Net gains (losses) on derivatives classified as transactions in trading securities		**(3)**
Net gains / losses on forex transactions	(20)	20
Net gains / losses on derivatives classified in trading securities	18	(18)
Net gains and losses on equity securities at fair value	(1)	
Fair value hedges : change in value of hedging instruments	(202)	82
Fair value hedges : change in value of hedged items	205	(87)
Total net gains or losses on financial instruments at fair value		**(3)**

Net gains (or losses) on financial instruments at fair value through profit or lost include the -€0.6m adjustment for credit risk at 31 December 2013, which breaks down into a gain of +€1.8m for DVA and an expense of -€2.4m for CVA.

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

In millions of euros	12/2013	12/2012
Other financial assets	**3**	**11**
Dividends from non-consolidated holdings	3	13
Charges to (reversals of) impairment allowances		(2)
Goodwill on first consolidation	**13**	
Goodwill on first consolidation	13	
Total Net gains (losses) on financial assets available for sale and other	**16**	**11**

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

Note 28 : Net income (expense) of other activities

In millions of euros	12/2013	12/2012
Other income from banking operations	**700**	**670**
Incidental income from finance contracts	296	307
Income from service activities	288	254
Income related to non-doubtful lease contracts	54	59
of which reversal of impairment on residual values	*5*	*6*
Income from operating lease transactions	33	22
Other income from banking operations	29	28
of which reversal of charge to reserve for banking risks	*4*	*5*
Other expenses of banking operations	**(450)**	**(453)**
Cost of services related to finance contracts	(141)	(143)
Cost of service activities	(144)	(139)
Expenses related to non-doubtful lease contracts	(46)	(48)
of which allowance for impairment on residual values	*(2)*	*(4)*
Distribution costs not treatable as interest expense	(74)	(77)
Expenses related to operating lease transactions	(21)	(16)
Other expenses of banking operations	(24)	(30)
of which charge to reserve for banking risks	*(3)*	*(10)*
Other income and expense of banking operations, net	**22**	**4**
Other income from non-banking operations	34	16
Other expenses of non-banking operations	(12)	(12)
Total net income (expense) of other activities (*)	**272**	**221**
(*) Of which related parties	*(8)*	*(5)*

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

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

Net income of insurance activities

In millions of euros	12/2013	12/2012
Gross premiums written	158	144
Net charge of provisions for technical provisions	(31)	(47)
Claims paid	(14)	(10)
Others contract charges including commissions paid	(1)	
Claims recovered from reinsurers	6	4
Others reinsurance charges and incomes	(9)	(5)
Total net income of insurance activities	**109**	**86**

Note 29 : General operating expenses and personnel costs

In millions of euros	12/2013	12/2012
Personnel costs	**(218)**	**(218)**
Employee pay	(145)	(147)
Expenses of post-retirement benefits	(15)	(14)
Other employee-related expenses	(48)	(45)
Other personnel expenses	(10)	(12)
Other administrative expenses	**(158)**	**(159)**
Taxes other than current income tax	(26)	(28)
Rental charges	(14)	(14)
Other administrative expenses	(118)	(117)
Total general operating expenses (*)	**(376)**	**(377)**
(*) Of which related parties	*(4)*	*(2)*

Average number of employees	12/2013	12/2012
Sales financing operations and services in France	1 321	1 334
Sales financing operations and services in other countries	1 523	1 542
	2 844	**2 876**

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 30 : Cost of risk by customer category

In millions of euros	12/2013	12/2012
Cost of risk on customer financing	**(81)**	**(86)**
Impairment allowances	(193)	(267)
Reversal of impairment	245	317
Losses on receivables written off	(150)	(155)
Amounts recovered on loans written off	17	19
Cost of risk on dealer financing	**(17)**	**(2)**
Impairment allowances	(118)	(94)
Reversal of impairment	119	103
Losses on receivables written off	(20)	(12)
Amounts recovered on loans written off	2	1
Other cost of risk	**(4)**	**(3)**
Change in allowance for country risk	(3)	(1)
Change in allowance for impairment of other receivables	(1)	(2)
Total cost of risk	**(102)**	**(91)**

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

Note 31 : Income tax

In millions of euros	12/2013	12/2012
Current tax expense	**(218)**	**(262)**
Current tax expense	(218)	(262)
Deferred taxes	**(20)**	**15**
Income (expense) of deferred taxes, gross	(20)	15
Total income tax	**(238)**	**(247)**

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	12/2013	12/2012
Impairment	66	135
Provisions and other charges deductible when paid	15	11
Tax loss carry forwards	85	34
Other assets and liabilities	(21)	(4)
Lease transactions	(382)	(381)
Non-current assets		(1)
Impairment allowance on deferred tax assets	(6)	(6)
Total net deferred tax asset (liability)	**(243)**	**(212)**

Reconciliation of actual tax expense booked and theoretical tax charge

In %	12/2013	12/2012
Statutory income tax rate - France	**38,00%**	**36,10%**
Differential in tax rates of french entities	1,69%	0,72%
Differential in tax rates of foreign entities	-9,38%	-4,51%
Change in impairment allowance on deferred tax assets and losses on tax loss carry forward	0,01%	-0,03%
Effect of equity-accounted associates	-0,73%	-0,44%
Other impacts	2,45%	0,14%
Effective tax rate	**32,04%**	**31,98%**

Deferred tax expense recognized in the other comprehensive income

In millions of euros	2013 change in equity			2012 change in equity		
	Before tax	Tax	Net	Before tax	Tax	Net
Unrealised P&L on cash flow hedge instruments	34	(13)	21	(17)	6	(11)
Unrealised P&L on AFS financial assets				1		1
Actuarial differences	3	(1)	2	(2)	1	(1)
Exchange differences	(82)		(82)	(5)		(5)
Other unrealised or deferred P&L				(1)		(1)

7. COMPANIES AND FOREIGN BRANCHES OF THE GROUP

A) List of consolidated companies and foreign branches

	Country	Direct interest of RCI	Indirect interest of RCI Banque		%	
			%	Held by	2013	2012
PARENT COMPANY : RCI Banque S.A.						
Branches of RCI Banque SA:						
RCI Banque S.A. Niederlassung Deutschland	Germany					
RCI Banque Sucursal Argentina	Argentina					
RCI Banque SA Niederlassung Osterreich	Austria					
RCI Banque S.A. Sucursal en Espana	Spain					
RCI Banque Sucursal Portugal	Portugal					
RCI Banque S.A. Bancna Podruznica Ljubljana	Slovenia					
RCI Banque Succursale Italiana	Italy					
RCI Banque Branch Ireland	Ireland					
Renault Finance Nordic, Bankfilial till RCI Banque S.A. Frankrike	Sweden					
RCI Banque Spółka Akcyjna Oddział w Polsce *	Poland					
FULLY CONSOLIDATED COMPANIES:						
RCI Versicherungs Service GmbH	Germany	100			100	100
Rombo Compania Financiera S.A.	Argentina	60			60	60
Courtage S.A.	Argentina	95			95	95
RCI Financial Services SA	Belgium	100			100	100
AUTOFIN	Belgium	100			100	100
Administradora De Consorcio RCI Brasil Ltda.	Brazil	99,92	-		99,92	99,92
Companhia de Arrendamento Mercantil RCI Brasil	Brazil	-	100	Companhia de Credito, Financiamento e Investimento RCI Brasil	60,11	60,11
Companhia de Credito, Financiamento e Investimento RCI Brasil	Brazil	60,11			60,11	60,11
Corretora de Seguros RCI Brasil S.A.	Brazil	100			100	100
RCI Financial Service Korea Co, Ltd	South Korea	100			100	100
Overlease S.A.	Spain	100			100	100
Diac S.A.	France	100			100	100
Diac Location S.A.	France	-	100	Diac S.A.	100	100
SOGESMA	France	-	100	Diac S.A.	100	100
RCI ZRT	Hungary	100			100	100
ES Mobility SRL**	Italy	100			100	100
RCI Services Ltd	Malta	100			100	100
RCI Insurance Ltd	Malta		100	RCI Services Ltd	100	100
RCI Life Ltd	Malta		100	RCI Services Ltd	100	100
RCI Finance Maroc	Morocco	100			100	100
RDFM*	Morocco		100	RCI Finance Maroc	100	100
RCI Financial Services B.V.	Netherlands	100			100	100
RCI Leasing Polska	Poland	100			100	100
RCI GEST - Instituiçào Financeira de Crédito, SA	Portugal	100			100	100
RCI GEST SEGUROS – Mediadores de Seguros, Lda	Portugal	-	100	RCI GEST - Instituiçào Financeira de Crédito, SA	100	100
RCI Finance CZ s.r.o.	Czech Rep	100			100	100
RCI Financial Services s.r.o.	Czech Rep	50			50	50
RCI Finantare Romania	Romania	100			100	100
RCI Broker De Asigurare S.R.L.	Romania		100	RCI Finantare Romania	100	100
RCI Leasing Romania IFN S.A.	Romania	100			100	100
RCI Financial Services Ltd	United Kingdom	100			100	100
OOO RN FINANCE RUS*	Russia	100			100	
RCI Finance S.A.	Switzerland	100			100	100
SPV						
FCT Cars Alliance Auto Loans Germany	Germany		(see note 12)	RCI Banque Niederlassung		
FCT Cars Alliance Auto Loans Germany V2013-1	Germany		(see note 12)	RCI Banque Niederlassung		
FCT Cars Alliance Auto Leases Germany	Germany			RCI Banque Niederlassung		
SPV DFP Rhombus SA	Germany			RCI Banque Niederlassung		
FCT Cars Alliance DFP France	France		(see note 12)	Diac S.A.		
CARS Alliance Auto Loans France FCT Master	France		(see note 12)	Diac S.A.		
CARS Alliance Auto Loans France F 2012-1	France		(see note 12)	Diac S.A.		
CARS Alliance Auto Loans France V 2012-1	France		(see note 12)	Diac S.A.		
Cars Alliance Warehouse Italy SRL	Italy		(see note 12)	RCI Banque Succursale Italiana		
Cars Alliance Funding Italy SRL	Italy			RCI Banque Succursale Italiana		
SPV Cars Alliance Auto Loans UK	United Kingdom			RCI Financial Services Ltd		
COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD :						
Orfin Finansman Anonim Sirketi*	Turkey	50			50	
Renault Crédit Car	Belgium		50,10	AUTOFIN	50,10	50,10

***** Entities added to the scope in 2013 ****** Entities added to the scope in 2012

B)Subsidiaries in which non-controlling interests are significant

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

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

(1) Percentages of voting rights are identical.

(2) The amount of debt for puts on minority interests for the two Brazilian entities, CAM RCI Brasil and CFI RCI Brasil, is classified under “Other liabilities” for €179m at 31 December 2013 and €184m at 31 December 2012.

(3) The amount of debt for puts on minority interests for ROMBO Compania Financiera is classified under "Other liabilities" for €25m at 31 December 2013 and €23m at 31 December 2012.

In millions of euros - 31/12/2012	Rombo Compania Financiera	Cia de Arrendamento Mercantil RCI Brasil	CFI RCI Brasil
Country of location	Argentina	Brazil	Brazil
Percentage of capital held by non-controlling interests	40,00%	39,89%	39,89%
Percentage of voting rights held by non-controlling interests	40,00%	39,89%	39,89%
Net income - non-controlling interests'share	7	13	15
Shareholders's equity - non-controlling interests'share	0	0	0
Dividends paid to non controlling interests (minority shareholders)		6	2
Cash, due from banks	3	3	290
Net outstandings customers loans and lease financings	304	536	2 043
Other assets	3	10	245
Total assets	**310**	**549**	**2 579**
Due to banks, customer deposits and debt securities issued	250	268	2 177
Other liabilities	14	48	40
Net Equity	47	232	362
Total liabilities	**310**	**549**	**2 579**
Net banking income	34	64	90
Net income	16	33	37
Other components of comprehensive income			(2)
Total comprehensive income	16	33	36
Net cash generated by operating activities	(1)	(15)	(2)
Net cash generated by financing activities		15	(204)
Net cash generated by investing activities			211
Net increase/(decrease) in cash and cash equivalents	**(1)**	**0**	**5**

C) Significant restrictions

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

APPENDIX 1: RCI BANQUE GROUP OPERATIONS

In millions of euros	Year	Net loans outstanding at end December (1)	Of which dealers at end December
Europe	2 013	21 395	6 475
	2 012	21 144	6 105
of which Germany	2 013	3 710	992
	2 012	3 800	995
of which Spain	2 013	1 673	458
	2 012	1 658	497
of which France	2 013	9 023	2 757
	2 012	9 029	2 554
of which Italy	2 013	2 340	639
	2 012	2 240	603
of which United-Kingdom	2 013	2 295	568
	2 012	1 882	415
of which others countries (2)	2 013	2 355	1 062
	2 012	2 536	1 041
Asia Pacific - South Korea	2 013	954	8
	2 012	1 213	12
America	2 013	3 170	1 022
	2 012	3 055	963
of which Brazil	2 013	2 660	807
	2 012	2 571	783
of which Argentina	2 013	511	216
	2 012	484	180
Euromed - Africa	2 013	375	71
	2 012	323	62
Total RCI Banque group	**2 013**	**25 894**	**7 576**
	2 012	**25 737**	**7 140**

(1) excluding operating lease business

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

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

APPENDIX 2: FINANCIAL RISKS

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

In this role, RCI Banque works towards its objectives by means of two main strategies:

- it obtains the funds required to ensure continuity of the group's consolidated subsidiaries' business operations by borrowing under its own name, via such means as issuance of money-market borrowings, bonds and other negotiable debt securities, securitization of receivables and negotiation of confirmed lines of credit, and it makes cash available to group companies;

- it manages and minimizes exposure to the financial risk linked to its sales financing subsidiaries' Customer business, through interest rate swaps, currency swaps and spot and forward foreign exchange transactions.

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

All refinancing for subsidiaries in countries outside the eurozone whose transfer and convertibility risk is deemed to be a material risk by RCI Banque is generally done locally to limit any cross-border risk. Such subsidiaries are also subject to the same financial risk monitoring requirements as other group subsidiaries: they must observe limits on interest rate risk, monitor their liquidity risk, manage their foreign exchange risk prudently, contain their counterparty risk and have in place specific monitoring of financial risk by means of a dedicated financial committee and special purpose reporting.

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 as the shareholder. RCI Banque's Finance and Cash Department is responsible for managing market risks (aggregate risk arising from interest rate, liquidity and foreign exchange exposures) and for verifying compliance with allowable limits at the consolidated group level. The rules and ceilings are specified and approved by Renault as the shareholder and are periodically updated.

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

MANAGING AGGREGATE INTEREST-RATE, FOREIGN EXCHANGE, COUNTERPARTY AND LIQUIDITY RISKS

INTEREST RATE RISK

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

Central refinancing limit:	€22m (since 15 October 2013, previously €20m)
Limit for sales financing subsidiaries:	€11m (since 15 October 2013, previously €10m)
Not assigned:	€2m
Total sensitivity limit in €m Granted by Renault to RCI Banque:	€35m (since 15 October 2013, previously €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 an entity's balance sheet flows.
The market price is determined by the discounting of future cash flows at the market price at point t.

The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 base points in interest rates on all maturities. The calculation is based on average monthly asset and liability gaps.
Maturities of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modeling of historical customer behavior patterns (early repayment, etc.), supplemented by assumptions about certain aggregates (owners' equity, etc.).
Sensitivity is calculated daily per currency and per management entity (central refinancing office, French and foreign sales financing subsidiaries) and enables overall management of interest rate risk across the consolidated scope of the RCI Banque group. Monitoring is performed by the financial risk team attached to the Permanent Control Department.
The situation of each entity with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances so dictate.

The result of controls is the subject of monthly reporting to the finance committee, which checks the compliance of positions with the group's financial strategy and with prevailing procedural memoranda.

In 2013, RCI Banque's aggregate sensitivity to interest rate risk remained below the limit set by the group (€30m until 15 October 2013, €35m since that date).

At 31 December 2013, a 100-base point rise in rates would have an impact of:

- -€0.7m in EUR,
- +€0.6m in CHF,
- +€0.5m in GBP,
- +€0.4m in KRW,
- +€0.7m in MAD.

The sum of the absolute sensitivity values in each currency totaled €3.87m.

Analysis of the structural rate risk highlights the following points:

SALES FINANCING SUBSIDIARIES

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

CENTRAL REFINANCING OFFICE

RCI Holding's main activity is to refinance the group's commercial subsidiaries.
The in-force business of the sales financing subsidiaries is backed by fixed-rate resources, some of which are micro-hedged by interest rate swaps and by variable rate resources.
Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the holding company below the €22m limit (since 15 October 2013, previously €20m).
These swaps and the securities available for sale are measured at fair value by reserves in accordance with IFRS.

Monthly tests are carried out to ascertain:

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

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

LIQUIDITY RISK

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

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

Three 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 issued resources, confirmed unused bilateral credit lines, the potential eligible for European System Central Bank (ESCB) monetary policy transactions and the cash position on the one hand, and on the other hand, existing commercial and financial assets and business projections.

Intrinsic liquidity

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

Available securities

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

-To achieve its objectives, at 31 December 2013, RCI Banque had €4,104m in unused confirmed lines of credit, substantially diversified short-term and medium-term issuance programs and €2,549m of receivables eligible as Banque de France collateral (after haircuts and excluding receivables already in use to secure financing at year-end).

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

FOREIGN EXCHANGE RISK

- The forex position of RCI Banque S.A., the central refinancing unit, which historically is very low, stayed under €3m throughout the year.

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

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

  By way of exception, a limit of €2.5m has been allocated to Romania, €0.5m to Hungary and €0.1m to South Korea, which are all subsidiaries whose sales financing operations and the related refinancing are multi-currency. A limit of €8m has also been allocated to Russia, which invests its cash surpluses in euros.

  The RCI Banque group's overall limit 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. Any such positions are monitored daily and are subject to the same hedging concern.

- Any other forex transactions (in particular for the anticipated hedging of projected dividends) may only be initiated further to the decision of the Head of the Finance and Cash Department.

At 31 December 2013, RCI Banque group's consolidated forex position totaled €0.7m.

COUNTERPARTY RISK

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

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

Temporary cash surpluses are invested exclusively in very short-term bank deposits, and with the Central Bank. Commitments on derivatives are weighted by much more conservative factors than those recommended by regulations. The risk of payment/delivery on forex transactions is monitored and subject to specific limits.

Bank guarantees received are subject to specific monitoring.

At 31 December 2013, according to the “positive mark to market + add on” method, the equivalent counterparty risk exposure was €249 million euros against €439m at 31 December 2012. According to the fixed-rate method, it was €1,103 million at 31 December 2013 against €1,1192m at 31 December 2012.

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

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

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

These weighting factors are linked to the type of instrument and the duration of the transaction.

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

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

Overall monitoring with the "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 foreign exchange), this is calculated as the sum of potential losses, calculated on the basis of the replacement value of the contracts with the counterparty without netting with potential gains, plus an “add-on” representing the potential future risk. This potential future risk is determined by French banking regulations (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%