



# **CONSOLIDATED FINANCIAL STATEMENTS**

**30 June 2016**

## SUMMARY

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## CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2016	12/2015
Cash and balances at central banks		843	1 937
Derivatives	2	242	374
Financial assets available for sale and other financial assets	3	756	643
Amounts receivable from credit institutions	4	1 060	851
Loans and advances to customers	5 et 6	35 068	31 579
Current tax assets	7	20	21
Deferred tax assets	7	87	105
Tax receivables other than on current income tax	7	298	189
Adjustment accounts & miscellaneous assets	7	756	623
Investments in associates and joint ventures		79	72
Operating lease transactions	5 et 6	652	558
Tangible and intangible non-current assets		30	28
Goodwill		87	93
<b>TOTAL ASSETS</b>		<b>39 978</b>	<b>37 073</b>

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2016	12/2015
Central Banks	8.1	1 500	1 501
Derivatives	2	95	68
Amounts payable to credit institutions	8.2	1 767	1 433
Amounts payable to customers	8.3	12 648	10 933
Debt securities	8.4	18 033	17 534
Current tax liabilities	9	88	79
Deferred tax liabilities	9	287	324
Taxes payable other than on current income tax	9	8	20
Adjustment accounts & miscellaneous liabilities	9	1 344	1 274
Provisions	10	139	112
Insurance technical provisions	10	322	288
Subordinated debt - Liabilities	12	12	12
Equity		3 735	3 495
- Of which equity - owners of the parent		3 723	3 482
Share capital and attributable reserves		814	814
Consolidated reserves and other		2 834	2 295
Unrealised or deferred gains and losses		(200)	(166)
Net income for the year		275	539
- Of which equity - non-controlling interests		12	13
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>39 978</b>	<b>37 073</b>

## CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	06/2016	06/2015 Restated*	12/2015
Interest and similar income	18	900	952	1 878
Interest expenses and similar charges	19	(378)	(446)	(861)
Fees and commission income		12	11	23
Fees and commission expenses		(8)	(6)	(14)
Net gains (losses) on financial instruments at fair value through profit or loss		(3)		(6)
Net gains (losses) on AFS securities and other financial assets		2		1
Income of other activities	20	518	483	959
Expense of other activities	20	(345)	(319)	(618)
<b>NET BANKING INCOME</b>		<b>698</b>	<b>675</b>	<b>1 362</b>
General operating expenses	21	(221)	(209)	(423)
Depreciation and impairment losses on tangible and intangible assets		(3)	(3)	(6)
<b>GROSS OPERATING INCOME</b>		<b>474</b>	<b>463</b>	<b>933</b>
Cost of risk	22	(47)	(42)	(93)
<b>OPERATING INCOME</b>		<b>427</b>	<b>421</b>	<b>840</b>
Share in net income (loss) of associates and joint ventures		4	2	4
Gains less losses on non-current assets				
<b>PRE-TAX INCOME</b>		<b>431</b>	<b>423</b>	<b>844</b>
Income tax	23	(146)	(160)	(271)
<b>NET INCOME</b>		<b>285</b>	<b>263</b>	<b>573</b>
Of which, non-controlling interests		10	16	34
Of which owners of the parent		275	247	539
Net Income per share (1) in euros		275,01	247,46	538,62
Diluted earnings per share in euros		275,01	247,46	538,62

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

(\*) The June 2015 financial statements have been restated. Details of the adjustments made are given in section 3.D

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	06/2016	06/2015 Restated*	12/2015
<b>NET INCOME</b>	<b>285</b>	<b>263</b>	<b>573</b>
Actuarial differences on post-employment benefits	(4)	2	3
<i>Total of items that will not be reclassified subsequently to profit or loss</i>	<i>(4)</i>	<i>2</i>	<i>3</i>
Unrealised P&L on cash flow hedge instruments	(26)	6	7
Exchange differences	(12)	46	(55)
<i>Total of items that will be reclassified subsequently to profit or loss</i>	<i>(38)</i>	<i>52</i>	<i>(48)</i>
<b>Other comprehensive income</b>	<b>(42)</b>	<b>54</b>	<b>(45)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>243</b>	<b>317</b>	<b>528</b>
Of which Comprehensive income attributable to non-controlling interests	2	18	39
Comprehensive income attributable to owners of the parent	241	299	489

(\*) The June 2015 financial statements have been restated. Details of the adjustments made are given in section 3.D

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income (Shareholders of the parent company)	Equity (Shareholders of the parent company)	Equity (Non-controlling interests)	Total Consolidated equity
<b>Equity at 31 December 2014*</b>	<b>100</b>	<b>714</b>	<b>2 023</b>	<b>(112)</b>	<b>(4)</b>	<b>417</b>	<b>3 138</b>	<b>13</b>	<b>3 151</b>
Appropriation of net income of previous year			417			(417)			
Restatement of Equity opening amount			4				4		4
<b>Equity at 1 January 2015*</b>	<b>100</b>	<b>714</b>	<b>2 444</b>	<b>(112)</b>	<b>(4)</b>		<b>3 142</b>	<b>13</b>	<b>3 155</b>
Change in value of financial instruments (CFH & AFS) recognized in equity					4		4	2	6
Actuarial differences on defined-benefit pension plans					2		2		2
Exchange differences				46			46		46
Net income for the year (before appropriation)						247	247	16	263
<b>Total comprehensive income for the period</b>				<b>46</b>	<b>6</b>	<b>247</b>	<b>299</b>	<b>18</b>	<b>317</b>
Dividend for the period			(150)				(150)	(14)	(164)
Repurchase commitment of non-controlling interests								(4)	(4)
<b>Equity at 30 June 2015*</b>	<b>100</b>	<b>714</b>	<b>2 294</b>	<b>(66)</b>	<b>2</b>	<b>247</b>	<b>3 291</b>	<b>13</b>	<b>3 304</b>
Change in value of financial instruments (CFH & AFS) recognized in equity					(1)		(1)	2	1
Actuarial differences on defined-benefit pension plans					1		1		1
Exchange differences				(102)			(102)	1	(101)
Net income for the year (before appropriation)						292	292	18	310
<b>Total comprehensive income for the period</b>				<b>(102)</b>		<b>292</b>	<b>190</b>	<b>21</b>	<b>211</b>
Effect of acquisitions, disposals and others			1				1	(1)	(0)
Dividend for the period								(5)	(5)
Repurchase commitment of non-controlling interests								(15)	(15)
<b>Equity at 31 December 2015</b>	<b>100</b>	<b>714</b>	<b>2 295</b>	<b>(168)</b>	<b>2</b>	<b>539</b>	<b>3 482</b>	<b>13</b>	<b>3 495</b>
Appropriation of net income of previous year			539			(539)			
<b>Equity at 1 January 2016</b>	<b>100</b>	<b>714</b>	<b>2 834</b>	<b>(168)</b>	<b>2</b>		<b>3 482</b>	<b>13</b>	<b>3 495</b>
Change in value of financial instruments (CFH & AFS) recognized in equity					(17)		(17)	(9)	(26)
Actuarial differences on post-employment benefits					(4)		(4)		(4)
Exchange differences				(13)			(13)	1	(12)
Net income for the year (before appropriation)						275	275	10	285
<b>Total comprehensive income for the period</b>				<b>(13)</b>	<b>(21)</b>	<b>275</b>	<b>241</b>	<b>2</b>	<b>243</b>
Dividend for the period								(12)	(12)
Repurchase commitment of non-controlling interests								9	9
<b>Equity at 30 June 2016</b>	<b>100</b>	<b>714</b>	<b>2 834</b>	<b>(181)</b>	<b>(19)</b>	<b>275</b>	<b>3 723</b>	<b>12</b>	<b>3 735</b>

(1) The share capital of RCI Banque S.A. (100 million euros) consists of 1,000,000 fully paid up shares with par value of 100 euros each, of which 999,994 shares are owned by Renault s.a.s.

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

(3) The translation adjustment balance booked at 30 June 2016 relates primarily to Argentina, Brazil, and United Kingdom. At 31 December 2015, it mainly related to Brazil, Argentina, United Kingdom and South Korea.

(4) Includes the fair value of derivatives used as cash flow hedges and available-for-sale assets for € -10.1 m and IAS 19 actuarial gains and losses for -€ 9.4 m at end-June 2016.

(\*) The 2014 financial statements have been restated. Details of the adjustments made are given in section 3 of the Consolidated Financial Statements in the 2015 Annual Report.

Opening equity at 1 January 2015 has been restated for the impacts of IFRIC 21, for a total of +4.4 million euros.

Equity at 30 June 2015 has been restated. Details of the adjustments made are given in section 3.D of this document.

## CONSOLIDATED CASH FLOW STATEMENT

En millions d'euros	06/2016	06/2015 Restated <sup>1*</sup>	12/2015
<b>Net income attributable to owners of the parent company</b>	<b>275</b>	<b>247</b>	<b>539</b>
Depreciation and amortization of tangible and intangible non-current assets	3	3	5
Net allowance for impairment and provisions	35	(4)	27
Share in net (income) loss of associates and joint ventures	(4)	(2)	(4)
Deferred tax (income) / expense	3	(8)	(18)
Net loss / gain from investing activities		(1)	
Net income attributable to non-controlling interests	10	16	34
Other (gains/losses on derivatives at fair value through profit and loss)	4	72	(18)
<b>Cash flow</b>	<b>326</b>	<b>323</b>	<b>565</b>
Other movements (accrued receivables and payables)	(63)	(143)	76
<b>Total non-monetary items included in net income and other adjustments</b>	<b>(11)</b>	<b>(66)</b>	<b>102</b>
Cash flows on transactions with credit institutions	108	(41)	406
- Inflows / outflows in amounts receivable from credit institutions	5	(139)	(73)
- Inflows / outflows in amounts payable to credit institutions	103	98	479
Cash flows on transactions with customers	(1 929)	(1 331)	(225)
- Inflows / outflows in amounts receivable from customers	(3 821)	(1 808)	(3 860)
- Inflows / outflows in amounts payable to customers	1 892	477	3 635
Cash flows on other transactions affecting financial assets and liabilities	317	1 660	1 260
- Inflows / outflows related to AFS securities and similar	(112)	(80)	99
- Inflows / outflows related to debt securities	557	1 757	1 167
- Inflows / outflows related to collections	(128)	(17)	(6)
Cash flows on other transactions affecting non-financial assets and liabilities	217	(284)	(170)
<b>Net decrease / (increase) in assets and liabilities resulting from operating activities</b>	<b>(1 287)</b>	<b>4</b>	<b>1 271</b>
<b>Net cash generated by operating activities (A)</b>	<b>(1 023)</b>	<b>185</b>	<b>1 912</b>
Flows related to financial assets and investments	(10)	(16)	(16)
Flows related to tangible and intangible non-current assets	(5)	(3)	(7)
<b>Net cash from / (used by) investing activities (B)</b>	<b>(15)</b>	<b>(19)</b>	<b>(23)</b>
Net cash from / (to) shareholders	(12)	(414)	(419)
- Outflows related to repayment of Equity instruments and subordinated borrowings		(250)	(250)
- Dividends paid	(12)	(164)	(169)
<b>Net cash from / (used by) financing activities (C)</b>	<b>(12)</b>	<b>(414)</b>	<b>(419)</b>
<b>Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)</b>	<b>2</b>	<b>2</b>	<b>(43)</b>
<b>Change in cash and cash equivalents (A+B+C+D)</b>	<b>(1 048)</b>	<b>(246)</b>	<b>1 427</b>
Cash and cash equivalents at beginning of year:	2 382	956	955
- Cash and balances at central banks	1 937	466	465
- Balances in sight accounts at credit institutions	445	490	490
Cash and cash equivalents at end of year:	1 334	710	2 382
- Cash and balances at central banks	843	351	1 937
- Credit balances in sight accounts with credit institutions	863	693	650
- Debit balances in sight accounts with credit institutions	(372)	(334)	(205)
<b>Change in net cash</b>	<b>(1 048)</b>	<b>(246)</b>	<b>1 427</b>

(\*) The June 2015 financial statements have been restated. Details of the adjustments made are given in section 3.D

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The condensed consolidated interim financial statements of the RCI Banque S.A. group for the six months ended 30 June relate to the Company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

### 1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The summary consolidated financial statements of the RCI Banque group for the six months to 30 June 2016 were established by the Board of Directors on 26 July 2016 which authorized their publication.

The consolidated financial statements of the RCI Banque group for the year 2015 were established by the Board of Directors on 8 February 2016 and approved at the Ordinary General Meeting of 20 May 2016. That meeting also put forward a proposal not to distribute dividends on the 2015 result.

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

### 2. KEY HIGHLIGHTS

#### Changes in the scope of consolidation in 2016

Merger by absorption of Companhia de Crédito, Financiamento e Investimento RCI Brasil by Banco RCI Brasil S.A in February 2016. No changes were made in the acquiring company's consolidation method.

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

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A. in Colombia. The latter's business consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. At 30 June 2016, its income came to €0.722m.

### 3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2016 were prepared in accordance with the principles set out in IAS 34 "Interim Financial Reporting". They do not include all the information required when preparing annual consolidated financial statements and must therefore be read in conjunction with the financial statements for the year ended 31 December 2015.

The RCI Banque group's financial statements for the year ended 31 December 2015 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) as at 31 December 2015 and as adopted in the European Union by the statement closing date. With the exception of the changes indicated hereafter, the accounting rules and methods used are identical to those applied in the consolidated financial statements for the year ended 31 December 2015.



## A – Changes in accounting policies

The RCI Banque group applies the standards and amendments published in the Official Journal of the European Union, application of which has been mandatory since 1 January 2016.

The only one of these texts concerning the group is the amendment to IAS 19 "Defined Benefit Plans - Employee Contributions" which refers to the way contributions received from employees are incorporated into the calculation of the cost of services rendered. This amendment is to be applied retrospectively and has no significant impact.

The group is currently examining implementation of new IFRS standards that will shortly become applicable.

New IFRS standards not adopted by the European Union		Application date according to the IASB
IFRS 9	Financial Instruments	1 <sup>st</sup> January 2018 <sup>(1)</sup>
IFRS 15	Revenue from contracts with customers	1 <sup>st</sup> January 2018 <sup>(1)</sup>
IFRS 16	Leases	1 <sup>st</sup> January 2019 <sup>(1)</sup>

(1) Early application possible.

IFRS 9 - Financial Instruments, published by the IASB in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement", covers the following three stages: classification and measurement, impairment, and hedge accounting. The IASB has decided to treat macro hedging as a separate project.

As at 30 June 2016, IFRS 9, implementation of which will be mandatory as from 1st January 2018, had not been adopted by the European Union. Its impact on RCI Banque's financial statements is currently being analyzed.

The changes brought by IFRS 9 include:

- an approach to the classification and measurement of financial assets reflecting the business model in which they are managed and their contractual cash flows: loans and debt instruments that are not considered as "basic" under the standard (Solely Payments of Principal and Interest) will be measured at fair value through profit or loss, whereas "basic" loans and debt instruments will be measured at amortized cost or fair value through equity, depending on the management model used for those assets. The classification of financial liabilities remains almost unchanged, with the exception of liabilities measured under the fair value option for own credit risk.
- a single credit risk impairment model: IFRS 9 moves from provisioning based on actual credit losses to an expected credit loss model;
  - o The new impairment model will require 12-month expected credit losses on issued or acquired instruments to be booked as soon as those instruments are recognized on the balance sheet.
  - o Lifetime expected credit losses will have to be recognized whenever there is a significant increase in credit risk since initial recognition.
- a noticeably reformed approach to hedge accounting: the aim of the IFRS 9 model is to better reflect risk management, notably by extending eligible hedging instruments. Pending a future macro-hedging standard, IFRS 9 allows current hedge accounting rules (IAS 39) to be applied to all hedge relationships or just to macro hedge relationships.

Disclosure requirements in the notes to consolidated financial statements have also been expanded significantly. The aim of these new credit risk disclosures is to enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows.

Aware of the major challenge that IFRS 9 represents for banking institutions, the RCI Banque group initiated its IFRS 9 project, using a structure common to the Risk and Finance functions, in the final quarter of 2015. Initial work has mainly focused at this stage on the principles of classification and measurement, a review of the financial instruments currently used with respect to these principles, and on determining the methodology for the new provisioning model.

On 8 May 2014, the IASB published IFRS 15 "Revenue from contracts with customers". This standard will replace IAS 11 and IAS 18 and the related IFRIC and SIC interpretations. Analysis work on implementation of this standard is in progress. The standard could have impacts on recognition of revenue from contracts containing several performance obligations with transaction prices that have a variable component. However, at this stage, the group does not expect application of this standard to have any significant impacts.

On 16 January 2016, the IASB published IFRS 16 "Leases", which will replace IAS 17 and the related IFRIC and SIC interpretations and, for the lessee, will eliminate the distinction previously made between operating leases and finance

leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a financial liability representing its obligation to make lease payments. The right-of-use asset is amortized and the obligation to make lease payments is measured initially at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is to be used.

On the other hand, for the lessor, the treatment of leases under this standard is very similar to that under the existing standard.

## B. Estimates and judgments

The main areas of estimates and judgments made in preparing the summary consolidated financial statements for the six months to 30 June 2016 are the same as those described in Note 3-B of the Notes to the 2015 Annual Financial Statements.

## C. Changes to presentation

In 2016, the group made a change to the presentation of its financial statements, relating to the classification of taxes that meet the definition of a tax computed on a net interim result within the meaning of IAS 12 "Income Taxes" as current taxes on the income statement and balance sheet.

This change of classification concerns the French CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) tax paid by French entities.

## D. Restated June 2015 financial statements:

Following the correction of an error pertaining to the spread of insurance commissions at RCI Banque-SA-Sucursal-en-España, the June 2015 consolidated financial statements have been restated.

Up until 2014, certain policy marketing commissions were wrongly booked directly to income instead of being recognized over the lifespan of the policies concerned.

The following chart shows the impact of the restatements on the various items in the financial statements for the comparative period of June 2015:

Line concerned	Restated amount in €m 06/2015	Statements or notes concerned
Deferred tax assets	+ 4	NA
Adjustment accounts, liabilities	+ 13	NA
Equity	- 9	Statement of changes in equity
- of which consolidated reserves	- 10	
- of which net income	+ 1	
Net income and expense of other activities: Income from finance contracts	+ 1	Consolidated income statement and note 20
Net income	+ 1	Consolidated income statement Consolidated statement of comprehensive income Consolidated cash flow statement

## 4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

### Liquidity

RCI Banque pays great attention to diversifying its sources of access to liquidity. Since the start of the financial crisis, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked. By extending its maximum maturities issued in Euros to seven years, the group has been able to reach out to new investors looking for duration. It has also operated on bond markets in numerous currencies (USD, GBP, CHF, BRL, ARS, KRW, MAD, etc.), with a view to both funding European assets and supporting growth outside Europe.

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

The retail savings business, launched in 2012 and rolled out in four countries, has added to diversification of the company's sources of funding, and helped it to adjust to future liquidity requirements arising from Basel 3 standards.

RCI Banque's management of liquidity risk is based on the following components:

- **Risk appetite:** This is determined by the Board of Directors' Risk Committee.
- **Refinancing:** The funding plan is constructed with a view to diversifying access to liquidity by product, by currency and by maturity. Funding requirements are regularly reviewed and clarified so that the funding plan can be adjusted accordingly.
- **Liquidity reserve:** The company's aim is to have available at all times a liquidity reserve consistent with its appetite for liquidity risk. The liquidity reserve consists of cash, High Quality Liquid Assets (HQLA), financial assets, assets eligible as collateral in European Central Bank monetary policy transactions and committed credit lines. It is reviewed every month by the Finance Committee.
- **Transfer prices:** Refinancing for the group's European entities is mainly delivered by the Group Finance and Treasury Division, which centralizes liquidity management and pools costs. Internal liquidity costs are reviewed at regular intervals by the Finance Committee and are used by sales subsidiaries to construct their pricing.
- **Stress scenarios:** Every month, the Finance Committee is informed of the length of time for which the company would be able to maintain its business activity using its liquidity reserve in various stress scenarios. The stress scenarios used include assumptions about deposit outflows, loss of access to new funding, partial unavailability of certain components of the liquidity reserve and forecasts of new gross lending. Assumptions about runs on deposits under stress are very conservative and are regularly back-tested.

**Emergency plan:** An established emergency plan identifies the steps to be taken in the event of stress on the liquidity position.

### Credit business risk

By taking the Probability of Default derived from scoring systems into account in the management of new gross lending, portfolio quality across all major markets was maintained.

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

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

## Profitability

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

## Governance

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

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

## Exposure to non-commercial credit risk

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

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

To meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI Banque now invests in liquid assets, mainly in EUR and GBP, as defined by the Basel Committee. These liquid assets mainly consist of securities issued by governments or supranational European issuers held directly. The duration of this portfolio is less than one year.

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

## Main risks and uncertainties in the second six months of 2016

During the first six months of 2016, the ECB (European Central Bank) continued with its expansionary monetary policy, while the Fed (Federal Reserve) temporarily suspended the rate tightening cycle it had initiated in December 2015. Despite good growth and employment figures in the United States, the Fed decided to wait before taking any further action on account of the very accommodating monetary policies implemented by the ECB and Bank of Japan, and in light of the uncertain international environment (growth in emerging countries and the referendum on the United Kingdom's exit from the European Union).

In March 2016, the ECB unveiled a new series of monetary policy measures to boost Europe's economic recovery and raise inflation. Key rates were cut to record lows, with the lowest among them down to -0.40%, and a further round of long-term liquidity injections in the shape of TLTROs (Targeted Longer-Term Refinancing Operations) was introduced. The ECB also launched the Corporate Sector Purchase Program (CSPP) under which it started buying corporate bonds issued by European companies.

In the last days of June, the vote by the British people to take the United Kingdom out of European Union created huge volatility in the markets.

Spreads on the bonds issued by RCI Banque saw mixed fortunes in the first half-year. After widening suddenly in early January when investors' attention was focused on pollutant emissions in the automotive sector, they entered into a phase of narrowing and this process accelerated when the ECB announced its private bond purchase program. Their levels at the end of the first six months of 2016 were similar to those at the end of the first half-year 2015, nearing record lows.

RCI Banque is expected to benefit from the low interest rate environment in the eurozone and from access to liquidity in still-attractive conditions as it carries through its borrowing program in the second half-year.

## 5. REFINANCING

RCI Banque launched three bond issues in public format during the first half-year. The first, a 3-year bond for a total amount of €500 million, posted a floating rate coupon. The following transaction, for a total amount of €600 million, was the group's third seven-year issue and confirmed its access to long maturities. The last transaction was a €750 million bond with a maturity of three years and one month, and a 0.375% coupon rate, the lowest ever paid by the group in euros. At the same time, a two-year private placement was also made, for a total of €300million.

RCI Banque also carried out a public securitization transaction backed by German auto loans, of which €500 million were placed with investors. This transaction replaced one dating back to 2013 and being amortized since 2014.

This system of alternating maturities, types of coupon and issue formats is part of the strategy that has been implemented by the group for a number of years to diversify its sources of funding. It also enables the group to reach out to as many investors as possible.

Outside Europe, the group's entities in Brazil, South Korea, Morocco and Argentina also borrowed on their respective domestic bond markets.

Retail customer deposits increased by €4.8 billion to reach a total of €11.8 billion at 30 June 2016, representing 34.1% of outstandings. This was in line with the company's goal of collecting retail deposits equivalent to approximately one third of the financing granted to its customers.

These resources, to which should be added €4.1 billion of undrawn committed credit lines, €2.6 billion of assets eligible as collateral in European Central Bank (ECB) monetary policy operations, €1.1 billion of high quality liquid assets (HQLA), and €0.3 billion of financial assets short-term, secure the continuity of RCI Banque's commercial business activity for more than 11 months without access to external sources of liquidity.

## 6. REGULATORY REQUIREMENTS

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

At end of June 2016, the ratios calculated do not show any non-compliance with the regulatory requirements.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 : Segment information

In millions of euros	Customer	Dealer financing	Other	Total 06/2016
Average performing loan outstandings	23 427	7 917		31 344
Net banking income	554	106	38	698
Gross operating income	388	86		474
Operating income	350	77		427
Pre-tax income	350	77	4	431

In millions of euros	Customer	Dealer financing	Other	Total 12/2015
Average performing loan outstandings	21 363	6 885		28 248
Net banking income	1 064	199	99	1 362
Gross operating income	738	161	34	933
Operating income	654	152	34	840
Pre-tax income	654	152	38	844

In millions of euros	Customer	Dealer financing	Other	Total 06/2015
Average performing loan outstandings	20 682	6 891		27 573
Net banking income	528	100	47	675
Gross operating income	368	82	13	463
Operating income	326	82	13	421
Pre-tax income	324	82	17	423

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 comes from interest, the latter are shown net of interest expenses.

The earnings of each business segment are determined on the basis of internal 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 loans outstanding is the operating indicator used to monitor outstandings. As this indicator is the arithmetic mean of outstandings, its value therefore differs from the outstandings featuring in the RCI Banque group's assets, as presented in Notes 5 and 6: Customer finance transactions and similar / Customer finance transactions by business segment.

**Note 2 : Derivatives**

In millions of euros	06/2016		12/2015	
	Assets	Liabilities	Assets	Liabilities
<b>Fair value of financial assets and liabilities recognized as derivatives held for trading purposes</b>	<b>49</b>	<b>33</b>	<b>48</b>	<b>32</b>
Interest-rate derivatives		1		1
Currency derivatives	49	27	48	27
Other derivatives		5		4
<b>Fair value of financial assets and liabilities recognized as derivatives used for hedging</b>	<b>193</b>	<b>62</b>	<b>326</b>	<b>36</b>
Interest-rate and currency derivatives: Fair value hedges	177	21	292	23
Interest-rate derivatives: Cash flow hedges	16	41	34	13
<b>Total derivatives (*)</b>	<b>242</b>	<b>95</b>	<b>374</b>	<b>68</b>

(\*) Of which related parties

7

4

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

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

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 06/2016	Related parties
<b>Hedging of currency risk</b>					
<u>Forward forex contracts</u>					
Sales	1 482			1 482	
Purchases	1 499			1 499	
<u>Spot forex transactions</u>					
Loans	24			24	
Borrowings	24			24	
<u>Currency swaps</u>					
Loans	419	721		1 140	143
Borrowings	437	643		1 080	150
<b>Hedging of interest-rate risk</b>					
<u>Interest rate swaps</u>					
Lender	4 140	5 672	1 000	10 812	
Borrower	4 140	5 672	1 000	10 812	

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 12/2015	Related parties
<b>Hedging of currency risk</b>					
<u>Forward forex contracts</u>					
Sales	2 215			2 215	
Purchases	2 224			2 224	
<u>Spot forex transactions</u>					
Loans	12			12	
Borrowings	12			12	
<u>Currency swaps</u>					
Loans	694	863		1 557	108
Borrowings	606	769		1 375	130
<b>Hedging of interest-rate risk</b>					
<u>Interest rate swaps</u>					
Lender	3 345	6 443	900	10 688	
Borrower	3 345	6 443	900	10 688	

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

In millions of euros	06/2016	12/2015
<b>Financial assets available for sale</b>	<b>738</b>	<b>635</b>
Government debt securities and similar	461	411
Variable income securities	103	103
Bonds and other fixed income securities	174	121
<b>Other financial assets</b>	<b>18</b>	<b>8</b>
Interests in companies controlled but not consolidated	18	8
<b>Total financial assets available for sale and other financial assets (*)</b>	<b>756</b>	<b>643</b>

(\*) Of which related parties

18

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**Note 4 : Amounts receivable from credit institutions**

In millions of euros	06/2016	12/2015
<b>Credit balances in sight accounts at credit institutions</b>	<b>863</b>	<b>650</b>
Ordinary accounts in debit	816	626
Overnight loans	47	24
<b>Term deposits at credit institutions</b>	<b>197</b>	<b>201</b>
Term loans	196	199
Reverse repurchase agreement or bought outright	1	1
Accrued interest		1
<b>Total amounts receivable from credit institutions (*)</b>	<b>1 060</b>	<b>851</b>
<i>(*) Of which related parties</i>	<i>150</i>	<i>130</i>

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

Current bank accounts held by the Fonds Commun de Titrisation (FCTs) contribute in part to the funds' credit enhancement. They totaled €520 million at end of June 2016 and are included in "Ordinary Accounts in debit".

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

**Note 5 : Customer finance transactions and similar**

In millions of euros	06/2016	12/2015
<b>Loans and advances to customers</b>	<b>35 068</b>	<b>31 579</b>
Customer finance transactions	27 093	24 709
Finance lease transactions	7 975	6 870
<b>Operating lease transactions</b>	<b>652</b>	<b>558</b>
<b>Total customer finance transactions and similar</b>	<b>35 720</b>	<b>32 137</b>

At 30 June 2016, direct financing of Renault Group subsidiaries and branches amounted to €733m against €628m at 31 December 2015.

At 30 June 2016, the dealer network, as a business contributor, had collected an income of €338 million as compared to €237 million at 30 June 2015.

Under their commercial policies and as part of promotional campaigns, manufacturers help to subsidize the financings granted to the RCI Banque group's customers. At 30 June 2016, their contribution in this respect amounted to €242 million compared with €213 million at 30 June 2015.

The gross value of forbore loans outstanding, further to measures and concessions made towards borrowers experiencing financial difficulty (or likely to experience financial difficulty in the future), came to €118m and is impaired by €41m at 30 June 2016.

## 5.1 - Customer finance transactions

In millions of euros	06/2016	12/2015
<b>Loans and advances to customers</b>	<b>27 502</b>	<b>25 216</b>
Factoring	820	636
Other commercial receivables	1	1
Other customer credit	25 970	23 620
Ordinary accounts in debit	238	276
Doubtful and compromised receivables	473	683
<b>Interest receivable on customer loans and advances</b>	<b>69</b>	<b>46</b>
Other customer credit	36	33
Ordinary accounts	26	3
Doubtful and compromised receivables	7	10
<b>Total of items included in amortized cost - Customer loans and advances</b>	<b>78</b>	<b>15</b>
Staggered handling charges and sundry expenses - Received from customers	(28)	(43)
Staggered contributions to sales incentives by manufacturer or dealers	(469)	(423)
Staggered fees paid for referral of business	575	481
<b>Impairment on loans and advances to customers</b>	<b>(556)</b>	<b>(568)</b>
Impairment on delinquent or at-risk receivables	(215)	(184)
Impairment on doubtful and compromised receivables	(304)	(350)
Impairment on residual value	(37)	(34)
<b>Total customer finance transactions, net</b>	<b>27 093</b>	<b>24 709</b>

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

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

## 5.2 - Finance lease transactions

In millions of euros	06/2016	12/2015
<b>Finance lease transactions</b>	<b>8 059</b>	<b>6 970</b>
Leasing and long-term rental	7 954	6 858
Doubtful and compromised receivables	105	112
<b>Accrued interest on finance lease transactions</b>	<b>7</b>	<b>7</b>
Leasing and long-term rental	5	5
Doubtful and compromised receivables	2	2
<b>Total of items included in amortized cost - Finance leases</b>	<b>(6)</b>	<b>(15)</b>
Staggered handling charges	(16)	(13)
Staggered contributions to sales incentives by manufacturer or dealers	(111)	(100)
Staggered fees paid for referral of business	121	98
<b>Impairment on finance leases</b>	<b>(85)</b>	<b>(92)</b>
Impairment on delinquent or at-risk receivables	(12)	(11)
Impairment on doubtful and compromised receivables	(72)	(80)
Impairment on residual value	(1)	(1)
<b>Total finance lease transactions, net</b>	<b>7 975</b>	<b>6 870</b>

## 5.3 - Operating lease transactions

In millions of euros	06/2016	12/2015
<b>Fixed asset net value on operating lease transactions</b>	<b>664</b>	<b>564</b>
Gross value of tangible assets	785	656
Depreciation of tangible assets	(121)	(92)
<b>Receivables on operating lease transactions</b>	<b>4</b>	<b>4</b>
Accrued interest	1	1
Non-impaired receivables	6	5
Doubtful and compromised receivables	1	1
Income and charges to be staggered	(4)	(3)
<b>Impairment on operating leases</b>	<b>(16)</b>	<b>(10)</b>
Impairment on residual value	(16)	(10)
<b>Total operating lease transactions, net</b>	<b>652</b>	<b>558</b>

**Note 6 : Customer finance transactions by business segment**

In millions of euros	Customer	Dealer financing	Other	Total 06/2016
<b>Gross value</b>	<b>26 906</b>	<b>9 110</b>	<b>361</b>	<b>36 377</b>
Non-impaired receivables	26 472	8 959	358	35 789
Doubtful receivables	157	118	2	277
Compromised receivables	277	33	1	311
<i>% of doubtful and compromised receivables</i>	<i>1,61%</i>	<i>1,66%</i>	<i>0,83%</i>	<i>1,62%</i>
<b>Impairment allowance on individual basis</b>	<b>(405)</b>	<b>(125)</b>	<b>(1)</b>	<b>(531)</b>
Non-impaired receivables	(86)	(69)		(155)
Doubtful receivables	(94)	(23)	(1)	(118)
Compromised receivables	(225)	(33)		(258)
<b>Impairment allowance on collective basis</b>	<b>(40)</b>	<b>(86)</b>		<b>(126)</b>
Impairment	(9)	(86)		(95)
Country risk	(31)			(31)
<b>Net value (*)</b>	<b>26 461</b>	<b>8 899</b>	<b>360</b>	<b>35 720</b>

(\*) Of which: related parties (excluding participation in incentives and fees paid) 25 733 225 983

In millions of euros	Customer	Dealer financing	Other	Total 12/2015
<b>Gross value</b>	<b>24 209</b>	<b>8 244</b>	<b>354</b>	<b>32 807</b>
Non-impaired receivables	23 737	7 911	351	31 999
Doubtful receivables	159	297	2	458
Compromised receivables	313	36	1	350
<i>% of doubtful and compromised receivables</i>	<i>1,95%</i>	<i>4,04%</i>	<i>0,85%</i>	<i>2,46%</i>
<b>Impairment allowance on individual basis</b>	<b>(425)</b>	<b>(135)</b>	<b>(1)</b>	<b>(561)</b>
Non-impaired receivables	(74)	(57)		(131)
Doubtful receivables	(96)	(42)	(1)	(139)
Compromised receivables	(255)	(36)		(291)
<b>Impairment allowance on collective basis</b>	<b>(40)</b>	<b>(69)</b>		<b>(109)</b>
Impairment	(9)	(69)		(78)
Country risk	(31)			(31)
<b>Net value (*)</b>	<b>23 744</b>	<b>8 040</b>	<b>353</b>	<b>32 137</b>

(\*) Of which: related parties (excluding participation in incentives and fees paid) 15 628 254 897

Business segment information is given in detail in note 1.

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

At end of June 2016, the provision for country risk primarily affects Argentina and Brazil, and to a lesser extent Morocco and Romania.

**Note 7 : Adjustment accounts & miscellaneous assets**

In millions of euros	06/2016	12/2015
<b>Tax receivables</b>	<b>405</b>	<b>315</b>
Current tax assets	20	21
Deferred tax assets	87	105
Tax receivables other than on current income tax	298	189
<b>Adjustment accounts and other assets</b>	<b>756</b>	<b>623</b>
Social Security and employee-related receivables	1	
Other sundry debtors	232	166
Adjustment accounts - Assets	49	33
Items received on collections	323	288
Reinsurer part in technical provisions	151	136
<b>Total adjustment accounts – Assets and other assets (*)</b>	<b>1 161</b>	<b>938</b>
<i>(*) Of which related parties</i>	<i>136</i>	<i>94</i>

**Note 8 : Liabilities to credit institutions and customers & debt securities****8.1 - Central Banks**

In millions of euros	06/2016	12/2015
Term borrowings	1 500	1 500
Accrued interest		1
<b>Total Central Banks</b>	<b>1 500</b>	<b>1 501</b>

The book value of the collateral presented to the Bank of France (3G) amounted to €4,830m at 30 June 2016, including €645m of private accounts receivable and €4,185m in collateralized security entity shares.

**8.2 - Amounts payable to credit institutions**

In millions of euros	06/2016	12/2015
<b>Sight accounts payable to credit institutions</b>	<b>372</b>	<b>205</b>
Ordinary accounts	12	21
Overnight borrowings		52
Other amounts owed	360	132
<b>Term accounts payable to credit institutions</b>	<b>1 395</b>	<b>1 228</b>
Term borrowings	1 289	1 148
Accrued interest	106	80
<b>Total liabilities to credit institutions</b>	<b>1 767</b>	<b>1 433</b>

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

**8.3 - Amounts payable to customers**

In millions of euros	06/2016	12/2015
<b>Amounts payable to customers</b>	<b>12 569</b>	<b>10 885</b>
Ordinary accounts in credit	159	83
Term accounts in credit	589	571
Ordinary saving accounts	8 263	7 330
Term deposits (retail)	3 558	2 901
<b>Other amounts payable to customers and accrued interest</b>	<b>79</b>	<b>48</b>
Other amounts payable to customers	33	35
Accrued interest on ordinary accounts in credit	3	10
Accrued interest on term accounts in credit	1	
Accrued interest on ordinary saving accounts	15	2
Accrued interest on customers term accounts	27	1
<b>Total amounts payable to customers (*)</b>	<b>12 648</b>	<b>10 933</b>

(\*) Of which related parties

681

600

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

RCI Banque launched its savings business in France in February 2012, in Germany in February 2013, in Austria in April 2014, and in United Kingdom in June 2015, marketing instant access savings accounts and term deposit accounts.

**8.4 - Debt securities**

In millions of euros	06/2016	12/2015
<b>Negotiable debt securities (1)</b>	<b>1 557</b>	<b>1 662</b>
Certificates of deposit	783	1 149
Commercial paper and similar	618	261
French MTNs and similar	128	228
Accrued interest on negotiable debt securities	28	24
<b>Other debt securities (2)</b>	<b>3 240</b>	<b>2 776</b>
Other debt securities	3 239	2 775
Accrued interest on other debt securities	1	1
<b>Bonds and similar</b>	<b>13 236</b>	<b>13 096</b>
Bonds	13 091	12 886
Accrued interest on bonds	145	210
<b>Total debt securities (*)</b>	<b>18 033</b>	<b>17 534</b>
<i>(*) Of which related parties</i>	<i>155</i>	<i>156</i>

(1) Certificates of deposit, treasury notes and commercial paper are issued by RCI Banque S.A., Banco RCI Brasil S.A. et Diac S.A.

(2) Other debt securities consist primarily of the securities issued by the SPVs created for the German (RCI Banque S.A. Niederlassung Deutschland), UK (RCI Financial Services Ltd), French (Diac S.A.), Brazilian (Banco RCI Brasil S.A.) securitizations and Italian (RCI Banque Succursale Italiana).

**Note 9 : Adjustment accounts & miscellaneous liabilities**

In millions of euros	06/2016	12/2015
<b>Taxes payable</b>	<b>383</b>	<b>423</b>
Current tax liabilities	88	79
Deferred tax liabilities	287	324
Taxes payable other than on current income tax	8	20
<b>Adjustment accounts and other amounts payable</b>	<b>1 344</b>	<b>1 274</b>
Social security and employee-related liabilities	37	40
Other sundry creditors	1 043	1 011
Adjustment accounts - liabilities	258	216
Collection accounts	6	7
<b>Total adjustment accounts - Liabilities and other liabilities (*)</b>	<b>1 727</b>	<b>1 697</b>
<i>(*) Of which related parties</i>	<i>283</i>	<i>282</i>

**Note 10 : Provisions**

In millions of euros	12/2015	Charge	Reversals		Other (*)	06/2016
			Used	Not Used		
<b>Provisions on banking operations</b>	<b>317</b>	<b>112</b>	<b>(11)</b>	<b>(69)</b>	<b>4</b>	<b>353</b>
Provisions for litigation risks	10	2		(1)	1	12
Insurance technical provisions	288	108	(10)	(63)	(1)	322
Other provisions	19	2	(1)	(5)	4	19
<b>Provisions on non-banking operations</b>	<b>83</b>	<b>17</b>	<b>(2)</b>	<b>(1)</b>	<b>11</b>	<b>108</b>
Provisions for pensions liabilities and related	40	3	(2)		5	46
Provisions for restructuring	1					1
Provisions for tax and litigation risks	39	13			6	58
Other	3	1		(1)		3
<b>Total provisions</b>	<b>400</b>	<b>129</b>	<b>(13)</b>	<b>(70)</b>	<b>15</b>	<b>461</b>

(\*) 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 the 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.

Other provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to €322m at end-June 2016.

Provisions for restructuring at end-June 2016, €1m, mainly concern Spain.

Provisions for litigation risks on banking operations include the provision for the German branch (RCI Banque S.A. Niederlassung Deutschland), for €5m at 30 June 2016 against €6m at end-December 2015 following a reversal (not used) of €1m for unfair administration/processing fees. The remaining provisions relate to administration/processing fees billed to business customers.

**Note 11 : Impairments allowances to cover counterparty risk**

In millions of euros	12/2015	Charge	Reversals		Other (*)	06/2016
			Used	Not Used		
<b>Impairments on banking operations</b>	<b>670</b>	<b>171</b>	<b>(105)</b>	<b>(72)</b>	<b>(7)</b>	<b>657</b>
Customer finance transactions (on individual basis)	561	150	(105)	(70)	(5)	531
Customer finance transactions (on collective basis)	109	21		(2)	(2)	126
<b>Impairment on non-banking operations</b>	<b>5</b>	<b>1</b>				<b>6</b>
Other impairment to cover counterparty risk	5	1				6
<b>Impairment on banking operations</b>	<b>10</b>	<b>2</b>		<b>(1)</b>	<b>1</b>	<b>12</b>
Provisions for litigation risks	10	2		(1)	1	12
<b>Total provisions to cover counterparty risk</b>	<b>685</b>	<b>174</b>	<b>(105)</b>	<b>(73)</b>	<b>(6)</b>	<b>675</b>

(\*) 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 12 : Subordinated debt - Liabilities**

In millions of euros	06/2016	12/2015
Participating loan stocks	12	12
<b>Total subordinated liabilities</b>	<b>12</b>	<b>12</b>

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

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

**Note 13 : Financial assets and liabilities by remaining term to maturity**

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 06/2016
<b>Financial assets</b>	<b>10 385</b>	<b>11 987</b>	<b>15 210</b>	<b>387</b>	<b>37 969</b>
Cash and balances at central banks	843				843
Derivatives	21	48	147	26	242
Financial assets available for sale and other	168	299	168	121	756
Amounts receivable from credit institutions	909		151		1 060
Loans and advances to customers	8 444	11 640	14 744	240	35 068
<b>Financial liabilities</b>	<b>12 159</b>	<b>5 327</b>	<b>14 106</b>	<b>2 463</b>	<b>34 055</b>
Central Banks	500		1 000		1 500
Derivatives	3	48	44		95
Amounts payable to credit institutions	654	615	498		1 767
Amounts payable to customers	8 969	1 359	1 770	550	12 648
Debt securities	2 033	3 305	10 794	1 901	18 033
Subordinated debt				12	12

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2015
<b>Financial assets</b>	<b>10 989</b>	<b>10 561</b>	<b>13 500</b>	<b>334</b>	<b>35 384</b>
Cash and balances at central banks	1 937				1 937
Derivatives	46	137	167	24	374
Financial assets available for sale and other	275	196	62	110	643
Amounts receivable from credit institutions	720		131		851
Loans and advances to customers	8 011	10 228	13 140	200	31 579
<b>Financial liabilities</b>	<b>11 035</b>	<b>4 554</b>	<b>14 060</b>	<b>1 832</b>	<b>31 481</b>
Central Banks		1	1 500		1 501
Derivatives	9	29	30		68
Amounts payable to credit institutions	390	566	477		1 433
Amounts payable to customers	7 635	984	1 764	550	10 933
Debt securities	3 001	2 974	10 289	1 270	17 534
Subordinated debt				12	12

Central Bank borrowings correspond to the Targeted Longer-Term Refinancing Operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque.

**Note 14 : Fair value of assets and liabilities (in accordance with IFRS 7 & IFRS 13) and breakdown of assets and liabilities by fair value hierarchy**

In millions of euros - 30/06/2016	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
<b>Financial assets</b>	<b>37 969</b>	<b>738</b>	<b>2 145</b>	<b>35 124</b>	<b>38 007</b>	<b>38</b>
Cash and balances at central banks	843		843		843	
Derivatives	242		242		242	
Financial assets available for sale and other	756	738		18	756	
Amounts receivable from credit institutions	1 060		1 060		1 060	
Loans and advances to customers	35 068			35 106	35 106	38
<b>Financial liabilities</b>	<b>34 055</b>	<b>12</b>	<b>34 239</b>		<b>34 251</b>	<b>(196)</b>
Central Banks	1 500		1 500		1 500	
Derivatives	95		95		95	
Amounts payable to credit institutions	1 767		1 800		1 800	(33)
Amounts payable to customers	12 648		12 648		12 648	
Debt securities	18 033		18 196		18 196	(163)
Subordinated debt	12	12			12	

(\*) FV : Fair value - Difference : Unrealized gain or loss

Financial assets available for sale classified as Level 3 are holdings in non-consolidated companies. Available-for-sale financial assets that qualify as Level 1 assets are mainly treasury bills and undertakings for collective investment in transferable securities (UCITS) eligible as HQLA (high quality liquid assets) in the short-term LCR (Liquidity Coverage Ratio).

In millions of euros - 31/12/2015	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
<b>Financial assets</b>	<b>35 384</b>	<b>635</b>	<b>3 162</b>	<b>31 615</b>	<b>35 412</b>	<b>28</b>
Cash and balances at central banks	1 937		1 937		1 937	
Derivatives	374		374		374	
Financial assets available for sale and other	643	635		8	643	
Amounts receivable from credit institutions	851		851		851	
Loans and advances to customers	31 579			31 607	31 607	28
<b>Financial liabilities</b>	<b>31 481</b>	<b>12</b>	<b>31 532</b>		<b>31 544</b>	<b>(63)</b>
Central Banks	1 501		1 501		1 501	
Derivatives	68		68		68	
Amounts payable to credit institutions	1 433		1 426		1 426	7
Amounts payable to customers	10 933		10 933		10 933	
Debt securities	17 534		17 604		17 604	(70)
Subordinated debt	12	12			12	

(\*) FV : Fair value - Difference : Unrealized gain or loss

#### Assumptions and methods used:

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

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

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

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

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

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

The main assumptions and valuation methods used are the following:

#### • Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by RCI Banque at 31 December 2015 and at 30 June 2016 for loans with similar conditions and maturities.

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

#### • Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2015 and at 30 June 2016.

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

• **Financial liabilities**

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to RCI Banque at 31 December 2015 and 30 June 2016 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

**Note 15 : Netting agreements and other similar commitments**

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

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

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

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

**Synthesis of financial assets and liabilities agreements**

In millions of euros - 30/06/2016	Gross book value before agreement	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability	Guarantees on the liability	Off-balance sheet guarantees	
<b>Assets</b>	<b>1 166</b>		<b>1 166</b>	<b>44</b>	<b>688</b>		<b>434</b>
Derivatives	242		242	44			198
Network financing receivables (1)	924		924		688		236
<b>Liabilities</b>	<b>95</b>		<b>95</b>	<b>44</b>			<b>51</b>
Derivatives	95		95	44			51

(1) The gross book value of dealer financing receivables breaks down into €629m for the Renault Retail Group, whose exposures are hedged for up to €540m by a cash warrant agreement given by the Renault manufacturer (see note 7.3), and €295m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €148m by *letras de cambio* subscribed by the dealers.

In millions of euros - 31/12/2015	Gross book value before agreement	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability	Guarantees on the liability	Off-balance sheet guarantees	
<b>Assets</b>	<b>1 278</b>		<b>1 278</b>	<b>49</b>	<b>681</b>		<b>548</b>
Derivatives	374		374	49			325
Network financing receivables (1)	904		904		681		223
<b>Liabilities</b>	<b>68</b>		<b>68</b>	<b>49</b>			<b>19</b>
Derivatives	68		68	49			19

(1) The gross book value of dealer financing receivables breaks down into €547m for the Renault Retail Group, whose exposures are hedged for up to €542m by a cash warrant agreement given by the Renault manufacturer (see note 7.3), and €357m for dealers financed by Companhia de Credito, Financiamento e Investimento RCI Brasil, whose exposures are hedged for up to €139m by *letras de cambio* subscribed by the dealers.

### Note 16 : Commitments given

In millions of euros	06/2016	12/2015
<b>Financing commitments</b>	<b>2 219</b>	<b>1 952</b>
Commitments to customers	2 219	1 952
<b>Guarantee commitments</b>	<b>54</b>	<b>46</b>
Commitments to credit institutions	37	41
Customer guarantees	17	5
<b>Other commitments given</b>	<b>27</b>	
Commitments given for equipment leases and real estate leases	27	
<b>Total commitments given (*)</b>	<b>2 300</b>	<b>1 998</b>
<i>(*) Of which related parties</i>	47	6

Other commitments given correspond for 6 M€ to the commitments given for equipment leases rents and for 21 M€ in the commitments given for real-estate rents.

### Note 17 : Commitments received

In millions of euros	06/2016	12/2015
<b>Financing commitments</b>	<b>4 533</b>	<b>4 492</b>
Commitments from credit institutions	4 533	4 492
<b>Guarantee commitments</b>	<b>9 369</b>	<b>8 629</b>
Guarantees received from credit institutions	165	146
Guarantees from customers	4 814	4 565
Commitments to take back leased vehicles at the end of the contract	4 390	3 918
<b>Total commitments received (*)</b>	<b>13 902</b>	<b>13 121</b>
<i>(*) Of which related parties</i>	3 116	2 893

At 30 June 2016 RCI Banque had €4,524m in unused confirmed lines of credit as well as broadly diversified short-term and medium-term issuance programs. RCI Banque also held €2,577m of receivables eligible as European central bank collateral (after haircuts, excluding securities and receivables already in use to secure financing at year-end).

Most of the commitments received from related parties concern buy-back commitments agreed with the builders in connection with the finance lease.

#### 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 18 : Interest and similar income**

In millions of euros	06/2016	06/2015	12/2015
<b>Interests and similar incomes</b>	<b>1 109</b>	<b>1 141</b>	<b>2 266</b>
Transactions with credit institutions	14	9	22
Customer finance transactions	825	837	1 660
Finance lease transactions	224	236	465
Accrued interest due and payable on hedging instruments	40	58	110
Accrued interest due and payable on Financial assets available for sale	6	1	9
<b>Staggered fees paid for referral of business:</b>	<b>(209)</b>	<b>(189)</b>	<b>(388)</b>
Customer Loans	(170)	(157)	(322)
Finance leases	(39)	(32)	(66)
<b>Total interests and similar income (*)</b>	<b>900</b>	<b>952</b>	<b>1 878</b>
<i>(*) Of which related parties</i>	<i>279</i>	<i>271</i>	<i>545</i>

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

**Note 19 : Interest expenses and similar charges**

In millions of euros	06/2016	06/2015	12/2015
Transactions with credit institutions	(73)	(97)	(174)
Customer finance transactions	(75)	(51)	(114)
Finance lease transactions			(1)
Accrued interest due and payable on hedging instruments	(9)	(12)	(16)
Expenses on debt securities	(215)	(276)	(537)
Other interest and similar expenses	(6)	(10)	(19)
<b>Total interest and similar expenses (*)</b>	<b>(378)</b>	<b>(446)</b>	<b>(861)</b>
<i>(*) Of which related parties</i>	<i>(12)</i>	<i>(15)</i>	<i>(31)</i>

**Note 20 : Produits et charges nets des autres activités**

In millions of euros	06/2016	06/2015	12/2015
<b>Other income from banking operations</b>	<b>510</b>	<b>474</b>	<b>936</b>
Incidental income from finance contracts	147	165	313
Income from service activities	228	196	404
Income related to non-doubtful lease contracts	52	46	91
of which reversal of impairment on residual values	8	6	13
Income from operating lease transactions	64	40	95
Other income from banking operations	19	27	33
of which reversal of charge to reserve for banking risks	7	15	18
<b>Other expenses of banking operations</b>	<b>(339)</b>	<b>(312)</b>	<b>(600)</b>
Cost of services related to finance contracts	(63)	(64)	(129)
Cost of service activities	(110)	(98)	(198)
Expenses related to non-doubtful lease contracts	(64)	(50)	(103)
of which allowance for impairment on residual values	(23)	(10)	(24)
Distribution costs not treatable as interest expense	(52)	(45)	(83)
Expenses related to operating lease transactions	(42)	(27)	(61)
Other expenses of banking operations	(8)	(28)	(26)
of which charge to reserve for banking risks	(3)	(1)	(3)
<b>Other operating income and expenses</b>	<b>2</b>	<b>2</b>	<b>5</b>
Other operating income	8	9	23
Other operating expenses	(6)	(7)	(18)
<b>Total net income (expense) of other activities (*)</b>	<b>173</b>	<b>164</b>	<b>341</b>
<i>(*) Of which related parties</i>	<i>1</i>	<i>(1)</i>	<i>1</i>

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

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

**Note 21 : General operating expenses and personnel costs**

In millions of euros	06/2016	06/2015	12/2015
<b>Personnel costs</b>	<b>(117)</b>	<b>(113)</b>	<b>(232)</b>
Employee pay	(77)	(78)	(156)
Expenses of post-retirement benefits	(9)	(8)	(17)
Other employee-related expenses	(26)	(25)	(52)
Other personnel expenses	(5)	(2)	(7)
<b>Other administrative expenses</b>	<b>(104)</b>	<b>(96)</b>	<b>(191)</b>
Taxes other than current income tax	(24)	(23)	(29)
Rental charges	(4)	(5)	(11)
Other administrative expenses	(76)	(68)	(151)
<b>Total general operating expenses (*)</b>	<b>(221)</b>	<b>(209)</b>	<b>(423)</b>
<i>(*) Of which related parties</i>	<i>(1)</i>	<i>(1)</i>	<i>(2)</i>

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

**Note 22 : Cost of risk by customer category**

In millions of euros	06/2016	06/2015	12/2015
<b>Cost of risk on customer financing</b>	<b>(36)</b>	<b>(40)</b>	<b>(84)</b>
Impairment allowances	(84)	(115)	(213)
Reversal of impairment	112	145	231
Losses on receivables written off	(83)	(78)	(134)
Amounts recovered on loans written off	19	8	32
<b>Cost of risk on dealer financing</b>	<b>(9)</b>		<b>(10)</b>
Impairment allowances	(59)	(42)	(108)
Reversal of impairment	52	44	113
Losses on receivables written off	(2)	(2)	(15)
<b>Other cost of risk</b>	<b>(2)</b>	<b>(2)</b>	<b>1</b>
Change in allowance for country risk		1	
Change in allowance for impairment of other receivables	(2)	(3)	1
<b>Total cost of risk</b>	<b>(47)</b>	<b>(42)</b>	<b>(93)</b>

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



**Note 23 : Income tax**

In millions of euros	06/2016	06/2015	12/2015
<b>Current tax expense</b>	<b>(143)</b>	<b>(168)</b>	<b>(289)</b>
Current tax expense	(143)	(168)	(289)
<b>Deferred taxes</b>	<b>(3)</b>	<b>8</b>	<b>18</b>
Income (expense) of deferred taxes, gross	(3)	8	18
<b>Total income tax</b>	<b>(146)</b>	<b>(160)</b>	<b>(271)</b>

Le taux effectif d'impôts du Groupe s'établit à 33,84% au 30 juin 2016 contre 37,87% au 30 juin 2015 et 32,17% au 31 décembre 2015.

The amount of the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises*, a tax computed on the added value generated by the company) included in current income tax is €-5 m

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.

**Note 24 : Events after the end of the reporting period**

No events occurred between the reporting period end date and 26 July 2016, when the Board of Directors approved the financial statements, that might have a significant impact on the financial statements ended 30 June 2016.