RCI Banque

Annual report 2011

EXECUTIVE COMMITTEE

Philippe BUROS
Senior V.P., Sales Operations
& Senior V.P., International Projects and Partnerships, starting January 1, 2012

Patrice CABRIER
Senior V.P., Customer Operations

Isabelle LANDROT
Senior V.P., Accounts and Management Control

Bertrand LANGE
Senior V.P., Human Resources

Jean-Marc SAUGIER
Senior V.P., Finance and Group Treasurer

Éric SPIELREIN
Senior V.P., Corporate Secretary and Risk functions

Dominique THORMANN
Chairman & Chief Executive Officer

Michel LUCAS
Senior V.P., International Projects and Partnerships, left the company December 31, 2011

BOARD OF DIRECTORS

Farid ARACTINGI

Philippe BUROS

Patrice CABRIER

Bernard LOIRE

Éric SPIELREIN

Jérôme STOLL

Stéphane STOUFFLET

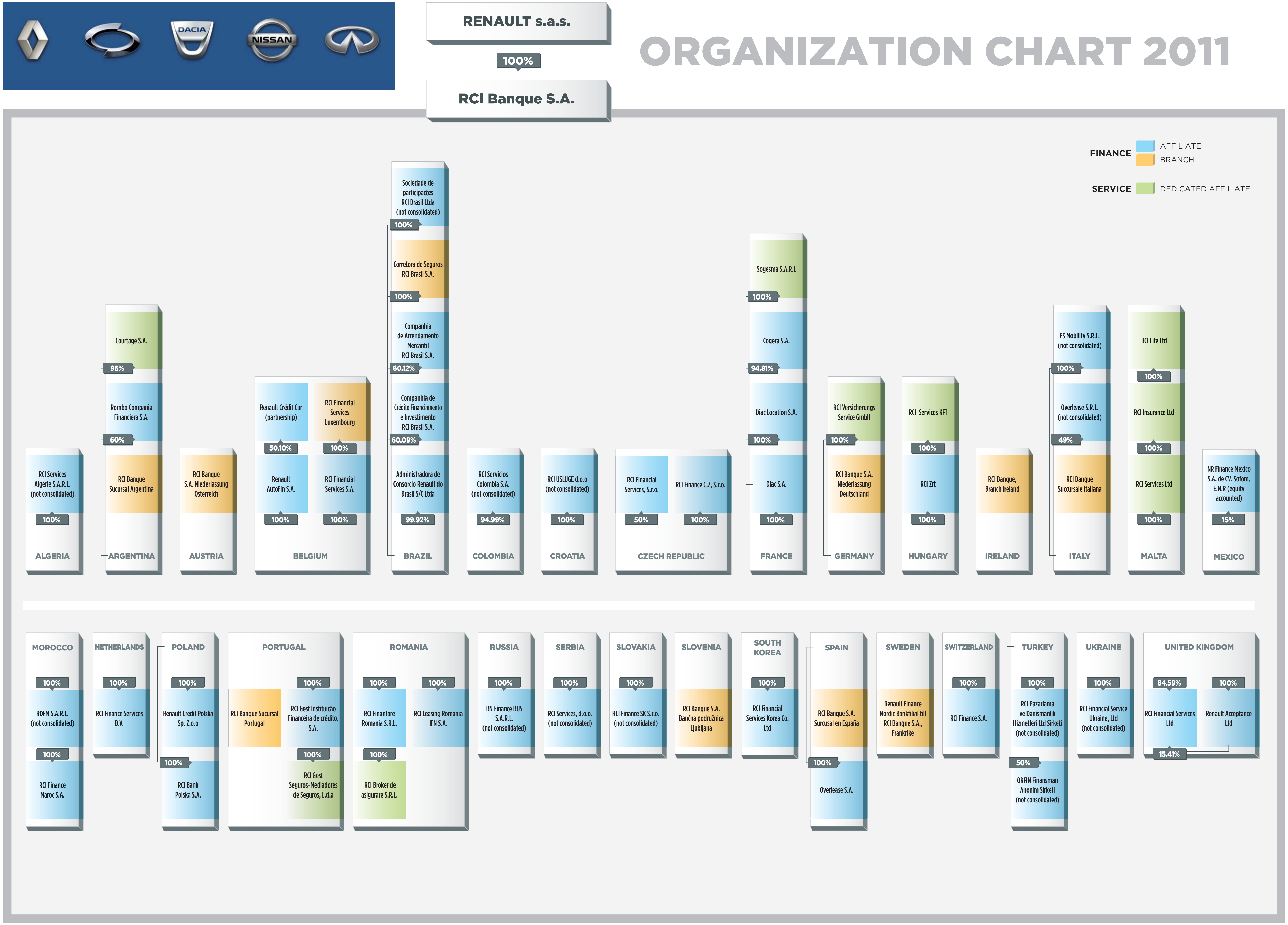
Dominique THORMANN
Chairman of the Board

Philippe GAMBA
Gilbert GUEZ
Honorary Chairmen

AUDITORS

Deloitte & Associés
Ernst & Young Audit

ORGANIZATION CHART 2011



RCI Banque is the Renault Nissan Alliance's captive finance company and as such, finances sales of Renault Group brands (Renault, Renault Samsung Motors (RSM), and Dacia) and of Nissan Group brands (Nissan, Infiniti).

The RCI Banque group operates in 38 countries:

- **Europe:** France, Austria, Belgium, Bosnia-Herzegovina, 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, Mexico;
- **Euromed region:** Algeria, Bulgaria, Morocco, Romania, Turkey;
- **Eurasia:** Russia, Ukraine;
- **Asia:** South Korea.

As a captive finance company, the group offers a comprehensive range of financings and services to:

- the **Customers (Retail and Corporate)** to whom RCI Banque offers new and used car loans, rentals with options to buy, leases and long-term rentals. It also provides related services such as insurances, maintenance, extended warranties, roadside assistance, fleet management and credit cards;
- the **brand Dealers.** RCI Banque finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements.

ANNUAL REPORT 2011

BUSINESS REPORT

MANAGEMENT REPORT

All financial and business information reports are available on our website:
www.rcibanque.com

LETTER FROM THE CHAIRMAN

2011 was a year punctuated by numerous crises, starting in the spring with the tsunami in Japan and its dramatic consequences, followed by a serious financial crisis connected with the sovereign debts in the Euro zone. These two events had a considerable impact on the automotive industry worldwide. Nonetheless, the global market recorded sales of 74.8 million vehicles, an overall rise of 5.3%, albeit with huge differences from one region to another. Emerging countries continued to grow, China showed signs of a slowdown, Russia saw strong growth, the North American market bounced back, while Japan and Europe saw a period of slight falls, and even in the case of certain European countries, a sharp downturn.

In 2011, RCI Banque continued to expand its business with new financings up by 10.9% to €11.1bn, average performing loans outstanding up by 8.8% to €22.8bn, a rise in penetration rates on all Alliance brands, and the overall penetration rate up by 2 points to 33.6%.

These positive commercial results are the outcome of a number of decisive factors, namely the growing importance of our business outside France, Germany, Italy, the United Kingdom and Spain (28.7% of new financings in 2011), the clear improvement in our performance on the Nissan and Dacia brands with penetration rates nearing the one obtained on the Renault brand, and a car use-related services business that continues to grow.

In 2011, RCI Banque launched a branch in Ireland and completed a number of key milestones in its plans in Turkey and in Russia. RCI Banque also played an important role in the launch of the “electric vehicle” program, becoming the exclusive battery operator for the Renault Group.

On the financial markets, RCI Banque addressed the crisis by responding rapidly and proactively, securing competitive funding. In 2011, RCI Banque raised a record €7.2bn in resources with a maturity of one year or longer. RCI Banque pursued its funding diversification by issuing directly in the American, South Korean, Swiss and Brazilian markets, in addition to the Euro capital market. RCI Banque also issued an €800m asset-backed securities backed by German auto loans.

RCI Banque’s pre-tax profit came to €785.7m in 2011, showing an increase of 11.7%, with ROA at 3.44% of outstandings and ROE at 23.3% (excluding non-recurring items). Apart from our commercial performance, these results are mainly explained by our controlled operating expenses (-1.58% of average performing loans outstanding, down by 0.06 point compared to 2010) and the cost of risk, which fell to a record low at -0.23% (-0.17 point compared to 2010).

In 2012, RCI Banque will operate in an increasing global automotive market, but at a less sustained pace, with a fall in Europe and particularly in France. RCI Banque will therefore have to show great rigor in implementing its budget.

RCI Banque will support the ramping up of the Renault Group’s “electric vehicle” program, which will move two steps further forward in 2012 with the launches of *Twizy* and *Zoe*. These launches will make the Group the leading electric vehicle manufacturer with a comprehensive range of affordable and competitive vehicles.

2012 will also see the beginning of operations by the financial establishment set up with our partner *Oyak* in Turkey, and the continuing development of our bank project in Russia.

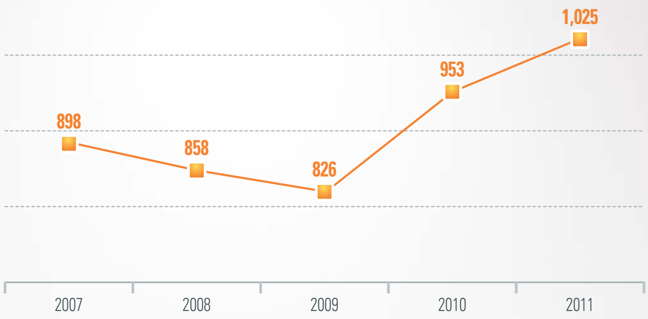
The new *ZESTO by RCI Banque* savings account launched early in 2012 in France will offer our customers an additional high-quality financial product and help us to pursue our strategy of diversifying our sources of funding in addition to our regular access to the financial markets.

With all these projects, I am confident in RCI Banque’s ability to play a key role on the Alliance manufacturers mid-term plans, and ensure a high profitability of its activities.

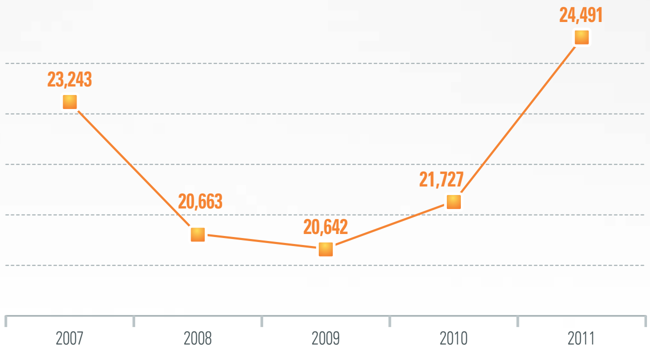
Dominique THORMANN

Key figures

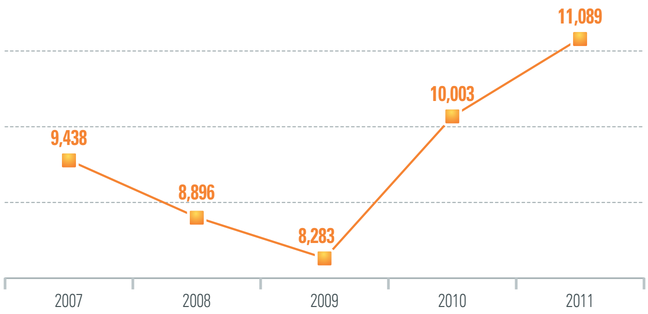
Total number of vehicle contracts in thousands



Net loans outstanding at year-end in million euros



New financings in million euros
(excluding cards and personal loans)



2011 RESULTS

For the second year running, the RCI Banque group achieved excellent financial results. Pre-tax profit came to €786m and ROE* to 23.3%.

Continuing business momentum in line with the strategic focuses defined in 2010 and the excellent performance of the cost of risk (thanks to the effective recovery of delinquent receivables during the crisis period) helped to keep the group's profitability at a record level, despite the beginnings of a new financial crisis in August 2011.

Pre-tax profit rose by 12% compared with December 2010. Average Performing loans Outstanding (APO) followed the same trend, increasing from €21bn in 2010 to €22.8bn in 2011. Net outstandings at year-end were at their highest level for the last ten years.

The group's performance in 2011 is primarily accounted for by:

- net banking income up to €1,189m, a 5% rise compared with 2010, attributable to the growth in outstandings;
- the cost of risk (excluding country risk) decreased, falling to 0.21% of Average Performing loans Outstanding (APO), a historical low for the group, compared to 0.40% in 2010. The improvement affected the whole group, but more specifically Spain and Romania. For the second year running, the cost of Dealer risk was an income, due to reversals of provisions further to the improvement in the financial health of dealerships;
- the expenses-to-APO ratio continued to improve, to 1.58% against 1.64% in 2010, despite an increase in operating expenses to €357m (up by €10m from 2010), mainly in Brazil (growing) and for development projects.

Net consolidated income –parent company shareholders' share– came to €493m in 2011, against €467m in 2010 (a rise of 5.6%).

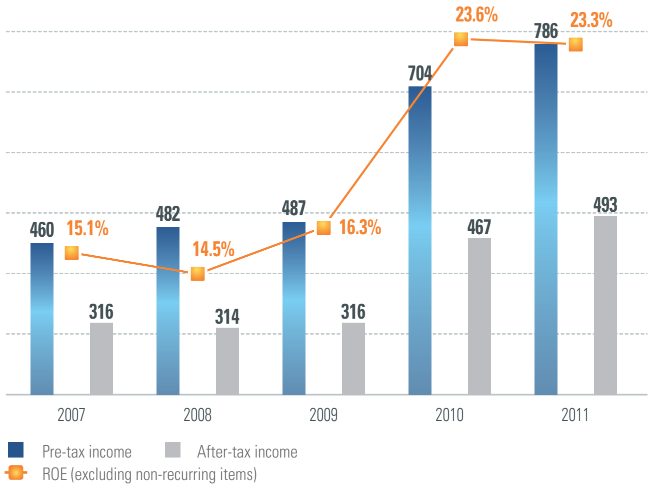
The growth in consolidated equity –parent company shareholders' share- (€2,566m) is attributable to:

- the net profit of €493m,
- the €350m of dividends paid out in 2011,
- the €26m reduction in conversion reserves,
- discounting of the fair value of the Brazil and Argentina minority puts (-€11m).

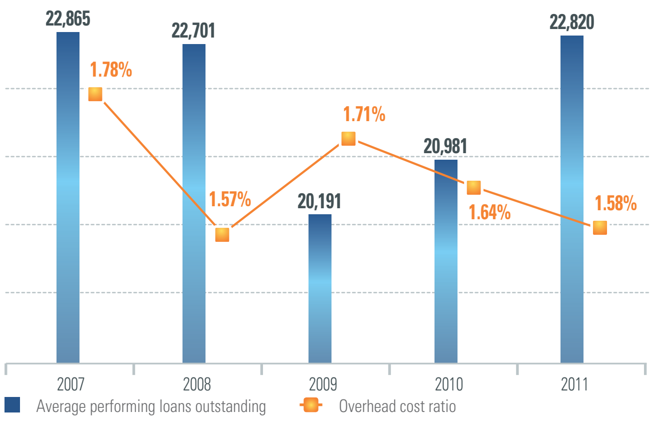
ROE* fell very slightly to 23.3% from 23.6% at year-end 2010.

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

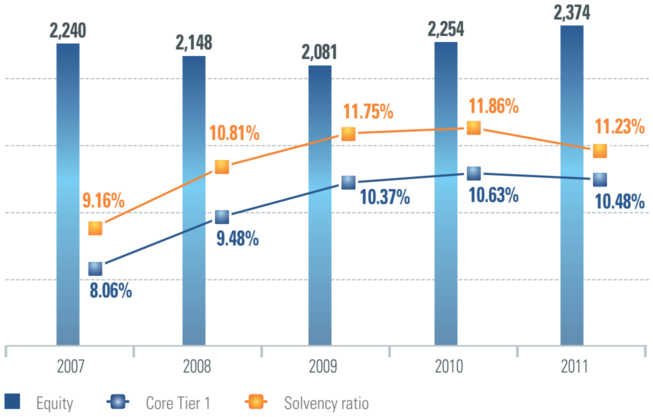
Results in million euros



Average performing loans outstanding & overhead cost ratio
in million euros



Prudential capital in million euros



HIGHLIGHTS

Although new vehicle registrations by manufacturers remained stable in 2011 within RCI Banque's area of activity, RCI Banque posted strong growth in its business and financial performance for the second year running.

PERFORMANCE

With 1,024,771 contracts signed and more than €11bn in new financings, the group posted growth of more than 10% in its customer business. The group's penetration rate increased by 2 points to 33.6%.

Despite a downturn in performance by vehicle manufacturers, RCI Banque continued to grow in Europe (new financings up by 7.5%). This growth is partly attributable to the development of specific Nissan and Dacia offers on products such as the *Qashqai, Juke* and *Duster*. Penetration rates on these two brands increased by 2.7 points and 3.8 points respectively. The group's performance in Europe was also boosted by the French, Italian and Spanish affiliates, which pursued their strategy to develop services, continued their effective sales promotion activities with Dealers and developed offers on used vehicles.

In Argentina and Brazil, growth was driven by the excellent sales performance achieved by both Renault and Nissan (market shares up by 1 point and by 0.8 point respectively in markets with a growth rate of 7%). New financings by RCI Banque grew by 54% to €1.3bn. Brazil has now become the group's third largest contributor of new financings, after France and Germany.

GEOGRAPHICAL EXPANSION

In Ireland, the group opened a branch, which has been selling customer and dealer financing products for the Renault brand since 1 September 2011.
In Turkey, RCI Banque, with a local partner, received approval from the Turkish supervisory authority at the end of 2011 to set up a finance company that will handle Customer financing operations for the Group's brands.
In Russia, RCI Banque set up a sales office, the ultimate aim of which is to create a bank.

NEW BUSINESSES

1) **Services:** RCI Banque continues to develop services related or unrelated to financing. Two organizations were put in place in 2011:
   - an Insurance division, encompassing all of the group's insurance businesses, including the Maltese affiliates,
   - a joint Renault SAS and RCI Banque organization -Renault Services International- to develop other kinds of service.
2) **Electric vehicles:** RCI Banque is supporting Renault's strategy by managing battery lease for customers in Europe on an exclusive basis. With 11 countries concerned at year-end 2011 (France, Germany, Austria, Belgium, Spain, United Kingdom, Ireland, Italy, Netherlands, Portugal and Switzerland), the number of batteries managed overall came to a total of more than 2,000.

OUTLOOK

The RCI Banque group plans to pursue growth, despite an automotive market under pressure, especially in Europe.

RCI Banque will have to rely on current areas of growth:

- development outside Europe, especially in Brazil, and through new operations in Russia and in Turkey;
- the development of the services offered by the group (insurance and new services);
- the partnership with the Nissan brand, which puts RCI Banque at the core of its loyalty strategy at the European level;
- the rollout of electric vehicle financing (vehicle and battery), to support the launch of *Twizy* and *Zoé*.

The year 2012 will also be marked by the launch of RCI Banque's Savings operation. The *ZESTO by RCI Banque* savings account in France will provide a new service for Customers and help the group continue its strategy to diversify its sources of funds.

In a tough economic environment, RCI Banque will continue to monitor changes in the cost of risk very closely, and maintain its strict underwriting policy.

A CUSTOMER-ORIENTED ORGANIZATION

As a captive finance company, the task of the group is to support Renault Group brands (Renault, Dacia, Renault Samsung Motors) and Nissan Group brands (Nissan and Infiniti) by offering a comprehensive range of financing products and innovative services to Alliance brand customers (Retail and Corporate) and Dealers.
Alongside this, RCI Banque is launching new products and services to meet the growing needs of its customers in terms of mobility and insurance and, from 2012, will also be offering brand new savings solutions.

Customer financing

The RCI Banque group offers new and used car loans, rentals with buyback options, leases and long-term rentals.
These financing solutions are backed by a comprehensive range of services made available to customers, such as insurance, maintenance, extended warranties, roadside assistance, fleet management and credit cards.

Financing products and related services

The strategy in place for a number of years has resulted in a steady increase in the contribution made by services to the group's results, proving that it is in keeping with customer demands and expectations.

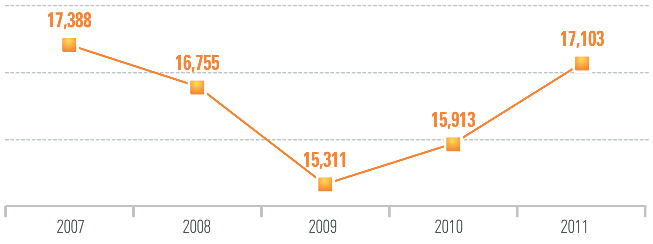
Thanks to this strategy, the contribution made by packaged offers and loyalty products, such as *New Deal* in France, *Box* and *Magic Plan* in Spain, and *Relax* in Germany, Switzerland and Poland, is constantly growing for all Alliance brands.
These adaptable offers, which combine financial products with services such as personal and vehicle insurance, extended warranties, maintenance and roadside assistance, increase customer satisfaction and loyalty.

RCI Banque's loyalty policy is based on the CARE program:

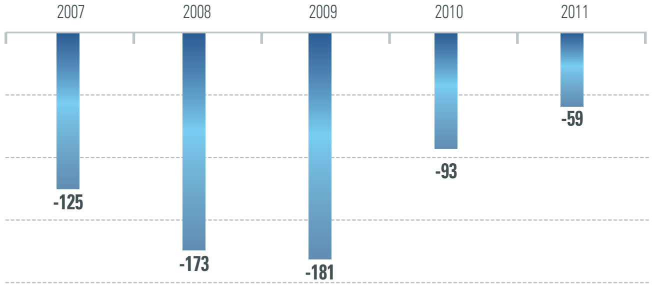
- Conquest (attracting new customers),
- Animation (additional selling),
- Renewal (end-of-contract offers),
- Evaluation (of the effectiveness and performance of our CRM and marketing actions).

This program is underpinned by the reinforcement of a digital strategy (rollout of online configurators on manufacturer and dealer websites to make the offer accessible to as many people as possible, creation of special customer web pages, etc.).

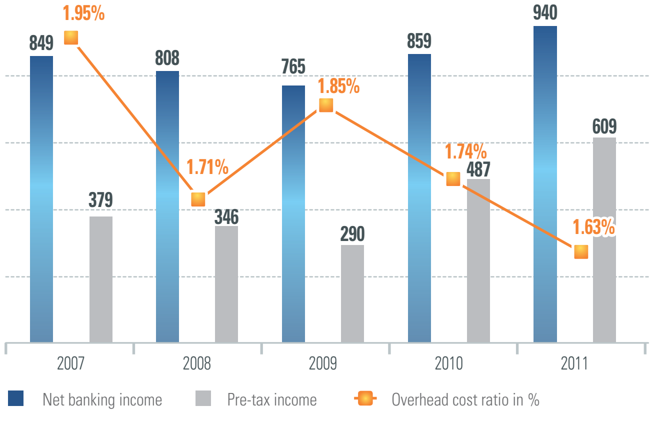
Average performing loans outstanding in million euros



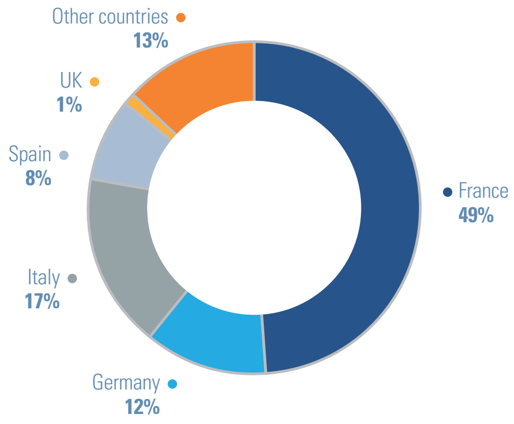
Cost of risk in million euros



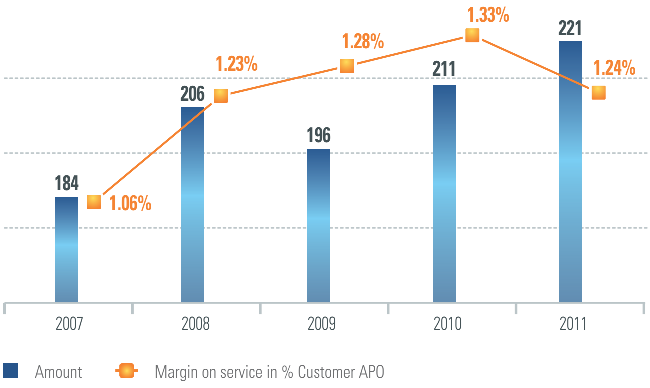
Results and operating costs in million euros



Breakdown of margin on services by country

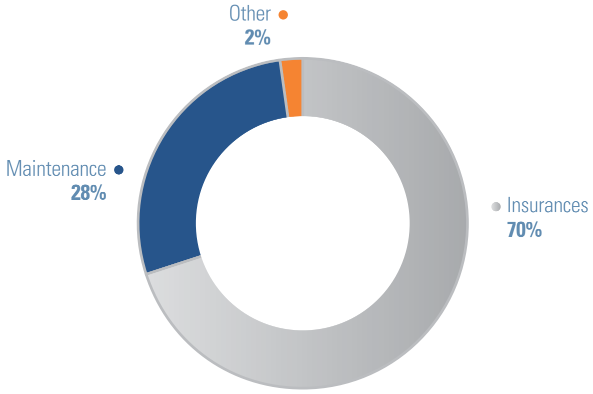


Margin on services in million euros



Distribution of the margin on services by product

in million euros



Electric Vehicle financing with the setting up of *Renault Battery International*

Renault's aim is to be the leader on the Electric Vehicle market. The strategy developed by Renault to achieve this aim is to lease (and not sell) the battery; a principle that enables it to offer the customer an affordable and reassuring method of owning an electric vehicle. The battery lease agreement also includes a warranty and a battery capacity guarantee throughout the period of lease.

RCI Banque is supporting Renault's strategy by putting in place and managing battery lease for customers in Europe.

In order to ensure the competitiveness and profitability of this strategy, RCI Banque and Renault have set up a joint organization, *Renault Battery International*, to oversee the business and manage batteries in the long term. This will not only help to cut costs, but also make the most of volume effects and enable future opportunities to be shared.

A joint Renault and RCI Banque structure: Renault Services International

Renault & RCI Banque are using the opportunities generated by the launch of the Electric Vehicle within the Alliance to boost their Retail and Corporate Customer Services strategy across the whole of the vehicle range by means of a purpose-built organization: Renault Services International. This strategy is based on two key areas of work:

- ensuring optimal international coverage by our core services (maintenance, vehicle insurance, etc.),
- developing new services and new distribution channels (connected services, Fleet Asset Management, online sales, etc.).

RCI Banque is also developing highly innovative products and services for new forms of mobility such as car sharing, car clubs and multimodal mobility (a global mobility offer incorporating several different types of means of transportation, such as bus, train and car, etc.).

A CUSTOMER-ORIENTED ORGANIZATION

Insurance

RCI Banque has strengthened its Insurance Division to further promote the growth of the Group's Insurance operations. This entity will work with and support Renault Services International, which is in charge of developing services, especially services related to Vehicle Damage Insurance, within Renault/Dacia dealer networks.

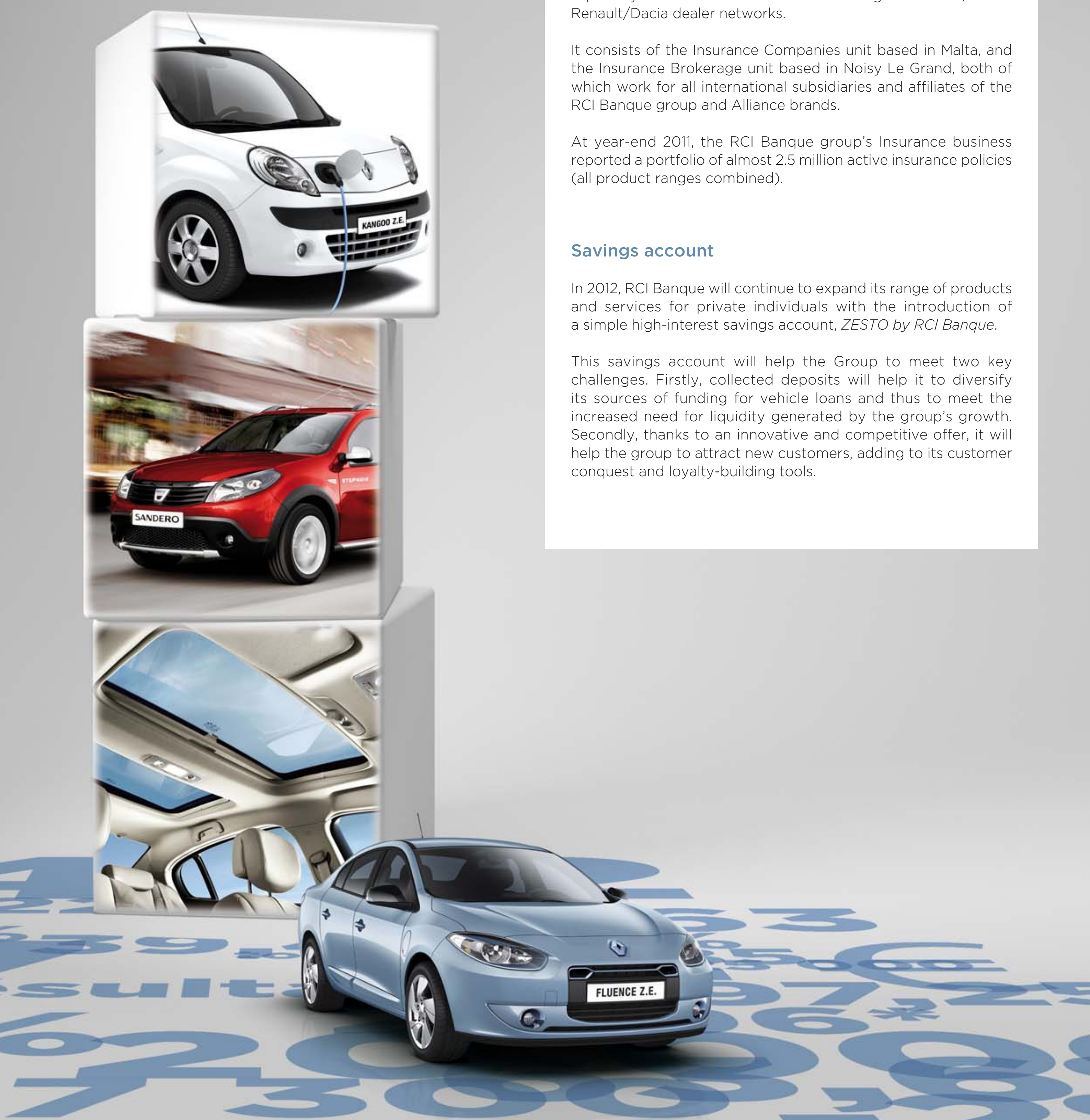
It consists of the Insurance Companies unit based in Malta, and the Insurance Brokerage unit based in Noisy Le Grand, both of which work for all international subsidiaries and affiliates of the RCI Banque group and Alliance brands.

At year-end 2011, the RCI Banque group's Insurance business reported a portfolio of almost 2.5 million active insurance policies (all product ranges combined).

Savings account

In 2012, RCI Banque will continue to expand its range of products and services for private individuals with the introduction of a simple high-interest savings account, *ZESTO by RCI Banque*.

This savings account will help the Group to meet two key challenges. Firstly, collected deposits will help it to diversify its sources of funding for vehicle loans and thus to meet the increased need for liquidity generated by the group's growth. Secondly, thanks to an innovative and competitive offer, it will help the group to attract new customers, adding to its customer conquest and loyalty-building tools.



Dealer financing

The RCI Banque group finances inventories of new vehicles, used vehicles and spare parts, as well as the short-term cash requirements of Alliance brand dealers.

Sustained business and controlled risk

In 2011, across the whole of RCI's Dealer financing business (27 countries), average performing loan outstandings increased by 13%, following the improvement seen by manufacturers, itself driven by the brands' growth in Latin America and Nissan's excellent performance on the European market.

The risk monitoring and control processes, reinforced from 2008 onwards, are resulting in greater proactiveness, risk hedging and prevention across dealership networks.
In this environment, the cost of risk (excluding country risk) was, as in 2010, an income of €11m, reflecting the improvement in the financial structures of dealership networks.

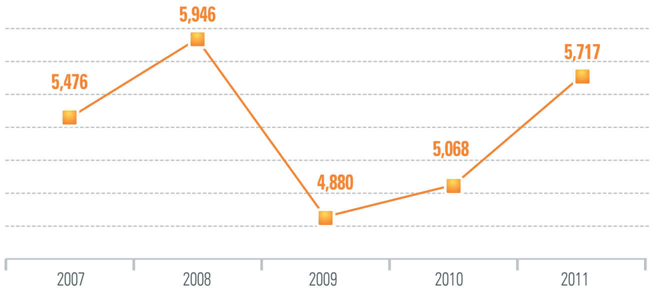
New international bases

In the first half of 2011, the group established Dealer financing in Croatia and in Ireland.

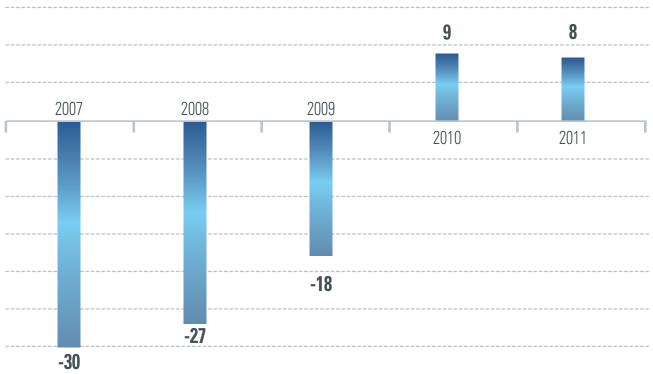
The RCI Banque group is already active in Dealer financing for the Renault and Dacia brands in Belgium and in Luxembourg, and in the first quarter of 2012 will also take over Dealer financing for the Nissan brand in both these countries.
Studies in progress will also enable to launch dealer financing for the Infiniti dealerships in Austria and the United Kingdom in 2012.

The ongoing plan for a bank in Russia promises strong growth potential for outstandings from the Dealer financing business.

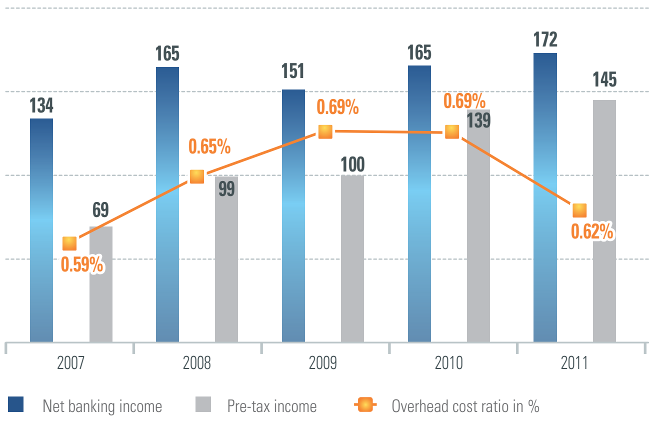
Average performing loans outstanding in million euros



Cost of risk in million euros
(including country risk)



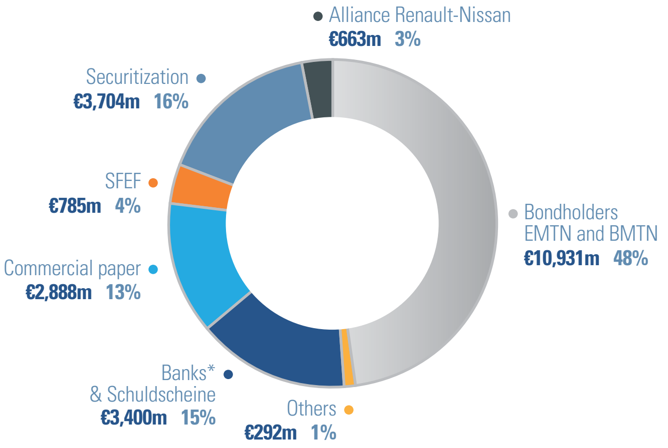
Results and operating costs in million euros



FINANCIAL POLICY

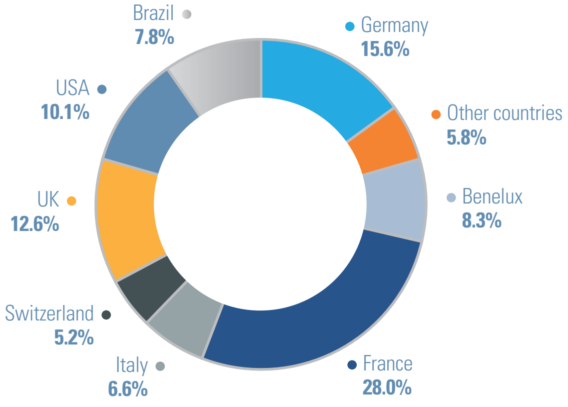
The markets saw very mixed fortunes in 2011. During the first half of the year, the debt markets saw sustained demand from investors, causing a steady tightening of credit spreads. Towards the end of the first half-year, concerns about the sovereign debt of countries in Southern Europe reappeared, and over the summer drove strong risk aversion, which affected all categories of assets. However, unlike the situation seen in 2008, the bond market remained open to corporate bonds.

Structure of total debt
as at 31/12/2011



*of BCE: €350m

Geographical breakdown of new resources with equal and over 1 year maturities
as at 31/12/2011



The RCI Banque group's programs

The group's programs are concentrated on three issuers (RCI Banque, DIAC and Rombo Compania Financiera S.A.) and represent a total of more than €23bn.

ISSUER	PROGRAM	MARKET	AMOUNT	S & P	MOODY'S	
RCI Banque	Euro CP	Euro	€2,000m	A-2	P2	R & I: a-2
RCI Banque	Euro MTN	Euro	€12,000m	BBB (stable)	Baa2 (stable)	R & I: BBB+
RCI Banque	CD	French	€4,500m	A-2	P2	
RCI Banque	BMTN	French	€2,000m	BBB (stable)	Baa2 (stable)	
Diac S.A.	CD	French	€1,000m	A-2	P2	
Diac S.A.	BMTN	French	€1,500m	BBB (stable)	Baa2 (stable)	
Rombo Compania Financiera S.A.	Bonds*	Argentine	700 MARS	raAA-		Fitch: raAA

*Local ratings.

In this tough environment, RCI Banque, which saw strong growth in its business activity, carried out the biggest financing plan in its history. The group borrowed over €7bn in resources with a maturity of more than one year, and accelerated the process of diversifying its sources of funds, making its first bond offering in USD and its first public issue of Letras Financeiras in Brazil, following the recent creation of this new financial instrument, which gives banks and financial institutions access to local capital markets, by the Brazilian Monetary Council. RCI Banque also confirmed its ability to access liquidity in Swiss francs, Korean wons and Argentine pesos and in the form of asset-backed financing.

The conservative financial policy implemented by the group in recent years again proved especially appropriate. This policy protects the gross 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 of the group's sales financing entities. It consists in financing assets with longer-term liabilities and thus maintaining a positive liquidity gap position throughout the financial year.

Against a backdrop of high volatility on the markets in the second half 2011, RCI Banque maintained a steady access to the market, thereby supporting its business growth. Resources borrowed with a term of one year or more[1] thus amounted to more than €7bn.

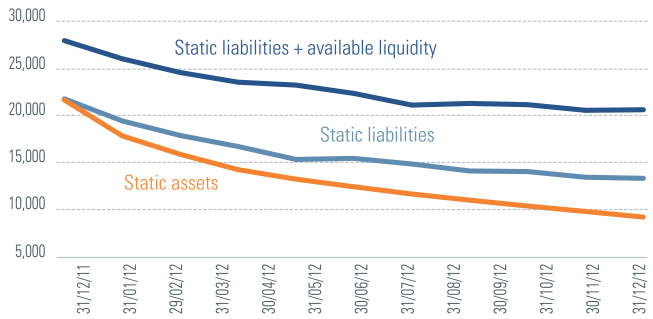
The static liquidity profile, quantified for each future monthly period by the surplus of liabilities in relation to assets with the same maturity, was strengthened, indicating a situation in which new loans are refinanced with funds borrowed several months earlier. During the course of 2011, RCI Banque also extended the tenors of its debt with the launch of two 5-year bond issues and one 4-year bond issue for a total of €1.75bn, bringing the average term of issued debt to three years.

In addition to its positive static liquidity position, the group also had €6.3bn in available securities, consisting of unutilized confirmed lines of credit with no covenants (€4.5bn), €1.7bn (after haircut) in European Central bank eligible collateral and a cash surplus of €119m, securing the continuity of RCI Banque's commercial business activity for more than eight months under a stress scenario characterized by a total lack of new funding sources.

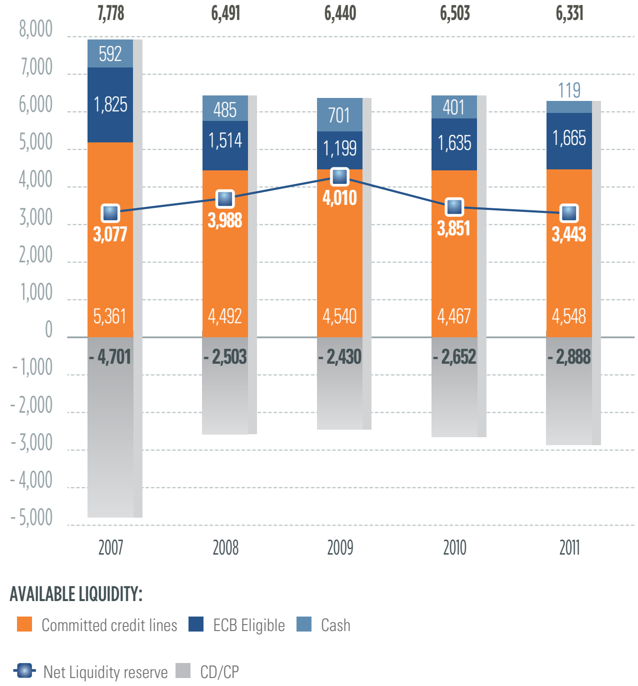
(1)RCI Banque and affiliates included within the scope of centralized refinancing.

RCI Banque group liquidity position

in million euros

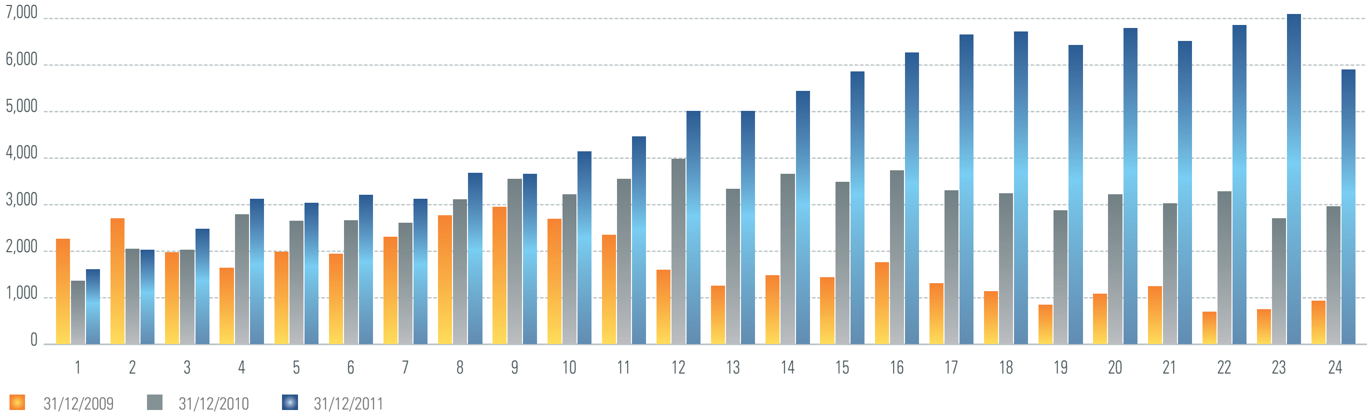


RCI Banque group liquidity reserve* in million euros



*Centralized refinancing scope: Czech Republic + Poland + Slovakia +South Korea + Western Europe.

Static liquidity gap in million euros

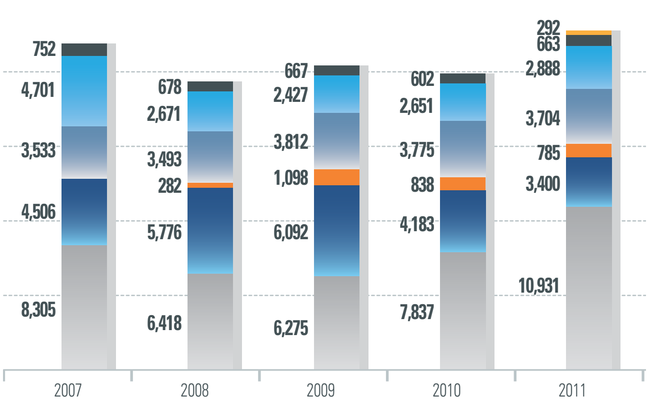


FINANCIAL POLICY

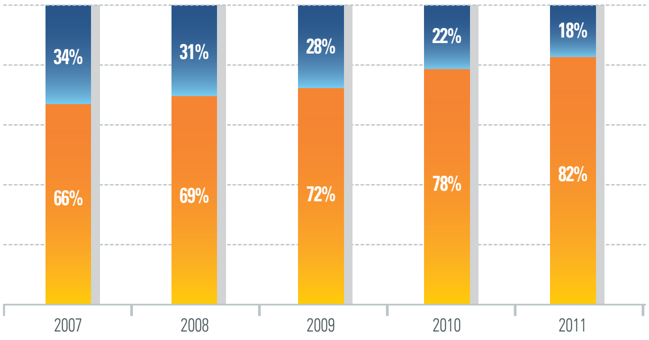
The liquidity reserve, expressed as being the difference between available liquidity on the one hand, and certificates of deposit and commercial paper outstandings on the other, remained at a high level, at €3.4bn. It measures the company's ability to call on funds secured in advance while complying with rating agencies' requirements on covering short-term debt securities.

Temporary liquidity surpluses are invested exclusively in the ECB or in very short-term bank deposits in leading banking establishments with a high credit rating, identified and approved beforehand by a specific committee.

Changes in the structure of total debt in million euros



Breakdown of liabilities



During the year 2011, RCI demonstrated its ability to act swiftly and launched 5 "benchmark" public bonds and a tap in Euros, for a total of €3.35bn.
RCI Banque continued and accelerated the process of diversifying its investor base initiated in 2010 and issued:

- for the first time in 2011:
  - a private placement in USD for an amount equivalent to €0.9bn (144 A format),
  - a bond dedicated to the Belgian retail market,
  - a public issue of *Letras Financeiras* (financial bills) in Brazil, following the recent creation of this new financial instrument by the Brazilian Monetary Council (CMN);
- its second bond in CHF;
- the group was also active on the private placements market in euros and on the Korean and Argentine bond markets.

On the secured financing segment, RCI Banque completed two transactions by conduit (leasing portfolio financing and renewal of a transaction backed by loans to dealers in Germany), and placed a new securitization transaction backed by auto loans in Germany for €800m. Funding by means of the securitization transaction by conduits concerning the UK portfolio was extended for a further year and the amount funded increased by £70m.

- As a matter of group policy, assets outside Western Europe held in countries rated less than "single A" (non-transfer risk) are financed by resources borrowed locally in the same currency. Part of the Romanian subsidiary's financing requirements in Euros is provided by the group, which has Coface insurance against currency transfer and convertibility risk.

- RCI Banque continued to respond proactively and regularly revised the costs of internal liquidity used to price customer operations, in order to work with the changes in credit margins seen on markets.

- In addition to maintaining its central role in refinancing for subsidiaries in Western Europe, RCI Banque continues to develop the treasury and cash management services it offers the group's entities. A specialist team working from head office is now responsible for balancing the current accounts of the group's European subsidiaries, and also works on adapting group tools to the new SEPA (Single European Payment Area) payment methods. This year, some outgoing transfers were issued by SCT (Sepa Credit Transfer). Through this shared services centre organization, RCI is thus able to ensure the availability of the funds each entity needs and to optimize the cost of resources in such areas as the back office, cash and accounting processing of transactions, and financial risk management.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RENAULT

2011 BUSINESS ACTIVITY

2011 was a record year with more than €11bn in new financings. The average penetration rate increased by 2 points, reaching 33.6% for all Alliance brands combined.

In 2011, global automotive markets posted growth of 5.3%. This increase was driven by countries outside Europe; the market within Europe remained stable (down by 0.5%).

In this environment, the RCI Banque group achieved a record year, passing the threshold of €11bn in new financings (excluding cards and personal loans), an increase of 11% compared to 2010. Over the year, 1,024,771 new vehicle contracts were signed (up by 7.5%).

The group's overall penetration rate reached 33.6% (up 2 points compared to 2010). This strong growth was due in particular to the Dacia (29.5% in 2011 against 25.6% in 2010) and Nissan (28.8% in 2011 against 25.8% in 2010) brands. The penetration rate on Renault improved by 1.5 point to 34.4%. Loans outstanding rose by 13% to €24.5bn from €21.7bn at year-end 2010.

Net customer loans outstanding amounted to €18.2bn, posting an increase of 8% compared to 2010.

CP+LUV* MARKET		MARKET SHARE RENAULT GROUP BRANDS %	MARKET SHARE NISSAN %	RCI BANQUE PENETRATION RATE %	NEW VEHICLE CONTRATS PROCESSED NUMBER	NEW FINANCINGS EXCLUDING CARDS AND PL (€M)	NET LOANS OUTSTANDING AT YEAR-END (€M)	OF WICH DEALERS (€M)
Western Europe	2011	10.6%	3.3.0%	33%	755,388	8,703	20,065	5,117
	2010	11.3%	2.9%	30.9%	719,504	8,067	18,430	4,308
of which Germany	2011	5.3%	2.2%	33.4%	114,804	1,432	3,852	958
	2010	5.5%	2.0%	34.1%	111,929	1,344	3,595	755
of which Spain	2011	10.9%	5.0%	40.5%	65,646	713	1,717	409
	2010	11.4%	4.4%	34.5%	65,114	722	1,821	342
of which France	2011	26.1%	3.1%	34.5%	338,068	3,950	8,869	2,239
	2010	27.9%	2.3%	32%	325,317	3,731	8,151	1,932
of which United Kingdom	2011	4.0%	4.9%	25.5%	68,140	743	1,603	285
	2010	5.0%	4.2%	24.8%	69,701	740	1,449	271
of which Italy	2011	6.4%	3.6%	40.5%	83,121	1,067	2,064	545
	2010	6.6%	2.8%	37.2%	76,718	883	1,724	412
Brazil	2011	5.7%	2.0%	38.2%	104,009	1,109	2,058	756
	2010	4.8%	1.1%	35.7%	72,998	723	1,232	313
South Korea	2011	7.0%	0.4%	56.6%	71,282	819	1,326	12
	2010	10.1%	0.4%	46.1%	77,331	855	1,199	12
Rest of the world**	2011	12.7%	1.7%	25.6%	94,092	457	1,042	378
	2010	11.2%	1.3%	25.5%	83,277	357	866	283
TOTAL RCI BANQUE GROUP	2011	9.7%	2.7%	33.6%	1,024,771	11,089	24,491	6,263
	2010	10.1%	2.2%	31.6%	953,110	10,003	21,727	4,916

*Figures refer to passenger car and light utility vehicle market.
**Rest of the world (consolidated scope): Argentina, Czech Republic, Hungary, Morocco, Nordic countries, Poland, Romania and Slovenia.

	AVERAGE PERFORMING LOANS OUTSTANDING (€M)	NET BANKING INCOME (€M)	PRE-TAX INCOME (€M)
	19,115 18,109	**828** 781	**523** 454
	3,744 3,586	**166** 155	**124** 106
	1,790 2,046	**69** 70	**39** 24
	8,423 7,951	**382** 357	**242** 203
	1,533 1,426	**69** 61	**45** 27
	1,854 1,583	**75** 78	**52** 58
	1,499 999	**120** 98	**90** 75
	1,207 1,019	**68** 60	**52** 47
	1,000 855	**93** 83	**66** 51
	22,820 20,981	**1,189** 1,133	**786** 703

EUROPE

GERMANY

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GERMANY

Management: Philippe MÉTRAS
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The German automotive market recorded sales of 3.4 million units in 2011, showing a rise of 9.4% compared to 2010 and a return to the ten-year average seen previous to the record low in 2010. In this environment, the Alliance brands took a 7.5% share of the market (Renault: 4%, Dacia: 1.3%, Nissan: 2.2%).

RCI Germany recorded an overall penetration rate of 33.4%. The rates on the Renault, Dacia and Nissan brands were respectively 39.3% (up 0.6 points compared to 2010), 28.4% (down 1.6 points) and 25.2% (down 2.1 points) respectively. The number of new vehicles contracts increased for all three brands, with 54,111 for Renault (3,385 units more than in 2010), 12,341 for Dacia (246 more than in 2010) and 18,834 for Nissan (1,497 more than in 2010).

Pre-tax income improved by €17.7m to €123.7m, an increase mainly attributable to the rise in outstandings and in services (+€7.2m), to control over the cost of risk (+€2.8m) and to continuing efforts to optimize structural costs (+€2.1m).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	114,804	111,929
New Customer financings, net	1,431,586	1,344,334
BALANCE SHEET in thousands euros		
Gross outstandings	3,912,319	3,668,669
Allowance for impairment	(60,499)	(74,069)
Net outstandings	**3,851,820**	**3,594,600**
of which receivable from Dealers	*957,826*	*754,655*
Available-for-sale securities	2,138,704	2,231,698
Other assets	50,860	39,188
Debt	5,502,571	5,376,887
Other liabilities	318,245	305,123
Provisions for risks and charges	5,386	9,917
Equity	215,182	173,559
BALANCE SHEET TOTAL	**6,041,384**	**5,865,486**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	166,256	155,312
Pre-tax income	123,751	106,061
Net income (group share)	87,743	75,900

AUSTRIA

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AUSTRIA

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In 2011, the Austrian automotive market recorded an 8.8% rise in sales, and new registrations of Alliance brand vehicles rose by 14.3% to 35,100 units (compared to 30,700 in 2010). The market shares of the Renault and Nissan brands increased by 0.4 points and 1.7 points to 5.6% and 2% respectively. Dacia's market share fell slightly to 1.5% from 1.7% in 2010.

In this context of rising sales by vehicle manufacturers, RCI Austria's overall penetration rate saw a strong increase, rising to 23.6% (17.8% in 2010). It financed 11,396 vehicle contracts in 2011, 36.2% more than in the previous year. At €122m, new financings also grew by 47.7% compared to 2010. This excellent business performance is due in part to the strong increase in RCI's penetration rate on Renault sales (up 8.5 points compared to 2010) attributable to the introduction of a special commercial offer ("3/3 Financing") backed by the manufacturer.

Average performing Customer loans outstanding came to €185m, showing a rise of 14% compared to 2010. Average performing Dealer loans outstanding also grew to €111m (up 19%).

Pre-tax income came to €5.2m, on a par with 2010.

In 2011, the Austrian entity's status changed from affiliate (RCI Bank AG) to branch (RCI Banque SA Niederlassung Österreich).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	11,396	8,370
New Customer financings, net	122,493	82,910
BALANCE SHEET in thousands euros		
Gross outstandings	341,856	280,685
Allowance for impairment	(8,730)	(7,730)
Net outstandings	**333,126**	**272,955**
of which receivable from Dealers	*128,474*	*105,166*
Available-for-sale securities	6,253	5,237
Other assets	4,363	4,865
Debt	304,971	242,352
Other liabilities	4,906	5,934
Provisions for risks and charges	662	541
Equity	33,203	34,230
BALANCE SHEET TOTAL	**343,742**	**283,057**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	11,939	11,055
Pre-tax income	5,232	5,226
Net income (group share)	3,354	3,969

BELGIUM

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BELGIUM

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In 2011, the automotive market in Belgium recorded a 5% rise in sales compared to 2010. Renault's market share remained steady at 11.2%, thereby maintaining its position as the leading manufacturer on the Belgian market. Nissan's market share increased by 0.4 points to 3.1%, and Dacia edged up 0.5 points to 2.2%.

In this environment, RCI Banque Belgium's penetration rate increased by 1 point on Renault sales (21.7%) and by 2.5 points on Dacia (40%). The penetration rate on Nissan sales increased very slightly to 21.4%.

With some 28,500 financing contracts booked, 2011 was a record year for the subsidiary (up 16% compared to 2010).

Average performing loans outstanding saw a substantial rise (up 18.7%) to €364m.

Pre-tax income came to €9.9m (up €4.5m from 2010), mainly due to an improvement in dealers' financial health (reversals of provisions for Dealer risk).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	28,498	24,627
New Customer financings, net	142,233	124,266
BALANCE SHEET in thousands euros		
Gross outstandings	369,134	315,881
Allowance for impairment	(4,956)	(7,839)
Net outstandings	**364,178**	**308,042**
of which receivable from Dealers	*123,785*	*106,088*
Available-for-sale securities	2,877	4,465
Other assets	14,563	21,945
Debt	351,110	310,505
Other liabilities	3,437	3,617
Provisions for risks and charges	1,007	1,192
Equity	26,064	19,138
BALANCE SHEET TOTAL	**381,618**	**334,452**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	10,365	9,683
Pre-tax income	9,878	5,372
Net income (group share)	6,926	4,556

SPAIN

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The automotive market in Spain recorded a sharp 17% drop in sales compared to 2010. Overall sales declined by 16.4% (Renault: -19%, Dacia: -26%, Nissan: -6%). Renault posted a market share of 9.05% (down 0.3 points compared to 2010) and Dacia 1.7% (down 0.3 points compared to 2010). Nissan was alone in increasing its market share, which rose to 5% (up 0.6 points).

RCI Banque Spain's overall penetration rate improved by 6 points compared to 2010, to 40.5%, driven by a number of successful promotional campaigns including service packages on the Retail market.

Average performing loans outstanding was down to €1.8 billion (-13% compared to 2010), a fall linked to the decline in Customer business.

Pre-tax income for 2011 came to €39m, increasing by 59%. This performance is attributable to the cost of risk, which came to €0.2m and showed a strong improvement of €7.8m relative to 2010, and to a decrease in operating expenses (down €4.1m).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	65,646	65,114
New Customer financings, net	712,751	721,725
BALANCE SHEET in thousands euros		
Gross outstandings	1,923,705	2,050,756
Allowance for impairment	(206,536)	(230,242)
Net outstandings	**1,717,169**	**1,820,514**
of which receivable from Dealers	*409,117*	*341,769*
Available-for-sale securities	21,468	52,351
Other assets	123,824	126,418
Debt	1,714,295	1,879,463
Other liabilities	37,528	34,543
Provisions for risks and charges	5,214	7,030
Equity	105,424	78,247
BALANCE SHEET TOTAL	**1,862,461**	**1,999,283**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	69,346	70,385
Pre-tax income	38,842	24,364
Net income (group share)	27,178	17,026

EUROPE

FRANCE

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In 2011, the automotive market in France posted a 1.3% drop in sales compared to 2010, totaling 2.6 million units. In this context, the Renault Group recorded 769,000 new registrations, and a market share of 29.2% (-1 point compared to 2010, an exceptionnal year).

The Diac group achieved a record performance, with a penetration rate of 34.5% (up 2.5 points compared to 2010), added to which there was a sharp increase in used vehicle volumes (+5,400 units), resulting in 338,000 contracts being written (up 3.9% compared to 2010).

In the new vehicle sector, the performance achieved on Nissan (up 4.1 points) and Dacia (up 4.5 points) was particularly strong, driven by comprehensive special offers (retail, corporate, services, etc.) and advertising specific to these brands. The penetration rate on Renault sales grew by 2.5 points.

New financings amounted to €3.95bn (up 5.9% compared to 2010). The development of services continued with the launch of the ZE offer (exclusive battery rental and associated services) alongside the launch of Renault's electric vehicles (*Kangoo ZE* and *Fluence ZE*) in the final quarter of 2011.

Average performing loans outstanding for the Customer business came to €6.2bn (up 6.1% compared to 2010), and for the Dealer segment came to €2.2bn (up 5.5% compared to 2010).

Pre-tax income was €242.1m, (up 19.2% compared to 2010), mainly due to a €25.2m rise in net banking income, a fall in the cost of risk (positive impact of €15.4m) and control of operating expenses.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	338,068	325,317
New Customer financings, net	3,950,356	3,731,144
BALANCE SHEET in thousands euros		
Gross outstandings	9,152,104	8,465,236
Allowance for impairment	(283,474)	(314,442)
Net outstandings	**8,868,630**	**8,150,794**
of which receivable from Dealers	*2,238,617*	*1,931,605*
Available-for-sale securities	541,163	392,458
Other assets	507,577	352,918
Debt	8,488,889	7,504,833
Other liabilities	678,758	711,741
Provisions for risks and charges	40,581	48,187
Equity	709,142	631,409
BALANCE SHEET TOTAL	**9,917,370**	**8,896,170**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	381,955	356,710
Pre-tax income	242,052	203,110
Net income (group share)	148,528	131,913

HUNGARY

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HUNGARY

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After a six-year decline, in 2011 the Hungarian automotive market grew by 7% to 56,500 new registrations.

In this context, the market shares of the Renault, Dacia and Nissan brands came to 9.16% (up 0.4 point), 2.14% (up 1 point) and 3.68% (stable compared to 2010) respectively. The penetration rates on the Alliance brands were 19.8% for Renault (35.6% in 2010), 18.1% for Dacia (37.1% in 2010) and 12.7% for Nissan (11.3% in 2010).

A new sales entity was created in August to allow the continuation of the activity with *UniCredit Leasing*, compliant with the new laws. This entity has not been consolidated.

Average performing Customer loans outstanding amounted to €17.8m, continuing to decrease at their natural rate. Average performing loans outstanding for the Dealer came to €21.9m (up 56% compared to 2010).

Pre-tax income came to €1.5m compared to €1.2m in 2010, mainly due to a reduction in operating costs.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**314.5800**	**277.9500**
Exchange rate (average rate)	**279.3093**	**275.3551**
Number of new contracts processed	1,615	2,183
New Customer financings, net	-	-
BALANCE SHEET in thousands euros		
Gross outstandings	40,527	48,419
Allowance for impairment	(2,801)	(3,364)
Net outstandings	**37,726**	**45,055**
of which receivable from Dealers	*26,315*	*20,111*
Available-for-sale securities	292	540
Other assets	1,631	3,012
Debt	31,893	38,039
Other liabilities	483	1,452
Provisions for risks and charges	114	820
Equity	7,159	8,296
BALANCE SHEET TOTAL	**39,649**	**48,607**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	2,556	3,221
Pre-tax income	1,497	1,238
Net income (parent company shareholder's share)	1,493	1,496

IRELAND

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IRELAND

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In 2011, the Irish automotive market posted a slight increase compared to 2010 (up 2.4%) with 101,000 new registrations. In this context, the Renault brand's market share came to approximately 10%.

RCI Banque Ireland was incorporated in May 2011 as a branch.

The Dealer business includes seven of the ten Renault dealers in Ireland, and in 2011, outstandings came to €24.8m.

The Customer business was created in September 2011 and at year-end had booked 350 financing contracts for €4m in outstandings.

The pre-tax result was a loss of €1.1m, in line with the business plan.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	350	
New Customer financings, net	4,334	
BALANCE SHEET in thousands euros		
Gross outstandings	31,519	
Allowance for impairment	(144)	
Net outstandings	**31,375**	
of which receivable from Dealers	*26,971*	
Available-for-sale securities	1,974	
Other assets	601	
Debt	33,896	
Other liabilities	1,054	
Provisions for risks and charges		
Equity	(1,000)	
BALANCE SHEET TOTAL	**33,950**	
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	139	
Pre-tax income	(1,143)	
Net income (group share)	(1,000)	

ITALY

RCI BANQUE SUCCURSALE ITALIANA
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In 2011, the Italian automotive market shrank by 10.3% to 1.9 million units. Renault took a 5% share of that market (against 5.6% in 2010), Dacia's share continued to grow to 1.4% (up 0.4 point compared to 2010), and Nissan improved its market share by 0.8 point, to 3.6%.

In this environment, RCI Banque Italy's overall penetration rate increased from 37.2% in 2010 to 40.6% in 2011, driven by the success of the new sales policy implemented across Dealer networks and by promotional campaigns in the Retail and Corporate markets. With €1,067m in new financings (up 20.8% compared to 2010), in 2011 the Italian affiliate achieved its best business performance since 2004.

RCI Banque Italy also continued to develop services and its customer loyalty scheme. The number of services contracts increased by 12.8% to 141,000 units.

Average performing loans outstanding rose to €1.9bn from €1.6bn in 2010. This increase was a result of strong combined growth in the Customer and Dealer businesses in 2011.

Net banking income came to €75m, a 0.87 point decrease compared to 2010 in terms of percentage of Average performing loans outstanding (4%). Pre-tax income for 2011 came to €52.3m compared to €58.4m in 2010.

The cost of Customer risk continued to be brought under control, as did the operating expenses (1.16% of Average performing loans outstanding compared to 1.21% in 2010).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	83,121	76,718
New Customer financings, net	1,067,179	883,183
BALANCE SHEET in thousands euros		
Gross outstandings	2,115,423	1,784,024
Allowance for impairment	(51,730)	(59,884)
Net outstandings	**2,063,693**	**1,724,140**
of which receivable from Dealers	*544,509*	*412,156*
Available-for-sale securities	249,778	240,682
Other assets	286,061	852,424
Debt	2,492,137	2,703,286
Other liabilities	49,009	41,610
Provisions for risks and charges	15,447	15,570
Equity	42,939	56,780
BALANCE SHEET TOTAL	**2,599,532**	**2,817,246**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	74,960	77,722
Pre-tax income	52,343	58,362
Net income (group share)	27,102	40,850

EUROPE

MALTA

RCI LIFE LTD / RCI INSURANCE LTD / RCI SERVICES LTD
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For RCI Life Ltd and RCI Insurance Ltd, 2011 was the first full financial year regarding the sale of insurance products in Germany, in France and in Italy.

231,000 policies were taken out in 2011, of which 120,000 in France (117,000 in 2010), 49,000 in Germany (47,000 in 2010) and 62,000 in Italy (15,000 in 2010). A total of €90.9m in premiums was collected by the two companies (up by 118% compared to 2010), of which €30.6m in Germany, €20.4m in France and €39.9m in Italy.

Compensation was paid out for approximately 3,000 claims in 2011. The sums paid out (excluding administrative fees) totaled €1.6m in Germany, €1.4m in France and €0.2m in Italy.

In 2011, RCI Insurance Ltd posted a pre-tax profit of €1m and RCI Life Ltd recorded a loss of €1.3m. The consolidated pre-tax result of RCI Banque Malta was a loss of €283,000.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	-	-
New Customer financings, net	-	-
BALANCE SHEET in thousands euros		
Gross outstandings	-	-
Allowance for impairment	-	-
Net outstandings	**-**	**-**
of which receivable from Dealers	*-*	*-*
Available-for-sale securities	78,178	33,032
Other assets	78,329	47,470
Debt	-	-
Other liabilities	45,952	23,159
Provisions for risks and charges	105,056	51,832
Equity	5,499	5,511
BALANCE SHEET TOTAL	**156,507**	**80,502**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	1,136	(1,025)
Pre-tax income	(283)	(2,501)
Net income (group share)	(224)	(739)

NORDIC COUNTRIES

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SWEDEN

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In 2011, the scope of RCI Banque Nordic Countries covered Sweden and Denmark, Renault having ceased its operations in Norway and Finland.

In an automotive market that grew by 10.1% overall, sales by the Renault group increased by 12.8% compared to 2010. The combined market share of the Renault and Dacia brands increased to 5.5% from 4.1% in 2010.

In this environment, RCI Banque Nordic Countries recorded an overall penetration rate of 32.8% (46.6% in Sweden and 4.8% in Denmark) compared with 34.1% in 2010. 13,000 new financing contracts were registered, a fall of 3% compared to 2010.

Average performing loans outstanding amounted Dealers to €57.5m, compared to €53.3m in 2010 and pre-tax income came to €1.7m.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**8.9120**	**8.9655**
Exchange rate (average rate)	**9.0276**	**9.5473**
Number of new contracts processed	13,269	14,123
New Customer financings, net	-	-
BALANCE SHEET in thousands euros		
Gross outstandings	69,204	52,566
Allowance for impairment	(1,569)	(1,469)
Net outstandings	**67,635**	**51,097**
of which receivable from Dealers	*67,635*	*51,097*
Available-for-sale securities	5,531	5,171
Other assets	675	328
Debt	71,191	55,098
Other liabilities	1,396	795
Provisions for risks and charges	-	-
Equity	1,254	703
BALANCE SHEET TOTAL	**73,841**	**56,596**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	3,623	3,446
Pre-tax income	1,680	1,629
Net income (parent company shareholder's share)	1,238	1,200

NETHERLANDS

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NETHERLANDS

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In an automotive market that grew by 16% compared to 2010, Renault's market share rose by 0.8 point to 8.4% in 2011. Dacia and Nissan's market shares each fell by 0.3 point to 0.8% and 2.1% respectively.

In this environment, RCI Banque Netherlands' penetration rate on Renault sales increased to 24.5% (up 7.5 points compared to 2010) and on Dacia sales to 33% (up 18 points), driven by the success of promotional campaigns in the first half year. However, the penetration rate on Nissan sales slipped to 15.8% (down 3.3 points).

RCI Banque Netherlands financed 18,700 contracts in 2011, an increase of almost 50% compared to 2010.

An action plan was put in place in 2010 to strengthen the financial structure of the Renault and Nissan Dealer networks and considerably reduce the financing period.

Average performing loans outstanding for the Dealer segment decreased from €167m in 2009 to €137m in 2010 and then to €128m in 2011.

Average performing loans outstanding for the Customer business rose by 15.5% to €306m (up 5% compared to 2010).

Pre-tax income came to €10.9m (€8.8m in 2010), taking into account reversals of provisions for Dealer risk following the improvement in dealerships' financial health.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	18,737	12,598
New Customer financings, net	141,998	100,717
BALANCE SHEET in thousands euros		
Gross outstandings	380,459	344,215
Allowance for impairment	(31,418)	(34,094)
Net outstandings	**349,041**	**310,121**
of which receivable from Dealers	*167,510*	*154,407*
Available-for-sale securities	8,353	3,519
Other assets	5,575	3,334
Debt	345,430	300,238
Other liabilities	6,898	5,933
Provisions for risks and charges	737	3,285
Equity	9,904	7,518
BALANCE SHEET TOTAL	**362,969**	**316,974**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	12,171	13,357
Pre-tax income	10,878	8,827
Net income (group share)	8,300	6,589

POLAND

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POLAND

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In 2011, Poland's automotive market posted a 8.3% fall compared to 2010 for approximately 345,000 new vehicles. In this environment, the market shares of the Renault, Dacia and Nissan brands were 6.8% (6.3% in 2010), 2.1% (1.6% in 2010) and 4.6% (3.5% in 2010) respectively.

In 2011, RCI Banque Poland developed its promotional offer (credit and leasing) and inaugurated a partnership with the car insurers PZU.

RCI Banque Poland's penetration rates on Renault, Dacia and Nissan sales were 28.2%, 15.3% and 24% respectively. 12,800 new contracts (credit and leasing) were written (compared to 14,600 in 2010).

Average performing loans outstanding amounted to €290m, a 18.5% increase, and pre-tax income grew by €3.6m (compared to 2010) to €12.4m.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**4.4580**	**3.9750**
Exchange rate (average rate)	**4.1187**	**3.9950**
Number of new contracts processed	12,762	14,563
New Customer financings, net	110,082	129,830
BALANCE SHEET in thousands euros		
Gross outstandings	270,415	273,219
Allowance for impairment	(8,881)	(9,002)
Net outstandings	**261,534**	**264,217**
of which receivable from Dealers	*126,422*	*101,961*
Available-for-sale securities	13,813	14,112
Other assets	13,930	15,946
Debt	211,878	217,287
Other liabilities	4,875	4,600
Provisions for risks and charges	2,648	3,371
Equity	69,876	69,017
BALANCE SHEET TOTAL	**289,277**	**294,275**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	18,188	16,441
Pre-tax income	12,371	8,764
Net income (parent company shareholder's share)	9,770	6,829

EUROPE

PORTUGAL

RCI BANQUE SUCURSAL PORTUGAL
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PORTUGAL

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The automotive market in Portugal fell sharply in 2011 (down by 30% compared to 2010). New Renault registrations fell to 22,605 vehicles, a 32% decrease compared to 2010, but it still held on to its leading position on the Portuguese market.

The market shares of the Renault, Dacia and Nissan brands were 12% (0.3 point decrease), 1.2% (0.5 point increase) and 3.9% (0.4 point increase) respectively. The Alliance's consolidated market share grew by 0.6 point to 17.1%.

RCI Portugal's penetration rate shot up to 35.1% from 25.8% in 2010, driven by the action plan aimed at winning back business with dealers. New financings increased by 4.6% to €157.9m, especially due to increasing Corporate business (including rental operators).

This business performance was coupled with a decrease in the cost of Customer risk, which in 2011 hit an all-time low, despite the unfavorable economic climate, thanks to efforts to restructure and optimize the amicable debt recovery process (-0.46% compared to -0.70% in 2010).

In total, Average performing loans outstanding came to €336m, showing a 6.2% increase compared to 2010.

Pre-tax income came to €4.9m in 2011, a 18.25% increase compared to 2010.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	12,722	12,540
New Customer financings, net	157,856	150,906
BALANCE SHEET in thousands euros		
Gross outstandings	361,720	384,448
Allowance for impairment	(37,193)	(36,590)
Net outstandings	**324,527**	**347,858**
of which receivable from Dealers	*75,092*	*102,505*
Available-for-sale securities	6,247	7,440
Other assets	19,006	15,253
Debt	311,096	326,199
Other liabilities	7,840	12,498
Provisions for risks and charges	2,789	3,524
Equity	28,055	28,330
BALANCE SHEET TOTAL	**349,780**	**370,551**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	12,128	11,452
Pre-tax income	4,937	4,178
Net income (group share)	2,905	4,081

CZECH REPUBLIC

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CZECH REPUBLIC

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In 2011 the automotive market grew by 9% to 186,500 units (170,800 in 2010). In this environment, Renault held on to fourth place on the Czech market with 13,700 new registrations and a 7.3% market share (7.5% in 2010). Dacia once again increased its share of the market, to 2.4% (2% in 2010) but Nissan slipped back slightly to a 1.1% market share (1.2% in 2010).

In 2011, RCI Banque Czech Republic had a record business year, writing 10,300 new contracts (9,700 in 2010). Its penetration rate remained very high on Renault sales at 59.3% (58% in 2010) but fell sharply on Dacia sales to 36.1% (45.8% in 2010). Its penetration rate on Nissan sales stayed relatively low at 13.1% (15% in 2010).

The development of services continued, with the launch of the "insurance without financing" offer, and integration of RCI Banque services into Renault's after-sales strategy. The number of services contracts went up by 14% compared to 2010.

Customer Average performing loans outstanding grew to €69.6m (€61.8m in 2010) and Dealer Average performing loans outstanding also went up to €39.5m (€33.3m in 2010), giving a consolidated increase of 14.6% compared to 2010. Pre-tax income came to €5.8m (€5m in 2010).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**25.7870**	**25.0610**
Exchange rate (average rate)	**24.5890**	**25.2944**
Number of new contracts processed	10,274	9,730
New Customer financings, net	32,566	31,474
BALANCE SHEET in thousands euros		
Gross outstandings	109,314	102,978
Allowance for impairment	(2,427)	(2,042)
Net outstandings	**106,887**	**100,936**
of which receivable from Dealers	*40,305*	*34,546*
Available-for-sale securities	216	223
Other assets	6,543	2,125
Debt	68,385	59,155
Other liabilities	7,140	6,943
Provisions for risks and charges	-	-
Equity	38,121	37,186
BALANCE SHEET TOTAL	**113,646**	**103,284**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	8,134	6,760
Pre-tax income	5,825	5,053
Net income (parent company shareholder's share)	4,689	4,160

UNITED KINGDOM

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UNITED KINGDOM

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In 2011, the UK automotive market saw a slight fall (down 2.4% compared to 2010), with sales of 2.2 million vehicles. This decrease is mainly attributable to the Retail market (down by 11.6% compared to 2010), as the Corporate market grew by 6.9% compared to 2010.

Renault's market share fell to 4.01% (5.01% in 2010) while Nissan's rose to 4.85% (4.24% in 2010) mainly driven by the success of the Qashqai and Juke models.

In 2011 RCI Banque UK wrote 68,140 new contracts (down 2.2% compared to 2010). Its overall penetration rate was 25.5% (24.8% in 2010). It saw an improvement in its penetration rate on Renault sales (28.7% as compared to 25.2% in 2010) thanks to special promotional offers developed with the manufacturer, and a decrease in its penetration rate on Nissan sales (22.8% as compared to 24.4% in 2010) mainly due to the fact that "Corporate" registrations, which are partially excluded from the scope of RCI Banque's financing products, accounted for a large proportion of those sales.

Customer Average performing loans outstanding grew to €1,198m (from €1,126m in 2010), thanks to more than €700m in new financings since 2010. Dealer APO was also up (by €36m compared to 2010), an increase directly attributable to the increase in the number of new registrations, particularly by the Nissan brand, to 11,217 vehicles (up by 11.7% from 2010).

Net banking income grew to 4.51% of APO (4.28% in 2010), driven by the fact that the gross margin (excluding services) held up well.

Pre-tax income came to €45m, compared with €27.5m in 2010. This increase is mainly attributable to the increase in APO (up €108m) and to the reduction in the cost of risk in the Customer business (0.45% of APO compared to 1.37% in 2010).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**0.8353**	**0.8608**
Exchange rate (average rate)	**0.8678**	**0.8582**
Number of new contracts processed	68,140	69,701
New Customer financings, net	742,644	740,062
BALANCE SHEET in thousands euros		
Gross outstandings	1,675,772	1,529,996
Allowance for impairment	(73,006)	(81,402)
Net outstandings	**1,602,766**	**1,448,594**
of which receivable from Dealers	*285,140*	*270,607*
Available-for-sale securities	103,009	117,555
Other assets	53,242	67,844
Debt	1,500,835	1,386,660
Other liabilities	58,345	49,852
Provisions for risks and charges	3,214	1,376
Equity	196,623	196,105
BALANCE SHEET TOTAL	**1,759,017**	**1,633,993**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	69,106	61,082
Pre-tax income	44,999	27,488
Net income (parent company shareholder's share)	32,819	26,217

SLOVENIA

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In 2011, the automotive market in Slovenia remained steady in relation to 2010 (up by 0.5%) with sales of 65,000 vehicles. The Alliance brands' consolidated market share slipped slightly by 0.6 point. Renault took a 16.6% market share, Dacia 1.5% and Nissan 2.7%.

RCI Banque Slovenia's penetration rate dropped by 4 points to 45.9%. This decrease is mainly attributable to falling penetration rates on the Renault (47.4% compared to 50.4% in 2010) and Nissan (34.9% compared to 46.7% in 2010) brands. The penetration rate on Dacia remained steady at around 48%.

Average performing loans outstanding amounted Dealers to €28.1m (up 10% compared to 2010). Pre-tax income came to €1.7m, showing an increase of €0.6m compared to 2010 attributable mainly to the results of the Dealer Financing business and to a decrease in operating expenses.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Number of new contracts processed	7,758	8,459
New Customer financings, net	-	-
BALANCE SHEET in thousands euros		
Gross outstandings	31,932	26,271
Allowance for impairment	(905)	(926)
Net outstandings	**31,027**	**25,345**
of which receivable from Dealers	*31,027*	*25,345*
Available-for-sale securities	360	55
Other assets	696	577
Debt	30,082	24,582
Other liabilities	916	732
Provisions for risks and charges	-	-
Equity	1,085	663
BALANCE SHEET TOTAL	**32,083**	25,977
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	2,588	2,476
Pre-tax income	1,740	1,132
Net income (group share)	1,312	925

EUROPE

SWITZERLAND

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SWITZERLAND

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The automotive market in Switzerland recorded a 5.7% rise in sales to 327,000 vehicles, and new registrations of Alliance brand vehicles increased by 10.7% compared to 2010. The market shares of Renault and Nissan edged up by 0.2 point (to 6.6%) and 0.3 point (to 3.1%) respectively, while Dacia sales increased by 12% to give it a 1.9% market share (1.8% in 2010).

In this environment, RCI Switzerland's overall penetration rate increased to 30.4%, from 29.6% in 2010, driven by strong growth in the penetration rates on Nissan (28.7% compared to 23.7% in 2010) and Dacia (31.5% compared to 26.5% in 2010) sales. Conversely, its penetration rate on Renault sales (dropped by 2 points, to 31%). All in all, RCI wrote 13,906 vehicle financing contracts (up 10.5% compared to 2010). New financings also grew by 22.4% to €230m, due to the combined effects of growth in business activity (up 9.2% excluding the exchange rate effect) and the value of the Swiss franc in relation to the euro.

Customer Average performing loans outstanding amounted to €350m, showing a 36.7% increase compared to 2010 (up 22% excluding the exchange rate effect). Average performing loans outstanding for the Dealer segment rose by 24.6% to €114m (up 11.2% excluding the exchange rate effect), due to the increase in vehicle manufacturers' business.

Pre-tax income came to €11.7m, an increase of 9.5% compared to 2010. Excluding the exchange rate effect, it was down by 2.3% taking into account an increase in the cost of Customer risk (of €3m) related to changes in the provisioning method made in 2010.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**1.2156**	**1.2504**
Exchange rate (average rate)	**1.2340**	**1.3824**
Number of new contracts processed	13,906	12,590
New Customer financings, net	229,829	187,830
BALANCE SHEET in thousands euros		
Gross outstandings	498,067	408,571
Allowance for impairment	(7,419)	(6,791)
Net outstandings	**490,648**	**401,780**
of which receivable from Dealers	*92,519*	*77,971*
Available-for-sale securities	14,728	10,262
Other assets	25,428	15,997
Debt	457,597	357,172
Other liabilities	17,585	15,863
Provisions for risks and charges	1,228	1,347
Equity	54,394	53,657
BALANCE SHEET TOTAL	530,804	428,039
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	19,899	14,147
Pre-tax income	11,689	10,676
Net income (parent company shareholder's share)	8,767	8,337

EUROMED

MOROCCO

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MOROCCO

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The automotive market totaled 112,000 units sold in 2011, an 8.4% increase in comparison with 2010. In 2011, lower customs duties led to an increase in the share taken by imported vehicles, which rose to 75% of new registrations, against 68% in 2010.

The Renault Group saw its overall sales increase by 16,2% to a record 41,500 units, and its market share to an all-time high of 37%.

In an automotive financing market that grew by 3% in 2011, new lending by RCI Banque Finance Morocco (RCI FM) totaled €62.7m (up 40%) with 8,800 new contracts written.

RCI FM achieved an overall penetration rate of 21.1% (19.1% on Renault, 22.9% on Dacia), compared to 17.5% in 2010. This performance is primarily attributable to enhancement of the lease-with-buyback option offer, which is now available with a security deposit.

Average performing loans outstanding grew steadily to €142.1m in the month of December, a rise of 36.2% compared to December 2010. For the full year 2011, Customer and Dealer Average performing loans outstandings respectively came to €94.9m and €25m. RCI FM financed 64% of dealers' vehicle inventories.

In 2011, RCI FM achieved a net banking income of €7.8m, a rise of 11%, and posted pre-tax income of €3.1m, up by 4% compared to 2010. This increase is mainly attributable to an improvement in underwriting procedures and to the control of the cost of Customer risk, which came to 1.6% of average performing loans outstanding.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**11.1079**	**11.1361**
Exchange rate (average rate)	**11.2367**	**11.1397**
Number of new contracts processed	8,803	6,245
New Customer financings, net	62,747	45,086
BALANCE SHEET in thousands euros		
Gross outstandings	157,373	114,988
Allowance for impairment	(5,204)	(3,627)
Net outstandings	**152,169**	**111,361**
of which receivable from Dealers	*39,685*	*25,509*
Available-for-sale securities	1,227	12,245
Other assets	7,140	4,112
Debt	136,965	107,003
Other liabilities	6,116	5,172
Provisions for risks and charges		
Equity	17,455	15,543
BALANCE SHEET TOTAL	**160,536**	**127,718**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	7,781	7,027
Pre-tax income	3,113	2,998
Net income (parent company shareholder's share)	1,851	2,161

AMERICAS

ROMANIA

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ROMANIA

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The automotive market in Romania posted an 8% fall in sales in 2011, despite the continuation of the vehicle scrappage incentive scheme.
In this environment, the combined market share of Renault, Dacia and Nissan fell slightly to 39.4% (40.8% in 2010).

RCI Banque Romania's penetration rate rose by 5.7 points to 16.8% from 11.1% in 2010. RCI Banque financed 14.9% of Dacia sales, 22.3% of Renault sales and 21.7% of Nissan sales.
The total number of finance contracts written increased significantly, to 7,500 units (5,600 in 2010).

Although new financings were doubled, this did not balance out the generations of financings that reached maturity. Consequently, average performing loans outstanding for 2011 was down by 24% compared to 2010 (€100m).

In line with the trend initiated in 2010, the cost of risk fell considerably in 2011, coming to a positive €1.7m because of a number of reversals of provisions for risk, attributable to an improvement in the performance of the internal collection department.

Pre-tax income increased to €14m.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**4.3233**	**4.2620**
Exchange rate (average rate)	**4.2386**	**4.2107**
Number of new contracts processed	7,538	5,647
New Customer financings, net	53,998	23,594
BALANCE SHEET in thousands euros		
Gross outstandings	102,272	120,836
Allowance for impairment	(1,773)	(6,333)
Net outstandings	**100,499**	**114,503**
of which receivable from Dealers	*1,087*	*1,129*
Available-for-sale securities	11,401	48,982
Other assets	7,489	3,324
Debt	89,984	137,819
Other liabilities	6,103	6,429
Provisions for risks and charges	-	-
Equity	23,302	22,561
BALANCE SHEET TOTAL	**119,389**	**166,809**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	16,058	19,589
Pre-tax income	14,005	11,583
Net income (parent company shareholder's share)	11,546	8,778

ARGENTINA

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ARGENTINA

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In 2011, the automotive market saw exceptional growth of 29% and recorded 818,305 new registrations.

With 106,040 new vehicles sold and a market share of 13%, Renault confirmed its position as the third biggest brand on the Argentine market, thanks in particular to the success of the *Fluence* and *Duster* models in the second half-year. Nissan, which was placed at a disadvantage by government import control measures, increased its market share slightly by 1.7%.

Despite the mixed fortunes of the financial market, which was highly active until September but then saw a fairly sharp slowdown in the final quarter of the year, RCI Banque Argentina wrote 32,073 new contracts and posted a penetration rate of 24% on Renault sales and 14% on Nissan sales.

Customer Average performing loans outstanding was up by 73% to €189.7m, for a portfolio that included 55,000 customers at year-end 2011. Dealer Average performing loans outstanding rose to €65.8m from €52m in 2010, despite the very poor first half-year when there was a shortage of vehicles (due in part to the Japanese tsunami).

Pre-tax income rose to €25.3m, an increase mainly attributable to the growth in outstandings and the increase in net banking income.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**5.5692**	**5.3026**
Exchange rate (average rate)	**5.7418**	**5.1842**
Number of new contracts processed	32,073	22,327
New Customer financings, net	197,626	127,472
BALANCE SHEET in thousands euros		
Gross outstandings	384,594	234,299
Allowance for impairment	(5,971)	(3,881)
Net outstandings	**378,623**	**230,418**
of which receivable from Dealers	*121,890*	*81,513*
Available-for-sale securities	60,691	17,476
Other assets	12,185	10,147
Debt	365,783	190,316
Other liabilities	32,520	22,144
Provisions for risks and charges	62	69
Equity	53,134	45,512
BALANCE SHEET TOTAL	**451,499**	**258,041**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	33,939	24,307
Pre-tax income	25,298	18,526
Net income (parent company shareholder's share)	12,178	9,251

AMERICAS

BRAZIL

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In 2011, Brazil maintained its position as the world's fourth largest automotive market, with 3.4 million vehicles sold (2.9% more than in 2010).
Renault consolidated its position as the fifth biggest operator in the country, with a 5.7% market share (an increase of 0.9 point) and sales of 194,300 vehicles (up by 21.2%). As a result, Brazil is now Renault's second largest market.
Nissan took a 2% share of the market, selling 67,289 vehicles.

In 2011, RCI Brazil wrote a record 104,009 contracts (up 42%). Its penetration rate came to 35.8% (up 2 points) on Renault sales and 45.0% on Nissan. New financings rose sharply by 53%, to €1.1bn.
Average performing loans outstandings grew by 50% compared to 2010, to €1.5bn.

The commercial offer was of such high quality that more than one in every two customers took up an insurance product (compared to 35% of customers in 2010).
RCI Banque in Brazil substantially improved its operating expenses/outstandings ratio to 1.26% compared to 1.58% in 2010.

As part of its policy to diversify its refinancing and manage liquidity risk, RCI Banque Brazil launched its first bond issue in 2011 (Letras Financeiras).

Pre-tax income came to €90.5m, a strong increase of 21% compared to 2010.

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**2.4159**	**2.2177**
Exchange rate (average rate)	**2.3259**	**2.3345**
Number of new contracts processed	104,009	72,998
New Customer financings, net	1,109,113	723,223
BALANCE SHEET in thousands euros		
Gross outstandings	2,078,161	1,250,825
Allowance for impairment	(20,589)	(19,122)
Net outstandings	**2,057,572**	**1,231,703**
of which receivable from Dealers	*755,620*	*312,926*
Available-for-sale securities	127,298	142,479
Other assets	40,883	32,083
Debt	1,740,001	960,760
Other liabilities	254,118	210,979
Provisions for risks and charges	16,308	10,831
Equity	215,326	223,695
BALANCE SHEET TOTAL	**2,225,753**	**1,406,265**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	119,595	98,085
Pre-tax income	90,475	74,776
Net income (parent company shareholder's share)	35,475	28,861

ASIA

SOUTH KOREA

RCI FINANCIAL SERVICES KOREA
15th Floor, Woori Building
10, 1-ka, Bongrae-Dong - Choong-Ku, Séoul 100-161
SOUTH KOREA

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Despite a slowdown in the final quarter of 2011, the South Korean automotive market grew by 1% relative to 2010, setting a new record of 1.6 million vehicles sold.
Renault Samsung Motors, whose market share fell by 3.1 points (compared to 2010) to 7.02%, was faced with stronger competition from national manufacturers *Hyundai* and *Kia*. The Nissan Group, present in the country with the Infiniti and Nissan brands, saw its market share stable at 0.38%.

In 2011, the penetration rate reached a record level of 56.6% (up 10 points compared to 2010).
APO rose to €1.2bn in 2011, showing an increase of €188m from 2010. Pre-tax income came to €52.4m (€46.8m in 2010), driven by the fact that margins held up well, the cost of risk was kept under control and operating expenses were optimized.
The year was also marked by increasing efforts to diversify refinancing sources. Four new bond issues were made on the Korean market (without an RCI Banque warranty). At year-end 2011, 23% of the affiliate's total refinancing was local refinancing (compared to 6% at year-end 2010).

IN THOUSANDS EUROS (excluding rate and unit)	2011	2010
Exchange rate (closing rate)	**1,498.6900**	**1,499.0600**
Exchange rate (average rate)	**1,541.0487**	**1,532.5693**
Number of new contracts processed	71,282	77,331
New Customer financings, net	819,239	854,758
BALANCE SHEET in thousands euros		
Gross outstandings	1,348,809	1,217,476
Allowance for impairment	(22,699)	(18,113)
Net outstandings	**1,326,110**	**1,199,363**
of which receivable from Dealers	*12,129*	*11,949*
Available-for-sale securities	51,414	107,738
Other assets	25,835	20,096
Debt	1,096,083	1,018,867
Other liabilities	45,297	97,491
Provisions for risks and charges	1,257	1,076
Equity	260,722	209,763
BALANCE SHEET TOTAL	**1,403,359**	**1,327,197**
INCOME STATEMENT in thousands euros		
Net banking income (excluding non-banking income)	67,509	60,173
Pre-tax income	52,359	46,784
Net income (parent company shareholder's share)	40,465	36,401

RISKS 2011

RISKS

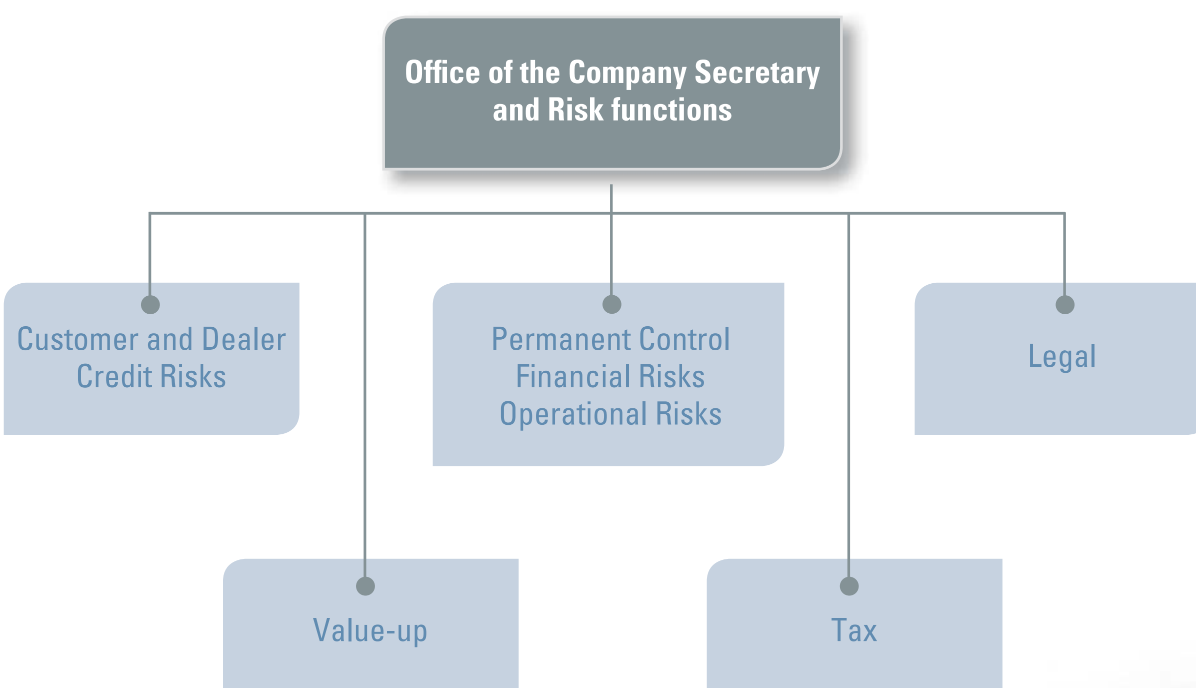
RCI Banque made a number of adjustments, on 1 June 2010, to its Senior Management, aimed at strengthening its business operations and transactions with its customers, and at giving the support functions a more widespread and overall role. As part of this, and in application of the Order of 19 January 2010 amending CRBF Regulation 97-02, the RCI Banque Group's Corporate Secretary became responsible for the Risk management functions, thus providing the bank with a position equivalent to the "chief risk officer" recommended in the governance principles set out by the Basel committee. The Audit department reports directly to the Chairman and Chief Executive Officer. The new organization ensures that the Risk management functions have the independence they need from the entities in charge of the operational management of risk in order to fulfill their oversight role, and gives them a more cross-disciplinary and wide-reaching scope. For this reason, the responsibilities previously allocated to the Credit Risk Division are now divided up between the Risk Functions and the Customer Division. However, the group's risk management system remains unchanged.

The Risk Function Officer:

- ensures that the risk policy is consistent and that the establishment's risk measurement, monitoring and control systems are efficient;
- makes sure that the level of risk incurred is compatible with the aims of the business and with the relevant limits set by the Board of Directors;
- reports on his work to the whole of the Executive Committee, the Audit Committee and the Board of Directors; he warns them about any situation that might have a significant impact on risk control.

To this end, the Risk Function Officer puts in place systems and procedures designed to capture all of the risks associated with banking and non-banking activities overall, especially credit risk, market risk, aggregate interest rate risk, intermediation risk, settlement risk, liquidity risk and operational risk. For its part, the Customer Division is accountable for transaction performance and for the efficiency of organizational solutions and information systems.

ORGANIZATION OF THE OFFICE
OF THE COMPANY SECRETARY AND OF THE RISK FUNCTIONS



The Corporate Secretary is the Risk Function Officer, responsible for the Risk Functions, which consist of:

- the **Customer and Dealer Credit Risk Department** that oversees credit risk and Basel II. Its remit is to monitor subsidiaries' cost of risk and to propose or validate action plans aimed at achieving the targets set.
  It develops and monitors the performance of the Probability of Default and Loss Given Default statistical models used either at loan approval or for the purposes of credit risk oversight. It is also in charge of the operational management of approval systems in certain countries.
  Basel II-related activities bring together IT and credit risk skills under the same functional responsibility, to ensure the production of the European solvency ratio, to oversee Basel II projects and to manage customer credit risk reporting;

- the **Permanent Control** department is tasked with overseeing the whole of the internal control and operational risk and financial risk monitoring system.

  It monitors the progress made on all action plans, regardless of whether those plans are the result of permanent controls, periodic controls or controls performed by the supervisory authorities. It also monitors changes in regulatory requirements affecting the internal control system and other related systems (operational risks, fight against money-laundering).

  It is accountable for the operational risk management system and for business continuity plans.

  It is also in charge of market, interest rate, counterparty and liquidity risk control for the whole of the group.

The RCI Banque group's risk monitoring bodies are as follows:

- **the Corporate Credit Risk Committee** defines management standards and processes and validates the action plans submitted by the countries. An identical committee meets at the level of each individual country;

- **the Corporate Credit Committee's** role is to accept loan applications that do not fall within the Customer Division's delegation limits and to validate new establishments;

- **the Basel II Committee** is accountable for the Basel II system, in particular for changes in that system, and for monitoring the relevance and soundness of the models used;

- **the Internal Control and Compliance Committee** reviews the periodic control and permanent control tasks performed. It monitors the progress made on resulting action plans, the review of operational risks, the review of compliance and anti-money laundering systems, and monitors the consequences of changes in regulatory requirements;

- **the Finance Committee** reports on oversight of the refinancing process and the monthly financial risk review.

RISKS

Basel II

1 THE RCI BANQUE GROUP'S INTERNAL CAPITAL MANAGEMENT POLICY

The internal capital requirement is RCI Banque's assessment of the own funds required to address all of its risks (Pillar 1 + Pillar 2 risks). It is equivalent to the lowest value in terms of capital that the group's management considers to be needed to cover its risk profile and strategy.

In addition, simulations of forecast activities, acquisitions and disposals are produced to determine any additional equity requirements, thus ensuring that future prudential ratios are complied with.

The objective of the RCI Banque group's capital management policy is to optimize the use of equity in order to maximize the short and long-term return for the shareholder, while maintaining a capital adequacy ratio (Core Tier 1 ratio) in keeping with the target rating required for market activities.

2 EQUITY AND CAPITAL REQUIREMENTS

Prudential capital is determined in accordance with CRBF Regulation 90-02.

Tier 1 (core) capital is calculated on the basis of the group's consolidated equity under IFRS, from which are deducted unrealized or differed gains or losses, planned dividend distribution, and intangible non-current assets and goodwill.

Tier 2 (supplementary) capital includes subordinated liabilities and equity interests. As the latter all have a maturity of more than five years, no discount is applied. In accordance with Article 4 point d) of CRBF Regulation 90-02 on capital requirements, a repayment plan has been in place since 2010 for subordinated liabilities redeemable in 2015.

Constituent components of equity in non-consolidated holdings of more than 10% in credit institutions and insurance companies, and the values of equity-accounted companies are deducted from the capital on the basis of 50% for the Tier 1 capital and 50% for the Tier 2 capital.

Likewise, under the advanced approach to credit risk, any negative difference between total provisions and total expected losses is deducted from the capital. If the sum of the expected losses is less than the valuation adjustments and collective impairment allowances, the balance is added to the Tier 2 capital, up to a maximum of 0.6% of the weighted risks of exposures assessed by the "internal rating based" method.

RCI Banque's core capital (Core Tier 1) represented 90% and 93% of its total prudential capital in 2010 and 2011 respectively.

Equity (90-02)

IN MILLIONS EUROS	31/12/2011	31/12/2010
Core capital (Core tier one)	**2,216**	**2,021**
Equity under IFRS	2,569	2,460
Planned dividend distribution	-251	-351
Restated unrealized or deferred gains or losses (including CFH)	1	6
Intangible non-current assets and goodwill	-84	-84
Other prudential deductions	-19	-10
Tier 2 (supplementary) capital	**158**	**233**
Subordinated liabilities	176	228
Other prudential deductions	-19	-10
Positive difference between valuation adjustments and expected losses up to 0.6% of assets risk-weighted under the IRB method	1	15
Tier 3 capital	**-**	**-**
TOTAL PRUDENTIAL CAPITAL	**2,374**	**2,254**
Details of other prudential deductions (CRD: 50% Tier 1, 50% Tier 2)	*-38*	*-20*
Negative difference between valuation adjustments and expected losses	-	-
• Equity interests in credit institutions	-28	-10
• Equity interests in insurance companies	-10	-10

Further to the proposed transposition of the European CRD system (Capital Requirements Directive 2006-48-CE and 2006-49-CE) into French law, the Order dated 20 February 2007, amended on 11 September 2008 set out the "capital requirements for credit institutions and investment firms". In accordance with these provisions, in 2008 the RCI Banque group incorporated the impacts of the switch to the new European CRD directive into its management of capital and risks. This Directive sets out procedures for calculating the solvency ratio as from 1 January 2008.

In accordance with Article 4 of the Decree of 13 December 2010, RCI Banque continued to calculate its Tier 2 Supplementary capital requirements until 31 December 2011, to take into account the 80% capital requirement floor determined in accordance with Regulations 91-05 and 95-02 as effective prior to 1 January 2007.

Capital requirements (CRD)

IN MILLIONS EUROS	31/12/2011	31/12/2010
Credit risk	1,153	1,094
1) Internal rating based (IRB) method	*628*	*585*
• Corporates	241	225
• Retail	387	360
2) Standard method	*525*	*510*
• Central governments and central banks	10	6
• Institutions	27	28
• Corporates	261	203
• Retail	214	260
• Actions	1	1
• Other non-credit obligation assets	12	11
Market risk	**-**	**-**
Operational risk	**150**	**143**
Transitional requirements under the floor levels (80% of the requirement Basel I)	388	283
TOTAL PRUDENTIAL CAPITAL REQUIREMENTS (A)	**1,691**	**1,520**
TOTAL PRUDENTIAL CAPITAL (B)	**2,374**	**2,254**
Tier 1 (core) (C)	2,216	2,021
Overall solvency ratio (B/A) x 8%	**11.23%**	**11.86%**
Core Tier one solvency ratio (C/A) x 8%	**10.48%**	**10.63%**

Not including transitional requirements under the floor level provisions, the overall "Pillar 1" solvency ratio was 14.6% at 31 December 2011 (including Core Tier one: 13.6%).

3 PRUDENTIAL SCOPE

The prudential scope used when calculating the solvency ratio is identical to the scope of consolidation described in the Notes to the IFRS financial statements, with the exception of the two insurance companies based in Malta.

RCI Banque has not opted for the so-called "conglomerates" option; consequently the solvency ratio is calculated "without insurance", eliminating contributions from the group's insurance companies from both the denominator of the capital ratio and its numerator.

In September 2007, RCI Banque was granted a waiver by the Commission Bancaire (French Banking Commission) exempting the French credit institutions Diac SA and Cogéra SA from solo supervision, as the group satisfies the conditions for exemption stipulated by Article 4-1 of CRBF Regulation 2000-03.

RCI Banque also remains within the regulatory framework set out in Article 4-2 of CRBF Regulation 2000-03:

- there is no obstacle to the transfer of capital between subsidiaries,
- the risk measurement and control procedures within the meaning of Regulation 97-02 relating to internal control are implemented on a consolidated basis, including subsidiaries.

Consequently, the RCI Banque group is exempt from respecting prudential ratios on an individual basis for each of its French financial companies. RCI Banque monitors changes in the group's consolidated solvency ratio monthly.

4 MARKET RISK

In the absence of a trading book, the whole of the RCI Banque group's market risk comes from its foreign exchange exposure. The latter is mainly linked to structural foreign exchange exposure on equity securities of affiliates outside the Euro zone.

In May 2009, RCI Banque was granted authorization by the Autorité de Contrôle Prudentiel (Prudential Control Authority) 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 exposure 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.

RCI Banque's objectives and strategies with respect to the foreign exchange risk are described in the "Financial Risks" section of the annual report.

5 OPERATIONAL RISK

Operational risk is assessed using the Standardized method. The own funds requirement is worked out using the mean Net Banking Income observed over the last three years, broken down into two business lines (Retail Bank and Commercial Bank), the regulatory coefficients for which are 12% and 15% respectively.

The operational risk management system is described in the "Financial Security Act" chapter.

6 CREDIT RISK

In its letter dated 28 January 2008, the Prudential Control Authority granted RCI Banque authorization to use its advanced internal rating based system (AIRB) to assess its credit risks from 1 January 2008 onwards.

RISKS (Basel II)

6.1) Information about credit risk assessment using the AIRB approach

RCI Banque has opted for the most advanced methods proposed by the Basel II reform for measuring and monitoring its credit risks; all parameters are thus estimated internally. Valuations are applied to the calculation of Retail, Corporate and Dealer customer risk exposures. Six large countries (France, Germany, South Korea, Spain, Italy and the United Kingdom) are treated using the advanced internal rating based approach. Four countries were initially approved for AIRB treatment at the start of 2008. The approach was then rolled out to the United Kingdom in 2010, followed in 2011 by South Korea for the Retail business, and for factoring in France.

6.2) Main steps in the work carried out in 2011

In 2011, work was done in two main areas:

- The rollout of internal rating models in South Korea and to factoring in France, incorporated into regulatory reporting from August 2011;
- Use of the collected data and Basel concepts to improve the oversight and management of credit risks in the Customer business.

The ratio is produced monthly within the best possible time, with high quality standards of data and calculations achieved.

The annual audit demonstrated the robustness of the models, processes and information system involved in calculating the ratio, and the fitness-for-purpose of the system's governance.

6.3) Organization

The tools and processes used to calculate credit risk-weighted assets, and the publication of reports used to optimize the supervision of credit risks, are the responsibility of the Customer and Dealer Credit Risk Department, part of the Office of the Corporate Secretary and Risk Functions.

The Accounts and Management Control Division is responsible for consolidating the solvency ratio, producing regulatory reports and internal capital assessment.

6.4) Information system

The Common Database for Risk compiles credit risk-related data sourced from underwriting, management and accounting software applications, on the three markets and for six of the most significant countries.

The Common Database for Risk provides input for a decision-support environment through which risk analyses can be performed and the *Fermat* software package calculates the solvency ratio. *Fermat* also receives data from the *KTP Cristal* refinancing operations management system and the Sycomore Business Object Finance consolidation tool.

Since June 2010, *Fermat* has also published the COREP regulatory reports.

The data collected and computed in these information systems are controlled, technically and functionally, throughout the production process, from the collection of information from upstream systems through to the end results. These quality controls are monitored monthly and action plans may be introduced to improve them.

The information system in place provides the elements needed to analyze the ratio. For example, monthly reports display the components of the risk-weighted assets calculated under the AIRB method (Probability of Default, Loss Given Default, Exposure, Expected losses, etc.) according to a number of criteria:

- breakdown of performing loans and non-performing loans, by type of financing;
- separation between balance sheet exposures and off-balance sheet exposures;
- breakdown by country;
- breakdown by customer category: private individuals, business individuals, small, medium and large-sized companies (based on turnover), very large-sized entities and the dealer network;
- breakdown by characteristics: customer characteristics (age of the customer or business, business sector, etc.), financing characteristics (initial loan term, amount of personal/business contribution, etc.), and the characteristics of the good financed (new or used vehicle, model, etc.).

These elements are also used for the monthly analysis of the management risk cost, which is assessed on the basis of actual recorded defaults and LGDs.

6.5) Segmentation of exposures treated under the AIRB method

All quantified data pertaining to credit risk exposures relate to gross exposure, i.e. exposure prior to application of CCFs and Risk Reduction Techniques.

IN MILLIONS EUROS	Credit exposures under the AIRB method
Corporates	7,090
of which Dealers	*4,848*
Retail	13,247
of which small or medium sized entities	*1,903*
TOTAL EXPOSURES UNDER THE AIRB METHOD	**20,337**

Scope: Balance sheet and off-balance sheet, performing and non-performing exposures under the AIRB method for France, Germany, South Korea, Spain, Italy and the United Kingdom.

The average rates of Basel II weighting (weighted risks/exposures) come to 34% for the customer portfolio and to 85% for the overall Corporate portfolio (of which 23% for Dealers).

The equity requirement for credit risk takes into account the financial guarantee (in the form of a cash warranty agreement) granted by Renault, totaling €550m.
This guarantee protects RCI Banque against the risk of default by the Renault Retail Group.

The only netting on exposures concerns the credit and debt positions (given in detail where applicable) for a given customer, of a given RCI Banque group company.

The conversion factors applied to individual off-balance sheet exposures are the regulatory rates (0%, 20%, 50% and 100%). The average rates calculated are 100% for Customer financing commitments (representing €563m) and 71% for authorizations with respect to Dealers (representing €170m), depending on their nature.

6.6) Borrower – Probability of Default (PD) parameter

The internal rating methodology developed from 2004 for the purposes of reassessing customer risk on a monthly basis uses:

- a model for ranking the risk of default,
- a method for quantifying the associated PD.

Risk ranking model

Counterparty risk is ranked using a score that incorporates both the customer's characteristics and his payment behavior. The methodology is adjusted to each customer typology to take into account the kind of information available and normally used by business experts to assess risk.

In 2011, a specific model was developed for the Retail market in South Korea.

The following table shows how the models developed are mapped.

EXPOSURE CATEGORY	IRBA Country	Population group covered by the model	Model type (statistical/combined)	Nature of model (internal/external)
RETAIL	Germany	Retail	Statistical	Internal
	Spain			
	France			
	Italy			
	United Kingdom			
	South Korea			
SME	Germany	Corporate	Statistical	Internal
	Spain			
	France			
	Italy			
CORPORATE	France	Very large-sized corporate	Combined	Internal + External rating
	France	Factoring	Combined	Internal + External rating
	All subsidiaries	Dealer	Statistical	Internal

RISKS (Basel II)

Allocation to a risk class and quantification of the PD associated with each class

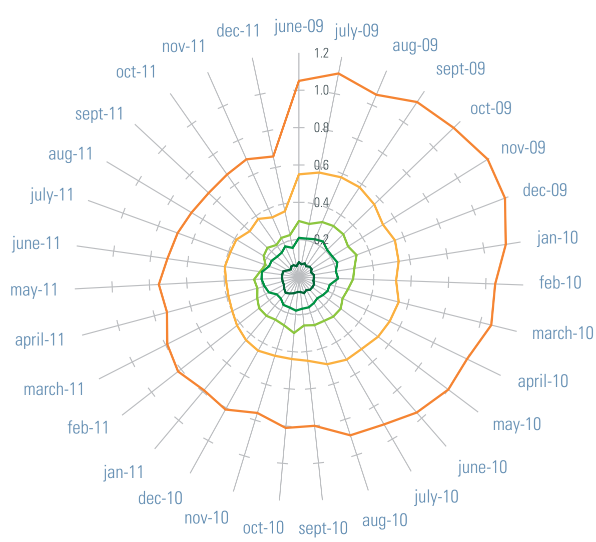
The rating scales include a number of classes adjusted to the granularity of each portfolio. The Retail portfolio uses scales with ten classes for the performing (non-default) portfolio, and one non-performing (default) class; the Corporate portfolio is broken down into seven performing (non-default) classes and one non-performing (default) class.
The requirement for reliable internal rating has, however, led to a specific breakdown for each “country/customer segment” portfolio. Thus, for any given segment, the risk for any given class in France, measured by its representative PD is not the same as the risk for that same class in Spain.
The calculation of the PD associated with each class takes into account historically observed default rates.

Testing of PD models

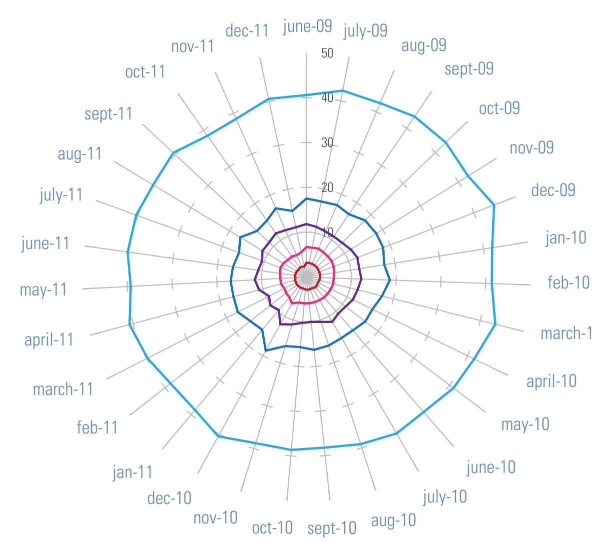
The effectiveness of the models (continuing appropriateness of risk class prioritization over time) and the quality of the forecasts of the PD level per class are subject to detailed quarterly back-testing, as illustrated by the graphs hereafter.

The year 2011 was marked by an improvement in customer solvency and a widespread decrease in default rates per risk class across the different countries and customer segments. In many countries, PD model back-testing highlighted the seamless ability of the models to rank risks, but also an over-estimation of PDs per class. This situation is illustrated in the following charts.

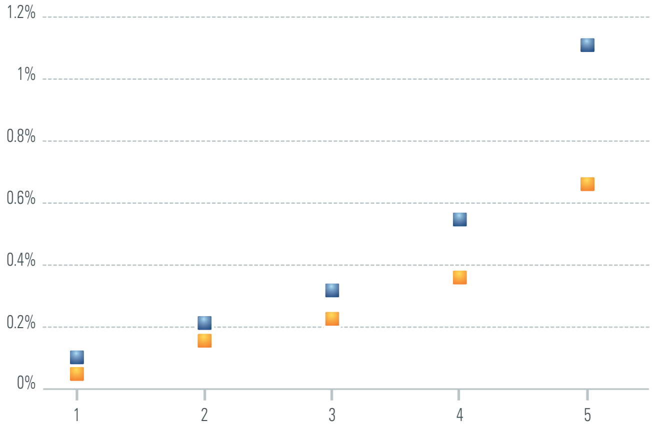
History of default rate by class (1 to 5)



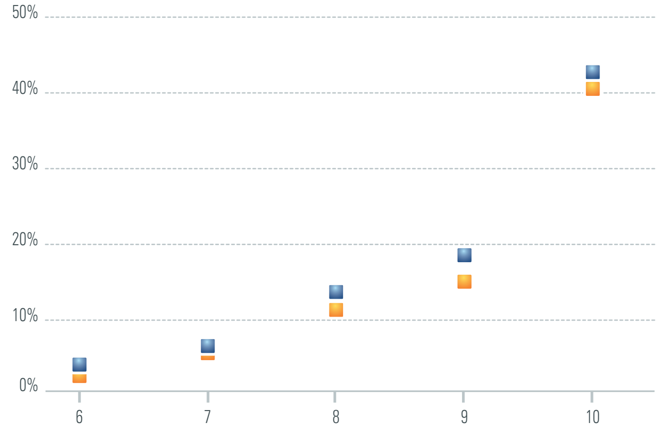
History of default rate by class (6 to 10)



Back test - Retail Germany PD model
Classes 1 to 5



Back test - Retail Germany PD model
Classes 6 to 10



6.7) Transaction – Loss Given Default (LGD) parameter

Economic losses are estimated from discounted recovery cash flows for the Retail and Corporate sectors, and from loan charge-offs for the Dealer network, on the basis of historic data generally going back more than ten years. Charges attributable to debt collection are taken into account according to the stages of management gone through. Analysis has been conducted to group the transactions into segments representative of uniform levels of loss.

The quantification of these losses by segment is the outcome of a statistical model whose main vectors are the generational analysis of recoveries, speed of collection and consideration of trends. Expert opinion is also used to confirm the proposed estimates to gain the best possible insight into the effects of economic cycles.

The Customer LGD rate, for which an increase was observed over the period 2008-2010 because of the crisis, remained at high levels in 2011 in all IRBA country.

Average LGD on the performing (non-default) portfolio is 41% for Retail Customers and 35% for the Corporate segment. The latter breaks down into 41% for non-dealer Corporate and 10% for Dealers (the rise in the LGD rate for the Corporate segment is linked to the addition of the IRB-Foundation method which has a set rate of 45%).

EXPOSURE CATEGORY	IRBA country	Population group covered by the model	Population group segmentation	Type of model (statistical/expert/ combined/other)	Kind of model (internal/external)	Available historical depth	Calculates parameters
RETAIL	France	Retail + Corporate	Credit	Statistical	Internal	since January 1997	LGD on non-defaut LGD defaut BEEL defaut
			Leasing				
	Germany		Credit VN			since April 1999	
			Credit VO				
			Leasing				
	Spain		Credit VN			since November 1994	
			Credit VO			since May 1998	
			Leasing			since January 1996	
	Italy		time <= 48 months			since January 2008	
			time > 48 months			since August 1998	
	United Kingdom		Single segment			since March 2006	
	South Korea		Single segment			since August 1998	
CORPORATE	All subsidiaries	Dealers	Stock VN	Case by case	Internal	since 1988	LGD BEEL
			Other products				

6.8) Internal rating monitoring procedures

The results and the main data used in the internal rating system are monitored on a monthly basis.

On a quarterly basis, the changes observed are analyzed following a standard protocol. These analyses ensure that the models are in keeping with the operational processes (underwriting/collection) and provide regular input used to enhance rating models.

The differences between forecast and actual are set out in a report that also includes the quantified impact on equity requirements.

RISKS (Basel II)

6.9) Operational use of internal rating systems

Customers

Loan approval policy

In the Customer segment, customers applying for financing are systematically rated. This situation pre-existed on certain market segments, especially for private individuals, before Basel rating systems came in, but was implemented across the board with the introduction of Basel II. Rating provides initial guidance in the decision-making process, with the examination process then concentrating on "intermediate" risks. Beyond the operational process, the underwriting policy is regularly adjusted in line with default rates and the analysis of the profit rates per PD and LGD level.

Debt collection

The statistical models used in calculating weighted risks and expected loss enable monthly updating of the Probability of Default used at loan approval via incorporation of the customer's payment behavior. This updating, which provides a clear overview of the expected loss on the portfolio as part of the "Budget process" is also increasingly used as a tool for forecasting the activity of the debt collection platforms. "Collection scoring" based on the same customer information has been rolled out for Spain and South Korea to improve process efficiency.

Dealers

In the Dealer segment, all counterparties are systematically rated.
This rating system and all of its component sections are integrated into the key operational processes of underwriting, management and business and risk monitoring.

Provisioning for the Dealer financing activity is based on categorizing the counterparties individually and by examining objective impairment indicators.
The constituent components of Basel II rating form the basis for this distinction.

Likewise, the probabilities of default and expected losses derived from the Basel work are used for provisioning.

6.10) Information relating to credit risk treated under the standardized method

Credit risk exposures treated under the standardized method consist primarily of the sales financing outstandings of affiliates not treated under the AIRB method, debts towards credit institutions and central banks, and all other consolidated assets that are not credit obligation assets.

When calculating the equity requirement for credit risk under the standardized method, RCI Banque uses the external rating agency *Moody's* to assess its sovereign and bank exposures and complies with the mapping between *Moody's* external credit assessments and those published by *Banque de France* (Bank of France).

As far as the Corporate portfolio is concerned, the RCI Banque applies the regulatory weightings to unrated exposures. This treatment is justified by the generally modest size of the group's corporate customers in countries other than France, Germany, Spain and Italy, who cannot have an external assessment by an accredited rating agency.

Segmentation of credit exposures treated under the standardized method

MOODY'S RATING	Banque de France rating	Credit exposures treated under the standardized method in millions euros
Aaa	1	1,771
Less than Aaa	2 to 6	488
Unrated exposure	7	7,109
TOTAL CREDIT EXPOSURES TREATED UNDER THE STANDARDIZED METHOD	-	**9,368**
of which Corporates	-	*3,360*
of which Retail	-	*3,823*
of which other exposure categories	-	*2,185*

7 MAIN BASEL II INDICATORS

7.1) Breakdown of gross exposures (Standardized and Advanced method)

IN MILLION EUROS	Corporates	Retail	Other exposure categories	TOTAL
Average credit exposures in 2011	9,667	15,072	3,242	**27,981**
France	5,090	5,175	878	**11,143**
Germany	1,171	2,991	307	**4,469**
Spain	738	1,364	87	**2,189**
Italy	710	1,559	274	**2,543**
United Kingdom	308	1,452	189	**1,949**
Other countries	2,434	4,529	449	**7,412**
CREDIT EXPOSURE BALANCE	**10,451**	**17,070**	**2,184**	**29,705**
Residual maturity less than 3 months	4,147	1,842	589	**6,578**
from 3 months to 1 year	3,934	2,651	602	**7,187**
from 1 to 5 years	1,961	11,968	946	**14,875**
more than 5 years	409	609	47	**1,065**

7.2) Gross exposures to loans in default and valuation adjustments

IN MILLION EUROS	Corporates	Retail	TOTAL
France	38	283	**321**
Germany	59	27	**86**
Spain	59	164	**223**
Italy	33	44	**77**
United Kingdom	8	45	**53**
Other countries	94	77	**171**
TOTAL EXPOSURES TO PAYMENTS IN ARREARS OR IN DEFAULT	**291**	**640**	**931**
2010.12			
Balance of valuation adjustments on the balance sheet	263	612	**875**
Balance of collective provisions on the balance sheet	37	34	**71**
TOTAL BALANCE OF COLLECTIVE PROVISIONS AND VALUATION ADJUSTMENTS	**300**	**646**	**946**
2011.12			
Balance of valuation adjustments on the balance sheet	236	554	**790**
Balance of collective provisions on the balance sheet	44	31	**75**
TOTAL BALANCE OF COLLECTIVE PROVISIONS AND VALUATION ADJUSTMENTS	**280**	**585**	**865**

Exposures to loans in default and valuation adjustments on “other exposure categories” are not significant.

RISKS (Basel II)

7.3) Segmentation of gross credit exposures treated under the AIRB method

IN MILLION EUROS	Corporate	Retail customers	TOTAL
PD < 1%	887	8,431	**9,318**
1% < = PD < 5%	4,456	3,198	**7,654**
5% < = PD < 10%	1,334	513	**1,847**
10% < = PD < 20%	157	356	**513**
20% < = PD < 100%	70	221	**291**
PD = 100%	186	528	**714**
CREDIT EXPOSURES TREATED UNDER THE AIRB METHOD (A)	**7,090**	**13,247**	**20,337**
LGD rate	41%	18%	**33%**
Weighted exposures (B)	4,836	3,013	**7,849**
Average weighting rate (B)/(A)	37%	42%	**39%**

Credit risk

1 CREDIT RISK MANAGEMENT POLICY

1) Customer risk management

The customer credit risk prevention policy is aimed at ensuring that the cost-of-risk objectives set as part of the budget process for each country and each of its main markets (new passenger vehicles and used passenger vehicles segment, and the corporate segment) are achieved. To this end, the underwriting policy is adjusted and the tools (scores and other rules) regularly optimized.

The resources and strategy implemented for the collection of delinquent receivables or receivables in default are also adjusted in line with the type of customer segment and the difficulties encountered. The process of contract termination may also be speeded up if in the very short term there is a risk that the receivable might become impossible to recover.

2) Dealer risk management

The dealer credit risk prevention policy is aimed at ensuring that the cost-of-risk objectives set as part of the budget process for each country are achieved.

At the level of each individual subsidiary, the Dealer sector is monitored continuously and daily by means of short and long-term indicators, which identify very early on any business presenting a risk of partial or full non-recovery.
At the headquarters level, the Customer and Dealer Credit Risk Department compiles risk control procedures.

Customers identified as risky are classified and given delinquent, pre-alert or alert status and are then reviewed at risk committee meetings within the subsidiaries, which bring together local car manufacturer and RCI Banque managements connected with the network, to decide on action plans and precautionary measures to control risks.

2 CUSTOMER RISK

In 2011, the cost of risk on Customer financing reached 0.35% of average performing loans outstanding, a sharp decrease compared with the level of 0.59% recorded in 2010. The cost of risk was brought under control to this high degree as a result of action undertaken since 2009 in the areas of loan underwriting and debt collection, and the high quality of new lending since 2009.

In Germany, the cost of risk fell by 0.29% of average performing loans outstanding, thanks to the decrease in new defaults (good new lending linked to the scrappage scheme), to the slight improvement in LGD and to the strong recoveries made on charged-off receivables entrusted to external service providers.

In Spain, the cost of risk continued to fall, to 0.06% of average performing loans outstanding (compared to 0.62% in 2010), driven by the strong decrease in new defaults following the action introduced in 2009 to tighten up loan underwriting (strong improvement in the quality of the portfolio, especially with respect to recent new lending), and by the healthy performance of both amicable debt recovery and litigation processes.

In France, the cost of risk was 0.44% in 2011 compared to 0.55% in 2010. A fall in new defaults was seen for Diac, attributable to the high quality of recent new lending and to the effectiveness of the amiable recovery process. New defaults for Diac Location were less than 1% of outstandings, while LGD fell sharply from 22% to 17% due to a high level of reclassifications as performing loans.

In Brazil, in a high-growth market, the cost of risk came to 0.84% while in South Korea, it was 0.42%. These subsidiaries have efficient loan underwriting and debt collection tools, enabling them to maintain excellent control over the risk chain.

Doubtful loan amounts continued to fall in 2011, amounting to 3.6% of total receivables at the end of 2011 compared to 4.2% at year-end 2010. This €65m decrease in doubtful loan amounts is mainly attributable to Spain (-€23m), France (-€22m) and the United Kingdom (-€18m). The provisioning rate for doubtful outstandings remained steady at 82% at year-end 2011, with doubtful loan provisioning for Spain reaching 93% of doubtful outstandings.

RISKS (Credit risk)

3 DEALER RISK

RCI Banque maintained its policy of supporting car makers and their distribution networks by providing appropriate financing solutions. As such, managing inventories in cooperation with the car makers and ensuring appropriate levels thereof in relation to current market conditions remained a priority throughout 2011.

The cost of risk on Dealer financing amounted to -0.14% of average performing outstandings, in other words a €8.1m reversal of charge to reserve brought about by the improvement in the financial situation of dealerships. This improvement is a reflection of the healthy performance achieved by the Alliance's brands and dealers in 2011 in all countries where RCI Banque has Dealer financing operations.

Financial risks

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

The soundness of RCI Banque's balance sheet is especially underpinned by the control and management of market risks. Aggregate liquidity, interest rate, currency and counterparty risk is managed daily on a consolidated basis. Details of financial risks and their specific control system are described in the management report notes (see page 85 of the management report, Note 2 to the consolidated financial statements).

RISKS ON RESIDUAL VALUES

Breakdown of risk related to residual values

IN THOUSANDS EUROS	Residual values						Provision for residual values					
	2011	2010	2009	2008	2007	2006	2011	2010	2009	2008	2007	2006
Corporate segment:	**15,935**	**46,027**	**108,851**	**133,066**	**160,932**	**222,038**	**2,063**	**4,315**	**11,224**	**19,560**	**15,681**	**21,882**
France	22	24	40	70	158	883	22	24	40	70	158	476
European Union (excluding France)	15,913	46,003	108,811	132,996	160,774	221,155	2,041	4,291	11,184	19,490	15,523	21,406
Europe (excluding European Union)	-	-	-	-	-	-	-	-	-	-	-	-
Retail segment:	**396,633**	**273,012**	**188,280**	**189,225**	**279,993**	**201,813**	**1,517**	**379**	**589**	**1,468**	**1,917**	**1,460**
European Union (excluding France)	396,633	273,012	188,280	189,225	279,993	201,813	1,517	379	589	1,468	1,917	1,460
TOTAL RISK RELATED TO RESIDUAL VALUES	**412,567**	**319,039**	**297,131**	**322,291**	**440,925**	**423,851**	**3,579**	**4,695**	**11,812**	**21,028**	**17,598**	**23,342**

Risk related to residual values not carried by the RCI Banque group

IN MILLION EUROS	Residual values				
	2011	2010	2009	2008	2007
Corporate and Retail segments:					
Commitments received from the Renault Group	1,414	1,384	1,306	959	915
Commitments received from others (Dealer and Customer)	1,656	1,498	1,987	2,025	1,574
TOTAL RISK RELATED TO RESIDUAL VALUES	**3,070**	**2,882**	**3,293**	**2,984**	**2,489**

RISKS

Insurance

1 PROPERTY & CASUALTY, BUSINESS INTERRUPTION

RCI Banque's French companies are affiliated with the Renault Group's worldwide program of insurance against property damage and business interruptions. Self-insurance is a significant component of this program because deductibles are high for each type of coverage (€20,000 for property damage and three days of production for business interruptions). The self-insurance component entails a risk prevention policy:

- implementation of effective safety and security systems;
- staff training to heighten employees' awareness of their role in preventing damage to property;
- installation of back-up facilities to keep operations going, inasmuch as production by the group depends heavily on properly functioning IT systems.

The RCI Banque group's foreign affiliates negotiate insurance policies with local insurance companies, which are subject to monitoring by centralized functions to ensure that they are appropriate and adequately capture the risks to be covered.

2 CIVIL LIABILITY

Civil operating liability (company officer's liability for damages caused to third parties during the course of or when carrying out the company's business activities) of the French affiliates has been covered by the Renault Group's worldwide program of insurance since January 2010.

Only professional civil liability (damage resulting from mismanagement or non-compliance with a requirement or obligation stipulated in the contract signed with the customer) specific to the RCI Banque group's activities is still covered by particular insurance policies:

- a specific insurance policy covers the professional liability of the Diac Location affiliate as regards long-term rentals and vehicle fleet management services;
- a specific insurance policy covers the Diac and Diac Location affiliates for the financial consequences of the civil liability that may be incumbent upon them in their capacity as the owners or leasers of vehicles and automotive equipment, on account of the activities covered under the said policy, namely leasing, rental with purchase option and long-term rental. This is a secondary insurance policy intended to be called upon only in the event that the lessee is uninsured or inadequately insured;
- as regards insurance intermediation (insurance policies offered as an addition to financing and leasing products) RCI Banque and the Diac and Diac Location affiliates are insured by specific professional civil liability policies combined with a Financial Guarantee, in accordance with Articles L512-6, R512-14 and A512-4 of the French Insurance Code (Code des Assurances), a set of regulations resulting from the French Act of 15 December 2005 transposing the European Directive of 9 December 2002.

Regarding RCI Banque affiliates and branches outside France, insurance contracts covering civil operating liability and professional civil liability, including the insurance intermediary's professional liability, are negotiated with local insurers and comply with local regulations resulting from the transposition of the European Directive of 9 December 2002, or other.


%
$
9,3%

MANAGEMENT REPORT **2011**

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS
185, avenue Charles-de-Gaulle - BP 136
92524 Neuilly-sur-Seine Cedex
S.A. with share capital €1,723,040
Statutory Auditor
Member, Compagnie Régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche - 11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. with variable capital
Statutory Auditor
Member, Compagnie Régionale de Versailles

RCI BANQUE
Year ended December 31, 2011

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings, we hereby report to you, for the year ended December 31, 2011, 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, 2011 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

The accounting estimates used in the preparation of the consolidated financial statements as at December 31, 2011 were made in a context of uncertainty, arising as a result of the sovereign debt crisis of some eurozone countries (most notably in Greece). This crisis is accompanied by an economic and also a liquidity crisis resulting in a lack of visibility concerning economic prospects. These conditions are disclosed in note 4 to the consolidated financial statements. In that context and 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:

Accounting estimates

As disclosed in notes 2-D, 5-5, 5-6, 5-15 and 5-29 to the consolidated financial statements, your group sets aside allowances to cover the credit risks inherent to its business operations.

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, evaluate them and 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 the company 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 23, 2012.

THE STATUTORY AUDITORS

DELOITTE & ASSOCIÉS
Charlotte VANDEPUTTE

ERNST & YOUNG Audit
Micha MISSAKIAN

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

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

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

Consolidated income statement

IN MILLION EUROS	Notes	12/2011	12/2010
Interest and similar income	23	1,922	1,782
Interest expenses and similar charges	24	(934)	(816)
Fees and commission income		26	26
Fees and commission expenses		(8)	(7)
Net gains (losses) on financial instruments at fair value through profit or loss	25	1	(2)
Net gains (losses) on AFS securities and other financial assets	26	5	1
Net income (expense) of other activities	27	177	150
Net banking income		**1,189**	**1,134**
General operating expenses	28	(351)	(339)
Depreciation and impairment losses on tangible and intangible assets		(6)	(8)
Gross operating income		**832**	**787**
Cost of risk	29	(52)	(85)
Operating income		**780**	**702**
Share of net income of equity method companies	8	6	2
Gains less losses on non-current assets			
Pre-tax income		**786**	**704**
Income tax	30	(265)	(214)
Net income		**521**	**490**
Of which, non-controlling interests		28	23
Of which owners of the parent		493	467
NET INCOME PER SHARE (*) IN EUROS		**493.28**	**466.84**
DILUTED EARNINGS PER SHARE IN EUROS		**493.28**	**466.84**

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

Consolidated statement of comprehensive income

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

IN MILLION EUROS	SHARE CAPITAL (1)	ATTRIBUT. RESERVES (2)	CONSOLID. RESERVES	TRANSLATION ADJUST. (3)	UNREALIZED OR DEFERRED P&L (4)	NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	EQUITY-SHAREHOLDERS OF THE PARENT COMPANY	EQUITY-SHARE OF PART NON-CONTROLLING INTERESTS (5)	TOTAL CONSOLIDATED EQUITY
Equity at 31 December 2009	**100**	**714**	**1,286**	**(82)**	**(53)**	**316**	**2,281**	**3**	**2,284**
Appropriation of net income of previous year			316			(316)			
Equity at 1 January 2010	**100**	**714**	**1,602**	**(82)**	**(53)**		**2,281**	**3**	**2,284**
Change in value of financial instruments (CFH & AFS) recognized in equity					45		45		45
Actuarial differences on defined-benefit pension plans					1		1		1
Exchange differences				67			67		67
Net income for the year (before appropriation)						467	467	23	490
Total comprehensive income for the period				***67***	***46***	***467***	***580***	***23***	***603***
Effect of acquisitions, disposals and others			(1)				(1)	(1)	(2)
Dividend for the year			(400)				(400)	(6)	(406)
Repurchase commitment of non-controlling interests			(3)				(3)	(16)	(19)
Equity at 31 December 2010	**100**	**714**	**1,198**	**(15)**	**(7)**	**467**	**2,457**	**3**	**2,460**
Appropriation of net income of previous year			467			(467)			
Equity at 1 January 2011	**100**	**714**	**1,665**	**(15)**	**(7)**		**2,457**	**3**	**2,460**
Change in value of financial instruments (CFH & AFS) recognized in equity					4		4		4
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(26)			(26)		(26)
Net income for the year (before appropriation)						493	493	28	521
Total comprehensive income for the period				***(26)***	***3***	***493***	***470***	***28***	***498***
Effect of acquisitions, disposals and others								(1)	(1)
Effect of change in share capital								3	3
Dividend for the year			(350)				(350)	(13)	(363)
Repurchase commitment of non-controlling interests			(11)				(11)	(17)	(28)
Equity at 31 December 2011	**100**	**714**	**1,304**	**(41)**	**(4)**	**493**	**2,566**	**3**	**2,569**

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

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

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

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

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

Consolidated cash flow statement

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

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

CONSOLIDATED FINANCIAL STATEMENTS

1 APPROVAL OF FINANCIAL STATEMENTS – DISTRIBUTIONS

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

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

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

2 ACCOUNTING METHODS

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

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

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

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

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

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

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

A) Consolidation

Scope and methods of consolidation

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

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

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

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

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

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

Acquisition cost of shares and goodwill

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

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

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

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

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

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

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

Non-controlling interests

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

In accordance with the provisions set out in standard IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €192m at 31 December 2011, compared to €177m at 31 December 2010. This liability is measured initially at the present value of the estimated exercise price of the put options.

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

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

B) Presentation of the financial statements

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

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

C) Estimates and judgments

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

D) Loans and advances to customers and finance lease contracts

Measurement (excluding impairment) and presentation

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

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

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

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

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

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

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Identifying credit risk

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

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

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

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

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

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

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

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

Impairment

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

Customer lending

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

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

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

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

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

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

Dealer financing

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

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

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

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

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

Country risk

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

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

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

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

Rules for writing off loans

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

Impairment of residual values

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

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

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

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

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

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

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

E) Operating leases (IAS17)

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

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

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

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

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

Transactions between related parties are conducted following terms equivalent to those prevailing in the case of transactions

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subject to conditions of normal competition if these terms can be substantiated.

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

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

Sales support

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

Relations with the dealer network

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

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

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

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

Relations with the car makers

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

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

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

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

Securities held for trading purposes

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

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

Securities available for sale

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

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

H) Non-current assets (IAS16/IAS36)

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

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

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

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

I) Income taxes (IAS 12)

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

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

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

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

Overview of plans

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

■ Defined benefit plans

Charges are booked to provisions for these plans to cover:

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

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

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

■ Defined contribution plans

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

Valuation of liabilities for defined benefit plans

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

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

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

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

K) Translation of financial statements of foreign companies

The presentation currency used by the group is the euro.

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

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

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

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

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

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

L) Translation of foreign currency transactions

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

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

M) Financial liabilities (IAS 39)

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

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

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

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

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

N) Structured products and embedded derivatives (IAS 39)

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

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

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

O) Derivatives and hedge accounting (IAS 39)

Risks

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

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

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

Measurement

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

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

Fair value hedge

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

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

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

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

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

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

Cash flow hedge

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

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

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

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

Trading transactions

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

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

These transactions mainly include:

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

P) Information pertaining to counterparty risks on derivatives

Exposure relating to counterparty risk is monitored using two methods.

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

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

Overall monitoring with the "mark to market positive + add-on" method is also done.
It is based on the so-called "major risks" regulatory method. For current account cash deposits and surpluses, exposure is recognized on the basis of the nominal amount. For derivatives (rate and exchange), this is calculated as the sum of potential losses, calculated on the basis of the replacement value of contracts with the counterparty without compensation with potential gains, plus an "add-on" representing the potential future risk. This potential future risk is determined by French banking regulations (ministerial order of 20 February 2007 on capital adequacy requirements applicable to credit institutions and investment companies article 267-3) as follows:

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

Q) Operating segments (IFRS 8)

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

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

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

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

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

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

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R) Insurance

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

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

Technical liabilities on insurance contracts

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

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

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

Income statement

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

3 GROUP STRUCTURE

Changes in the scope of consolidation in 2011

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

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

Changes in the scope of consolidation in 2010

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

Foreign affiliates that do not have a tax agreement with France

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

4 ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

Liquidity

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

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

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

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

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

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

Credit business risk

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

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

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

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

Profitability

The credit margins observed on the markets as well as baseline swap rates have undergone significant changes. In such a volatile context, RCI Banque group responds very promptly and regularly revises the costs of internal liquidity used to price customer transactions, thereby maintaining a margin on new lending in line with budget targets.

Similarly, the pricing of financing granted to Dealers is indexed on an internal base rate reflecting the cost of the borrowed resources and liquidity cushions needed for business continuity. This method maintains a steady return for this business.

Governance

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

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

Exposure to credit risk (excluding business activity)

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

Refinancing

- In order to diversify its bank borrowings and limit total resources obtained from a single counterparty, the trading room has developed relations with a great number of banks and intermediaries, both in France and abroad.
- In order to diversify its sources of refinancing, in 2011 the RCI Banque launched:
  - an initial dollar issue totalling $1,250m,
  - an issue distribute to the general public of Benelux for €50m,
  - an initial public offering of 300 million BRL (Brazilian real),
  - an issue of 175 million CHF (Swiss francs),
  - 3 issues totalling 210 billion KRW (Korean won),
  - 4 issues totalling 262 million ARS (Argentinian pesos).
- Diversification in sources of funds also materialized in 2011 by two new conduit securitizations for approximately €950m, as well as a new public ABS backed by German car loans for €800m.

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Segment information

1.1 Segmentation by market

IN MILLION EUROS	Customer	Dealer financing	Other	TOTAL
12/2011				
Average performing loan outstandings	17,103	5,717		**22,820**
Net banking income	940	172	77	**1,189**
Gross operating income	664	137	31	**832**
Operating income	604	145	31	**780**
Pre-tax income	609	145	32	**786**
12/2010				
Average performing loan outstandings	15,913	5,068		**20,981**
Net banking income	859	165	110	**1,134**
Gross operating income	578	130	79	**787**
Operating income	484	139	79	**702**
Pre-tax income	487	139	78	**704**

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

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

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

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

1.2 Segmentation by geographic region

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

Note 2: Derivatives

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

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

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

Changes in the cash flow hedging instrument revaluation reserve

IN MILLION EUROS	Cash flow hedging	Schedule for the transfer of the CFH reserve account to the income statement		
		< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Balance at 31 December 2009	**(51)**	**(47)**	**(4)**	
Changes in fair value recognized in equity	(25)			
Transfer to income statement	71			
Balance at 31 December 2010	**(5)**	**(5)**		
Changes in fair value recognized in equity	(12)			
Transfer to income statement	15			
Balance at 31 December 2011	**(2)**	**2**	**(4)**	

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

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

Nominal values of derivative instruments by maturity and management intent

IN MILLION EUROS	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
12/2011 HEDGING OF CURRENCY RISK				
Forex transactions				
Currency loaned, not yet delivered				
Currency borrowed, not yet received	1			**1**
Forward forex contracts				
Sales	1,219			**1,219**
Purchases	1,224			**1,224**
Currency swaps				
Loans	492	1,022		**1,514**
Borrowings	506	972		**1,478**
12/2011 HEDGING OF INTEREST-RATE RISK				
Interest rate swaps				
Lender	3,878	6,969		**10,847**
Borrower	3,878	6,969		**10,847**

IN MILLION EUROS	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
12/2010 HEDGING OF CURRENCY RISK				
Forex transactions				
Currency loaned, not yet delivered				
Currency borrowed, not yet received	1			**1**
Forward forex contracts				
Sales	533			**533**
Purchases	524			**524**
Currency swaps				
Loans	578	529		**1,107**
Borrowings	602	541		**1,143**
12/2010 HEDGING OF INTEREST-RATE RISK				
Forward Rate Agreement (F.R.A)				
Sales (loans)				
Purchases (borrowings)	1,100			**1,100**
Interest rate swaps				
Lender	3,362	3,463	600	**7,425**
Borrower	3,362	3,463	600	**7,425**

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

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

IN MILLION EUROS	12/2011	12/2010
Financial assets available for sale	**36**	**16**
Government debt securities and similar	36	15
Bonds and other fixed income securities		1
Other financial assets	**29**	**9**
Interests in companies controlled but not consolidated	29	9
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE AND OTHER FINANCIAL ASSETS	**65**	**25**

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Note 4: Amounts receivable from credit institutions

IN MILLION EUROS	12/2011	12/2010
Credit balances in sight accounts at credit institutions	**875**	**809**
Ordinary accounts in debit	842	798
Overnight loans	32	10
Accrued interest	1	1
Term deposits at credit institutions	**72**	**183**
Term loans	70	182
Doubtful receivables	2	1
TOTAL AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS	**947**	**992**

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

Note 5: Customer finance transactions and similar

IN MILLION EUROS	12/2011	12/2010
Loans and advances to customers	**24,877**	**21,951**
Customer finance transactions	18,551	16,269
Finance lease transactions	6,326	5,682
Operating lease transactions	**59**	**72**
TOTAL CUSTOMER FINANCE TRANSACTIONS AND SIMILAR	**24,936**	**22,023**

5.1 Customer finance transactions

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

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

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

5.2 Finance lease transactions

IN MILLION EUROS	12/2011	12/2010
Finance lease transactions	**6,512**	**5,871**
Leasing and long-term rental	6,373	5,711
Doubtful and compromised receivables	139	160
Accrued interest on finance lease transactions	**9**	**9**
Leasing and long-term rental	5	4
Doubtful and compromised receivables	4	5
Total of items included in amortized cost - Finance leases	**(65)**	**(48)**
Staggered handling charges	(21)	(9)
Staggered contributions to sales incentives by manufacturer or dealers	(129)	(99)
Staggered fees paid for referral of business	85	60
Impairment on finance leases	**(130)**	**(150)**
Impairment on delinquent or at-risk receivables	(14)	(16)
Impairment on doubtful and compromised receivables	(109)	(126)
Impairment on residual value	(7)	(8)
TOTAL FINANCE LEASE TRANSACTIONS, NET	**6,326**	**5,682**

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

IN MILLION EUROS	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
12/2011				
Finance leases - net investment	3,231	3,218	7	**6,456**
Finance leases - future interest receivable	281	174		**455**
Finance leases - gross investment	**3,512**	**3,392**	**7**	**6,911**
Amount of residual value guaranteed to RCI Banque group	1,357	1,593	4	**2,954**
Of which amount guaranteed by related parties	*698*	*649*	*2*	***1,349***
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2,815	2,742	4	**5,561**
12/2010				
Finance leases - net investment	2,829	2,997	6	**5,832**
Finance leases - future interest receivable	236	157		**393**
Finance leases - gross investment	**3,065**	**3,154**	**6**	**6,225**
Amount of residual value guaranteed to RCI Banque group	1,273	1,522	5	**2,800**
Of which amount guaranteed by related parties	*665*	*694*	*1*	***1,360***
Minimum payments receivable under the lease (excluding amounts guaranteed by related parties, as required by IAS 17)	2,400	2,458	6	**4,864**

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5.3 Operating lease transactions

IN MILLION EUROS	12/2011	12/2010
Operating lease transactions	**65**	**80**
Non-current assets, net of security deposits	63	74
Doubtful non-current assets and Doubtful and compromised receivables	2	6
Impairment on operating leases	**(6)**	**(8)**
Impairment on doubtful and compromised lease contracts	(2)	(4)
Impairment on residual value	(4)	(4)
TOTAL OPERATING LEASE TRANSACTIONS, NET	**59**	**72**

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

IN MILLION EUROS	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
12/2011				
Operating leases – Gross investment	49	18	3	**70**
Residual value not guaranteed	14	2		**16**
Minimum payments receivable under the lease	36	15	3	**54**
12/2010				
Operating leases – Gross investment	64	23		**87**
Residual value not guaranteed	11	7		**18**
Minimum payments receivable under the lease	53	16		**69**

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

At 31 December 2011, the RCI Banque group's maximum aggregate exposure to credit risk stood at €28,486m. This exposure chiefly includes the net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group's off-balance sheet (see Note 21: Commitments received).

Amount of receivables due

IN MILLION EUROS	31/12/2011	OF WHICH NON-IMPAIRED(1)	31/12/2010	OF WHICH NON-IMPAIRED(1)
Receivables due	**661**	**17**	**723**	**21**
Between 0 and 90 days	82	17	93	21
Between 90 and 180 days	54		56	
Between 180 days and 1 year	33		45	
More than one year	492		529	

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

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

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

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

5.5 Residual values of risk carried by RCI Banque

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

Note 6: Customer finance transactions by business segment

IN MILLION EUROS	Customer	Dealer	Other	TOTAL
12/2011				
Gross value	**18,861**	**6,493**	**446**	**25,800**
Non-impaired receivables	18,202	6,244	445	24,891
Doubtful receivables	147	211		358
Compromised receivables	512	38	1	551
% of doubtful and compromised receivables	*3.49%*	*3.83%*	*0.22%*	*3.52%*
Impairment allowance on individual basis	**(600)**	**(188)**	**(1)**	**(789)**
Non-impaired receivables	(62)	(70)		(132)
Doubtful receivables	(86)	(81)		(167)
Compromised receivables	(452)	(37)	(1)	(490)
Impairment allowance on collective basis	**(33)**	**(42)**		**(75)**
Impairment	(15)	(34)		(49)
Country risk	(18)	(8)		(26)
NET VALUE (*)	**18,228**	**6,263**	**445**	**24,936**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*9*	*485*	*233*	*727*
12/2010				
Gross value	**17,503**	**5,171**	**298**	**22,972**
Non-impaired receivables	16,779	4,806	293	21,878
Doubtful receivables	164	316	3	483
Compromised receivables	560	49	2	611
% of doubtful and compromised receivables	*4.14%*	*7.06%*	*1.68%*	*4.76%*
Impairment allowance on individual basis	**(654)**	**(222)**	**(2)**	**(878)**
Non-impaired receivables	(61)	(63)		(124)
Doubtful receivables	(98)	(112)	(1)	(211)
Compromised receivables	(495)	(47)	(1)	(543)
Impairment allowance on collective basis	**(38)**	**(33)**		**(71)**
Impairment	(21)	(27)		(48)
Country risk	(17)	(6)		(23)
NET VALUE (*)	**16,811**	**4,916**	**296**	**22,023**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*15*	*520*	*106*	*641*

Business segment information is given in detail in note 1.

The "Other" category includes refinancing and holding activities.

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

Note 7: Adjustment accounts - Assets

IN MILLION EUROS	12/2011	12/2010
Tax receivables	**176**	**153**
Current tax assets	8	20
Deferred tax assets	82	85
Tax receivables other than on current income tax	86	48
Adjustment accounts and other assets	**342**	**320**
Other sundry debtors	145	108
Adjustment accounts - Assets	29	32
Other assets		1
Items received on collections	108	143
Reinsurer part in technical provisions	60	36
TOTAL ADJUSTMENT ACCOUNTS - ASSETS AND OTHER ASSETS (*)	**518**	**473**
(*) Of which related parties	*102*	*63*

Deferred tax assets are analyzed in note 30.

Changes in the part of reinsurance in the technical provisions

IN MILLION OF EUROS	12/2011	12/2010
Reinsurer part in technical provisions at the beginning of period	**36**	**15**
Increase of the technical provisions chargeable to reinsurers	26	22
Claims recovered from reinsurers	(2)	(1)
REINSURER PART IN TECHNICAL PROVISIONS AT THE END OF PERIOD	**60**	**36**

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Note 8: Interests in associates

IN MILLION EUROS	Share of net assets	Net income
12/2011		
Nissan Renault Finance Mexico (Customer financing)	36	6
TOTAL INTERESTS IN ASSOCIATES	**36**	**6**
12/2010		
Nissan Renault Finance Mexico (Customer financing)	34	2
TOTAL INTERESTS IN ASSOCIATES	**34**	**2**

Note 9: Tangible and intangible non-current assets

IN MILLION EUROS	12/2011	12/2010
Intangible assets: net	**2**	**2**
Gross value	29	29
Accumulated depreciation and impairment	(27)	(27)
Property, plant and equipment: net	**20**	**23**
Gross value	109	109
Accumulated depreciation and impairment	(89)	(86)
TOTAL TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS	**22**	**25**

Note 10: Goodwill

IN MILLION EUROS	12/2011	12/2010
Germany	12	12
United Kingdom	38	36
Italy	9	9
Argentina	7	8
South Korea	17	17
TOTAL GOODWILL FROM ACQUISITIONS BY COUNTRY	**83**	**82**

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

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

11.1 Liabilities by measurement method

IN MILLION EUROS	12/2011	12/2010
Liabilities measured at amortized cost	**17,505**	**17,574**
Amounts payable to credit institutions	3,963	3,938
Amounts payable to customers	718	656
Debt evidenced by certificates	12,824	12,980
Liabilities measured at fair value hedge	**5,158**	**2,313**
Amounts payable to credit institutions	170	169
Debt evidenced by certificates	4,988	2,144
TOTAL FINANCIAL DEBTS	**22,663**	**19,887**

11.2 Amounts payable to credit institutions

IN MILLION EUROS	12/2011	12/2010
Sight accounts payable to credit institutions	**150**	**164**
Ordinary accounts	80	65
Overnight borrowings		2
Other amounts owed	70	97
Term accounts payable to credit institutions	**3,983**	**3,943**
Term borrowings	3,879	3,899
Accrued interest	104	44
TOTAL LIABILITIES TO CREDIT INSTITUTIONS (*)	**4,133**	**4,107**
(*) Of which related parties		*99*

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

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

Moreover, the book value of the collateral presented to the Banque Centrale (3G) amounted to €2,601m at 31 December 2011, including €172m of private accounts receivable and €2,429m in collateralized security entity shares. The balance of the funding provided by the European Central Bank in exchange for assigned

accounts receivable amounts to €350m at 31 December 2011 (against €450m at 31 December 2010), now listed under the above heading "Term borrowings", in accordance with French Banking Federation (FBF) recommendations (previously listed under "Securities covered by repurchase agreements").

11.3 Amounts payable to customers

IN MILLION EUROS	12/2011	12/2010
Amounts payable to customers	**711**	**648**
Ordinary accounts in credit	94	95
Term accounts in credit	617	553
Other amounts payable to customers and accrued interest	**7**	**8**
Other amounts payable to customers	6	7
Accrued interest on ordinary accounts in credit	1	1
TOTAL LIABILITIES TO CUSTOMERS (*)	**718**	**656**
(*) Of which related parties[1]	*657*	*599*

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

11.4 Debt evidenced by certificates

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

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

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

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11.5 Breakdown of financial liabilities by rate type before derivatives

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

11.6 Breakdown of financial liabilities by maturity

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

Note 12: Securitization

IN MILLION EUROS	Securitization - public issues				
Ceding entity	**Diac S.A.**	**COGERA S.A.**	**RCI Banque Succursale Italiana**	**RCI Niederlassung**	
Country	France	France	Italy	Germany	
Start date	October 2006	April 2010	July 2007	July 2010	December 2011
Maximum term of fund	October 2020	October 2015	October 2023	April 2023	April 2023
Asset SPV	Cars Alliance Auto Loans France FCC	FCT Cars Alliance DFP France	Alliance Auto Loans Italy SPV Loi 130	Cars Alliance Auto Loans Germany FCT	
Initial purchase of receivables	2,323	1,235	1,402	1,793	
Kind of purchased receivables	Auto loans to customers	Receivables independent dealers	Auto loans to customers	Auto loans to customers	
Receivables purchased as at 31/12/11	1,830	1,545	1,239	1,925	
Credit enhancement as at 31/12/11	Cash reserve for 0.10% Over-collateralization of receivables 16.4%	Cash reserve for 1% Over-collateralization of receivables 13.6%	Over-collateralization of receivables 4.61%	Cash reserve for 1% Over-collateralization of receivables 15.8%	Cash reserve for 1% Over-collateralization of receivables 12.7%
Issuing SPV	Cars Alliance Auto Loans France FCC	FCT Cars Alliance DFP France	Cars Alliance Funding PLC Irlande	Cars Alliance Auto Loans Germany FCT	
Public issues Medium-term Notes in issue as at 31/12/11 (including any units held by the RCI Banque group)	Class A Rating AAA 337.6	Series 2010-1 Class A Rating AAA 750	Series 2007-1 Class A Rating AAA 288.7	Class A Rating AAA 679	Class A Rating AAA 800
	Class B Rating A 94.3	Series 2005-1 Class B Not rated 36.5	Series 2007-1 Class B Rating A 35.5	Class B Rating A 28	Class B Rating A 25.7
Listed private placement Short term Notes in issue as at 31/12/11	Class R Rating AAA 1,136.5	Series 2005-2 Class A Rating AAA 250		Class R Rating AAA 176.8	

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

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

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

In addition, and as part of its efforts to diversify its refinancing, certain transactions are secured by conduit:

- in 2011: €630m of dealer receivables in Germany,
- in 2011: €680m of customer leasing contracts in Germany,
- in 2011: £799.5m of customer receivables in the United Kingdom.

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

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

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Note 13: Adjustment accounts - Liabilities

IN MILLION EUROS	12/2011	12/2010
Taxes payable	**430**	**360**
Current tax liabilities	80	58
Deferred tax liabilities	317	275
Taxes payable other than on current income tax	33	27
Adjustment accounts and other amounts payable	**886**	**841**
Social security and employee-related liabilities	51	48
Other sundry creditors	665	625
Adjustment accounts - liabilities	155	151
Collection accounts	15	17
TOTAL ADJUSTMENT ACCOUNTS - LIABILITIES AND OTHER LIABILITIES (*)	**1,316**	**1,201**
(*) Of which related parties	*64*	*91*

Deferred tax assets are analyzed in note 30.

Note 14: Provisions

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

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

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

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

At year-end 2011, the provisions for restructuring mainly concern Germany, Spain, the United Kingdom and the Netherlands.

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

Changes in the insurance technical provisions

IN MILLION EUROS	12/2011	12/2010
Liabilities relative to insurance contracts in the beginning of period	**52**	**22**
Allowance for insurance technical provisions	56	31
Services paid	(3)	(1)
LIABILITIES RELATIVE TO INSURANCE CONTRACTS AT THE END OF PERIOD	**105**	**52**

Provisions for pension and other post-employment benefits

IN MILLION EUROS	12/2011	12/2010
France	23	22
Rest of the world	8	5
TOTAL PROVISIONS	**31**	**27**
Principal actuarial assumptions		
Retirement age	67 years	67 years
Salary increases	2.90%	2.90%
Financial discount rate	4.36%	4.16%
Starting rate	4.34%	4.49%

Changes in provisions during the year

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

(1) Of wich €0.5m in actuarial value of obligations resulting from effects of experience.

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

Amounts recognized in the income statement for pension obligations

IN MILLION EUROS	12/2011	12/2010
Cost of services rendered	2	2
Financial expense resulting from the discount rate	2	2
NET CHARGES	**4**	**4**

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Note 15: Impairments allowances to cover counterparty risk

IN MILLION EUROS	12/2010	Charge	Reversals		Other (*)	12/2011
			Used	Not used		
Impairments on banking operations	976	306	(243)	(150)	8	897
Customer finance transactions (on individual basis)	875	284	(243)	(132)	7	791
Customer finance transactions (on collective basis)	71	22		(18)		75
Securities transactions	30				1	31
Impairments on non-banking operations	8	1	(1)	(1)	1	8
Other impairment to cover counterparty risk	8	1	(1)	(1)	1	8
TOTAL PROVISIONS TO COVER COUNTERPARTY RISK	984	307	(244)	(151)	9	905

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

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

Note 16: Subordinated debt - Liabilities

IN MILLION EUROS	12/2011	12/2010
Liabilities measured at amortized cost	251	252
Subordinated debt	250	250
Accrued interest on subordinated debt	1	2
Hedged liabilities measured at fair value	10	11
Participating loan stock	10	11
TOTAL SUBORDINATED LIABILITIES	261	263

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

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

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

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

IN MILLION EUROS	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	TOTAL
12/2011					
Financial assets	7,658	8,413	10,095	92	26,258
Derivatives	18	70	222		310
Financial assets available for sale and other financial assets	7	5	25	28	65
Amounts receivable from credit institutions	944	2	1		947
Loans and advances to customers	6,672	8,314	9,830	61	24,877
Operating lease transactions	17	22	17	3	59
Financial liabilities	6,667	4,451	11,327	570	23,015
Derivatives	41	10	40		91
Amounts payable to credit institutions	2,251	655	1,217	10	4,133
Amounts payable to customers	162	6		550	718
Debt evidenced by certificates	4,212	3,780	9,820		17,812
Subordinated debt	1		250	10	261
12/2010					
Financial assets	6,826	7,114	9,137	44	23,121
Derivatives	12	30	39		81
Financial assets available for sale and other financial assets	2	2	12	9	25
Amounts receivable from credit institutions	984	8			992
Loans and advances to customers	5,807	7,041	9,068	35	21,951
Operating lease transactions	21	33	18		72
Financial liabilities	5,191	5,661	8,176	1,259	20,287
Derivatives	36	63	23	15	137
Amounts payable to credit institutions	2,212	640	1,252	3	4,107
Amounts payable to customers	103	3		550	656
Debt evidenced by certificates	2,840	4,954	6,650	680	15,124
Subordinated debt		1	251	11	263

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Note 18: Breakdown of future contractual cash flows by maturity

IN MILLION EUROS	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	TOTAL
12/2011					
Financial liabilities	6,639	4,925	12,491	580	**24,635**
Derivatives	98	114	225		**437**
Amounts payable to credit institutions	2,218	582	1,217	10	**4,027**
Amounts payable to customers	161	6		550	**717**
Debt evidenced by certificates	3,932	3,659	9,817		**17,408**
Subordinated liabilities			250	11	**261**
Future interest payable	230	564	982	9	**1,785**
Financing and guarantee commitments to customers	1,634				**1,634**
TOTAL BREAKDOWN OF FUTURE CONTRACTUAL CASH FLOWS BY MATURITY	**8,273**	**4,925**	**12,491**	**580**	**26,269**
12/2010					
Financial liabilities	5,353	5,771	8,759	1,256	**21,139**
Derivatives	83	92	112	3	**290**
Amounts payable to credit institutions	2,207	599	1,252	3	**4,061**
Amounts payable to customers	102	3		550	**655**
Debt evidenced by certificates	2,856	4,741	6,650	680	**14,927**
Subordinated liabilities			250	11	**261**
Future interest payable	105	336	495	9	**945**
Financing and guarantee commitments to customers	1,992				**1,992**
TOTAL BREAKDOWN OF FUTURE CONTRACTUAL CASH FLOWS BY MATURITY	**7,345**	**5,771**	**8,759**	**1,256**	**23,131**

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

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

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

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

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

19.1 Nature hierarchy breakdown

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

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

Assumptions and methods used

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

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

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

The main assumptions and valuation methods used are the following:

- **Financial assets**

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

- **Loans and advances to customers**

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

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

- **Financial liabilities**

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

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19.2 Level hierarchy breakdown (IFRS 7)

IN MILLION EUROS	Level 1	Level 2	Level 3	TOTAL 12/2011
Assets measured at fair value	36	310		**346**
Financial assets available for sale and other financial assets	36			36
Derivatives		310		310
Liabilities measured at fair value	10	91		**101**
Participating loan stock	10			10
Derivatives		91		91

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

- **Level 1:** measurements based on quoted prices on active markets for identical financial instruments;
- **Level 2:** measurements based on quoted prices on active markets for similar financial instruments or measurements for which all significant data are based on observable market data;
- **Level 3:** measurement techniques for which significant data are not based on observable market data.

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

Note 20: Commitments given

IN MILLION EUROS	12/2011	12/2010
Financing commitments	**1,626**	**1,981**
Commitments to customers	1,626	1,981
Guarantee commitments	**8**	**18**
Customer guarantees	8	18
Commitments on securities	**8**	**80**
Other securities to be delivered	8	80
TOTAL COMMITMENTS GIVEN (*)	**1,642**	**2,079**
(*) Of which related parties	*8*	*18*

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

Note 21: Commitments received

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

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

Guarantees and collateral

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

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

Note 22: Exposure to currency risk

IN MILLION EUROS	Balance sheet		Off balance sheet		Net position		
	Long position	Short position	Long position	Short position	TOTAL	Of which monetary	Of which structural
12/2011							
Position USD	1,005			(1,006)	**(1)**	(1)	
Position GBP		(394)	495		**101**		101
Position CHF		(33)	36		**3**		3
Position CZK		(3)	21		**18**		18
Position ARS	25				**25**		25
Position BRL	132				**132**		132
Position PLN		(62)	113		**51**		51
Position HUF		(1)	6		**5**		5
Position RON	2				**2**	2	
Position KRW	143				**143**		143
Position MAD	11				**11**		11
Position DKK		(24)	24				
Position TRY	19				**19**		19
Position SEK		(46)	46				
TOTAL EXPOSURE	**1,337**	**(563)**	**741**	**(1,006)**	**509**	**1**	**508**
12/2010							
Position USD		(57)	57				
Position GBP	465			(366)	**99**		99
Position JPY		(92)	92				
Position CHF	158			(154)	**4**		4
Position CZK	30			(10)	**20**		20
Position ARS	26				**26**		26
Position BRL	139				**139**		139
Position PLN	74			(16)	**58**		58
Position HUF	7				**7**		7
Position RON	1				**1**	1	
Position KRW	143				**143**		143
Position MAD	11				**11**		11
Position DKK	5			(5)			
Position SEK	37			(37)			
TOTAL EXPOSURE	**1,096**	**(149)**	**149**	**(588)**	**508**	**1**	**507**

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

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.

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Note 23: Interest and similar income

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

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

Note 24: Interest expenses and similar charges

IN MILLION EUROS	12/2011	12/2010
Transactions with credit institutions	(272)	(218)
Customer finance transactions	(10)	(6)
Operating lease transactions	(12)	(19)
Accrued interest due and payable on hedging instruments	(104)	(179)
Expenses/debt evidenced by certificates	(525)	(385)
Other interest and similar expenses	(11)	(9)
TOTAL INTEREST AND SIMILAR EXPENSES (*)	**(934)**	**(816)**
(*) Of which related parties	*(27)*	*(18)*

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

IN MILLION EUROS	12/2011	12/2010
Net gains (losses) on derivatives classified as transactions in trading securities	**1**	**(2)**
Net gains (losses) on forex transactions	(66)	112
Net gains (losses) on derivatives classified in trading securities	66	(113)
Net gains and losses on equity investments at fair value	2	(1)
Fair value hedges : change in value of hedging instruments	181	(7)
Fair value hedges : change in value of hedged items	(182)	7
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE	**1**	**(2)**

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

IN MILLION EUROS	12/2011	12/2010
Other financial assets	**5**	**1**
Dividends from non-consolidated holdings	5	1
TOTAL NET GAINS (LOSSES) ON FINANCIAL ASSETS AVAILABLE FOR SALE AND OTHER	**5**	**1**

Note 27: Net income (expense) of other activities

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

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

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

Net income of insurance activities

IN MILLION EUROS	12/2011	12/2010
Gross premiums written	91	42
Net charge of provisions for technical provisions	(54)	(30)
Claims paid	(3)	(1)
Claims recovered from reinsurers	2	1
Others reinsurance charges and incomes	4	5
TOTAL NET INCOME OF INSURANCE ACTIVITIES	**40**	**17**

Note 28: General operating expenses and personnel costs

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

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

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

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

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Note 29: Cost of risk by customer category

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

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

Note 30: Income tax

IN MILLION EUROS	12/2011	12/2010
Current tax expense	**(219)**	**(158)**
Current tax expense	(219)	(158)
Deferred taxes	**(46)**	**(56)**
Income (expense) of deferred taxes, gross	(46)	(56)
TOTAL INCOME TAX	**(265)**	**(214)**

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

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

Breakdown of net deferred taxes by major category

IN MILLION EUROS	12/2011	12/2010
Impairment	89	65
Provisions and other charges deductible when paid	11	18
Tax loss carryforwards	38	33
Other assets and liabilities	(25)	(27)
Lease transactions	(341)	(278)
Non-current assets	(1)	5
Impairment allowance on deferred tax assets	(6)	(6)
TOTAL NET DEFERRED TAX ASSET (LIABILITY)	**(235)**	**(190)**

Reconciliation of actual tax expense booked and theoretical tax charge

IN %	12/2011	12/2010
Statutory income tax rate - France	**36.10%**	**34.43%**
Differential in tax rates of french entities	0.71%	0.24%
Differential in tax rates of foreign entities	-3.23%	-4.06%
Change in impairment allowance on deferred tax assets and losses on tax loss carryforwards	-0.02%	0.00%
Effect of equity-accounted associates	-0.25%	-0.12%
Other impacts	0.37%	-0.09%
EFFECTIVE TAX RATE	**33.68%**	**30.40%**

Deferred tax expense recognized in the other comprehensive income

IN MILLION EUROS	Before tax	Tax	Net
2011 CHANGE IN EQUITY			
Unrealised P&L on cash flow hedge instruments	3		3
Actuarial differences	(1)		(1)
Exchange differences	(26)		(26)
Other unrealized or deferred P&L	1		1
2010 CHANGE IN EQUITY			
Unrealised P&L on cash flow hedge instruments	70	(24)	46
Actuarial differences	1		1
Exchange differences	67		67
Other unrealized or deferred P&L	(1)		(1)

CONSOLIDATED FINANCIAL STATEMENTS

6 COMPANIES AND FOREIGN BRANCHES INCLUDED IN THE SCOPE OF CONSOLIDATION

	Country	Direct interest of RCI Banque	Indirect interest of RCI Banque		%	
			%	Held by	2011	2010
PARENT COMPANY: RCI BANQUE S.A.						
Branches of RCI Banque S.A.						
RCI Banque S.A. Niederlassung Deutschland	Germany					
RCI Banque Sucursal Argentina	Argentina					
RCI Banque S.A. Niederlassung Osterreich*	Austria					
RCI Banque S.A. Sucursal España	Spain					
RCI Banque Sucursal Portugal	Portugal					
RCI Banque S.A. Bancna Podružnica Ljubljana	Slovenia					
RCI Banque Succursale Italiana	Italy					
RCI Banque Branch Ireland*	Ireland					
Renault Finance Nordic Bank filial till RCI Banque S.A. Frankrike	Sweden					
FULLY CONSOLIDATED COMPANIES						
RCI Versicherungs Service GmbH	Germany	100			100	100
Rombo Compania Financiera S.A.	Argentina	60			60	60
Courtage S.A.	Argentina	95			100	100
RCI Financial Services S.A.	Belgium	100			100	100
Renault AutoFin S.A.	Belgium	100			100	100
Administradora de Consorcio Renault do Brasil S/C Ltda.	Brazil	99.92	-		99.92	99.92
Companhia de Arrendamento Mercantil RCI do Brasil S.A.	Brazil	60.12			60.12	60.12
Companhia de Crédito, Financiamento e Investimento RCI do Brasil S.A.	Brazil	60.09			60.09	60.09
Corretora de Seguros RCI do Brasil S.A.	Brazil	100			100	100
RCI Financial Services Korea Co Ltd	South Korea	100			100	100
Overlease S.A.	Spain	100			100	100
Diac S.A.	France	100			100	100
Cogéra S.A.	France	-	94.81	Diac S.A.	94.81	94.81
Diac Location S.A.	France	-	100	Diac S.A.	100	100
Sogesma S.A.R.L.	France	-	100	Diac S.A.	100	100
Renault Acceptance Ltd	United Kingdom	100			100	100
RCI Financial Services Ltd	United Kingdom	84.59	15.41	Renault Acceptance Ltd	100	100
RCI zrt Hongrie	Hungary	100			100	100

	Country	Direct interest of RCI Banque	Indirect interest of RCI Banque		%	
			%	Held by	2011	2010
RCI Services Ltd	Malta	100			100	100
RCI Insurance Ltd	Malta		100	RCI Services Ltd	100	100
RCI Life Ltd	Malta		100	RCI Services Ltd	100	100
RCI Finance Maroc S.A.	Morocco	100			100	100
RCI Financial Services B.V.	Netherlands	100			100	100
Renault Credit Polska Sp. z.o.o.	Poland	100			100	100
RCI Bank Polska S.A.	Poland	100			100	100
RCI Gest Instituiçao Financiora de Credito S.A.	Portugal	100			100	100
RCI Gest Seguros - Mediadores de Seguros, Lda	Portugal	-	100	RCI GEST IFIC S.A.	100	100
RCI Finance CZ s.r.o..	Czech Rep.	100			100	100
RCI Broker De Asigurare S.R.L.	Romania		100	RCI Finantare Romania	100	100
RCI Finantare Romania S.R.L.	Romania	100			100	100
RCI Leasing Romania IFN S.A.	Romania	100			100	100
RCI Finance S.A.	Switzerland	100			100	100
SPV						
SPV Alliance Auto Loans - Italy	Italy		(see note 12)	RCI Banque Succursale Italiana		
FCT Cars Alliance Auto Loans Germany	Germany		(see note 12)	RCI Banque Niederlassung		
FCT Cars Alliance Auto Leases Germany	Germany			RCI Banque Niederlassung		
SPV DFP RHOMBUS S.A.	Germany			RCI Banque Niederlassung		
FCC Cars Alliance Auto Loans - France	France		(see note 12)	Diac S.A.		
FCT Cars Alliance DFP France	France		(see note 12)	Cogera S.A.		
SPV Cars Alliance UK	United Kingdom			RCI Financial Services Ltd		
PROPORTIONALLY CONSOLIDATED COMPANIES						
Renault Credit Car	Belgium		50.10	Renault AutoFin S.A.	50.10	50.10
RCI Financial Services s.r.o.	Czech Rep.	50			50	50
COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD						
Nissan Renault Finance Mexico S.A. de C.V. Sofom E.N.R.	Mexico	15			15	15

** Entities added to the scope in 2011.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Appendix 1: RCI Banque group operations

IN MILLION EUROS	Year	Net loans outstanding at end December	Of wihich Dealers at end December
Western Europe	2011 2010	20,065 18,430	5,117 4,308
of which Germany	2011 2010	3,852 3,595	958 755
of which Spain	2011 2010	1,717 1,821	409 342
of which France	2011 2010	8,869 8,151	2,239 1,932
of which United Kingdom	2011 2010	1,603 1,449	285 271
of which Italy	2011 2010	2,064 1,724	545 412
Brazil	2011 2010	2,058 1,232	756 313
South Korea	2011 2010	1,326 1,199	12 12
Rest of the world*	2011 2010	1,042 866	378 283
TOTAL RCI BANQUE GROUP	2011 2010	24,491 21,727	6,263 4,916

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

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

Appendix 2: Financial risks

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

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

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

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

MARKET RISK MANAGEMENT ORGANIZATION

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

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

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

Interest-rate risk (audited)

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

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

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

The sensitivity thus defined consists in measuring at a given point in time (t) the impact of a change in interest rates on the market price of flows relating to the commercial assets and financial liabilities of an entity.
The market price is determined by the discounted future cash flows at the market price at point t.
The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 bp of the interest rates on all maturities. The calculation is based on the active GAPs and average monthly liabilities.
The instalments of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modelling of historical customer behaviour patterns (advance repayment, etc.), supplemented by assumption on certain aggregates (owners' equity, etc.)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Sales financing subsidiaries

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

Refinancing subsidiary

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

The in-force business of the commercial refinancing subsidiaries is backed primarily by floating rate resources.

Thanks to macro-hedging operations in the form of interest rate swaps, the sensitivity of the refinancing holding company has been kept below the €20m threshold.

These swaps and the securities available for sale are measured at fair value by reserves in accordance with IFRS.

A uniform change in the yield curve of 1% applied to the valuation of these instruments would have an impact on consolidated reserves of €39.2m (before tax) at 31 December 2011.

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

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

Liquidity risk

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

Two indicators are monitored monthly by the finance committee:

The number of days' liquidity

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

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

The liquidity reserve

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

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

The foreign exchange risk

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

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

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

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

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

Credit risk

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

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

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

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

FINANCIAL SECURITY

Statutory auditors' report on the consolidated financial statements

DELOITTE & ASSOCIÉS
185, avenue Charles-de-Gaulle - BP 136
92524 Neuilly-sur-Seine Cedex
S.A. with share capital €1,723,040
Statutory Auditor
Member, Compagnie Régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche - 11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. with variable capital
Statutory Auditor
Member, Compagnie Régionale de Versailles

RCI BANQUE
Year ended December 31, 2011

Statutory auditors' report, prepared in accordance with article L 225-235 of the French commercial code (Code de commerce), on the report prepared by the Chairman of the Board of Directors of RCI Banque.

To the Shareholders,

In our capacity as statutory auditors of RCI Banque and in accordance with article L 225-235 of the French commercial code *(Code de commerce)*, we hereby report on the report prepared by the chairman of your company in accordance with article L 225-37 of the French commercial code *(Code de commerce)* for the year ended December 31, 2011.

It is the chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L 225-37 of the French commercial code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect to the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L 225-37 of the French commercial code *(Code de commerce)*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect to the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L 225-37 of the French commercial code *(Code de commerce)*.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L 225-37 of the French commercial code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, February 23, 2012.

THE STATUTORY AUDITORS

DELOITTE & ASSOCIES
Charlotte VANDEPUTTE

ERNST & YOUNG Audit
Micha MISSAKIAN

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Report of the Chairman of the Board

The RCI Banque group's internal control system is structured in accordance with French regulations on banking and finance (CRBF Regulation 97-02).

Its main purposes are to:

- preserve the capital and asset value of the Company,
- limit the effects of uncontrollable variations in business activity and anticipate their impact,
- ensure compliance with applicable laws and regulations,
- keep the governing bodies and the Board informed of risks, and the level at which they are mastered,
- generate fair and reliable accounting and financial information.

The system in place is aimed at reducing the probability of occurrence of the risks to which the company is exposed, through the implementation of appropriate action and prevention plans.

This report describes, in the following order:

- The general control and oversight environment at the RCI Banque group,
- The special-purpose organization that oversees the preparation of accounting and financial information.

It has been prepared by the divisions concerned (office of the corporate secretary and risk management functions, and the accounts-management control division) and was examined and approved by the Board of Directors during its meeting of 7 February 2012.

1 THE GENERAL CONTROL AND OVERSIGHT ENVIRONMENT AT THE RCI BANQUE GROUP

I.1 The general control environment

I.1.1 An appropriate organization

In 2010, the RCI Banque group adapted its organization in line with its aim of boosting its business action and transactions with its customers, and giving the support functions a more comprehensive role. This organization reinforces the system of oversight based on two structural principles, hierarchical and functional:

Hierarchical line

- The **Executive Committee,** as the body in charge of managing the RCI Banque group, directs the group's policy and strategy.
- The **Management Committees** implement the actions needed to meet the objectives set by the Executive Committee.

Functional line

The functional departments play the role of "technical parent" for the following purposes:

- establishing specific policies and rules of operation for IT systems, human resources, financial policy, credit risk management, etc;
- providing the operational departments with support and ensuring that established policies are implemented as they should be by those departments.

The group also has standardized mapping of all of the company's processes.

I.1.2 Budgeting / Forecasting / Reporting processes

Based on the objectives and directives set by senior management and on economic forecasts (macroeconomic indicators, exchange rates, refinancing rates, automobile manufacturer markets), each group entity prepares an annual budget that includes:

- a quantitative projection of its business and financial indicators,
- an action plan describing how it will fulfill its contribution to meeting objectives.

In addition to this procedure, every three years a plan is put together at each individual entity level and at group level. The group consolidates the input from the different entities, which enables it to check the financial results stemming from the plan for consistency with the profitability and balance sheet targets set by senior management, and to take corrective steps if necessary in the context of forecast updating three times a year.

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Budget development and organization of the forecast updating and reporting processes are based on rules and tools to ensure that management receives reliable, usable information broken down by business segment (Customers, Dealers) and by brand (Renault, Renault Samsung Motors, Dacia, Nissan and Infiniti).

I.1.3 Clearly defined responsibilities and delegation of power

A system of delegation of power has been put in place and helps to control deployment of group policies at the basic operational level. Areas of responsibility and delegated authority are determined by:

Definitions of functions

The organization of the group is set out in an official organization chart. Responsibilities are defined at each level of the organization, with the scope and limits of each individual's responsibilities defined in a job description.

Delegations of power

The decision-making process within the RCI Banque group is based on a system for delegating powers from the Chairman on down, to meet two objectives:

- facilitate empowerment and accountability of line personnel,
- ensure that commitments are made at the appropriate level.

The system sets precise boundaries by level on the scope of decisions that line personnel are authorized to make. It serves as a benchmark by which those conducting the second-level and third-level internal controls can subsequently verify proper application.

Channels for recommendations and approvals ensure that commitment and investment decisions are made at the appropriate level. The group has four decision-making forms: the IPM (Internal Procedure Memorandum), the DM (Decision Memorandum), the BAM (Business Approval Memorandum) and the IPC (Investment Project Contract).

The system includes a set of limits for financial and credit risks established with the approval of the Renault Group. These limits are set out in periodically updated Internal Procedure Memoranda.

I.1.4 Procedures and operating processes

EIn accordance with CRBF Regulation 97-02, the RCI Banque group has developed a general system of procedures. Affiliate and group procedures are based on a reference document (Procedure for Procedures). All group employees have access to the applicable procedures that concern them via a procedure viewing, management and updating tool.

The main business processes within RCI Banque (loan approval, collections and delinquencies, refinancing, system security, physical asset security, risk monitoring, accounting, etc.) are covered by procedures based in particular on the principles of delegation of power and segregation of duties.

The compliance control system consists of:

- a framework procedure for compliance control, adopted as a local procedure by each affiliate. This includes the definition of approval procedures for new products, the channels used to monitor regulatory developments, and the persons responsible for that monitoring. It has also integrated the risks of non-compliance into the operational risk management system, introduced a professional warning system and a framework procedure for the management of outsourced services;
- a compliance committee that meets each quarter, in line with the internal control committees and operational risk committees. During these meetings, the internal controller presents forthcoming regulatory changes, actions to be implemented and those that are in progress.

I.2 General oversight framework

RCI Banque has developed an internal control mechanism aimed firstly at listing and analyzing the main identifiable risks with respect to the company's objectives, and secondly, at ensuring the existence of procedures for managing such risks and monitoring corrective and preventive measures, so as to reduce the probability of risk occurrence.

I.2.1 Assessment tools

The RCI Banque group currently uses the following tools to evaluate its internal control system:

- **oversight and assessment** of the internal control system in the affiliates. Each internal controller is responsible for detailed objectives which are monitored by the permanent control department. Specific reporting is used to ensure that each system is properly implemented in the affiliate, and that available resources are used in accordance with the group's expectations. Affiliate and Group Internal Control Committees are given qualitative and quantitative feedback on achievements;
- **operational risk mapping,** which reveals how efficiently risk is being managed.

I.2.2 Internal Control Charter

The **Group Internal Control Committee** has approved the general framework of the RCI Banque internal control system, as set down in an **internal control charter**.

This charter, which establishes the model system that applies throughout the group, mainly covers:

- the general internal control oversight system,
- the systems used locally by subsidiaries and affiliates, branches and joint ventures,
- the specific systems used in different functional areas.

The RCI Banque group's overall internal control system comprises two types of control and three levels at which controls are applied:

PERMANENT CONTROL

✦ **First-level control:**

First-level controls consist of the self-monitoring procedures followed by each department and each geographical unit. These entities are responsible for applying existing procedures in their respective field of operations, and for performing all controls specified by those procedures. First-level control is primarily operational control and therefore performed by process owners who have been trained for this purpose within each affiliate. This first-level control covers the main risks.

✦ **Second-level control:**

The Permanent Control Department is responsible for oversight of second-level control, and the local internal controllers are responsible for implementation. Second-level control has specific systems overseen by a team independent of the operational units conducting ongoing controls to ensure that all transactions are proper and compliant.

THIRD-LEVEL (PERIODIC) CONTROL

Third-level control is performed by independent oversight bodies (supervisory authorities, independent auditors, etc,...), and by the RCI Banque group's audit and periodic control department, which implements the annual audit plan, controlling transaction compliance, compliance with procedures, the level of risk actually run, and the effectiveness and appropriateness of the permanent control system.

I.2.3 Action plan monitoring

A database centralizes all action plans adopted by the affiliates in response to the assessment of mapping, incident collection and the findings of second-or third-level controls. The software can link each control to macroprocesses and risk events in the operational risk map. Progress reports and indicators for audits and action plans are made available to line personnel and oversight functions, ensuring oversight and follow-through. Quarterly progress reports are sent to the Group Internal Control Committee.

I.2.4 Risk management

The risk functions, financial risks and credit risks, and the methods used to manage and control them, which follow the same organizational principles outlined above, are described in detail in the sections of the group's annual report dealing with "Risks".

The operational risk management system implemented by the RCI Banque group consists of the following three components:

- **"Operational risk mapping"**

This is used to identify major operational risks for periodic assessment and management purposes. Operational risk mapping is used in all consolidated affiliates of the RCI Banque group and is updated annually by the business line Managements.

- **"The incident database"**

This is used to gather data on operational risk incidents, introduce the requisite corrective and preventive action, and produce regulatory, oversight and management reports. The system sets the thresholds beyond which certain incidents must be reported to the Executive Committee, the deliberative body and to the prudential control authority.

- **"Key risk indicators"**

These are defined for the "Corporate and Retail Customer", "Dealer credit", "Refinancing", "Accounting" and "IT" processes.

I.2.5 Appropriate information systems in line with the group's objectives

RCI Banque applies the Renault Group's information system security policy, placing particular emphasis on administration of access to its applications, the protection of personal and sensitive data, and business continuity.

The RCI Banque group's business continuity plan ensures that it is able to continue providing the company's essential products and services in the event of a severe shock resulting from IT or telecommunication system outages, circumstances that render business premises unavailable, or events that deprive the group of a critical supplier's services. The back-up plan for the most vital functions, namely refinancing and other cash flows, is tested twice a year. A business continuity plan is in place in most RCI Banque affiliates, especially in countries where such plans are a regulatory requirement. The RCI Banque group's Business Continuity Plan is tested at least once a year in each affiliate.

Business Recovery Plans are operational on all local and deployed applications used in the RCI Banque group. They are tested at least once a year.

Under their contracts, Information System Users are required to comply with the rules governing use of RCI Banque's IT tools and system. RCI ensures that the same high degree of protection is maintained when developing new areas of business (electric vehicles, rollout to new geographical areas, etc.).

The IT operating resources of all countries are gradually being centralized on the "C2" (main centre) and "C3" (back-up centre) data centers, so that we can ensure the best possible protection and availability of our systems and applications. Germany and Spain joined this system this year.

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NAME	Position in the company	Date elected or re-elected	Current term expires	List of director's positions in other companies
Patrice CABRIER	Senior VP, Customer Operations & Information Systems	30/05/2006	05/2012	See notes to the Management Report
Bernard LOIRE		20/07/2011	05/2012	
Eric SPIELREIN	Corporate Secretary & Chief Risk Officer	26/11/2010	05/2012	
Philippe BUROS	Senior VP, Sales Operations	25/05/2009	05/2015	
Dominique THORMANN	Chairman & Chief Executive Officer	5/10/2009	05/2012	
Jérôme STOLL		25/05/2009	05/2015	
Farid ARACTINGI		20/06/2011	05/2012	
Stéphane STOUFFLET		25/03/2011	05/2015	

I.2.6 Internal control bodies

I.2.6.1 Board of Directors

The Board of Directors, a deliberative body, monitors and guides the Executive Committee to ensure that the internal control system is implemented.

In order to present and describe the working methods and decision-making processes of the governing bodies and the distribution of powers among them, information is presented on the following:

- composition of the Board of Directors, management procedures and scope of Senior Management powers,
- manner of preparation for Board meetings,
- the Board's activities during 2011.

I.2.6.1.1 Composition of the Board of Directors and Senior Management powers

I.2.6.1.1.1 Composition of the Board of Directors

The Board of Directors of RCI Banque S.A. consists of eight directors elected for terms of six years, except in the case of co-option.

At the time of writing this report, there were no women members on the Board of Directors. In accordance with Article L 225-37 of the *Code de Commerce* (French Commercial Code), this group of eight directors confirms that it has read and understood the French Act 2011-103 of 27 January 2011 pertaining to the balanced representation of men and women on management and supervisory boards and to professional equality. The provisions of this Act, and in particular those gradually establishing this gender balance, are under close study and will be complied with in accordance with the time frame set by the legislator.

Any remunerations and perquisites granted to officers and directors are determined at the Renault Group level and are not subject to any internal control procedures at RCI Banque.

The rules and principles applied to such remuneration at the group level are detailed in Renault's consolidated annual report.

The directors have been elected to the Board of Directors by virtue of their knowledge of the Company's activity and lines of business, their technical and general expertise and, in some cases, the experience acquired in performing their duties at the parent company and shareholder.

Each director owns at least one share, in accordance with the provisions of the by-laws.

Directors receive no compensation for serving on the Board.

Mrs. Isabelle LANDROT, VP Accounts and Management Control, and Mr. Jean-Marc SAUGIER, VP Finance and Group Treasurer, take part in meetings of the Board of Directors upon proposal by the Chairman and Chief Executive Officer.

I.2.6.1.1.2 Senior Management authority and scope of powers

In accordance with Article L 225-551-1 of *the Code de Commerce* (French Commercial Code), the Board of Directors, at its meeting on 24 July 2002, decided to concentrate the powers of the Chairman of the Board and the Chief Executive Officer. Mr. Philippe GAMBA thus occupied both positions until 5 October 2009. As from 5 October 2009, Mr. Dominique THORMANN, has occupied both positions.

It is noted that there are no limitations on the powers of the Chairman and Chief Executive Officer other than those dictated by law and the Company's interest. However, it is specified that the Board has applied a limitation to the authority of the Chief Executive Officer, who must secure the approval of the Board to purchase, sell or mortgage buildings. The Board has reserved these powers for itself.

I.2.6.1.2 Preparation of Board of Directors meetings

The Board meets as often as the interest of the Company requires, upon notice duly served adequately in advance by the secretary of the Board, who is appointed by the Chairman and Chief Executive Officer, and sent by ordinary letter in accordance with the provisions of the by-laws.

In accordance with Article L 823-17 of the *Code de commerce* (French Commercial Code), the Company's external auditors are summoned by registered letter to attend the Board meetings held to review and approve the year-end financial statements (in February) and to review the financial statements for the first half year (in July).

All technical documents and information required for the directors to fulfill their responsibilities are sent to them in compliance with the applicable provisions of the law and the Company's by-laws.

In accordance with those provisions, directors have the right to request and receive information on an ongoing basis.

I.2.6.1.3 Activity of the Board of Directors during 2011

The Board of Directors met five times in 2011.

On 3 February 2011, the Board met to review and approve the annual consolidated financial statements for 2010, to be submitted to the Annual General Meeting, and to hear reports on the financial transactions carried out during the year.

On 25 March 2011, the Board met to confirm the planned merger by absorption of the Austrian affiliate RCI BANK Gmbh. This plan was approved by the meeting of 20 May 2011, and the business taken over by the RCI Banque S.A. branch in Austria.

On 20 June 2011, the Board met to approve the delegation of powers to carry out financial transactions (renewal of a securitization transaction in Germany and new tranches of bond issues) and made an appointment to the group's Audit Committee, with a recap of the composition and role of that Committee.

On 20 July 2011, a meeting was held to approve the interim financial statements for the six months ended 30 June 2011, to examine the business report, to update financial reporting for year-end bond issues, to examine the report on internal control, and to confirm the planned merger by absorption of the RCI Bank Polska affiliate, whose operations in Poland will be taken over by a RCI Banque S.A. bank branch. This planned merger was approved subject to certain conditions being met (in particular, approval from the Polish banking authorities to open the banking branch) at the meeting of 30 September 2011.

On 15 November 2011, the Board met to report on financial transactions in 2011, review the markets and refinancing program, confirm the review of the liquidity system and, after a report on financial transactions completed in 2011, to approve with delegations of powers the transactions planned for 2012, including the renewal of securitization transactions in France and in Italy, and renewal of the USD2bn "Stand alone" issue.

At each of these meetings, at which the director attendance rate was 65% across the year, sales and operating results for each of the group's business segments were presented in detail. This information was part of the meeting package provided to all Board members.

As provided for by law, the Board of Directors also has a responsibility at each meeting to exercise ongoing control of the management of the Company. The Company's bylaws (Articles of Association) give the Board the power to authorize capital transactions, bond issues, the signature or termination of agreements with other undertakings that entail commitments affecting the Company's future, and major transactions likely to alter significantly the scope of operations or capital structure of the Company and the group it controls. The Board ensures that the strategy implemented by the group is consistent with its long-term strategic aims.

The Board of Directors also decides on changes of members of the Board, calls General Meetings of Shareholders including the Annual General Meeting that approves the financial statements, in accordance with the by-laws (Articles 27 to 33), and delegates powers.

Meetings of the Board of Directors are held at 13-15, Quai Le Gallo, 92512 Boulogne Billancourt, the head office of the parent company Renault s.a.s. and at 14, avenue du Pavé Neuf, 93168 Noisy-le-Grand Cedex, the head office of RCI Banque.

Minutes of Board of Directors' meetings are drawn up by the secretary of the Board for approval at the following meeting. They are then filed as corporate records and may be inspected by any director at the Company's head office.

I.2.6.2 The RCI Banque group's Audit and Account Committee

The RCI Banque group's Audit and Account Committee assists the Board of Directors in its oversight mission by monitoring the quality and general orientations of the group's internal control system. In particular, the Audit Committee validates the annual audit plan and the annual internal control report required by Article 38 of CRBF Regulation 97-02.

I.2.6.3 The RCI Banque group's Internal Control Committee

The RCI Banque group's Internal Control Committee, an executive body composed of all Executive Committee members, spearheads the internal control process. It regularly reports on the internal

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control situation to the Board of Directors, to the Audit and Account Committee, and in particular via the annual report prepared pursuant to CRBF Regulation 97-02, Articles 42 and 43, which is submitted to the supervisory authority. Each subsidiary has its own Internal Control Committee.

The RCI Banque group's Corporate Secretary, as a responsible officer, coordinates the permanent control systems and the risk functions.

I.2.6.3.1 Permanent control bodies

The Head of the Permanent Control Department, who reports to the Corporate Secretary, is responsible for ongoing control within the meaning of Article 6a of CRBF Regulation 97-02, as well as for compliance control within the meaning of Article 11 of the Decree of 31 March 2005 amending the CRBF Regulation.

The **Permanent Control Department (PCD)**, attached to the office of the Corporate Secretary & Risk Management Division, oversees the RCI Banque group's internal control system. The Permanent Control Methods department is in charge of organizing and leading the internal control system for the group as a whole.

For internal control oversight within RCI Banque group subsidiaries, the Permanent Control Department relies on local **internal controllers** who report to it functionally or, in the case of the French subsidiary, directly. The internal controllers at other subsidiaries report directly to the subsidiary's general manager. In all cases, the internal controllers' primary responsibilities within the subsidiary are to:

- lead and oversee deployment of the internal control system (chair of the subsidiary's internal control committee, procedure management, action plan follow-up);
- carry out the second-level controls;
- monitor and measure operational risks;
- detect and prevent internal fraud and money laundering;
- manage the local code of conduct system;
- ensure efficiency of the business continuity plan;
- manage the local compliance control system.

Similarly, the Permanent Control Department relies on designated oversight officers by function to watch over the internal control system within RCI Banque group divisions.

Lastly, process owners have been designated and made accountable for the accomplishment and updating of procedures and first-level controls.

Regulatory monitoring officers are responsible for monitoring, analyzing and reporting on any changes in regulatory requirements affecting RCI Banque, as part of the compliance control system implemented to ensure the company is properly managed.

Information system security correspondents have been appointed for each application area to oversee:

- administration of system access authorizations (procedures, user profiles and associated privileges);
- compliance with regulatory requirements relating to data used by the applications (personal and tax information);
- classification of applications, so as to determine requirements in terms of confidentiality and availability.

I.2.6.3.2 Periodic control bodies

The RCI Banque group's Audit and Periodic Control Officer, as defined in Article 6b of CRBF Regulation 97-02, reports to the Chairman and Chief Executive Officer and is independent of the permanent control function. The Renault Group's Internal Audit Department is mandated by RCI Banque and as such, performs audits either jointly or alone in the various subsidiaries and affiliates. It conducts these audits according to an annual audit plan approved by the Audit Committee. Audit findings are documented in written reports and recommendations sent to the Internal Control Committee and to the audit and accounts committee.

2 ORGANIZATION AND PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The RCI Banque group prepares consolidated financial statements using a single consolidation tool and a set of consolidation entries common to all entities. The consolidation tool generates accounting and management reports from a single stream reporting system, thereby ensuring data consistency between the financial statements and the various in-house performance indicators.

II.1 Preparation of financial statements

The consolidating entity, RCI Banque, defines, manages and supervises the preparation of accounting and financial information. Responsibility for preparing single-entity financial statements and accounts restated for consolidation purposes lies with each subsidiary's administrative and financial directors, acting under the authority of the subsidiary's chairman and chief executive officer.

The following general policies govern financial statement preparation at all levels within the group:

- all transactions must be accounted for and reconciled;
- transactions must conform to the accounting policies that govern the entire group. A set of reference documents disseminated to all group entities establishes measurement and presentation standards as well as charts of account. These standards help to ensure consistency in the financial information that management receives;

- assets, liabilities and off-balance sheet items (receivables, borrowings, derivatives, cash and equivalents, etc.) are periodically reviewed to reconcile the accounts with the group's operational, account validation and inventory systems. In addition, the group's internal control and operational risk management organization described above (see § 1.2.1 to § 1.2.4) applies to the process of preparing accounting and financial information.

UA group procedure sets out the principles for account validation throughout the RCI Banque group. This procedure applies to the single-entity statements and group statements of RCI Banque group entities and thus helps to control the risks related to the organization of accounting and the processing of information.

Effective linking of financial reporting to the group's operational systems is the keystone of the organizational scheme for preparing accounting and financial information. The group must rely on powerful, controlled information systems that can cope with the large volume of data to be processed, process that data to the requisite quality standard, and meet the short 4-day deadlines for financial reporting.

II.2 Information systems and organization

II.2.1 Use of an integrated software package

For accounting, the RCI Banque group has chosen to implement a widely recognized software application (Enterprise Resource Planning, or E.R.P.). This highly structured, integrated application enables the group to implement its own internal control policies and ensure data consistency and reliability. In particular, the ability to define and monitor user profiles helps in complying with rules governing separation of responsibilities.

This software package, combined with a group-wide accounting interpretation tool, has been designed to incorporate the specific features of the group's various activities through the use of different modules.

Reliability of financial and accounting information is ensured mainly by controlling and standardizing the basic transactions processed by the operational systems, following group guidelines. These basic transactions feed data through interfaces to the group-wide accounting interpretation tool, which in turn sends the accounting translation of management events or inventory data to the ERP system.

The ongoing deployment of the ERP financial and accounting modules across group entities has been carefully planned.

For entities in which deployment is effective, control over accounting output is reinforced by the centralized maintenance of the accounting system (accounting interpretation tool and ERP) by a team of functional and technical experts.

II.2.2 Operational systems and control

Initial controls are performed via the major operational systems used for financing, service and refinancing transactions under the responsibility of the main lines of business (approval, collections/delinquencies, services, refinancing). Each of the tools used for approval, finance and service contract management, customer and supplier relationship management, administration of refinancing, purchase order follow-up, and human resources management entails its own specific control approach. These form part of the operational procedures used to manage physical and financial transactions, in compliance with group procedures for authorization and delegation of powers.

The financial and accounting teams play close attention to transfers of transaction data between the accounting systems and non-integrated operational systems.

For example, at the group level:

- account balances and movements are cross-checked against stock and flow data to ensure that data in the financing, services, receivables and payables management systems are consistent, and any discrepancies are analyzed and monitored;
- invoices are checked against purchase orders and investments recognized on the books to ensure consistency with the purchasing and capital expenditure tracking systems.

Accounts are kept in accordance with group-wide standards, with a single operational accounting plan (group-wide accounting plan enhanced to meet country-specific requirements). However, accounting operations in keeping with local standards are possible, allowing financial statements to be prepared in accordance with both group standards and local standards.

All financial data required to produce the RCI Banque group's consolidated financial statements is collected and managed by a single tool. The control process built into this tool and its maintenance, which is performed by a dedicated unit, ensure that affiliate data is accurate and consistent.

II.2.3 Roles of accounting and management teams

The accounting units of the affiliates assisted by the centralized support functions analyze the accounts and explain changes in financial data from one accounting period to the next, working in conjunction with the local and central management controllers, who analyze performance in comparison with budget and revised forecast data. If the analysis of budget or forecast variances or any other verification procedure reveals shortcomings in the quality of data emanating from the associated accounting or operational system, action plans are implemented with the active involvement of line personnel and the finance function to eliminate the root causes of the anomalies.

II.2.4 Role of the group accounting control unit

To complement this existing process (internal control, RCI Banque's Audit, Statutory Auditors, etc.) with a view to enhancing the ongoing reliability of financial information, the group accounting control unit conducts audits to assess the

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quality of internal control of accounting. The objective is for the unit to control almost all consolidated affiliates' books on a regular basis. This system helps to promote knowledge of the group's accounting principles and improve implementation thereof.

II.2.5 Management of the accounting function

The person appointed to spearhead the accounting function verifies the conditions under which the accounts are prepared and supported, through information provided by indicators included in the group account validation procedure. These indicators are filled in by each affiliate's financial officer four times a year.

Each year, the Finance Departments of the different entities assess their accounting and financial risk control mechanisms in relation to the group's management policy. This assessment is part of the RCI Banque group's overall risk assessment process (see I.2.1).

All information arriving from the affiliates is analyzed and controlled at the central level.

Progress made on action plans (related to accounting control) and on rectifying any shortcomings observed in accounting risk control systems is monitored.

II.2.6 Publication of financial statements

The RCI Banque group publishes financial information for the six months ended 30 June and for the full year ended 31 December. In anticipation of these statements, pre-closings are performed twice a year, at 31 May for the June statement and at 31 October for the December statement. Management (mainly Financial) then holds wrap-up meetings with the external auditors.

The RCI Banque group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) guidelines published by the International Accounting Standards Board (IASB) for which a rule requiring adoption has appeared in the Official Journal of the European Union by the statement closing date.

GENERAL INFORMATION

2011

1 GENERAL INFORMATION ABOUT THE COMPANY

A) General presentation

Name and registered office

Registered name: RCI Banque. At the Extraordinary General Meeting held on 13 November 2001, the name of the Company was changed from Renault Crédit International S.A. Banque to RCI Banque S.A.

Nationality: French

Registered office: 14, avenue du Pavé Neuf
93168 Noisy-le-Grand Cedex
Tel.: +33 1 49 32 80 00

Legal form

Société anonyme (a public limited company under French law) registered at the Paris Commercial Court on 4 June 1974, upon instrument notarized on 9 April 1974 and approved at the Ordinary General Meeting of 28 May 1975.

Governing law

The Company is governed by the provisions of the *Code de Commerce* (French Commercial Code). On 7 March 1991, RCI Banque received approval from the *Banque de France* to make the requisite changes in its articles and by-laws allowing it to become a bank. Since that date, RCI Banque has been subject to all the laws and regulations applicable to credit institutions, in particular the provisions of the French's Act 84-46 of 24 January 1984, incorporated into the *Code Monétaire et Financier* (French Monetary and Financial Code).

Date created and term

The Company was created on 9 April 1974. It began operating on 21 August 1974, for a term of 99 years, i.e. until August 2073.

Corporate purpose

The main purpose of RCI Banque is to engage in credit and banking operations of all kinds, in France and abroad, directly or indirectly, on its own behalf or on behalf of third parties, for the purposes of:

- financing the acquisition of goods or services or for other purpose; in particular, long-term credit transactions as well as issuance or management of payment systems in connection with such transactions;
- conducting studies of all kinds relating to the formation, expansion and transformation of industrial, commercial, financial and service undertakings;
- conducting full or partial studies, and engaging in consulting and negotiating activities in economic, financial, commercial and managerial areas;
- conducting research on designing and improving managerial, organizational and financial systems;
- carrying out projects resulting from the aforementioned studies, or contributing to the execution thereof by any appropriate means, including taking equity interests in existing or new entities;
- financing business entities, in particular by acquiring holdings of their equity or debt securities, using the Company's own funds or borrowed funds;
- providing investment services as defined by the French Financial Activities Modernization Act (96-597) of 2 July 1996;
- managing the portfolio of securities resulting from these activities, in particular by carrying out all purchase, sale, exchange and transfer transactions in securities of all kinds;
- doing business as an insurance intermediary within the meaning of the French law of 15 December 2005 transposing the European Directive of 9 December 2002, acting as agent, commissioner or broker;
- more generally, carrying out any industrial, commercial, financial or property transactions directly or indirectly related to the corporate purpose or to any similar or connected purposes useful to, or facilitating the realization and development of that purpose.

Registration and identification number

The Company is registered with the Bobigny Register of Companies under number 306 523 358, APE code 6419Z (business activity code), Siret: 306 523 358 00068.

Access to legal documents

Legal documents pertaining to the issuer may be consulted at the Company's registered office.

Financial year

The Company's financial year starts on 1 January and ends on 31 December of each calendar year.

B) Special by-law provisions

Statutory allocation of earnings

Net income consists of net revenues for the year, less overhead costs and other corporate expenses and after depreciation, amortization and impairment allowances. At least five percent of net income less any prior-year losses is appropriated to fund the legal reserve. Once the amount of the legal reserve is equal to one-tenth of the share capital, this appropriate is no longer mandatory. It is resumed in the event that the legal reserve falls below one tenth of the share capital for any reason. Distributable income consists of the current year's income less prior-year losses and amounts appropriated to the legal reserve in accordance with the foregoing paragraph and any other transfers required by applicable law, plus unallocated retained earnings brought forward from previous years. The Ordinary General Meeting may decide to distribute a dividend from this income. Any such dividend is to be paid first out of the year's distributable income. From the available surplus, the Ordinary General Meeting may appropriate any amounts it deems appropriate either to retained

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earnings to be carried over to the following year, or to one or more general or special reserve accounts, to be allocated or used as it sees fit.

General Meetings (Articles 27 to 33 of the by-laws)

Types of General Meeting

Each year, the shareholders convene in an Annual General Meeting, which must be held within five months of the end of the financial year. In addition, the shareholders may hold Ordinary General Meetings that meet on an extraordinary basis, or Extraordinary General Meetings when their purpose is to amend the by-laws, except as otherwise provided for by law, may also be held. The General Meeting, duly constituted, represents all shareholders. Its decisions, taken in accordance with law and the Company's by-laws, are binding on all shareholders, even those who are absent, incapable of attending or in disagreement. Shares held in treasury by the Company are not counted when calculating the quorum for the various meetings. Two members of the works council, appointed by that council, one representing engineers and managerial staff and the other representing support staff, may attend general meetings. The Board of Directors may decide that shareholders will be able to take part in and vote at general meetings by videoconference or any other means of telecommunication that permits them to be identified as required by law.

Notice of meetings

The Board of Directors calls the shareholders to General Meetings by means of a notice indicating the date, time and place of meeting. General Meetings may also be convened by:

1 • the Statutory Auditors;

2• a representative appointed by order of the presiding judge of a French commercial court ruling in summary proceedings at the petition either of any interested party, or of one or more shareholders who together own at least 5% of the share capital;

3• the receivers.

Quorum – Majority

Ordinary and Extraordinary General Meetings are subject to the quorum and majority requirements prescribed by law and exercise the powers allocated to them by law.

Composition of meetings

All shareholders, regardless of the number of shares they own, may attend general meetings, participate in the proceedings and vote. Owners of registered shares who have requested that such shares be duly recorded in the Company register at least five days before the meeting are admitted upon presentation of identification. Shareholders may be represented by another shareholder, or by their spouse. Proxies prepared in accordance with the law must be received at the registered office at least five days before the date of the meeting. All shareholders, regardless of the number of shares they own, may attend Extraordinary Meetings, take part in the proceedings and vote. The right to vote in Ordinary General Meetings belongs to the beneficial owner of the shares to which the right is attached; the right to vote in Extraordinary General Meetings belongs to the named legal owner. When a general meeting has been called, the Company shall, at its own expense, deliver or send a mail ballot and attachments thereto, to any shareholder who so requests by registered mail (return receipt requested). The Company must honor any request received by its registered office no later than six days before the date of the meeting. The mail ballot must include certain information as stipulated by Articles R225-76 et seq. of the *Code du Commerce* (French Commercial Code). It must clearly notify the shareholder that abstention from voting or failure to indicate voting instructions on any item shown on the form will be treated as a vote against the proposed resolution. The form may be included in the same document as the proxy form, if applicable. In this event, the applicable provisions are those of Article R225-78 of the *Code du Commerce* (French Commercial Code). The documents stipulated by the aforementioned Article R225-76 must be attached to the mail ballot. A mail ballot sent to the Company for a given General Meeting is also valid for any subsequent meetings convened to address the same agenda. Mail ballots must be received by the Company at least three days before the date of the meeting. If a proxy is returned with a mail ballot, the proxy is taken into consideration subject to the votes indicated in the mail ballot.

Meeting officers - Attendance sheet

The General Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman, if one has been named, or by a director appointed by the board. If the meeting has been convened by the Statutory Auditors, by a court-appointed representative or by the receivers, one of their number chairs the meeting. The votes are counted by the two largest shareholders, either acting on their own behalf or as representatives, or, if they decline, by the next largest shareholders, and so on, until this responsibility is accepted. These officers appoint the secretary of the meeting, who need not be a member of the meeting. An attendance sheet containing all information required by law and regulation is drawn up at shareholders' meetings. The meeting's officers may attach to the attendance sheet all proxy or mail ballots showing the last name, usual first name and address of each shareholder represented or casting a mail ballot, the number of shares that he or she owns, and the number of votes attached to those shares. In this case, the meeting's officers shall indicate the number of proxies and mail ballots attached to the attendance sheet, together with the number of shares and voting rights associated with such proxies and mail ballots. Proxies and mail ballots shall be submitted at the same time and under the same conditions as the attendance sheet. The accuracy of the attendance sheet, duly initialed by the shareholders in attendance and by shareholders' representatives, is certified by the meeting's officers. The responsibilities of the officers relate exclusively to the holding of the meeting and proper conduct thereof; their decisions are always provisional and remain subject to a vote by the meeting itself. Any interested party may initiate such a vote.

Agenda

The meeting's agenda is established by the Board of Directors or by the person who convenes the General Meeting. However, under the conditions prescribed by law, one or more shareholders may request that certain draft resolutions not concerning the presentation of candidates for the Board of Directors be included on the agenda.

Minutes

The proceedings of general meetings are recorded in minutes that are entered in a special numbered and initialed register and signed by the meeting's officers. The minutes may be drawn up on sequentially numbered, initialed loose-leaf sheets. Copies or extracts of the minutes to be provided for legal or other purposes are duly certified either by the Chairman of the Board of Directors or by a director serving as chief executive or by the meeting's secretary. Such copies or extracts are valid with respect to third parties provided only that the signatures thereon are valid.

2 GENERAL INFORMATION ABOUT THE SHARE CAPITAL

A) General presentation

Share capital

The share capital, which was initially 2,000,000 French francs, was subsequently altered by capital increases and by conversion into euros. Following these changes, the share capital has stood at €100,000,000 since 22 November 2000. It is divided into 1,000,000 fully paid shares of €100 each.

Authorizations to increase the share capital

Not applicable.

Securities not evidencing ownership of capital

Not applicable.

Convertible bonds and other securities giving access to equity

IN MILLION EUROS	2011	2010	2009	2008	2007	2006
Share Capital	100	100	100	100	100	100

- Increase in share capital to €100,000,000: resolution adopted by the Board of Directors on 22 November 2000.
- Change of name to RCI Banque: resolution adopted by the General Meeting of 13 November 2001.

B) Current ownership of share capital and voting rights

Shareholders

At 31 December 2011, Renault s.a.s. owned all of the Company's share capital apart from the eight shares owned by the Directors.

Changes in share capital ownership over the past three years

On 20 June 2003, the principal shareholder, Compagnie Financière Renault, was merged with and into Renault s.a.s.

Individuals or legal entities that exercise or may exercise control over RCI Banque

Renault s.a.s. owns 99.99% of RCI Banque.

Organization – Issuer's position within a group

The Renault Group consists of two separate and distinct branches:

- the automobile branch;
- the sales financing branch composed of the RCI Banque group. Through its status as a bank, its independent access to financial markets and its inclusion in Renault's marketing policy, RCI Banque offers a competitive range of automobile financing products and related services to Renault Group brand dealership networks worldwide and to Nissan brand dealership networks in Europe. The organization of the RCI Banque group is described on the back cover of this document.

C) Markets for issuer's securities

The Company's shares are not listed on any stock exchanges.

Securities listings

Publicly traded debt securities of the RCI Banque group are listed on the Luxembourg and Paris stock exchanges.

3 LEGAL RISK

In the past twelve months, RCI Banque has not been the subject of any court proceedings or any kind of governmental, legal or arbitration procedure. From the date when its audited financial statements were verified and published to the time of writing this document, RCI Banque has not become aware of any risk, proposed proceedings or arbitration that could have or would have had a significant effect on it or its group's financial position or profitability.

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4 BOARD OF DIRECTORS-EXECUTIVE BODIES

Board of Directors, December 2011

NAME OF DIRECTOR	Term from	Term expires	Number of shares	% of share capital
Dominique THORMANN	05/10/2009	05/2012	1	0.01%
Philippe BUROS	25/05/2009	05/2015	1	
Jérome STOLL	25/05/2009	05/2015	1	
Patrice CABRIER	30/05/2006	05/2012	1	
Farid ARACTINGI	20/06/2011	05/2012	1	
Eric SPIELREIN	26/11/2010	05/2012	1	
Bernard LOIRE	20/07/2011	05/2012	1	
Stéphane STOUFFLET	25/03/2011	05/2015	1	
RENAULT s.a.s.			**999,992**	**99.99%**

The Board of Directors met five times in 2011. At this time:

- There are no conflicts of interest between the duties of members of the governing and executive bodies and their private interests with regard to the RCI Banque group;
- There are no service contracts binding any member of the Board of Directors to RCI Banque or any of its affiliates and providing for rewards to be granted at the end of the contract;
- Independently of the regulated agreements, there are no arrangements or agreements with principal shareholders, customers, suppliers or others under which any member of the Board of Directors has been selected.

5 COMPENSATION PAID TO OFFICERS AND DIRECTORS

For 2011, compensation paid by the RCI Banque group to members of the governing and executive bodies totaled €1,615,500 compared with €1,243,406 in 2010.

The aggregate amount of compensation paid to the ten highest-paid individuals, determined by the Company, totaled €2,289,738, compared with €1,720,558 in 2010. As required by law, in particular Article L 225-102-1 of the *Code de commerce* (French Commercial Code) relating to the disclosure of compensation paid to officers and directors, and in view of the functions that the latter exercise within the controlling company, RCI Banque hereby states that no remuneration or perquisites of any kind (with the exception of a company vehicle for two of those officers) have been provided by the Company or its affiliates to any of its officers or directors during the past year, and that the remuneration and perquisites granted to those officers and directors by the controlling company are disclosed when they also serve as officers or directors of that company.

6 EMPLOYEE PROFIT-SHARING SCHEME

In accordance with Articles L 442-1 et seq. of the *Code du travail* (French Labor Code), a new profit-sharing agreement was signed on 2 June 2003. Profit-sharing is allocated to all group employees in proportion to the gross salary received by each eligible individual during the relevant year, up to the limits set by law. Each beneficiary may choose to allocate this amount:

- either to a current account in his or her name on the Company's books, or
- to units in a unit trust. The RCI Banque group does not have a stock option plan for its employees, officers and directors.

	2011	2010	2009	2008	2007
Profit-sharing allocation	€7.2m	€6.8m	€6.8m	€7.2m	€6.2m
Number of beneficiaries	1,418	1,376	1,397	1,464	1,498

7 FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

IN THOUSANDS EUROS	Network CAC ERNST&YOUNG				Network DELOITTE TOUCHE TOHMATSU				Network OTHER AUDITORS			
	2011		2010		2011		2010		2011		2010	
	Ex-Vat	%	Ex-Vat	%	Ex-Vat	%	Ex-Vat	%	Ex-Vat	%	Ex-Vat	%
1- AUDIT FEES												
1.1 Statutory auditing, certifications, examination of the single-company and consolidated financial statements	875	100%	873	100%	1,394	99%	1,415	100%	0	0%	0	0%
1.2 Other audit and audit-related engagements	0	0%	0	0%	9	1%	6	0%	0	0%	0	0%
TOTAL AUDIT FEES	**875**	**100%**	**873**	**100%**	**1,403**	**100%**	**1,421**	**100%**	**0**	**0%**	**0**	**0%**
2- OTHER SERVICES												
2.1 Legal, tax and employment matters	0	0%	0	0%	0	0%	0	0%	0	0%	2	100%
2.2 Information systems	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
2.3 Other (inventory checks, etc.)	2	100%	0	0%	7	100%	0	0%	0	0%	0	0%
TOTAL FEES FOR OTHER SERVICES	**2**	**100%**	**0**	**0%**	**7**	**100%**	**0**	**0%**	**0**	**0%**	**2**	**100%**
GRAND TOTAL	**877**		**873**		**1,410**		**1,421**		**0**		**2**	

GENERAL INFORMATION

8 EXTERNAL AUDITORS

DELOITTE & ASSOCIÉS

185, avenue Charles-de-Gaulle, BP 136
92200 Neuilly-sur-Seine Cedex
S.A. with share capital of €1,723,040

Statutory Auditor
Member, Compagnie régionale de Versailles

Term of office: six years
Term expires: Accounting exercise 2013
Represented at 31 December 2011 by Charlotte Vandeputte

ERNST & YOUNG AUDIT

Faubourg de l'Arche - 11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. with variable capital

Statutory Auditor
Member, Compagnie régionale de Versailles

Term of office: six years
Term expires: Accounting exercise 2015
Represented at 31 December 2011 by Micha Missakian

9 PRESENTATION OF THE COMPANY AND GROUP

A) Background

RCI Banque is the result of the merger on 1 January 1990 between:

- DIAC, created in 1924 to finance sales of Renault vehicles in France, and
- Renault Crédit International, established in 1974 to finance sales of Renault vehicles in Europe.

Under the terms of the agreement of 27 March 1999 between Renault and Nissan, the RCI Banque group acquired Nissan's sales financing subsidiaries in five European countries. Those subsidiaries have been consolidated by RCI Banque since 1 July 1999.
At 31 December 2002, all shares were held by Compagnie Financière Renault, which in turn was wholly owned by Renault S.A. Compagnie Financière Renault served as the umbrella for all Renault Group finance companies. From 20 June 2003, as a result of its merger with Renault s.a.s., Compagnie Financière Renault stopped being a director and shareholder of RCI Banque and since then, 100% of the share capital has been held by Renault s.a.s.

B) Description of RCI Banque's main business activities

The RCI Banque group finances sales of Renault Group brands (Renault, Renault Samsung Motors and Dacia) worldwide, and of Nissan Group brands (Nissan, Infiniti) mainly in Europe.

The RCI Banque group is active in 38 countries:

- **in Europe:** France, Germany, Austria, Belgium, Bosnia-Herzegovina, Croatia, Denmark, Spain, Estonia, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Czech Republic, United Kingdom, Serbia, Slovakia, Slovenia, Sweden and Switzerland;
- **in Americas:** Argentina, Brazil, Colombia and Mexico;
- **in the Euromed region:** Algeria, Bulgaria, Morocco, Romania and Turkey;
- **in Eurasia:** Ukraine and Russia;
- **in Asia:** South Korea.

As a captive finance company, the task of the group is to offer a comprehensive range of financings and services:

- to **Customers (Retail and Corporate customers)** to whom the RCI Banque group offers new and used car loans, rentals with options to buy, leases and long-term rentals. It also provides related services such as maintenance and extended warranties, insurance and roadside assistance, fleet management and credit cards;
- to **brand Dealers**. The RCI Banque group finances inventories of new vehicles, used vehicles and spare parts, as well as short-term cash requirements.

C) Dependence

RCI Banque provides financing to Renault and Nissan sales Dealers and Customers. RCI Banque is not subject to any patents, licenses, industrial supply contracts, commercial or financial sourcing agreements or agreements regarding new manufacturing processes.

D) Investment policy

Main investments and disposals over the last four financial years.

DISPOSALS - DISSOLUTIONS - MERGERS

In 2011

Austria: Merger by absorption of RCI Banque GmbH and opening of RCI Banque S.A. Niederlassung Österreich (branch) on 1 September 2011.

France: Merger by absorption of SIGMA Services S.A. by Diac Location S.A. on 30 April 2011.

In 2010

None.

In 2009

Germany: Merger by absorption of RCI Leasing GmbH by RCI Banque Niederlassung on 11 August 2009. Business taken over by RCI Banque S.A. Niederlassung Deutschland (branch).

In 2008

Germany: Merger by absorption of RCI Finanzholding GmbH by RCI Banque S.A. on 23 May 2008.

Belgium: Dissolution of Renault Services S.A. on 20 May 2008.

Spain: Merger by absorption of Artida S.A. by RCI Banque on 23 May 2008.

France : Dissolution of Sygma S.N.C. on 30 September 2008.

Morocco: Transfer of shares in RDFM S.A.R.L. to RCI Finance Maroc S.A. by RCI Banque on 1 July 2008.

Portugal: Merger by absorption of RCI Gest Leasing by RCI Gest Instituiçao in December 2007, effective on 1 January 2008.

In 2007

Spain: Merger by absorption of Renault Financiaciones (financing subsidiary) and of Accordia (services subsidiary) by RCI Banque S.A. and business taken over by RCI Banque S.A. Sucursal España in June 2007.

Italy: Disposal of Refactor (services subsidiary) in December 2007. Merger by absorption of RNC S.p.A. (financing subsidiary) by RCI Banque S.A. and business taken over by RCI Banque Succursale Italiana in June 2007.

France: In December 2007, dissolution of Reca S.A. (services subsidiary); disposal of Delta Assistance (services subsidiary).

In 2006

France: Disposal of CVT S.A. in June 2006.

ACQUISITIONS

In 2010

None.

In 2009

None.

In 2008

None.

In 2007

United Kingdom: Buy-out of the 50% interest in the joint venture with RFS (financing subsidiary) in July 2007.

Portugal: Dissolution of RCI Gest SPGS by merger of assets with RCI IFIC in July 2007.

Argentina: Acquisition of Courtage S.A. in December 2007.

In 2006

Roumania: RCI Leasing Romania IFN S.A. became a wholly-owned financing subsidiary (20 September 2006).

CREATION

In 2011

Hungary: RCI Services KFT (sales company) created in July 2011.

Italy: ES Mobility S.R.L., long-term electric car rental company, created in March 2011.

Ireland: RCI Banque Branch Ireland (branch) created in May 2011.

Turkey: ORFIN Finansman Anonim Sirketi (financing subsidiary) created on 13 December 2011.

In 2010

Russia: Sales Office opened in July 2010.

In 2009

Turkey: RCI Pazarlama ve Danismanlik Hizmetleri Ltd Sirketi (sales subsidiary) created on 29 April 2009.

In 2008

Malta: RCI Services Ltd, a holding company holding two insurance companies, created in December 2008.

Serbia: RCI Services d.o.o. (sales subsidiary) created in December 2008.

In 2007

Slovakia: RCI Finance SK S.r.o. (sales subsidiary), created in April 2007.

Spain: RCI Banque S.A. Sucursal España (branch), created in June 2007.

Sweden: Renault Finance Nordic (branch), created in July 2007.

Morocco: RCI Finance Maroc S.A. (financing subsidiary), created in October 2007.

Ukraine: RCI Financial Services Ukraine (sales subsidiary), created in October 2007.

In 2006

Colombia: RCI Servicios Colombia S.A. (financing subsidiary), created in March 2006.

Algeria: RCI Services Algérie S.A.R.L. (financing subsidiary), created in September 2006.

Slovenia: RCI Banque S.A. Banèna podružnica Ljubljana (branch), created in October 2006.

Russia: RN Finance RUS s.a.r.l. (financing subsidiary), created in October 2006.

GENERAL INFORMATION

10 STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

I hereby declare that, to the best of my knowledge, the information contained in this document is correct, and that all reasonable steps have been taken to that end. There are no omissions likely to alter the scope of this information, which is a fair and true reflection of the group's business development and results, and provides a description of the principal risks that the group may face. I declare that the financial statements, prepared in accordance with applicable accounting standards, give a true and fair picture of the group's assets and liabilities, financial position, and profit or loss.

26 March 2012

Chairman of the Board of Directors
Dominique THORMANN

11 DOCUMENTS AVAILABLE TO THE PUBLIC

This document is available on the RCI Banque website **www.rcibanque.com**.

Anyone wishing for further information about the RCI Banque group may, without obligation, request documents:

RCI Banque
Direction Financements et Trésorerie
API LPN 45
14, avenue du Pavé Neuf
93168 Noisy-le-Grand Cedex - France

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RCI Banque - S.A. with share capital of €100 000 000
Registered office: 14, avenue du Pavé Neuf, 93168 Noisy-le-Grand Cedex, France
Siren 306 523 358 RCS Bobigny
www.rcibanque.com