RCI Banque
groupe RENAULT

# FINANCIAL REPORT

**31 December 2014**

# SUMMARY

**BUSINESS REPORT** 3

**AUDITORS' REPORT** 10

**CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP** 14

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** 19

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS 19

2. ACCOUNTING RULES AND METHODS 19
   - *A) Changes in accounting policies 19*
   - *B) Consolidation principles 21*
   - *C) Presentation of the financial statements 22*
   - *D) Estimates and judgments 22*
   - *E) Loans and advances to customers and finance lease contracts 22*
   - *F) Operating leases (IAS17) 26*
   - *G) Transactions between the RCI Banque group and the Renault-Nissan Alliance 26*
   - *H) Recognition and measurement of the securities portfolio (IAS 39) 27*
   - *I) Non-current assets (IAS16/IAS36) 27*
   - *J) Income taxes (IAS 12) 27*
   - *K) Pension and other post-employment benefits (IAS 19) 28*
   - *L) Translation of financial statements of foreign companies 29*
   - *M) Translation of foreign currency transactions 29*
   - *N) Financial liabilities (IAS 39) 29*
   - *O) Structured products and embedded derivatives (IAS 39) 30*
   - *P) Derivatives and hedge accounting (IAS 39) 30*
   - *Q) Operating segments (IFRS 8) 32*
   - *R) Insurance 32*

3. GROUP STRUCTURE 34

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT 35

5. REFINANCING 36

6. REGULATORY REQUIREMENTS 36

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 37

8. COMPANIES AND FOREIGN BRANCHES OF THE GROUP 70
   - *A) List of consolidated companies and foreign branches 70*
   - *B) Information about locations and operations 71*
   - *C) Subsidiaries in which non-controlling interests are significant 72*
   - *D) Significant associates and joint ventures 74*
   - *E) Significant restrictions 75*

**APPENDIX 1: RCI BANQUE GROUP OPERATIONS** 76

**APPENDIX 2: FINANCIAL RISKS** 77

# BUSINESS REPORT

## 31 December 2014

# RCI Banque
groupe RENAULT

## BUSINESS REPORT 2014

# RCI BANQUE OVERVIEW

**RCI Banque is the Alliance brand finance company and as such provides financing for Renault Group (Renault, Renault Samsung Motors and Dacia) sales worldwide and for Nissan Group (Nissan, Infiniti and Datsun) sales mainly in Europe, in Russia and in South America.**

## RCI BANQUE CONTINUES ITS INTERNATIONAL EXPANSION IN SUPPORT OF ALLIANCE BRAND GROWTH

The RCI Banque group now operates in 37 countries, having processed its first contracts in India in 2014 and now financing a new Alliance brand, Datsun.

Furthermore, the group adapted to the regional reorganization operated within the Renault Group. RCI Banque is now located in the following countries:

- **Europe:** France, Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom;
- **Americas:** Argentina, Brazil, Colombia;
- **Africa, Middle East, India:** Algeria, India, Morocco;
- **Eurasia:** Bulgaria, Romania, Russia, Turkey, Ukraine;
- **Asia-Pacific:** South Korea.

## A CUSTOMER-ORIENTED ORGANIZATION

RCI Banque's primary purpose is to satisfy the specific needs of its three core customer bases: Retail Customers, Corporate and Brand Dealers. In order to facilitate access to Alliance brand vehicles, it offers appropriate solutions on the best possible terms to:

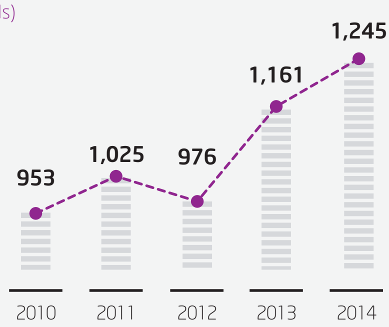
- **Retail Customers:** RCI Banque offers a wide range of loans, rental solutions and services for both new and used vehicles, to support retail customers and help them meet their varying mobility needs.
- **Corporate Customers (SMEs, multinationals):** RCI Banque has a set of appropriate and competitive solutions to meet the needs of all corporate customer segments, enabling them to focus on their core business and delegate management of their vehicle fleet to a sound and reliable partner.
- **Alliance Brand Dealer networks:** RCI Banque finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements. Its ambition is to be the leading financial partner of all Alliance brand dealers. RCI Banque also has a role in advising dealer networks, the aim being to ensure their long-term viability through the implementation of financial standards and regular monitoring.

### The Savings business

RCI Banque extended its savings business to Austria. Savings operations are now up and running in three European countries (France, Germany and Austria) and deposits collected amounted to €6.5 billion, almost 26% of its average performing loans outstandings (APO).

### Total number of vehicle contracts

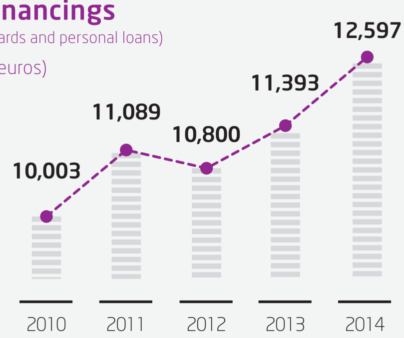
(in thousands)




### New financings

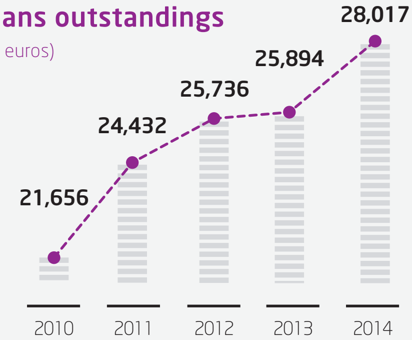
(excluding cards and personal loans)

(in million euros)



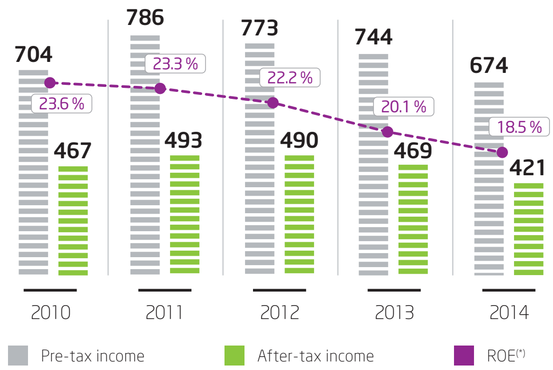

### Net loans outstandings

(in million euros)




### Results

(in million euros)




(*) ROE: Return On Equity (excluding non-recurring items).

# BUSINESS ACTIVITY 2014

**With more than 1,245,000 financing contracts processed, a 7.3% rise compared to the previous year, RCI Banque confirms its profitable growth momentum, providing stronger commercial support for all the Alliance brands.**

Enjoying the benefit of the upturn in Europe's automotive market and despite the slight fall seen on its main emerging markets, RCI Banque financed a record 1,245,246 contracts.

Boosted by growth in Alliance brand sales, this performance was also sustained by a financing penetration rate that grew to 35.2% (against 34.6% in 2013).

Services, major focus of the strategy, continued to flourish, with 2,168,035 new contracts written (compared to 1,756,496 in 2013), bringing the total number in the portfolio to 5,350,804. The services penetration rate was up to 73.0%, compared to 62.7% in 2013.

New financings (excluding cards and personal loans) totaled €12.6 billion (up 10.6% compared to 2013) and were up across all Alliance brands.

Despite a negative foreign exchange effect on the Americas region, average performing loans outstanding (APO) still grew by 4.9% to €25.4 billion, of which €18.7 billion for the Customer business (up 5.6% compared to 2013) and €6.7 billion for the Dealer financing business.

| PC+LUV MARKET(*) | | MARKET SHARE RENAULT GROUP BRANDS (%) | MARKET SHARE NISSAN GROUP BRANDS (%) | RCI BANQUE FINANCING PENETRATION RATE (%) | NEW VEHICLE CONTRACTS PROCESSED (Thousands) | NEW FINANCINGS EXCLUDING CARDS AND PL (€m) | NET LOANS OUTSTANDINGS AT YEAR-END (€m) | of which CUSTOMERS OUTSTANDINGS AT YEAR-END (€m) | of which DEALERS OUTSTANDINGS AT YEAR-END (€m) |
|---|---|---|---|---|---|---|---|---|---|
| **Europe** | **2014** | **10.3** | **3.4** | **36.4** | **860** | **10,042** | **23,612** | **16,522** | **7,090** |
| | 2013 | 9.7 | 3.2 | 35.1 | 759 | 8,810 | 21,395 | 14,920 | 6,475 |
| of which Germany | **2014** | **5.3** | **2.1** | **43.6** | **138** | **1,840** | **4,229** | **3,105** | **1,124** |
| | 2013 | 5.1 | 1.9 | 36.3 | 107 | 1,356 | 3,710 | 2,718 | 992 |
| of which Spain | **2014** | **13.2** | **4.6** | **46.8** | **90** | **936** | **2,016** | **1,540** | **476** |
| | 2013 | 12.1 | 4.8 | 45.9 | 73 | 760 | 1,673 | 1,215 | 458 |
| of which France | **2014** | **26.6** | **3.6** | **38.0** | **326** | **3,745** | **9,268** | **6,375** | **2,893** |
| | 2013 | 25.4 | 3.3 | 36.9 | 304 | 3,650 | 9,023 | 6,266 | 2,757 |
| of which Italy | **2014** | **8.9** | **3.6** | **47.5** | **95** | **1,226** | **2,623** | **1,935** | **688** |
| | 2013 | 7.2 | 3.6 | 49.3 | 83 | 1,096 | 2,340 | 1,701 | 639 |
| of which United Kingdom | **2014** | **3.9** | **5.3** | **27.5** | **94** | **1,288** | **2,956** | **2,236** | **720** |
| | 2013 | 3.0 | 5.1 | 28.7 | 82 | 1,036 | 2,295 | 1,727 | 568 |
| of other countries | **2014** | **9.6** | **2.5** | **25.3** | **117** | **1,006** | **2,519** | **1,331** | **1,188** |
| | 2013 | 9.4 | 2.4 | 24.9 | 109 | 911 | 2,355 | 1,293 | 1,062 |
| **Asia-Pacific (South Korea)** | **2014** | **4.9** | **0.4** | **48.1** | **50** | **649** | **1,047** | **1,038** | **9** |
| | 2013 | 4.0 | 0.3 | 47.4 | 39 | 446 | 954 | 946 | 8 |
| **Americas** | **2014** | **8.1** | **1.8** | **38.9** | **169** | **1,409** | **2,966** | **2,259** | **707** |
| | 2013 | 8.4 | 1.7 | 42.7 | 211 | 1,781 | 3,170 | 2,148 | 1,022 |
| of which Argentina | **2014** | **12.9** | **-** | **16.3** | **18** | **90** | **315** | **198** | **117** |
| | 2013 | 15.4 | - | 25.4 | 42 | 265 | 511 | 295 | 216 |
| of which Brazil | **2014** | **7.1** | **2.2** | **45.1** | **151** | **1,318** | **2,652** | **2,062** | **590** |
| | 2013 | 6.6 | 2.2 | 50.5 | 170 | 1,516 | 2,660 | 1,853 | 807 |
| **Africa, Middle East, India(**)** | **2014** | **37.0** | **-** | **29.6** | **13** | **106** | **306** | **238** | **68** |
| | 2013 | 38.9 | - | 30.5 | 14 | 116 | 283 | 215 | 68 |
| **Eurasia(**)** | **2014** | **10.9** | **5.5** | **26.9** | **153** | **391** | **87** | **84** | **3** |
| | 2013 | 10.4 | 4.2 | 24.9 | 138 | 241 | 92 | 89 | 3 |
| **TOTAL** | **2014** | **9.7** | **3.2** | **35.2** | **1,245** | **12,597** | **28,017** | **20,140** | **7,877** |
| | 2013 | 9.3 | 2.9 | 34.6 | 1,161 | 11,393 | 25,894 | 18,318 | 7,576 |

(*) Figures refer to passenger car and light utility vehicle market.
(**) Without India and 2013: pro forma.

# CHANGES IN GOVERNANCE IN 2014

On 1 October 2014, RCI Banque's governance structure was modified to comply with changes in European banking regulations. Consequently, the roles of Chairman of the Board of Directors and of Chief Executive Officer have been split:

**Dominique THORMANN** retains his position as Chairman of the Board of Directors;

**Gianluca DE FICCHY** is appointed Chief Executive Officer;

**Patrick CLAUDE** is appointed Company Secretary and Chief Risk Officer. He is also Deputy CEO.

The French Banking Supervisory Authority ratified the « Senior Manager » status for Gianluca DE FICCHY and Patrick CLAUDE.

# CONSOLIDATED FINANCIAL HIGHLIGHTS 2014

## EARNINGS

Pre-tax profit fell by 9.4% to €674 million compared to 2013. This decrease is attributable to a number of non-recurring items, among which:

- the impact of a court ruling with retroactive effect (period of ten years) pertaining to handling fees and affecting the majority of auto loan operators in Germany, for €52 million;
- a VAT-related tax adjustment in Germany, for €17 million;
- the effect of a new law on foreign denominated currency loans in Hungary, with a retroactive period of ten years, for €5 million.

Net banking income, excluding non-recurring items, rose by €44 million to €1,265 million, despite a negative foreign exchange effect on the Americas region.

Operating expenses, excluding non-recurring items, amounted to 1.58% of APO compared to 1.56% in 2013, confirming RCI Banque's ability to control its costs while continuing to implement its development strategy.

The total cost of risk remained stable and below the group's structural level at 0.43% of APO (against 0.42% in 2013).
The Customer cost of risk remained under control at 0.50% of APO (+3 basis points compared to 2013), demonstrating the effectiveness and strength of RCI Banque's underwriting policy and the efficiency of the debt collection system. The Dealer cost of risk was 0.20% of APO against 0.26% in 2013.

## BALANCE SHEET

Good commercial performances drove to an increase in net loans outstandings to €28.0 billion compared to €25.9 billion at end-2013.

At the same time, APO grew to €25.4 billion compared to €24.2 billion at end-2013.

Consolidated equity amounted to €3,161 million compared to €2,923 million at end-2013.

Deposits from retail customers in France, in Germany and in Austria (savings and term deposit accounts) totaled €6.5 billion compared to €4.3 billion at end-2013 and represented almost 26% of APO.

## PROFITABILITY

Due to non-recurring items, ROE was down to 16.4%. Excluding the impact of these items however, it remained at a high level, at 18.5%.

## SOLVENCY

According to Basel III standards, the Core Tier 1 solvency ratio was 11.4% compared to 11.7% at end-December 2013 (both years calculated on the same basis). Excluding requirements under the floor level provisions, it was 14.8%.

| CONSOLIDATED INCOME STATEMENT (in million euros) | 12/2014 | 12/2013 | 12/2012 |
|---|---|---|---|
| Net banking income | **1,210** | 1,221 | 1,238 |
| General operating expense (*) | **(422)** | (382) | (383) |
| Cost of risk | **(109)** | (102) | (91) |
| Share in net income (loss) of associates and joint ventures | **(5)** | 7 | 9 |
| Consolidated pre-tax income | **674** | 744 | 773 |
| **CONSOLIDATED NET INCOME** (parent company shareholders' share) | **421** | 469 | 490 |

(*) including depreciation and impairment losses on tangible and intangible assets, and gains less losses on non-current assets.

| CONSOLIDATED BALANCE SHEET (in million euros) | 12/2014 | 12/2013 | 12/2012 |
|---|---|---|---|
| Net total outstandings of which | **28,017** | 25,894 | 25,736 |
| • *Retail customer loans* | ***14,068*** | *12,094* | *12,007* |
| • *Financial Lease rentals* | ***6,072*** | *6,224* | *6,589* |
| • *Dealer loans* | ***7,877*** | *7,576* | *7,140* |
| Operational lease transactions net of depreciation and impairment | **309** | 195 | 124 |
| Other assets | **3,693** | 3,416 | 2,907 |
| Shareholders' equity of which | **3,422** | 3,184 | 2,940 |
| • *Equity* | ***3,161*** | *2,923* | *2,681* |
| • *Subordinated debts* | ***261*** | *261* | *259* |
| Bonds | **12,039** | 11,755 | 11,638 |
| Negotiable debt securities (CD, CP, BT, BMTN) | **952** | 802 | 2,994 |
| Securitization | **3,636** | 3,605 | 3,902 |
| Customer savings accounts - ordinary accounts | **5,102** | 3,549 | 893 |
| Customer term deposit accounts | **1,432** | 784 | - |
| Banks and other lenders (including Schuldschein) | **3,430** | 4,030 | 4,656 |
| Other liabilities | **2,006** | 1,796 | 1,744 |
| **TOTAL BALANCE SHEET** | **32,019** | 29,505 | 28,767 |

**2014 saw striking contrasts in economic performances across the world. The United States and United Kingdom both enjoyed a recovery, while the Eurozone continued to stagnate and growth slowed in emerging countries. Central banks adjusted their monetary policies accordingly.**

The US Federal Reserve suspended its monetary creation measures, thereby stabilizing its balance sheet, but without starting to remove the liquidity injected in the past.

The end of quantitative easing in the United States led to the repatriation of funds, a factor in the depreciation of some emerging currencies with the exception of the Chinese Yuan. A number of central banks in the countries affected subsequently raised their interest rates. Monetary policies grew tougher and there was a sharp slowdown in lending compared to the 2011 high.

In contrast to this, the ECB (European Central Bank) launched a set of monetary policy measures designed to support the European recovery and get inflation moving. Interest rates were reduced to record lows, and for the first time ever cut into negative territory at their bottom end. In order to increase market liquidity, the ECB launched long-term liquidity injections in the form of TLTROs (Targeted Longer-Term Refinancing Operations). These long-term preferential rate operations are granted to banks funding the economy. The central bank also pressed ahead with an assets purchase program (covered bonds and ABS).

In this context, bond spreads continued to tighten over 2014. Euro rates, affected by the ECB's decisions, also went down. For example, the three-year swap rate dropped almost 50 basis points over the year to 0.24%.

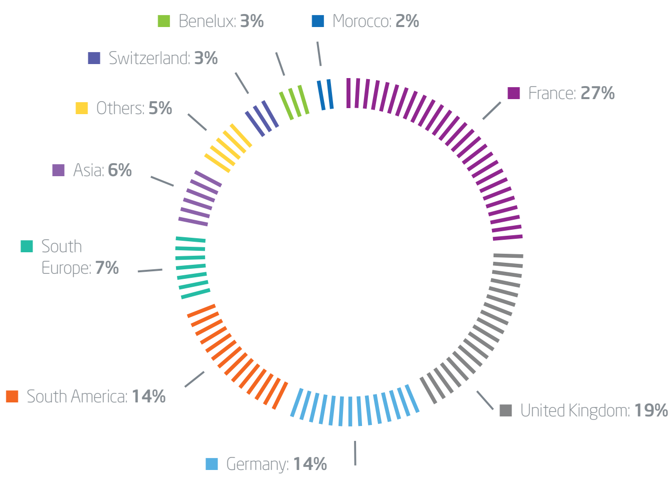
RCI Banque made the most of these excellent market conditions and extended the maturity of its debt by issuing a seven-year bond, under a €500 million transaction that reached out to new investors looking for longer-term assets. RCI Banque also took advantage of the reopening of the floating rate market,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

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

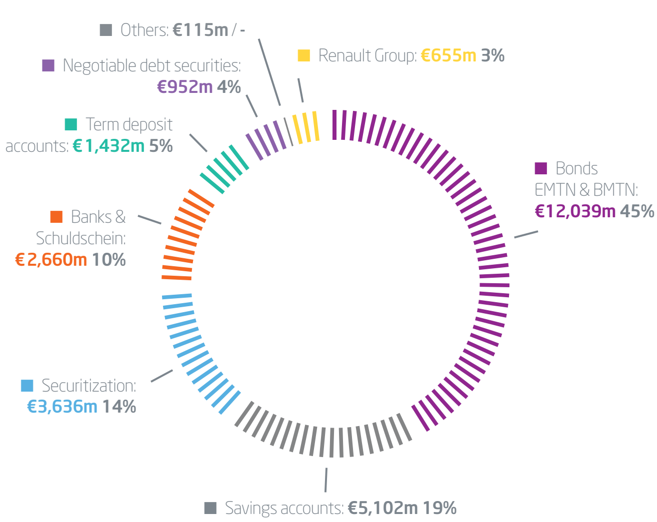
On the structured finance segment, RCI Banque carried out a €644 million securitization transaction in public format backed by customer loans in France and renewed its private securitization of dealer receivables in Germany.

Following the launch of a range of savings and term deposit account products for retail customers in France and in Germany in 2012 and 2013, the group continued to grow its savings operations in 2014 in Austria.

## Geographical breakdown of new resources with a maturity of one year or more (deposits excluded) as at 31/12/2014

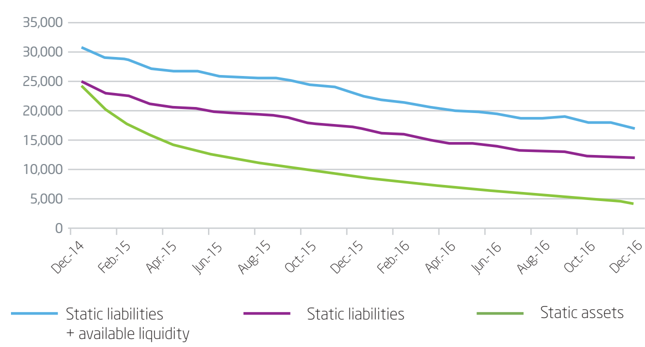



## Structure of total debt as at 31/12/2014




## RCI Banque group liquidity position(*)

(in million euros)




(*) Scope: Europe

At end-December 2014, retail deposits totaled more than €6.5 billion (€5.1 billion in savings accounts and €1.4 billion in term deposits), showing an increase of more than 50% over the last twelve months.

These resources, to which should be added, based on the European scope, €4.0 billion of undrawn committed credit lines, €1.9 billion of assets eligible as collateral in ECB monetary policy operations, €913 million of high quality liquid assets (HQLA) and €96 million of available cash, secure the continuity of RCI Banque's commercial business activity for more than eleven months without access to external sources of liquidity.

In a complex and unsettled environment, the conservative financial policy implemented by the group for years proved especially justified. This policy protects the commercial margin of each entity while securing the refinancing required for its business activities. It is defined and implemented at a consolidated level by RCI Banque and applies to all sales financing entities within the group.

The strength of the group's balance sheet is also evidenced by very low market risks (interest rate, currency and counterparty risks), which are monitored daily on a consolidated basis:

- RCI Banque's overall sensitivity to the interest rate remained below the €35 million limit set by the group;
- at 31 December 2014, a 100-basis point rise in rates would have an impact of:

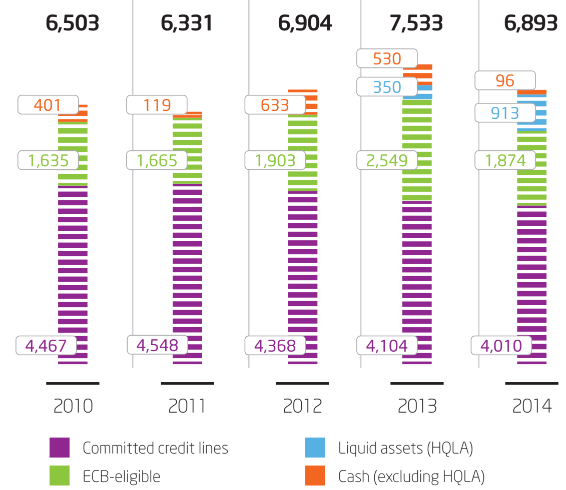
+€1.0 million in EUR; +€0.9 million in GBP ; +€0.5 million in MAD;

+€0.4 million in CHF; -€0.5 million in BRL; -€0.3 million in KRW;

- the absolute sensitivity values in each currency totaled €4.5 million;
- the consolidated foreign exchange position of the RCI Banque group totaled €6.5 million.

## RCI Banque's available liquidity(*)

(in million euros)




(*) Scope: Europe

## RCI BANQUE GROUP'S PROGRAMS AND ISSUANCES

The group's issuances are concentrated on six issuers: RCI Banque, DIAC, Rombo Compania Financiera (Argentina), RCI FS K (South Korea), CFI (Brazil) and RCI Finance Maroc.

| ISSUER | INSTRUMENT | MARKET | AMOUNT | S&P | MOODY'S | OTHERS |
|---|---|---|---|---|---|---|
| RCI Banque | Euro CP Program | Euro | €2,000m | A-2 (negative outlook) | P3 | R&I: a-2 |
| RCI Banque | Euro MTN Program | Euro | €12,000m | BBB (negative outlook) | Baa3 | R&I : BBB+ |
| RCI Banque | CD Program | French | €4,500m | A-2 (negative outlook) | P3 | |
| RCI Banque | BMTN Program | French | €2,000m | BBB (negative outlook) | Baa3 | |
| Diac | CD Program | French | €1,000m | A-2 (negative outlook) | | |
| Diac | BMTN Program | French | €1,500m | BBB (negative outlook) | | |
| Rombo Compania Financiera S.A. | Bond Program* | Argentinian | ARS 1,000m | raBB+ (negative outlook) | Aa2.ar | Fix Scr : AA (negative outlook) |
| RCI Financial Services Korea Co Ltd | Bonds* | South Korean | KRW 875bn | | | KR, KIS, NICE : A+ |
| CFI RCI do Brasil | Bonds* | Brazilian | BRL 3,155m | | Aa1 | |
| RCI Finance Maroc | BSF | Morrocan | MAD 1,000m | | | |

(*) Local ratings.

RCI Banque
groupe RENAULT

This document and further information about RCI Banque are available on: www.rcibanque.com
Finance & Treasury Division - 14, avenue du Pavé Neuf - 93168 Noisy-le-Grand CEDEX - FRANCE

# AUDITORS' REPORT

## 31 December 2014

KPMGS S.A. ERNST & YOUNG Audit

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.*
*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*
*This report also includes information relating to the specific verification of information given in the group's management report.*
*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

RCI Banque
Year ended December 31, 2014

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

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

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

**ERNST & YOUNG Audit**
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

## RCI Banque

Year ended December 31, 2014

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

To the Shareholders,

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

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

the justification of our assessments;

the specific verification required by law.

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

### I. Opinion on the consolidated financial statements

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

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

## II. Justification of our assessments

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

***Estimations***

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

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

## III. Specific verification

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

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

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

The statutory auditors
*French original signed by*

| | |
|---|---|
| KPMG S.A. | ERNST & YOUNG Audit |
| Valéry Foussé | Bernard Heller |

# CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP

## 31 December 2014

# CONSOLIDATED BALANCE SHEET

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

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

# CONSOLIDATED INCOME STATEMENT

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

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

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

(3) The change in translation adjustments at 31 December 2014 relates primarily to Argentina, Brazil, South Korea, and Russian Federation. At 31 December 2013, it mainly related to Brazil, Argentina, the United Kingdom and South Korea.

(4) Includes changes in the fair value of derivatives used as cash flow hedges and available-for-sale assets for € 3.7m and IAS 19 actuarial gains and losses for - €7.8m at end-December 2014.

## CONSOLIDATED CASH FLOW STATEMENT

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

## 1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

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

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

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

## 2. ACCOUNTING RULES AND METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the RCI Banque group has prepared its consolidated financial statements for 2014 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2014 and as adopted in the European Union by the statement closing date.

### A) Changes in accounting policies

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

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

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

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

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

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

They have no impact on the group.

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

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

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

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

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

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

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

## B) Consolidation principles

**Scope and methods of consolidation**

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

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

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

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

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

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

**Acquisition cost of shares and goodwill**

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

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

And

- The net carrying amounts of acquired assets and liabilities

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

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

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

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

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

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

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

**Non-controlling interests**

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

In accordance with the provisions set out in IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €203 m at 31 December 2014, compared to €204m at 31 December 2013. This liability is initially measured at the present value of the estimated exercise price of the put options.

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

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

## C) Presentation of the financial statements

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

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

## D) Estimates and judgments

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

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

## E) Loans and advances to customers and finance lease contracts

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

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

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

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

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

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

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

**Identifying credit risk**

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

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

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

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

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

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

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

**Impairment for credit risk**

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

Customer lending

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

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

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

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

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

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

Dealer financing

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

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

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

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

**Country risk**

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

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

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

The projected default rate used depends on the residual term of the portfolio, the country's rating and the geographical area in which it is located (Emerging countries, Europe, North America). This default rate is an indicator of the probability of default (PD) of companies in the country concerned. The RCI Banque group uses the rates published by S&P for emerging countries and estimated on a historical basis using the period between 1996 and 2013. The loss-given-default (LGD) rate refers to that of Brazil and is calculated on a 12-month mean basis by internal expert appraisal according to the trend observed for the countries concerned.

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

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

**Rules for writing off loans**

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

**Impairment of residual values**

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

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

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

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

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

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

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

## F) Operating leases (IAS17)

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

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

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

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

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

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

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

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

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

- **Sales support**

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

- **Relations with the dealer network**

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

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

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

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

- **Relations with the car makers**

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

Under their trade policies and as part of promotional campaigns, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 31 December 2014, this contribution amounted to €393 against €397m at 31 December 2013.

## H) Recognition and measurement of the securities portfolio (IAS 39)

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

**Securities held for trading purposes**

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

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

**Securities available for sale**

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

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

## I) Non-current assets (IAS16/IAS36)

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

Property, plant and equipment is measured at historical acquisition cost less accumulated depreciation and impairment losses, if any.

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

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

## J) Income taxes (IAS 12)

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

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

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

## K) Pension and other post-employment benefits (IAS 19)

**Overview of plans**

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

Defined benefit plans:

Charges are booked to provisions for these plans to cover:

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

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

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

Defined contribution plans:

In accordance with the laws and practices of each country, the group makes salary-based contributions to national or private institutions responsible for pension plans and provident schemes.

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

**Valuation of liabilities for defined benefit plans**

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

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

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

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

## L) Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

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

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

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

- Balance sheet items other than equity, which are held at the historic exchange rate, are translated at closing exchange rates;
- Income statement items are translated at the average rate for the period, said rate being used as an approximation applied to underlying transactions, except in the event of significant fluctuations;
- Translation adjustments are included as a separate component of consolidated equity and do not affect income.

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

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

## M) Translation of foreign currency transactions

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

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

## N) Financial liabilities (IAS 39)

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

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

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

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

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

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

## O) Structured products and embedded derivatives (IAS 39)

The group engages in a small number of structured transactions. These issues are hedged by derivatives so as to neutralize the embedded derivative and thereby obt

ain a synthetic adjustable-rate liability.

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

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

## P) Derivatives and hedge accounting (IAS 39)

**Risks**

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

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

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

**Measurement**

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

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

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

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

Credit adjustment

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

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

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

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

- **Fair value hedge**

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

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

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

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

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

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

**Cash flow hedge**

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

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

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

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

**Trading transactions**

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

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

These transactions mainly include:

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

- swaps contracted in connection with securitization transactions,
- variable/pay variable swaps in a given currency to hedge interest-rate risk on variable-rate issues.

## Q) Operating segments (IFRS 8)

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

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

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

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

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

Renault, Nissan, Dacia, Samsung and Datsun sales financing activities have been combined.

## R) Insurance

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

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

**Technical liabilities on insurance contracts:**

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

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

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

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

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

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

**Income statement:**

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

# 3. GROUP STRUCTURE

**Changes in the scope of consolidation in 2014**

- RN Bank, the customer and dealer sales financing associate set up in Russia by the Alliance and an external partner (Unicrédit), entered the scope of consolidation in 2014 and is accounted for under the equity method. RN Bank is held through a RN SF BV joint venture, a joint RCI Banque and Nissan holding, which with the external partner holds the associate company BARN BV, RN Bank's shareholder. These two holdings also entered the scope of consolidation in 2014 and are accounted for under the equity method. RCI Banque has a 30% interest in RN Bank and BARN BV and a 50% interest in RN SF BV. Goodwill on initial consolidation of this entity was insignificant.

- On 30/09/2014, Sogesma was taken over by DIAC S.A. with retro-active effect from 01/01/2014.

- New FCT (Fonds Commun de Titrisation) issues:
    - In October 2014, FCT CARS Alliance Auto Loans France V 2014-1 issued AAA-rated and A-rated notes backed by customer auto loans for €600m and €44m respectively.
    - CARS Alliance Auto Loans Germany Master, created in March 2014, issued a number of series of AAA notes retained by RCI Banque Niederlassung Deutschland for a total of €674m at 31/12/2014.
- FCT Cars Alliance DFP France (Fonds Commun de Titrisation) matured.

- FCT CARS Alliance Auto Loans Germany (Fonds Commun de Titrisation) matured.

**Foreign affiliates that do not have a tax agreement with France**

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A in Colombia. The latter’s business consists in receiving commissions on lending provided to a business partner. This affiliate’s main management indicators are monitored on a monthly basis. At 31 December 2014, pre-tax income came to €2.4m.

# 4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

**Liquidity**

RCI Banque pays great attention to diversifying its sources of access to liquidity. Since the start of the financial crisis, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked, resulting in access to bond markets in numerous currencies (USD, CHF, GBP, BRL, KRW, etc.) to fund European assets and support growth outside Europe.
Recourse to funding through securitization transactions in private and public format also helps RCI Banque to expand its investor base.
The launching of the deposits business has added to diversification of the company's sources of funding, and helped it to adjust to future liquidity requirements arising from Basel 3 standards.

RCI Banque's management of liquidity risk is based on several indicators or analyses, updated monthly on the basis of the latest in-force business forecasts (customer base and dealer network) and completed refinancing transactions. Very prudent assumptions about the outflow of deposits are used, with a multiplying factor applied to the stressed cash outflows adopted by the Basel Committee. The system underwent an internal audit in 2013, a review by the banking regulator (ACPR), and has been reinforced by updating internal procedures.

**Credit business risk**

By taking the Probability of Default derived from scoring systems into account in the management of new gross lending, portfolio quality across all major markets was maintained.
As the economic outlook remained uncertain, the centralized oversight of the approval policy introduced at the start of the crisis was maintained. Acceptance systems are adjusted according to stress tests, which are updated quarterly for the main countries per segment (retail customers, corporate customers). All in all, the quality of gross lending is in line with the objectives set.
In a constantly changing environment, RCI Banque's aim is to maintain overall credit risk at a level compatible with the expectations of the financial community and profitability targets.

**Profitability**

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

**Governance**

Liquidity indicators are the subject of particular scrutiny at each monthly financial committee meeting.
The country management committees also monitor risk and instant projected margin indicators more systematically, thereby supplementing the routine assessments of subsidiary profitability.

**Exposure to non-commercial credit risk**

RCI Banque's exposure to bank counterparty risk mainly arises from the investment of temporary cash surpluses as short-term deposits and from interest-rate or forex hedging with derivatives.
Such transactions are made with first-class banks approved beforehand by the Counterparty Committee. RCI Banque pays close attention to diversifying its counterparties.

To meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI Banque now invests in liquid assets as defined by the Basel Committee. Over the first half-year 2014, liquid assets held by RCI Banque mainly consisted of deposits in the Central Bank. Since the ECB ended its liquidity absorption policy, these liquid assets have mainly consisted of securities issued by governments or supranational European issuers held directly. The duration of this portfolio is less than one year.
In addition, RCI Banque has also invested in a fund whose assets consist of debt securities issued by European agencies and sovereigns and by supranational issuers. Targeted average exposure to credit risk is seven years with a limit at nine years. The fund is aiming for zero exposure to the interest rate risk with a maximum of two years.

# 5. REFINANCING

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

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

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

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

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

# 6. REGULATORY REQUIREMENTS

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

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

<u>RCI Banque's participation in the Asset Quality Review</u>

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

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

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

# 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 : Segment information

### 1.1 - Segmentation by market

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

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

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

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

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

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

### 1.2 Segmentation by geographic region

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

## Note 2 : Derivatives

| In millions of euros | 12/2014 | | 12/2013 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| **Fair value of financial assets and liabilities recognized as derivatives held for trading purposes** | **36** | **42** | **3** | **38** |
| Interest-rate derivatives | | | | 22 |
| Currency derivatives | 36 | 39 | 3 | 15 |
| Other derivatives | | 3 | | 1 |
| **Fair value of financial assets and liabilities recognized as derivatives used for hedging** | **262** | **47** | **200** | **92** |
| Interest-rate and currency derivatives: Fair value hedges | 248 | 32 | 187 | 85 |
| Interest-rate derivatives: Cash flow hedges | 14 | 15 | 13 | 7 |
| **Total derivatives** | **298** | **89** | **203** | **130** |

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

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

### Changes in the cash flow hedging instrument revaluation reserve

| In millions of euros | Cash flow hedging | Schedule for the transfer of the CFH reserve account to the income statement | | |
|---|---|---|---|---|
| | | <1 year | 1 to 5 years | +5 years |
| **Balance at 31 December 2012** | **(13)** | **(9)** | **(4)** | |
| Changes in fair value recognized in equity | 4 | | | |
| Transfer to income statement | 13 | | | |
| **Balance at 31 December 2013** | **4** | | **4** | |
| Changes in fair value recognized in equity | (3) | | | |
| Transfer to income statement | 2 | | | |
| **Balance at 31 December 2014** | **3** | **(1)** | **4** | |

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

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

**Nominal values of derivative instruments by maturity and management intent**

| In millions of euros | 0-1 year | 1-5 years | +5 years | Total 12/2014 |
|---|---|---|---|---|
| **Hedging of currency risk** | | | | |
| Forward forex contracts | | | | |
| Sales | 1 765 | | | **1 765** |
| Purchases | 1 777 | | | **1 777** |
| Spot forex transactions | | | | |
| Loans | 112 | | | **112** |
| Borrowings | 112 | | | **112** |
| Currency swaps | | | | |
| Loans | 94 | 1 241 | | **1 335** |
| Borrowings | 117 | 1 172 | | **1 289** |
| **Hedging of interest-rate risk** | | | | |
| Interest rate swaps | | | | |
| Lender | 5 820 | 5 579 | 350 | **11 749** |
| Borrower | 5 820 | 5 579 | 350 | **11 749** |
| *(*) Of which related parties* | | | | *92* |

| In millions of euros | 0-1 year | 1-5 years | +5 years | Total 12/2013 |
|---|---|---|---|---|
| **Hedging of currency risk** | | | | |
| 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** |

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

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

## Note 4 : Amounts receivable from credit institutions

| In millions of euros | 12/2014 | 12/2013 |
|---|---|---|
| **Credit balances in sight accounts at credit institutions** | **615** | **677** |
| Ordinary accounts in debit | 586 | 659 |
| Overnight loans | 27 | 17 |
| Accrued interest | 2 | 1 |
| **Term deposits at credit institutions** | **135** | **483** |
| Term loans | 128 | 473 |
| Reverse repurchase agreement or bought outright | 3 | 8 |
| Doubtful receivables | | 1 |
| Accrued interest | 4 | 1 |
| **Total amounts receivable from credit institutions (*)** | **750** | **1 160** |
| *(*) Of which related parties* | *114* | |

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

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

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

## Note 5 : Customer finance transactions and similar

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

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

### 5.1 - Customer finance transactions

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

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

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

### 5.2 - Finance lease transactions

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

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

| In millions of euros | < 1 year | 1 to 5 years | > 5 years | Total 12/2014 |
|---|---|---|---|---|
| Finance leases - net investment | 3 058 | 3 116 | 2 | **6 176** |
| Finance leases - future interest receivable | 209 | 178 | | **387** |
| **Finance leases - gross investment** | **3 267** | **3 294** | **2** | **6 563** |
| Amount of residual value guaranteed to RCI Banque group | 1 451 | 1 406 | 1 | **2 858** |
| *Of which amount guaranteed by related parties* | *1 009* | *806* | *1* | ***1 816*** |
| Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17) | 2 257 | 2 487 | 2 | **4 746** |

| In millions of euros | < 1 year | 1 to 5 years | > 5 years | Total 12/2013 |
|---|---|---|---|---|
| Finance leases - net investment | 3 100 | 3 233 | 4 | **6 337** |
| Finance leases - future interest receivable | 225 | 164 | | **389** |
| **Finance leases - gross investment** | **3 325** | **3 397** | **4** | **6 726** |
| Amount of residual value guaranteed to RCI Banque group | 1 433 | 1 461 | 2 | **2 896** |
| *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** |

## 5.3 - Operating lease transactions

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

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

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

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

At 31 December 2014, the RCI Banque group's maximum aggregate exposure to credit risk stood at €32,686 m. This exposure chiefly includes net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group's off-balance sheet (see Note 22 Commitments received).

### Amount of receivables due

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

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

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

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

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

### 5.5 - Residual values of risk carried by RCI Banque

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

## Note 6 : Customer finance transactions by business segment

| In millions of euros | Customer | Dealer | Other | Total 12/2014 |
|---|---|---|---|---|
| **Gross value** | **20 932** | **8 090** | **379** | **29 401** |
| Non-impaired receivables | 20 428 | 7 727 | 377 | 28 532 |
| Doubtful receivables | 178 | 324 | 1 | 503 |
| Compromised receivables | 326 | 39 | 1 | 366 |
| *% of doubtful and compromised receivables* | *2,41%* | *4,49%* | *0,53%* | *2,96%* |
| **Impairment allowance on individual basis** | **(444)** | **(153)** | **(1)** | **(598)** |
| Non-impaired receivables | (59) | (53) | | (112) |
| Doubtful receivables | (106) | (61) | | (167) |
| Compromised receivables | (279) | (39) | (1) | (319) |
| **Impairment allowance on collective basis** | **(37)** | **(59)** | | **(96)** |
| Impairment | (6) | (59) | | (65) |
| Country risk | (31) | | | (31) |
| **Net value (*)** | **20 451** | **7 878** | **378** | **28 707** |
| *(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)* | *241* | *585* | *273* | *1 099* |

| In millions of euros | Customer | Dealer | Other | Total 12/2013 |
|---|---|---|---|---|
| **Gross value** | **19 036** | **7 787** | **435** | **27 258** |
| Non-impaired receivables | 18 496 | 7 379 | 434 | 26 309 |
| Doubtful receivables | 155 | 368 | | 523 |
| Compromised receivables | 385 | 40 | 1 | 426 |
| *% 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* |

Business segment information is given in detail in note 1.

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

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

## Note 7 : Adjustment accounts - Assets

| In millions of euros | 12/2014 | 12/2013 |
|---|---|---|
| **Tax receivables** | **239** | **214** |
| Current tax assets | 37 | 46 |
| Deferred tax assets | 105 | 86 |
| Tax receivables other than on current income tax | 97 | 82 |
| **Adjustment accounts and other assets** | **637** | **618** |
| Other sundry debtors | 203 | 231 |
| Adjustment accounts - Assets | 29 | 33 |
| Items received on collections | 295 | 261 |
| Reinsurer part in technical provisions | 110 | 93 |
| **Total adjustment accounts – Assets and other assets (*)** | **876** | **832** |
| *(*) Of which related parties* | *153* | *174* |

Deferred tax assets are analyzed in note 31.

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

**Changes in the part of reinsurance in the technical provions**

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

## Note 8 : Investments in associates and joint ventures

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

## Note 9 : Tangible and intangible non-current assets

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

## Note 10 : Goodwill

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

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

As a reminder, the Hungary's goodwill was fully impaired in 2008. In 2013, goodwill of €6.4m was recognized for a new partnership agreement signed with 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 & debt securities

### 11.1 - Breakdown of liabilities by valuation method

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

### 11.2 - Amounts payable to credit institutions

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

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

The book value of receivables provided as collateral to the *Société de financement de l'économie française* (SFEF) by RCI Banque was zero at 31 December 2014, following discharge of said receivables. There is no longer any SFEF refinancing (which totaled €210 million at 31 December 2013).

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

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

### 11.3 - Amounts payable to customers

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

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

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

### 11.4 - Debt securities

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

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

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

### 11.5 - Breakdown of financial liabilities by rate type before derivatives

| In millions of euros | 12/2014 | | | 12/2013 | | |
|---|---|---|---|---|---|---|
| | Variable | Fixed | Total | Variable | Fixed | Total |
| Amounts payable to credit institutions | 1 011 | 1 649 | **2 660** | 1 089 | 2 138 | **3 227** |
| Amounts payable to customers | 5 728 | 1 576 | **7 304** | 4 134 | 1 002 | **5 136** |
| Negotiable debt securities | 452 | 500 | **952** | 407 | 395 | **802** |
| Other debt securities | 3 063 | 572 | **3 635** | 3 393 | 212 | **3 605** |
| Bonds | 2 409 | 9 631 | **12 040** | 1 340 | 10 415 | **11 755** |
| **Total financial liabilities by rate** | **12 663** | **13 928** | **26 591** | **10 363** | **14 162** | **24 525** |

### 11.6 - Breakdown of financial liabilities by maturity

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

## Note 12 : Securitization

| **In millions of euros** | **SECURITIZATION – public issues** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Country | **France** | | | | | **Italy** | **Germany** | |
| Originator | **DIAC SA** | **DIAC SA** | **DIAC SA** | **DIAC SA** | **DIAC SA** | **RCI Banque Succursale Italiana** | **RCI Bank Niederlassung** | **RCI Bank Niederlassung** |
| Securitized collateral | Auto loans to customers | Auto loans to customers | Auto loans to customers | Crédits automobiles à la clientèle | Receivables independant dealers | Auto loans to customers | Auto loans to customers | Auto loans to customers |
| Issuer | CARS Alliance Auto Loans France FCT Master | CARS Alliance Auto Loans France F 2012-1 | CARS Alliance Auto Loans France V 2012-1 | CARS Alliance Auto Loans France V 2014-1 | FCT Cars Alliance DFP France | Cars Alliance Warehouse Italy SRL | CARS Alliance Auto Loans Germany Master | CARS Alliance Auto Loans Germany V2013-1 |
| Closing date | May 2012 | June 2012 | November 2012 | October 2014 | July 2013 | June 2012 | March 2014 | December2013 |
| Legal maturity date | August 2030 | September 2021 | February 2024 | January 2026 | July 2023 | December 2029 | March 2031 | December 2024 |
| Initial purchase of receivables | 715 M€ | 867 M€ | 826 M€ | 700 M€ | 1 020 M€ | 777 M€ | 674 M€ | 977 M€ |
| Credit enhancement as at the closing date | Cash reserve for 1%<br>Over-collateralization of receivables 15,1% | Cash reserve for 1%<br>Over-collateralization of receivables 13% | Cash reserve for 1%<br>Over-collateralization of receivables 13,5% | Cash reserve for 1%<br>Over-collateralization of receivables 11,5% | Cash reserve for 1%<br>Over-collateralization of receivables 20,35% | Cash reserve for 2%<br>Over-collateralization of receivables 14,5% | Cash reserve for 1%<br>Over-collateralization of receivables 8% | Cash reserve for 1%<br>Over-collateralization of receivables 12% |
| Receivables purchased as of 31/12/14 | 447 M€ | 97 M€ | 379 M€ | 671 M€ | 1054 M€ | 511 M€ | 946 M€ | 904 M€ |
| Notes in issue as at 31/12/14<br>(including any units held<br>by the RCI Banque group) | Class A<br>Rating : AAA<br>377 M€<br><br>Class B<br>Non rated<br>68 M€ | Class A<br>Rating : AAA<br>4 M€<br><br>Class B<br>Non rated<br>102 M€ | Class A<br>Rating : AAA<br>285 M€<br><br>Class B<br>Non rated<br>109 M€ | Class A<br>Rating : AAA<br>600 M€<br><br>Class B<br>Rating : A+<br>44 M€<br><br>Class C<br>Non noté<br>34 M€ | Class A<br>Rating : AAA<br>750 M€ | Class A<br>Rating : AAA<br>433 M€<br><br>Class J<br>Non rated<br>137 M€ | Class A<br>Rating : AAA<br>870 M€<br><br>Class B<br>Non rated<br>76 M€ | Class A<br>Rating : AAA<br>800 M€<br><br>Class B<br>Rating : A<br>57 M€<br><br>Class C<br>Non rated<br>52 M€ |
| Period | Revolving | Amortizing | Amortizing | Revolving | Revolving | Amortizing | Revolving | Revolving |
| Transaction's nature | Retained | Market | Market | Market | Retained | Retained | Retained | Market |

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

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

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

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

The securitization transactions carried out by the group all meet the requirement under Article 405 of European Directive No. 575/2013 for a net economic interest of not less than 5% to be retained. These transactions were not intended to result in derecognition of the receivables transferred, and at 31 December 2014, the amount of the sales financing receivables thus maintained on the balance sheet totaled €7,724m (€7,680m at 31 December 2013), as follows:
- Securitization transactions placed on the market: €2,052m
- Retained securitization transactions: €2,958m
- Private securitization transactions: €2,714m

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

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

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

## Note 13 : Adjustments accounts - Miscellaneous liabilities

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

Deferred tax assets are analyzed in note 31.

## Note 14 : Provisions

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

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

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

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

At year-end 2014, the provisions for restructuring mainly concern Spain, the United Kingdom and Germany.

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

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

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

## Changes in the insurance technical provisions

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

<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 | 12/2014 | 12/2013 |
|---|---|---|
| France | 32 | 28 |
| Rest of world | 9 | 6 |
| **Total provisions** | **41** | **34** |

**Subsidiaries without a pension fund**

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

**Subsidiaries with a pension fund**

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

### Changes in provisions during the year

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

### Nature of invested funds

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

## Note 15 : Impairments allowances to cover counterparty risk

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

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

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

## Note 16 : Subordinated debt - Liabilities

| In millions of euros | 12/2014 | 12/2013 |
|---|---|---|
| **Liabilities measured at amortized cost** | **251** | **251** |
| Subordinated debt | 250 | 250 |
| Accrued interest on subordinated debt | 1 | 1 |
| **Hedged liabilities measured at fair value** | **10** | **10** |
| Participating loan stocks | 10 | 10 |
| **Total subordinated liabilities** | **261** | **261** |

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

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

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

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

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

| In millions of euros | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years | Total 12/2014 |
|---|---|---|---|---|---|
| **Financial assets** | **8 570** | **9 762** | **11 589** | **281** | **30 202** |
| Derivatives | 41 | 21 | 214 | 22 | **298** |
| Financial assets available for sale and other financial assets | 125 | 399 | 101 | 132 | **757** |
| Amounts receivable from credit institutions | 685 | 5 | 60 | | **750** |
| Loans and advances to customers | 7 719 | 9 337 | 11 214 | 127 | **28 397** |
| **Financial liabilities** | **8 455** | **3 679** | **13 728** | **1 079** | **26 941** |
| Derivatives | 17 | 38 | 34 | | **89** |
| Amounts payable to credit institutions | 874 | 709 | 1 077 | | **2 660** |
| Amounts payable to customers | 5 345 | 394 | 1 015 | 550 | **7 304** |
| Debt securities | 2 219 | 2 287 | 11 602 | 519 | **16 627** |
| Subordinated debt | | 251 | | 10 | **261** |

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

## Note 18 : Breakdown of future contractual cash flows by maturity

| In millions of euros | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years | Total 12/2014 |
|---|---|---|---|---|---|
| **Financial liabilities** | **8 399** | **4 087** | **14 415** | **1 112** | **28 013** |
| Derivatives | 13 | 27 | 25 | | **65** |
| Amounts payable to credit institutions | 848 | 596 | 1 077 | | **2 521** |
| Amounts payable to customers | 5 339 | 394 | 1 015 | 550 | **7 298** |
| Debt securities | 1 930 | 2 176 | 11 587 | 519 | **16 212** |
| Subordinated debts | | 250 | | 9 | **259** |
| Future interest payable | 269 | 644 | 711 | 34 | **1 658** |
| **Financing and guarantee commitments to customers** | **1 653** | | | | **1 653** |
| **Total breakdown of future contractual cash flows by maturi** | **10 052** | **4 087** | **14 415** | **1 112** | **29 666** |

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

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

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

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

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

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

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

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

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

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

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

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

**Assumptions and methods used:**

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

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

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

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

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

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

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

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

The main assumptions and valuation methods used are the following:

• Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2014 and at 31 December 2013 for loans with similar conditions and maturities.

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

• Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2014 and at 31 December 2013.

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

• Financial liabilities

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2014 and 31 December 2013 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

## Note 20 : Netting agreements and other similar commitments

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

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

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

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

**Synthesis of financial assets and liabilities agreements**

**In millions of euros - 31/12/2014**

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

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

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

**In millions of euros - 31/12/2013**

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

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

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

## Note 21 : Commitments given

| In millions of euros | 12/2014 | 12/2013 |
|---|---|---|
| **Financing commitments** | **1 645** | **1 486** |
| Commitments to customers | 1 645 | 1 486 |
| **Guarantee commitments** | **64** | **157** |
| Commitments to credit institutions | 34 | 67 |
| Customer guarantees | 30 | 90 |
| **Total commitments given (*)** | **1 709** | **1 643** |
| *(*) Of which related parties* | *11* | *12* |

## Note 22 : Commitments received

| In millions of euros | 12/2014 | 12/2013 |
|---|---|---|
| **Financing commitments** | **4 812** | **4 669** |
| Commitments from credit institutions | 4 812 | 4 668 |
| Commitments from customers | | 1 |
| **Guarantee commitments** | **8 051** | **8 192** |
| Guarantees received from credit institutions | 146 | 212 |
| Guarantees from customers | 4 676 | 4 788 |
| Commitments to take back leased vehicles at the end of the contract | 3 229 | 3 192 |
| **Total commitments received (*)** | **12 863** | **12 861** |
| *(*) Of which related parties* | *2 476* | *2 103* |

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

### Guarantees and collateral

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

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

## Note 23 : Exposure to currency risk

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

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

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

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

## Note 24 : Interest and similar income

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

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

## Note 25 : Interest expenses and similar charges

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

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

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

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

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

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

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

## Note 28 : Net income (expense) of other activities

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

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

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

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

## Net income of insurance activities

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

## Note 29 : General operating expenses and personnel costs

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

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

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

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

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

## Note 30 : Cost of risk by customer category

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

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

## Note 31 : Income tax

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

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

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

## Breakdown of net deferred taxes by major category

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

## Reconciliation of actual tax expense booked and theoretical tax charge

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

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

## Deferred tax expense recognized in the other comprehensive income

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

## Note 32: Events after the end of the reporting period

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

# 8. COMPANIES AND FOREIGN BRANCHES OF THE GROUP

## A) List of consolidated companies and foreign branches

| | Country | Direct interest of RCI | Indirect interest of RCI Banque | | % | |
|---|---|---|---|---|---|---|
| | | | % | Held by | 2014 | 2013 |
| **PARENT COMPANY :** RCI Banque S.A. | | | | | | |
| **Branches of RCI Banque SA:** | | | | | | |
| RCI Banque S.A. Niederlassung Deutschland | Germany | | | | | |
| RCI Banque Sucursal Argentina | Argentina | | | | | |
| RCI Banque SA Niederlassung Osterreich | Austria | | | | | |
| RCI Banque S.A. Sucursal en Espana | Spain | | | | | |
| RCI Banque Sucursal Portugal | Portugal | | | | | |
| RCI Banque S.A. Bancna 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 |
| 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** | | | | | | |
| CARS Alliance Auto Loans Germany Master* | Germany | | (see note 12) | RCI Banque Niederlassung Deutschland | | |
| FCT Cars Alliance Auto Loans Germany V2013-1** | Germany | | (see note 12) | RCI Banque Niederlassung Deutschland | | |
| FCT Cars Alliance Auto Leases Germany | Germany | | | RCI Banque Niederlassung Deutschland | | |
| Cars Alliance DFP Germany 2014* | Germany | | | RCI Banque Niederlassung Deutschland | | |
| FCT CARS Alliance Auto Loans France V 2014-1* | France | | (see note 12) | Diac S.A. | | |
| FCT Cars Alliance DFP France** | France | | (see note 12) | Diac S.A. | | |
| CARS Alliance Auto Loans France FCT Master | France | | (see note 12) | Diac S.A. | | |
| CARS Alliance Auto Loans France F 2012-1 | France | | (see note 12) | Diac S.A. | | |
| CARS Alliance Auto Loans France V 2012-1 | France | | (see note 12) | Diac S.A. | | |
| Cars Alliance Warehouse Italy SRL | Italy | | (see note 12) | RCI Banque Succursale Italiana | | |
| Cars Alliance Funding Italy SRL | Italy | | | RCI Banque Succursale Italiana | | |
| SPV Cars Alliance Auto Loans UK | United Kingdom | | | RCI Financial Services Ltd | | |
| **COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD :** | | | | | | |
| RN SF B.V.* | Netherlands | 50 | | | 50 | |
| BARN B.V.* | Netherlands | | 60 | RN SF B.V.* | 30 | |
| RN Bank* | Russia | | 100 | BARN B.V.* | 30 | |
| Orfin Finansman Anonim Sirketi** | Turkey | 50 | | | 50 | 50 |
| Renault Crédit Car | Belgium | | 50,10 | AUTOFIN | 50,10 | 50,10 |

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

# B) Information about locations and operations

## Country-by-country reporting

**In millions of euros - 31/12/2014**

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

**(1) Full time equivalent basis**

## C) Subsidiaries in which non-controlling interests are significant

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

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

Percentages of voting rights are identical.

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

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

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

# D) Significant associates and joint ventures

## Significant associates and joint ventures

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

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

# E) Significant restrictions

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

# APPENDIX 1: RCI BANQUE GROUP OPERATIONS

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

(1) excluding operating lease business

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

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

# APPENDIX 2: FINANCIAL RISKS

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

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

The scope of the group's financial policy extends to all consolidated finance subsidiaries of the RCI Banque group, including those for which refinancing is not done centrally.
All refinancing for subsidiaries in countries outside the Eurozone whose transfer and convertibility risk is deemed to be a material risk by RCI Banque is generally done locally to limit any cross-border risk. Group procedures do however allow the central refinancing office to grant occasional cross-border funding to subsidiaries located in such countries, if there is an insurance policy covering the non-convertibility and non-transfer risk or if the funding is for a very limited amount only.

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

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

MARKET RISK MANAGEMENT ORGANIZATION

The market risk management system, which is part of the RCI Banque group's overall internal control system, operates according to rules approved by the Renault Group. RCI-Banque's Finance and Cash Department is responsible for managing market risks (aggregate risk arising from interest rate, liquidity and foreign exchange exposures) and for verifying compliance with allowable limits at the consolidated group level. The rules and ceilings are specified and approved by Renault as the shareholder and are periodically updated. The Financial Risk Team attached to the Permanent Control Department (Company Secretary's Office and Risk Management Department) is responsible for producing a daily report and for monitoring the Group's exposure to financial risks.

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

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

**INTEREST RATE RISK**

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

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

The sensitivity thus defined consists in measuring at a given point in time (t) the impact of a change in interest rates on the market price of an entity's balance sheet flows.
The market price is determined by the discounting of future cash flows at the market price at point t.
The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 base points in interest rates on all maturities. The calculation is based on average monthly asset and liability gaps.
Maturities of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modeling of historical customer behavior patterns (early repayment, etc.), supplemented by assumptions about certain aggregates (owners' equity, etc.).
Sensitivity is calculated daily per currency and per management entity (central refinancing office, French and foreign sales financing subsidiaries) and enables overall management of interest rate risk across the consolidated scope of the RCI Banque group. Monitoring is performed by the Financial Risk Team attached to the Permanent Control Department (Company Secretary's Office and Risk Management Department).
The situation of each entity with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances so dictate.

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

**In 2014, RCI Banque's aggregate sensitivity to interest rate risk** remained below the limit set by the group (€35m).

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

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

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

**Analysis of the structural rate risk highlights the following points:**

- SALES FINANCING SUBSIDIARIES

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

- CENTRAL REFINANCING OFFICE

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

**Monthly tests are carried out to ascertain:**

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

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

**LIQUIDITY RISK**

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

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

**Four indicators are monitored monthly by the finance committee:**

- The static liquidity position: RCI Banque's aim is to achieve positive static liquidity. Assets generated in the past are financed by resources with a similar or longer maturity.
- The number of days' liquidity

A stress-scenario is used to calculate the number of days during which the RCI Banque group can, without any additional recourse to the market, have sufficient cash assets to cover its past and projected business.
This figure is the result of calculated liquidity deadlocks that factor in issued resources, confirmed unused bilateral credit lines, the potential eligible for European System Central Bank (ESCB) monetary policy transactions and the cash position on the one hand, and on the other hand, existing commercial and financial assets and business projections.

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

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

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

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

## FOREIGN EXCHANGE RISK

Since May 2009, RCI Banque has been authorized by France's Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) to exclude durable and structural assets from its foreign exchange exposure, given its compliance with the conditions set out in Article 331 of the Order dated 20 February 2007.
Consequently, as its foreign exchange position is below the 2% of capital threshold set in Article 293-2 of the Order dated 20 February 2007, RCI Banque no longer calculates capital requirements for the foreign exchange risk.

- CENTRAL REFINANCING UNIT

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

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

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

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

- SALES FINANCING SUBSIDIARIES

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

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

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

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

## COUNTERPARTY RISK

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

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

Cash surpluses are invested mainly in very short-term bank deposits with the Central Bank and in liquid assets (definition adopted by the European Parliament following Basel Committee recommendations).
The amounts and terms of such investments in liquid assets, which among other things are meant to provide the safety cushion needed for compliance with the liquidity coverage ratio, are subject to limits set by the RCI Banque Group.

For example, RCI Banque SA, the central refinancing unit, may invest directly or via investment funds in:
- treasury bills issued by Eurozone countries;
- bonds issued by supranational entities (European Financial Stability Facility, ESM, European Union) and development banks (European Investment Bank, KFW)

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

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

Bank guarantees received are subject to specific monitoring.

At 31 December 2014, according to the "positive mark to market + add on" method, the equivalent counterparty risk was €456 million against €249 million at 31 December 2013. According to the fixed-rate method, it was €1,053 million at 31 December 2014 against €1,103 million at 31 December 2013.
These figures only relate to credit institutions. They were determined without taking into account netting agreements, in accordance with the methodology described hereafter.

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

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

These factors are intentionally higher than those stipulated by capital adequacy regulations, which is a deliberately prudent and conservative approach given current market conditions. No netting is made between risks relating to positions that neutralize each other with the same counterparty.
Overall monitoring with the "positive mark to market + add-on" method is also performed.
It is based on the so-called "major risks" regulatory method. For current account cash deposits and surpluses, exposure is recognized on the basis of the nominal amount. For derivatives (rate and foreign exchange), this is calculated as the sum of potential losses, calculated on the basis of the replacement value of the contracts with the counterparty without netting with potential gains, plus an "add-on" representing the potential future risk. This potential future risk is determined by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274) as follows:

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