



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

**31 December 2016**

# SUMMARY

|   |          |
|---|----------|
| <b>BALANCE SHEET AND INCOME STATEMENT</b> .....   | <b>3</b> |
| <b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> .....                                  | <b>6</b> |
| 1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS .....                                 | 8        |
| 2. KEY HIGHLIGHTS .....   | 8        |
| 3. ACCOUNTING RULES AND METHODS .....   | 9        |
| A) <i>Changes in accounting policies</i> .....  | 9        |
| B) <i>Consolidation principles</i> .....  | 11       |
| C) <i>Presentation of the financial statements</i> .....                                  | 12       |
| D) <i>Estimates and judgments</i> .....   | 12       |
| E) <i>Loans and advances to customers and finance lease contracts</i> .....               | 12       |
| F) <i>Operating leases (IAS17)</i> .....  | 16       |
| G) <i>Transactions between the RCI Banque group and the Renault-Nissan Alliance</i> ..... | 16       |
| H) <i>Recognition and measurement of the securities portfolio (IAS 39)</i> .....          | 17       |
| I) <i>Non-current assets (IAS16/IAS36)</i> .....  | 17       |
| J) <i>Income taxes (IAS 12)</i> .....   | 17       |
| K) <i>Pension and other post-employment benefits (IAS 19)</i> .....                       | 18       |
| L) <i>Translation of financial statements of foreign companies</i> .....                  | 18       |
| M) <i>Translation of foreign currency transactions</i> .....                              | 19       |
| N) <i>Financial liabilities (IAS 39)</i> .....  | 19       |
| O) <i>Structured products and embedded derivatives (IAS 39)</i> .....                     | 19       |
| P) <i>Derivatives and hedge accounting (IAS 39)</i> .....                                 | 20       |
| Q) <i>Operating segments (IFRS 8)</i> .....   | 21       |
| R) <i>Insurance</i> .....   | 22       |
| 4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT.....                                | 23       |
| 5. REFINANCING.....   | 24       |
| 6. REGULATORY REQUIREMENTS.....   | 24       |
| 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....                                   | 24       |
| 8. GROUP SUBSIDIARIES AND BRANCHES .....  | 59       |
| A) <i>List of consolidated companies and foreign branches</i> .....                       | 59       |
| B) <i>Subsidiaries in which non-controlling interests are significant</i> .....           | 61       |
| C) <i>Significant associates and joint ventures</i> .....                                 | 63       |
| D) <i>Significant restrictions</i> .....  | 64       |

## CONSOLIDATED BALANCE SHEET

| ASSETS - In millions of euros                                  | Notes  | 12/2016       | 12/2015       |
|--|--------|---------------|---------------|
| Cash and balances at central banks                             |        | 1 040         | 1 937         |
| Derivatives  | 2      | 238           | 374           |
| Financial assets available for sale and other financial assets | 3      | 955           | 643           |
| Amounts receivable from credit institutions                    | 4      | 1 024         | 851           |
| Loans and advances to customers                                | 5 et 6 | 37 923        | 31 579        |
| Current tax assets   | 7      | 44            | 21            |
| Deferred tax assets  | 7      | 106           | 105           |
| Tax receivables other than on current income tax               | 7      | 316           | 189           |
| Adjustment accounts & miscellaneous assets                     | 7      | 748           | 623           |
| Investments in associates and joint ventures                   | 8      | 97            | 72            |
| Operating lease transactions                                   | 5 et 6 | 715           | 558           |
| Tangible and intangible non-current assets                     | 9      | 28            | 28            |
| Goodwill   | 10     | 86            | 93            |
| <b>TOTAL ASSETS</b>  |        | <b>43 320</b> | <b>37 073</b> |

| LIABILITIES AND EQUITY - In millions of euros   | Notes | 12/2016       | 12/2015       |
|---|-------|---------------|---------------|
| Central Banks                                   | 11.1  | 2 000         | 1 501         |
| Derivatives                                     | 2     | 97            | 68            |
| Amounts payable to credit institutions          | 11.2  | 1 845         | 1 433         |
| Amounts payable to customers                    | 11.3  | 13 267        | 10 933        |
| Debt securities                                 | 11.4  | 19 544        | 17 534        |
| Current tax liabilities                         | 13    | 88            | 79            |
| Deferred tax liabilities                        | 13    | 333           | 324           |
| Taxes payable other than on current income tax  | 13    | 28            | 20            |
| Adjustment accounts & miscellaneous liabilities | 13    | 1 556         | 1 274         |
| Provisions                                      | 14    | 147           | 112           |
| Insurance technical provisions                  | 14    | 343           | 288           |
| Subordinated debt - Liabilities                 | 16    | 12            | 12            |
| Equity  |       | 4 060         | 3 495         |
| - Of which equity - owners of the parent        |       | 4 046         | 3 482         |
| Share capital and attributable reserves         |       | 814           | 814           |
| Consolidated reserves and other                 |       | 2 827         | 2 295         |
| Unrealised or deferred gains and losses         |       | (197)         | (166)         |
| Net income for the year                         |       | 602           | 539           |
| - Of which equity - non-controlling interests   |       | 14            | 13            |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>           |       | <b>43 320</b> | <b>37 073</b> |

## CONSOLIDATED INCOME STATEMENT

| In millions of euros   | Notes | 12/2016      | 12/2015      |
|--|-------|--------------|--------------|
| Interest and similar income  | 24    | 1 844        | 1 878        |
| Interest expenses and similar charges  | 25    | (761)        | (861)        |
| Fees and commission income   |       | 27           | 23           |
| Fees and commission expenses   |       | (17)         | (14)         |
| Net gains (losses) on financial instruments at fair value through profit or loss | 26    | 9            | (6)          |
| Net gains (losses) on AFS securities and other financial assets                  | 27    | 1            | 1            |
| Income of other activities   | 28    | 1 050        | 959          |
| Expense of other activities  | 28    | (681)        | (618)        |
| <b>NET BANKING INCOME</b>  |       | <b>1 472</b> | <b>1 362</b> |
| General operating expenses   | 29    | (456)        | (423)        |
| Depreciation and impairment losses on tangible and intangible assets             |       | (7)          | (6)          |
| <b>GROSS OPERATING INCOME</b>  |       | <b>1 009</b> | <b>933</b>   |
| Cost of risk   | 30    | (104)        | (93)         |
| <b>OPERATING INCOME</b>  |       | <b>905</b>   | <b>840</b>   |
| Share in net income (loss) of associates and joint ventures                      | 8     | 7            | 4            |
| Gains less losses on non-current assets  |       |              |              |
| <b>PRE-TAX INCOME</b>  |       | <b>912</b>   | <b>844</b>   |
| Income tax   | 31    | (286)        | (271)        |
| <b>NET INCOME</b>  |       | <b>626</b>   | <b>573</b>   |
| Of which, non-controlling interests  |       | 24           | 34           |
| Of which owners of the parent  |       | 602          | 539          |
| Net Income per share (1) in euros  |       | 601,59       | 538,62       |
| Diluted earnings per share in euros  |       | 601,59       | 538,62       |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE

| In millions of euros   | 12/2016     | 12/2015     |
|--|-------------|-------------|
| <b>NET INCOME</b>  | <b>626</b>  | <b>573</b>  |
| Actuarial differences on post-employment benefits                                  | (8)         | 3           |
| <i>Total of items that will not be reclassified subsequently to profit or loss</i> | <i>(8)</i>  | <i>3</i>    |
| Unrealised P&L on cash flow hedge instruments                                      | (28)        | 7           |
| Exchange differences   | (6)         | (55)        |
| <i>Total of items that will be reclassified subsequently to profit or loss</i>     | <i>(34)</i> | <i>(48)</i> |
| <b>Other comprehensive income</b>  | <b>(42)</b> | <b>(45)</b> |
| <b>TOTAL COMPREHENSIVE INCOME</b>  | <b>584</b>  | <b>528</b>  |
| Of which Comprehensive income attributable to non-controlling interests            | 13          | 39          |
| Comprehensive income attributable to owners of the parent                          | 571         | 489         |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In millions of euros  | Share capital | Attribut. reserves | Consolid. reserves | Translation adjust. | Unrealized or deferred P&L | Net income                           | Equity                               | Equity                      | Total Consolidated equity |
|---|---------------|--------------------|--------------------|---------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------------------|---------------------------|
|   | (1)           | (2)                |                    | (3)                 | (4)                        | (Shareholders of the parent company) | (Shareholders of the parent company) | (Non-controlling interests) |                           |
| <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 |               |                    |                    |                     | 3                          |                                      | 3                                    | 4                           | 7                         |
| Actuarial differences on defined-benefit pension plans                    |               |                    |                    |                     | 3                          |                                      | 3                                    |                             | 3                         |
| Exchange differences  |               |                    |                    | (56)                |                            |                                      | (56)                                 | 1                           | (55)                      |
| Net income for the year (before appropriation)                            |               |                    |                    |                     |                            | 539                                  | 539                                  | 34                          | 573                       |
| <b>Total comprehensive income for the period</b>                          |               |                    |                    | <b>(56)</b>         | <b>6</b>                   | <b>539</b>                           | <b>489</b>                           | <b>39</b>                   | <b>528</b>                |
| Effect of acquisitions, disposals and others                              |               |                    | 1                  |                     |                            |                                      | 1                                    | (1)                         |                           |
| Dividend for the year   |               |                    | (150)              |                     |                            |                                      | (150)                                | (19)                        | (169)                     |
| Repurchase commitment of non-controlling interests                        |               |                    |                    |                     |                            |                                      |                                      | (19)                        | (19)                      |
| <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 |               |                    |                    |                     | (16)                       |                                      | (16)                                 | (12)                        | (28)                      |
| Actuarial differences on post-employment benefits                         |               |                    |                    |                     | (8)                        |                                      | (8)                                  |                             | (8)                       |
| Exchange differences  |               |                    |                    | (7)                 |                            |                                      | (7)                                  | 1                           | (6)                       |
| Net income for the year (before appropriation)                            |               |                    |                    |                     |                            | 602                                  | 602                                  | 24                          | 626                       |
| <b>Total comprehensive income for the period</b>                          |               |                    |                    | <b>(7)</b>          | <b>(24)</b>                | <b>602</b>                           | <b>571</b>                           | <b>13</b>                   | <b>584</b>                |
| Dividend for the year   |               |                    |                    |                     |                            |                                      |                                      | (14)                        | (14)                      |
| Repurchase commitment of non-controlling interests                        |               |                    | (7)                |                     |                            |                                      | (7)                                  | 2                           | (5)                       |
| <b>Equity at 31 December 2016</b>   | <b>100</b>    | <b>714</b>         | <b>2 827</b>       | <b>(175)</b>        | <b>(22)</b>                | <b>602</b>                           | <b>4 046</b>                         | <b>14</b>                   | <b>4 060</b>              |

- (1) The share capital of RCI Banque S.A. (100 million euros) consists of 1,000,000 fully paid up ordinary shares with par value of 100 euros each, of which 999,999 ordinary shares are owned by Renault S.A.S.
- (2) Attributable reserves include the share premium account of the parent company.
- (3) The change in translation adjustments at 31 December 2016 relates primarily to Argentina, Brazil, the United Kingdom, Russia, Turkey and South Korea. At 31 December 2015, it related primarily to Brazil, Argentina, the United Kingdom and South Korea.
- (4) Includes changes in the fair value of derivatives used as cash flow hedges and available-for-sale assets for -€8.9m and IAS 19 actuarial gains and losses for -€13.4m at end-December 2016.
- (5) Opening equity at first January 2015 has been restated for the impacts of IFRIC 21, for a total of +€4.4m

(\*) *The 2014 financial statements have been restated.*

*Opening equity at first January 2015 has been restated for the impacts of IFRIC 21, for a total of +€4.4m.*

## CONSOLIDATED CASH FLOW STATEMENT

| En millions d'euros   | 12/2016        | 12/2015      |
|---|----------------|--------------|
| <b>Net income attributable to owners of the parent company</b>                                    | <b>602</b>     | <b>539</b>   |
| Depreciation and amortization of tangible and intangible non-current assets                       | 6              | 5            |
| Net allowance for impairment and provisions   | 77             | 27           |
| Dividends received of associates and joint ventures   | 1              |              |
| Share in net (income) loss of associates and joint ventures                                       | (7)            | (4)          |
| Deferred tax (income) / expense   | 34             | (18)         |
| Net income attributable to non-controlling interests  | 24             | 34           |
| Other (gains/losses on derivatives at fair value through profit and loss)                         | 7              | (18)         |
| <b>Cash flow</b>  | <b>744</b>     | <b>565</b>   |
| Other movements (accrued receivables and payables)  | 20             | 76           |
| <b>Total non-monetary items included in net income and other adjustments</b>                      | <b>162</b>     | <b>102</b>   |
| Cash flows on transactions with credit institutions   | 844            | 406          |
| - Inflows / outflows in amounts receivable from credit institutions                               | (14)           | (73)         |
| - Inflows / outflows in amounts payable to credit institutions                                    | 858            | 479          |
| Cash flows on transactions with customers   | (4 184)        | (225)        |
| - Inflows / outflows in amounts receivable from customers   | (6 748)        | (3 860)      |
| - Inflows / outflows in amounts payable to customers  | 2 564          | 3 635        |
| Cash flows on other transactions affecting financial assets and liabilities                       | 1 614          | 1 260        |
| - Inflows / outflows related to AFS securities and similar  | (299)          | 99           |
| - Inflows / outflows related to debt securities   | 2 019          | 1 167        |
| - Inflows / outflows related to collections   | (106)          | (6)          |
| Cash flows on other transactions affecting non-financial assets and liabilities                   | 279            | (170)        |
| <b>Net decrease / (increase) in assets and liabilities resulting from operating activities</b>    | <b>(1 447)</b> | <b>1 271</b> |
| <b>Net cash generated by operating activities (A)</b>   | <b>(683)</b>   | <b>1 912</b> |
| Flows related to financial assets and investments   | (33)           | (16)         |
| Flows related to tangible and intangible non-current assets                                       | (6)            | (7)          |
| <b>Net cash from / (used by) investing activities (B)</b>   | <b>(39)</b>    | <b>(23)</b>  |
| Net cash from / (to) shareholders   | (14)           | (419)        |
| - Outflows related to repayment of Equity instruments and subordinated borrowings                 |                | (250)        |
| - Dividends paid  | (14)           | (169)        |
| <b>Net cash from / (used by) financing activities (C)</b>   | <b>(14)</b>    | <b>(419)</b> |
| <b>Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)</b> | <b>(7)</b>     | <b>(43)</b>  |
| <b>Change in cash and cash equivalents (A+B+C+D)</b>  | <b>(743)</b>   | <b>1 427</b> |
| Cash and cash equivalents at beginning of year:   | 2 382          | 955          |
| - Cash and balances at central banks  | 1 937          | 465          |
| - Balances in sight accounts at credit institutions   | 445            | 490          |
| Cash and cash equivalents at end of year:   | 1 639          | 2 382        |
| - Cash and balances at central banks  | 1 040          | 1 937        |
| - Credit balances in sight accounts with credit institutions                                      | 810            | 650          |
| - Debit balances in sight accounts with credit institutions                                       | (211)          | (205)        |
| <b>Change in net cash</b>   | <b>(743)</b>   | <b>1 427</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The consolidated financial statements of the RCI Banque S.A. group as at 31 December relate to the Company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

### 1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The RCI Banque group's consolidated financial statements for the year 2015 were established by the Board of Directors on 3 February 2017 and will be presented for shareholder approval to the Annual General Meeting on 22 May 2017.

As a reminder, the General Meeting of 20 May 2016 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 its daughter Banco RCI Brasil S.A. in February 2016. No changes were made in the acquiring company's consolidation method, or in the breakdown between owners of the parent company (60.11%) and non-controlling interests (39.89%)
- Merger by absorption of RCI Gest Instituição Financeira de Credito S.A. by RCI Banque Sucursale Portugal with transfer of assets to RCI COM S.A., a new trading company carrying operating lease transactions in Portugal, which was added to the scope of consolidation at the same time as the merger. This merger is neutral from the consolidation viewpoint.
- A new *Fonds commun de titrisation* issue:
  - In May 2016, Cars Alliance Auto Loans Germany V2016-1 issued AAA-rated notes backed by customer auto loans for €700 million.
- FCT CARS Alliance Auto Loans France V 2012-1 (*Fonds commun de titrisation*) matured.

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

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A. in Colombia and a 51% holding in RCI Colombia S.A.

The business of RCI Servicios Colombia S.A. consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. At 31 December 2016, its income before tax came to €2.5m.

The business of RCI Colombia S.A. mainly consists in the financing of customer and dealer sales in Colombia. At 31 December 2016 its pre-tax income came to -€3.5m.



### 3. ACCOUNTING RULES AND METHODS

In application of Regulation 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, the RCI Banque group has prepared its consolidated financial statements for 2016 in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) to 31 December 2016 and as adopted in the European Union by the statement closing date.

#### 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.

|  |   |
|--|---|
| New standards, interpretations and amendments not applied in advance by the group<br>(provisional depending on expected EFRAG adoption dates): |   |
| Amendment to IAS 1   | Disclosure Initiative                                       |
| Amendment to IAS 19  | Defined Benefit Plans – Employee Contributions              |
| Amendment to IAS 27  | Use of the Equity Method in Separate Financial Statements   |
| Amendments to IAS 16 and 38  | Clarification of Acceptable Methods of Depreciation         |
| Amendment to IFRS 11   | Accounting of Acquisitions of Interests in Joint Operations |
| Annual improvements – Cycle 2010 – 2012  | Various provisions  |
| Annual improvements – Cycle 2012 – 2014  | Various provisions  |

The amendment to IAS 19 “Defined Benefit Plans – Employee Contributions” provides clarification of the accounting treatment of contributions received from employees or third parties within the framework of a defined benefit plan. This amendment, which is applied retrospectively, concerns the group but has no significant impact.

The group has not applied the following standards, improvements or amendments, published in the Official Journal of the European Union and application of which is mandatory as of 1 January 2017 or later, in advance.

|  |  |
|--|--|
| New standards, improvements and amendments not applied in advance by the group |  |
| Amendment to IAS 7   | Disclosure initiative                                    |
| Amendment to IAS 12  | Recognition of Deferred Tax Assets for Unrealized Losses |
| IFRS 15  | Revenue from Contracts with Customers                    |
| IFRS 9   | Financial Instruments                                    |
| Annual improvements 2014-2016  | Various provisions                                       |
| IFRIC 22   | Foreign Currency Transactions and Advance Consideration  |

#### IFRS 9 “Financial Instruments”:

On 29 November 2016, IFRS 9 "Financial Instruments" was published in the Official Journal of the European Union.

The changes introduced by IFRS 9 include:

- **an approach to the classification and measurement of financial assets reflecting the business model in which assets 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 thus be measured at fair value through profit or loss, whereas “basic” loans and debt instruments will be measured at amortized cost or at fair value (option) through equity depending on the

management model used for those assets. The classification of financial liabilities remains essentially 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 a forward-looking model based on expected credit losses:
  - o The new impairment model will require 12-month expected credit losses on originated or purchased instruments to be booked as soon as those instruments are recognized on the balance sheet.
  - o Full 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 the scope of eligible hedge instruments. Pending a future macro-hedging standard, IFRS 9 allows current hedge accounting regulations (IAS 39) to be applied to all hedging relationships or just to macro-hedging relationships.

Disclosure requirements in the notes to consolidated financial statements have also been expanded significantly. The aim of these is to help users of financial statements to better understand the effect of credit risk on the amounts, 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. Steering committees bringing together Risk and Finance Function managers have been set up, along with operational committees dedicated to the various issues related to implementation of the new standard.

During the first quarter of 2016, initial work mainly focused 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.

During the last six months of 2016, the group continued to review its portfolios of financial assets so as to determine their future classifications and measurement methods under IFRS 9. Work to calibrate and validate the methodological framework setting out rules for assessing credit risk impairment and for determining one-year and full lifetime expected losses is being finalized for the Customer and Dealer businesses. The group has opted to use existing concepts and systems (particularly the Basel system) for exposures for which capital requirements for credit risk are calculated using the AIRB (Advanced Internal Rating-Based) prudential approach, which represents a very great majority of the group's Customer outstandings. This system will also be applied in a more simplified manner to portfolios for which capital requirements for credit risk are calculated using the standardized method. Provisions specific to IFRS 9, particularly the inclusion of forward-looking information, will be added to the Basel system. Scoping studies with a view to adapting information systems and process are also ongoing, and certain IT developments have been initiated. Operational rollout of the project is planned for the first half of 2017. At this stage of the IFRS 9 implementation plan, the consequences of implementation of the standard cannot be reasonably estimated in figures.

This standard is effective from 1 January 2018 and may be adopted early. The group has not decided which transitional arrangements it will apply.

#### IFRS 15 “Revenue from contracts with customers”:

On 29 October 2016, IFRS 15 "Revenue from contracts with customers" was published in the Official Journal of the European Union. This standard will replace IAS 11 and IAS 18 and the related IFRIC and SIC interpretations. It puts forward a new five-step revenue recognition approach. It could have impacts on recognition of revenue from contracts containing several performance obligations with transaction prices that have a variable component, and on contracts that have a financing component. IFRS 15 also presents a new approach to accounting for warranties, distinguishing between assurance-type warranties and service-type warranties.

The analysis work currently in progress is not leading to the identification of any major changes in revenue recognition.

This standard is effective from 1 January 2018 and may be adopted early. The group is considering applying this new standard as from 1 January 2018 using the retrospective method.

The group is also examining the new IFRS 16 “Leases”, adoption of which by the European Union is expected in 2017.

| New IFRS standards not adopted by the European Union |        | Effective date according to the IASB |
|--|--------|--------------------------------------|
| IFRS 16  | Leases | 1 January 2019                       |

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.

This standard is effective from 1 January 2019 and may be adopted early.

## B) Consolidation principles

### Scope and methods of consolidation

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

Associate companies and joint ventures are accounted for under the equity method (IFRS 11).

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

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

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

### Acquisition cost of shares and goodwill

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

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

And

- The net carrying amounts of acquired assets and liabilities

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

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

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

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

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

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

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

### **Non-controlling interests**

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

In accordance with the provisions set out in IAS 32, the group has recognized a liability arising from put options sold to non-controlling interests of exclusively controlled entities for a total amount of €203m at 31 December 2016, against €171m at 31 December 2015. This liability is initially measured at the present value of the estimated exercise price of the put options.

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

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

### **C) Presentation of the financial statements**

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

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

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) Estimates and judgments**

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

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

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

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

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

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

In addition to the contractual component of the receivable, the amortized cost of sales financing receivables includes

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

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

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

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

### **Identifying credit risk**

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

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

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

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

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

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

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

### **Forborne exposures**

The RCI Banque group uses the definition given by the European Banking Authority (EBA) in its ITS (Implementing Technical Standards) 2013/03 rev1 of 24.07.2014 to identify its forborne exposures (restructured loans).

Forbearance (loan restructuring) consists of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments.

It thus refers to cases where there is:

- a modification of the terms and conditions of a contract in order to give the customer in financial difficulties the

chance to meet their commitments (such as a change to the number of repayments, extension of term, change to installment amount, change to customer interest rate),

- a total or partial refinancing of a troubled debt contract (instead of terminating it) that would not have been granted had the customer not been in financial difficulties.

The classification of contracts as forbore exposures is separate from provisioning (for example, a contract that is forbore and returns to being considered as performing will not be provisioned and yet will be classified as a forbore exposure throughout the probation period).

Receivables whose characteristics have been commercially renegotiated with counterparties not in financial difficulties are not identified as forbore exposures.

The definition of forbore exposure is applied at the level of the individual contract (“facility”) that is forbore, and not at the level of the third party (no contagion principle).

Financial difficulties however, are assessed at the debtor level.

The forbearance classification of a contract is discontinued when all of the following conditions are met:

- The contract is considered as performing and analysis of the financial condition of the debtor shows that they have recovered their creditworthiness and debt service ability,
- A minimum 2-year probation period has passed from the date the forbore exposure returned to being considered as performing,
- Regular and significant payments have been made by the debtor during at least half of the probation period,
- None of the exposures to the debtor is more than 30 days past-due at the end of the probation period.

If a contract currently considered as performing but previously classified as forbore again benefits from forbearance measures (such as an extension of term) or if any of the exposures to the debtor is more than 30 days past-due, it must be re-classified as a forbore exposure.

### **Impairment for credit risk**

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

#### Customer lending

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

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

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

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

Receivables that are delinquent and doubtful are monitored on a case by case basis. In the event that the individual approach is not appropriate, then impairment is determined statistically according to classification of the debtor companies and the stage reached in collection or other proceedings.

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

#### Dealer financing

Impairment allowances for credit risks on dealer financing are determined according to three types of receivable:

delinquent, doubtful and performing. The factors and events triggering classification of a receivable as one of the aforementioned types and the principle used to determine impairment allowances are described hereafter.

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

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

As regards non-doubtful and non-delinquent receivables that are therefore classified as performing receivables, collective impairment allowances based on the credit risks and systemic risks for each country assessed are made.

The impaired amounts are determined on the basis of the technical and segment parameters of the performing portfolio and are specific to each country. Impairment allowances for performing dealer financing assets that are recognized or reversed as systemic risks are combined under the "cost of dealer risk" item for the affiliates concerned in the consolidated income statement.

### **Country risk**

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

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

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

The projected default rate used depends on the residual term of the portfolio, the country's rating and the geographical area in which it is located (Emerging countries, Europe, North America). This default rate is an indicator of the probability of default (PD) of companies in the country concerned. The RCI Banque group uses the rates published by S&P for emerging countries and estimated on a historical basis using the period between 1996 and 2015. The loss-given-default (LGD) rate refers to that of Brazil and is calculated on a 12-month mean basis by internal expert appraisal according to the trend observed for the countries concerned. Should it prove necessary to take the particular situation of one or more countries into account, expert judgment approved internally beforehand is used.

On the balance sheet, impairment allowances for country risk are booked as deductions from the carrying value of loans and advances to customers. Such impairment allowances that are recognized or reversed as systemic risks are combined under the RCI Banque S.A. "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 used vehicles across the board so as to optimize the pricing of its financing products.

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

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

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

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

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

The impairment charge is not offset by any profit on resale.

## **F) Operating leases (IAS17)**

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

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

The classification of battery leases for electric vehicles as operating leases is justified by the fact that the RCI Banque group retains the risks and rewards incidental to ownership throughout the automobile life of the batteries, which is put at between eight and ten years, and so is much longer than the lease agreements.

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

Income from the resale of vehicles at the end of operating lease contracts is included in "Net income (or expense) of other activities".

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

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

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

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

- **Sales support**

At 31 December 2016, the RCI Banque group had provided €17,984m in new financing (including cards) compared with €15,662m at 31 December 2015.

- **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 2016, dealer financing net of impairment allowances amounted to €10,067m against €8,040m at 31 December 2015.

At 31 December 2016, direct financing of Renault Group subsidiaries and branches amounted to €747m against €628m at 31 December 2015.

At 31 December 2016, the dealer network had collected, as a business contributor, income of €645m against €489m at 31 December 2015.

- **Relations with the car makers**



The RCI Banque group pays the car maker for vehicles delivered to dealers for which it provides financing.

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

Under their trade policies and as part of promotional campaigns, the manufacturers help to subsidize financings granted to customers by the RCI Banque group. At 31 December 2016, this contribution amounted to €474m against €431m at 31 December 2015.

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

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

### **Securities held for trading purposes**

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

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

### **Securities available for sale**

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

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

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

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

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

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

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

## **J) Income taxes (IAS 12)**

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

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

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

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

### **Overview of plans**

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

#### Defined benefit plans:

Charges are booked to provisions for these plans to cover:

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

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

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

#### Defined contribution plans:

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

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

### **Valuation of liabilities for defined benefit plans**

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

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

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

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

Details by country are given in the notes to the balance sheet.

## **L) Translation of financial statements of foreign companies**

The presentation currency used by the group is the euro.

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

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

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

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

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

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

### **M) Translation of foreign currency transactions**

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

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

### **N) Financial liabilities (IAS 39)**

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

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

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

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

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

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

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

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

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

### Risks

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

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

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

### Measurement

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

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

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

### Credit adjustment

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

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

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

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

### Fair value hedge

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

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

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

date.

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

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

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

### **Cash flow hedge**

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

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

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

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

### **Trading transactions**

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

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

These transactions mainly include:

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

## **Q) Operating segments (IFRS 8)**

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

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

In accordance with IFRS 8, segmentation by market has therefore been adopted as the operating segmentation method. This is in line with the strategic focus developed by the company. The information presented is based on internal reports sent to the group Executive Committee, identified as the "chief operating decision maker" under IFRS 8.

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

Since 1 January 2009, as decided by the Executive Committee, the formerly separate Retail and Corporate segments

have been consolidated into the single “Customer” segment. The breakdown of operating segments as required by IFRS 8 has followed the same segmentation.

The Dealer segment covers financing granted to the Renault-Nissan Alliance Dealer network.

The Customer segment covers all financing and related services for all customers other than Dealers.

Results are presented separately for each of these two market segments.

Refinancing and holding activities are grouped together under “Other activities”.

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

| Business        | Retail customers | Dealer network |
|-----------------|------------------|----------------|
| Lending         | ✓                | ✓              |
| Finance Lease   | ✓                | NA             |
| Operating Lease | ✓                | NA             |
| Services        | ✓                | NA             |

## 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 calculated by policy on a prorata daily 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. They are calculated by policy on a prorata daily basis.
- 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. Outstanding claim reserve are calculated by claim file based on reserving rules set according to the insurance benefit definition.
- IBNR (Incurred But Not Reported) claim reserves: these are reserves for claims not yet reported. They are calculated according to an actuarial method (method type: “chain ladder”), where the ultimate claim charge is estimated from a statistical analysis of the payments development on past claim history. These estimations are performed in “Best Estimate”, adding a calibrated prudential margin so that IBNR reserves are still sufficient even in case of a possible future adverse deviation in claim (not extreme shocks).

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”.

## 4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

In a mixed economic environment, RCI Banque continues to implement a prudent financial policy and reinforces 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 the maximum maturities of its issues in Euros to seven years, new investors looking for longer-term assets have been reached. The group has also moved into bond markets in numerous currencies (USD, GBP, CHF, BRL, ARS, KRW, MAD, etc.), to fund European assets and support growth outside Europe.

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

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

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

- **Risk appetite:** This component 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 confirmed lines of credit. 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 runs on deposits, 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 using the Probability of Default derived from scoring systems to manage 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 updated quarterly for the main countries per market (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

Exposure to bank counterparty risk mainly arises from the investment of temporary cash surpluses as short-term deposits, and from interest-rate or forex hedging with derivatives.

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

To meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI Banque now invests in liquid assets as defined in the European Commission's Delegated Act. These liquid assets mainly consist of deposits with the European Central Bank and 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 six years with a limit at nine years. The fund is aiming for zero exposure to the interest rate risk with a maximum of two years.

## 5. REFINANCING

In 2016, RCI Banque made five bond issues in public format, for a total amount of €3,350 million. The first, a three-year €500 million bond, posted a floating rate coupon. The following four, a seven-year €600 million bond, a three-year €750 million bond, a seven-year €750 million bond and a five-year €750 million bond, were issued at fixed rates. The success of both seven-year issues, a long maturity used for the first time in 2014, helped to diversify the group's investor base and shows that investors are confident in the strength of the company.

At the same time, a number of two to three-year private placements were also made, for a total of €1.1 billion. 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 December 2013 and being amortized since end-2014. This combination of maturities, types of coupon and issue formats is part of the strategy implemented by the group for a number of years to diversify its sources of funding and reach out to as many investors as possible.

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

Retail customer deposits increased €2.3 billion over the year to €12.6 billion at 31 December 2016, representing 33% of outstandings, in line with the company's goal of collecting retail deposits equivalent to one third of the financing granted to its customers.

These resources, to which should be added, based on the European scope, €4.1 billion of undrawn committed credit lines, €2.6 billion of assets eligible as collateral in ECB monetary policy operations, €1.3 billion of high quality liquid assets (HQLA) and €0.3 billion of short term financial assets, enable RCI Banque to maintain the financing granted to its customers for more than 10 months without access to external sources of liquidity.

## 6. REGULATORY REQUIREMENTS

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

The ratios calculated in 2016 do not show any non-compliance with the regulatory requirements.

## 7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



**Note 1 : Segment information****1.1 - Segmentation by market**

| <b>In millions of euros</b>          | <b>Customer</b> | <b>Dealer financing</b> | <b>Other</b> | <b>Total 12/2016</b> |
|--------------------------------------|-----------------|-------------------------|--------------|----------------------|
| Average performing loan outstandings | 24 629          | 8 077                   |              | 32 706               |
| Net banking income                   | 1 108           | 227                     | 137          | 1 472                |
| Gross operating income               | 759             | 185                     | 65           | 1 009                |
| Operating income                     | 672             | 168                     | 65           | 905                  |
| Pre-tax income                       | 672             | 168                     | 72           | 912                  |

| <b>In millions of euros</b>          | <b>Customer</b> | <b>Dealer financing</b> | <b>Other</b> | <b>Total 12/2015</b> |
|--------------------------------------|-----------------|-------------------------|--------------|----------------------|
| 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                  |

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

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

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

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

## 1.2 Segmentation by geographic region

| In millions of euros                | Year        | Net Loans<br>outstandings<br>at year-end<br>(1) | of which<br>Customers<br>outstandings<br>at year-end | of which<br>Dealers<br>outstandings<br>at year-end |
|-------------------------------------|-------------|---|--|--|
| Europe                              | 2016        | 33 934  | 24 408   | 9 526  |
|                                     | 2015        | 28 182  | 20 609   | 7 573  |
| <i>of which Germany</i>             | 2016        | 5 871   | 4 402  | 1 469  |
|                                     | 2015        | 4 788   | 3 688  | 1 100  |
| <i>of which Spain</i>               | 2016        | 3 426   | 2 656  | 770  |
|                                     | 2015        | 2 568   | 2 049  | 519  |
| <i>of which France</i>              | 2016        | 11 632  | 8 253  | 3 379  |
|                                     | 2015        | 10 185  | 7 195  | 2 990  |
| <i>of which Italy</i>               | 2016        | 4 251   | 3 156  | 1 095  |
|                                     | 2015        | 3 199   | 2 418  | 781  |
| <i>of which United-Kingdom</i>      | 2016        | 4 548   | 3 635  | 913  |
|                                     | 2015        | 4 276   | 3 440  | 836  |
| <i>of which other countries (2)</i> | 2016        | 4 206   | 2 306  | 1 900  |
|                                     | 2015        | 3 166   | 1 819  | 1 347  |
| Asia Pacific - South Korea          | 2016        | 1 400   | 1 389  | 11   |
|                                     | 2015        | 1 161   | 1 144  | 17   |
| America                             | 2016        | 2 377   | 1 925  | 452  |
|                                     | 2015        | 1 999   | 1 617  | 382  |
| <i>of which Argentina</i>           | 2016        | 379   | 289  | 90   |
|                                     | 2015        | 229   | 189  | 40   |
| <i>of which Brazil</i>              | 2016        | 1 998   | 1 636  | 362  |
|                                     | 2015        | 1 770   | 1 428  | 342  |
| Africa, Middle East, India          | 2016        | 389   | 321  | 68   |
|                                     | 2015        | 338   | 275  | 63   |
| Eurasia                             | 2016        | 159   | 149  | 10   |
|                                     | 2015        | 104   | 99   | 5  |
| <b>Total RCI Banque group</b>       | <b>2016</b> | <b>38 259</b>                                   | <b>28 192</b>  | <b>10 067</b>                                      |
|                                     | <b>2015</b> | <b>31 784</b>                                   | <b>23 744</b>  | <b>8 040</b>                                       |

(1) Including operating lease business

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

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.

**Note 2 : Derivatives**

| In millions of euros  | 12/2016    |             | 12/2015    |             |
|---|------------|-------------|------------|-------------|
|   | Assets     | Liabilities | Assets     | Liabilities |
| <b>Fair value of financial assets and liabilities recognized as derivatives held for trading purposes</b> | <b>48</b>  | <b>39</b>   | <b>48</b>  | <b>32</b>   |
| Interest-rate derivatives   | 2          |             |            | 1           |
| Currency derivatives  | 46         | 37          | 48         | 27          |
| Other derivatives   |            | 2           |            | 4           |
| <b>Fair value of financial assets and liabilities recognized as derivatives used for hedging</b>          | <b>190</b> | <b>58</b>   | <b>326</b> | <b>36</b>   |
| Interest-rate and currency derivatives: Fair value hedges   | 179        | 14          | 292        | 23          |
| Interest-rate derivatives: Cash flow hedges   | 11         | 44          | 34         | 13          |
| <b>Total derivatives (*)</b>  | <b>238</b> | <b>97</b>   | <b>374</b> | <b>68</b>   |

(\*) Of which related parties

10

4

“Other derivatives” includes the adjustment for credit risk of -€2.3m at 31 December 2016, which breaks down into an income of €0.1m for the DVA and an expense of -€2.4m for the CVA.

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

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

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

| In millions of euros                       | Cash flow hedging | Schedule for the transfer of the CFH reserve account to the income statement |              |          |
|--|-------------------|--|--------------|----------|
|  |                   | <1 year  | 1 to 5 years | +5 years |
| <b>Balance at 31 December 2013</b>         | <b>3</b>          | <b>(1)</b>   | <b>4</b>     |          |
| Changes in fair value recognized in equity | (6)               |  |              |          |
| Transfer to income statement               | 9                 |  |              |          |
| <b>Balance at 31 December 2014</b>         | <b>6</b>          | <b>3</b>   | <b>3</b>     |          |
| Changes in fair value recognized in equity | (27)              |  |              |          |
| Transfer to income statement               | 11                |  |              |          |
| <b>Balance at 31 December 2016</b>         | <b>(10)</b>       | <b>(6)</b>   | <b>(4)</b>   |          |

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

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

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

| In millions of euros                 | < 1 year | 1 year to 5 years | > 5 years | Total 12/2016 | Related parties |
|--------------------------------------|----------|-------------------|-----------|---------------|-----------------|
| <b>Hedging of currency risk</b>      |          |                   |           |               |                 |
| <u>Forward forex contracts</u>       |          |                   |           |               |                 |
| Sales                                | 1 557    |                   |           | 1 557         |                 |
| Purchases                            | 1 559    |                   |           | 1 559         |                 |
| <u>Spot forex transactions</u>       |          |                   |           |               |                 |
| Loans                                | 1        |                   |           | 1             |                 |
| Borrowings                           | 1        |                   |           | 1             |                 |
| <u>Currency swaps</u>                |          |                   |           |               |                 |
| Loans                                | 343      | 823               |           | 1 166         | 221             |
| Borrowings                           | 333      | 717               |           | 1 050         | 210             |
| <b>Hedging of interest-rate risk</b> |          |                   |           |               |                 |
| <u>Interest rate swaps</u>           |          |                   |           |               |                 |
| Lender                               | 5 710    | 6 535             | 1 650     | 13 895        |                 |
| Borrower                             | 5 710    | 6 535             | 1 650     | 13 895        |                 |

| 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  | 12/2016    | 12/2015    |
|---|------------|------------|
| <b>Financial assets available for sale</b>                                      | <b>929</b> | <b>635</b> |
| Government debt securities and similar  | 521        | 411        |
| Variable income securities  | 109        | 103        |
| Bonds and other fixed income securities   | 299        | 121        |
| <b>Other financial assets</b>   | <b>26</b>  | <b>8</b>   |
| Interests in companies controlled but not consolidated                          | 26         | 8          |
| <b>Total financial assets available for sale and other financial assets (*)</b> | <b>955</b> | <b>643</b> |
| <i>(*) Of which related parties</i>   | 26         | 8          |

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

| In millions of euros  | 12/2016      | 12/2015    |
|---|--------------|------------|
| <b>Credit balances in sight accounts at credit institutions</b> | <b>810</b>   | <b>650</b> |
| Ordinary accounts in debit                                      | 773          | 626        |
| Overnight loans   | 36           | 24         |
| Accrued interest  | 1            |            |
| <b>Term deposits at credit institutions</b>                     | <b>214</b>   | <b>201</b> |
| Term loans  | 214          | 199        |
| Reverse repurchase agreement or bought outright                 |              | 1          |
| Accrued interest  |              | 1          |
| <b>Total amounts receivable from credit institutions (*)</b>    | <b>1 024</b> | <b>851</b> |
| <i>(*) Of which related parties</i>                             | 210          | 130        |

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 FCTs (Fonds Commun de Titrisation) contribute in part to the funds' credit enhancement. They totaled €477m at year-end 2016 and are included in "Ordinary Accounts in debit".

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

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

| In millions of euros                                   | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Loans and advances to customers</b>                 | <b>37 923</b> | <b>31 579</b> |
| Customer finance transactions                          | 29 248        | 24 709        |
| Finance lease transactions                             | 8 675         | 6 870         |
| <b>Operating lease transactions</b>                    | <b>715</b>    | <b>558</b>    |
| <b>Total customer finance transactions and similar</b> | <b>38 638</b> | <b>32 137</b> |

The gross value of forborne 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 €38m at 31 December 2016.

**5.1 - Customer finance transactions**

| In millions of euros   | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Loans and advances to customers</b>   | <b>29 614</b> | <b>25 216</b> |
| Factoring  | 491           | 636           |
| Other commercial receivables   | 2             | 1             |
| Other customer credit  | 28 379        | 23 620        |
| Ordinary accounts in debit   | 272           | 276           |
| Doubtful and compromised receivables   | 470           | 683           |
| <b>Interest receivable on customer loans and advances</b>                      | <b>79</b>     | <b>46</b>     |
| Other customer credit  | 40            | 33            |
| Ordinary accounts  | 31            | 3             |
| Doubtful and compromised receivables   | 8             | 10            |
| <b>Total of items included in amortized cost - Customer loans and advances</b> | <b>114</b>    | <b>15</b>     |
| Staggered handling charges and sundry expenses - Received from customers       | (27)          | (43)          |
| Staggered contributions to sales incentives by manufacturer or dealers         | (495)         | (423)         |
| Staggered fees paid for referral of business                                   | 636           | 481           |
| <b>Impairment on loans and advances to customers</b>                           | <b>(559)</b>  | <b>(568)</b>  |
| Impairment on delinquent or at-risk receivables                                | (226)         | (184)         |
| Impairment on doubtful and compromised receivables                             | (290)         | (350)         |
| Impairment on residual value   | (43)          | (34)          |
| <b>Total customer finance transactions, net</b>                                | <b>29 248</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 impaired allowances continue to appear on the asset side of the group's balance sheet.

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

## 5.2 - Finance lease transactions

| In millions of euros   | 12/2016      | 12/2015      |
|--|--------------|--------------|
| <b>Finance lease transactions</b>                                      | <b>8 756</b> | <b>6 970</b> |
| Leasing and long-term rental   | 8 642        | 6 858        |
| Doubtful and compromised receivables                                   | 114          | 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>4</b>     | <b>(15)</b>  |
| Staggered handling charges   | (15)         | (13)         |
| Staggered contributions to sales incentives by manufacturer or dealers | (110)        | (100)        |
| Staggered fees paid for referral of business                           | 129          | 98           |
| <b>Impairment on finance leases</b>                                    | <b>(92)</b>  | <b>(92)</b>  |
| Impairment on delinquent or at-risk receivables                        | (16)         | (11)         |
| Impairment on doubtful and compromised receivables                     | (75)         | (80)         |
| Impairment on residual value   | (1)          | (1)          |
| <b>Total finance lease transactions, net</b>                           | <b>8 675</b> | <b>6 870</b> |

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

| In millions of euros  | < 1 year     | 1 year to 5<br>years | > 5 years | Total<br>12/2016 |
|---|--------------|----------------------|-----------|------------------|
| Finance leases - net investment   | 3 830        | 4 928                | 9         | 8 767            |
| Finance leases - future interest receivable   | 225          | 194                  | 1         | 420              |
| <b>Finance leases - gross investment</b>  | <b>4 055</b> | <b>5 122</b>         | <b>10</b> | <b>9 187</b>     |
| Amount of residual value guaranteed to RCI Banque group   | 2 153        | 2 544                | 1         | 4 698            |
| <i>Of which amount guaranteed by related parties</i>  | <i>1 562</i> | <i>1 380</i>         | <i>1</i>  | <i>2 943</i>     |
| Minimum payments receivable under the lease<br>(excluding amounts guaranteed by related parties, as required by IAS 17) | 2 493        | 3 742                | 9         | 6 244            |

| In millions of euros  | < 1 year     | 1 year to 5<br>years | > 5 years | Total<br>12/2015 |
|---|--------------|----------------------|-----------|------------------|
| Finance leases - net investment   | 3 279        | 3 676                | 7         | 6 962            |
| Finance leases - future interest receivable   | 205          | 159                  |           | 364              |
| <b>Finance leases - gross investment</b>  | <b>3 484</b> | <b>3 835</b>         | <b>7</b>  | <b>7 326</b>     |
| Amount of residual value guaranteed to RCI Banque group   | 1 627        | 1 740                | 3         | 3 370            |
| <i>Of which amount guaranteed by related parties</i>  | <i>1 202</i> | <i>994</i>           | <i>3</i>  | <i>2 199</i>     |
| Minimum payments receivable under the lease<br>(excluding amounts guaranteed by related parties, as required by IAS 17) | 2 282        | 2 841                | 4         | 5 127            |

**5.3 - Operating lease transactions**

| In millions of euros   | 12/2016     | 12/2015     |
|--|-------------|-------------|
| <b>Fixed asset net value on operating lease transactions</b> | <b>729</b>  | <b>564</b>  |
| Gross value of tangible assets                               | 885         | 656         |
| Depreciation of tangible assets                              | (156)       | (92)        |
| <b>Receivables on operating lease transactions</b>           | <b>4</b>    | <b>4</b>    |
| Accrued interest   | 1           | 1           |
| Non-impaired receivables                                     | 5           | 5           |
| Doubtful and compromised receivables                         | 2           | 1           |
| Income and charges to be staggered                           | (4)         | (3)         |
| <b>Impairment on operating leases</b>                        | <b>(18)</b> | <b>(10)</b> |
| Impairment on residual value                                 | (18)        | (10)        |
| <b>Total operating lease transactions, net</b>               | <b>715</b>  | <b>558</b>  |

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

| In millions of euros | 12/2016    | 12/2015    |
|----------------------|------------|------------|
| 0-1 year             | 60         | 46         |
| 1-5 years            | 168        | 130        |
| +5 years             | 1          |            |
| <b>Total</b>         | <b>229</b> | <b>176</b> |

**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 2016, the RCI Banque group's maximum aggregate exposure to credit risk stood at €44,365m. This exposure chiefly includes net loans outstanding from sales financing, sundry debtors, asset derivatives and irrevocable financing commitments on the RCI Banque group's off-balance sheet (see Note 22 Commitments received).

**Amount of receivables due**

| In millions of euros        | 12/2016    | of which non-impaired (1) | 12/2015    | of which non-impaired (1) |
|-----------------------------|------------|---------------------------|------------|---------------------------|
| Between 0 and 90 days       | 433        | 387                       | 440        | 408                       |
| Between 90 and 180 days     | 45         |                           | 44         |                           |
| Between 180 days and 1 year | 24         |                           | 21         |                           |
| More than one year          | 259        |                           | 289        |                           |
| <b>Receivables due</b>      | <b>761</b> | <b>387</b>                | <b>794</b> | <b>408</b>                |

(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 in line with regulatory requirements.

As at 31 December 2016, guarantees held on doubtful or delinquent receivables totaled €593m, against €23m at 31 December 2015.

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

The total risk on residual values carried by the RCI Banque group amounted to €1,899m at 31 December 2016 against €1,649m at 31 December 2015. It was covered by provisions totaling €36m at 31 December 2016 (essentially affecting the United Kingdom).

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

| In millions of euros                             | Customer      | Dealer financing | Other        | Total 12/2016 |
|--|---------------|------------------|--------------|---------------|
| <b>Gross value</b>                               | <b>28 656</b> | <b>10 272</b>    | <b>379</b>   | <b>39 307</b> |
| Non-impaired receivables                         | 28 209        | 10 126           | 376          | 38 711        |
| Doubtful receivables                             | 164           | 124              | 2            | 290           |
| Compromised receivables                          | 283           | 22               | 1            | 306           |
| <i>% of doubtful and compromised receivables</i> | <i>1,56%</i>  | <i>1,42%</i>     | <i>0,79%</i> | <i>1,52%</i>  |
| <b>Impairment allowance on individual basis</b>  | <b>(424)</b>  | <b>(103)</b>     |              | <b>(527)</b>  |
| Non-impaired receivables                         | (100)         | (62)             |              | (162)         |
| Doubtful receivables                             | (101)         | (19)             |              | (120)         |
| Compromised receivables                          | (223)         | (22)             |              | (245)         |
| <b>Impairment allowance on collective basis</b>  | <b>(40)</b>   | <b>(102)</b>     |              | <b>(142)</b>  |
| Impairment                                       | (13)          | (102)            |              | (115)         |
| Country risk                                     | (27)          |                  |              | (27)          |
| <b>Net value (*)</b>                             | <b>28 192</b> | <b>10 067</b>    | <b>379</b>   | <b>38 638</b> |

(\*) Of which: related parties (excluding participation in incentives and fees paid for referrals)

54 747 222 1 023

| 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 for referrals)

15                      628                      254                      897

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

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

## Note 7 : Adjustment accounts & miscellaneous assets

| In millions of euros   | 12/2016      | 12/2015    |
|--|--------------|------------|
| <b>Tax receivables</b>   | <b>466</b>   | <b>315</b> |
| Current tax assets   | 44           | 21         |
| Deferred tax assets  | 106          | 105        |
| Tax receivables other than on current income tax               | 316          | 189        |
| <b>Adjustment accounts and other assets</b>                    | <b>748</b>   | <b>623</b> |
| Other sundry debtors   | 259          | 166        |
| Adjustment accounts - Assets                                   | 45           | 33         |
| Items received on collections                                  | 282          | 288        |
| Reinsurer part in technical provisions                         | 162          | 136        |
| <b>Total adjustment accounts – Assets and other assets (*)</b> | <b>1 214</b> | <b>938</b> |

(\*) Of which related parties

99                      94

Deferred tax assets are analysed in note 31.

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

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

| In millions of euros   | 12/2016    | 12/2015    |
|--|------------|------------|
| Reinsurer part in technical provisions at the beginning of period  | 136        | 110        |
| Increase of the technical provisions chargeable to reinsurers      | 34         | 34         |
| Claims recovered from reinsurers                                   | (8)        | (8)        |
| <b>Reinsurer part in technical provisions at the end of period</b> | <b>162</b> | <b>136</b> |

**Note 8 : Investments in associates and joint ventures**

| In millions of euros                                    | 12/2016             |            | 12/2015             |            |
|---|---------------------|------------|---------------------|------------|
|   | Share of net assets | Net income | Share of net assets | Net income |
| Orfin Finansman Anonim Sirketi                          | 25                  | 2          | 17                  | 2          |
| RN SF B.V.  | 41                  | 4          | 32                  | 2          |
| Nissan Renault Financial Services India Private Limited | 31                  | 1          | 23                  |            |
| <b>Total interests in associates</b>                    | <b>97</b>           | <b>7</b>   | <b>72</b>           | <b>4</b>   |

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

| In millions of euros                                    | 12/2016   | 12/2015   |
|---|-----------|-----------|
| <b>Intangible assets: net</b>                           | <b>6</b>  | <b>3</b>  |
| Gross value   | 38        | 35        |
| Accumulated amortization and impairment                 | (32)      | (32)      |
| <b>Property, plant and equipment: net</b>               | <b>22</b> | <b>25</b> |
| Gross value   | 111       | 116       |
| Accumulated depreciation and impairment                 | (89)      | (91)      |
| <b>Total tangible and intangible non-current assets</b> | <b>28</b> | <b>28</b> |

**Note 10 : Goodwill**

| In millions of euros                               | 12/2016   | 12/2015   |
|--|-----------|-----------|
| Argentina  | 2         | 3         |
| United Kingdom                                     | 37        | 43        |
| Germany  | 12        | 12        |
| Italy  | 9         | 9         |
| South Korea  | 20        | 20        |
| Czech Republic                                     | 6         | 6         |
| <b>Total goodwill from acquisitions by country</b> | <b>86</b> | <b>93</b> |

Impairment tests were performed on all goodwill (using the methods and assumptions described in Note B). These tests revealed no impairment risk at 31 December 2016.

**Note 11 : Liabilities to credit institutions and customers & debt securities****11.1 - Central Banks**

| In millions of euros       | 12/2016      | 12/2015      |
|----------------------------|--------------|--------------|
| Term borrowings            | 2 000        | 1 500        |
| Accrued interest           |              | 1            |
| <b>Total Central Banks</b> | <b>2 000</b> | <b>1 501</b> |

At 31 December 2016, the book value of the collateral presented to the Bank of France (3G) amounted to €5,453m in securities issued by securitization vehicles, in eligible bond securities, and in private accounts receivable.

**11.2 - Amounts payable to credit institutions**

| In millions of euros                                 | 12/2016      | 12/2015      |
|--|--------------|--------------|
| <b>Sight accounts payable to credit institutions</b> | <b>211</b>   | <b>205</b>   |
| Ordinary accounts                                    | 12           | 21           |
| Overnight borrowings                                 | 9            | 52           |
| Other amounts owed                                   | 190          | 132          |
| <b>Term accounts payable to credit institutions</b>  | <b>1 634</b> | <b>1 228</b> |
| Term borrowings                                      | 1 567        | 1 148        |
| Accrued interest                                     | 67           | 80           |
| <b>Total liabilities to credit institutions</b>      | <b>1 845</b> | <b>1 433</b> |

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

**11.3 - Amounts payable to customers**

| In millions of euros   | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Amounts payable to customers</b>                            | <b>13 214</b> | <b>10 885</b> |
| Ordinary accounts in credit                                    | 93            | 83            |
| Term accounts in credit  | 566           | 571           |
| Ordinary saving accounts                                       | 9 011         | 7 330         |
| Term deposits (retail)   | 3 544         | 2 901         |
| <b>Other amounts payable to customers and accrued interest</b> | <b>53</b>     | <b>48</b>     |
| Other amounts payable to customers                             | 22            | 35            |
| Accrued interest on ordinary accounts in credit                | 10            | 10            |
| Accrued interest on ordinary saving accounts                   | 16            | 2             |
| Accrued interest on customers term accounts                    | 5             | 1             |
| <b>Total amounts payable to customers (*)</b>                  | <b>13 267</b> | <b>10 933</b> |
| <i>(*) Of which related parties</i>                            | <i>606</i>    | <i>600</i>    |

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.

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

**11.4 - Debt securities**

| In millions of euros                           | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Negotiable debt securities (1)</b>          | <b>1 822</b>  | <b>1 662</b>  |
| Certificates of deposit                        | 1 389         | 1 149         |
| Commercial paper and similar                   | 355           | 261           |
| French MTNs and similar                        | 43            | 228           |
| Accrued interest on negotiable debt securities | 35            | 24            |
| <b>Other debt securities (2)</b>               | <b>3 064</b>  | <b>2 776</b>  |
| Other debt securities                          | 3 062         | 2 775         |
| Accrued interest on other debt securities      | 2             | 1             |
| <b>Bonds and similar</b>                       | <b>14 658</b> | <b>13 096</b> |
| Bonds  | 14 521        | 12 886        |
| Accrued interest on bonds                      | 137           | 210           |
| <b>Total debt securities (*)</b>               | <b>19 544</b> | <b>17 534</b> |
| <i>(*) Of which related parties</i>            | <i>137</i>    | <i>156</i>    |

- (1) Certificates of deposit, commercial paper and French MTNs are issued by RCI Banque S.A., Banco RCI Brasil S.A. and DIAC S.A.
- (2) Other debt securities consists primarily of the securities issued by the vehicles created for the French (Diac S.A.), Italian (RCI Banque Succursale Italiana), German (RCI Banque S.A. Niederlassung Deutschland), UK (RCI Financial Services Ltd) and Brazilian (Banco RCI Brasil S.A.) securitization offerings.

**11.5 - Breakdown of liabilities by valuation method**

| In millions of euros   | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Liabilities valued at amortized cost - Excluding fair value hedge</b> | <b>30 755</b> | <b>25 452</b> |
| Central Banks  | 2 000         | 1 501         |
| Amounts payable to credit institutions                                   | 1 845         | 1 433         |
| Amounts payable to customers   | 13 267        | 10 933        |
| Debt securities  | 13 643        | 11 585        |
| <b>Liabilities valued at amortized cost - Fair value hedge</b>           | <b>5 901</b>  | <b>5 949</b>  |
| Debt securities  | 5 901         | 5 949         |
| <b>Total financial debts</b>   | <b>36 656</b> | <b>31 401</b> |

**11.6 - Breakdown of financial liabilities by rate type before derivatives**

| <b>In millions of euros</b>                | <b>Variable</b> | <b>Fixed</b>  | <b>12/2016</b> |
|--|-----------------|---------------|----------------|
| Central Banks                              |                 | 2 000         | 2 000          |
| Amounts payable to credit institutions     | 852             | 993           | 1 845          |
| Amounts payable to customers               | 9 789           | 3 478         | 13 267         |
| Negotiable debt securities                 | 333             | 1 489         | 1 822          |
| Other debt securities                      | 3 064           |               | 3 064          |
| Bonds                                      | 4 761           | 9 897         | 14 658         |
| <b>Total financial liabilities by rate</b> | <b>18 799</b>   | <b>17 857</b> | <b>36 656</b>  |

| <b>In millions of euros</b>                | <b>Variable</b> | <b>Fixed</b>  | <b>12/2015</b> |
|--|-----------------|---------------|----------------|
| Central Banks                              |                 | 1 501         | 1 501          |
| Amounts payable to credit institutions     | 808             | 625           | 1 433          |
| Amounts payable to customers               | 8 033           | 2 900         | 10 933         |
| Negotiable debt securities                 | 421             | 1 241         | 1 662          |
| Other debt securities                      | 2 776           |               | 2 776          |
| Bonds                                      | 3 596           | 9 500         | 13 096         |
| <b>Total financial liabilities by rate</b> | <b>15 634</b>   | <b>15 767</b> | <b>31 401</b>  |

**11.7 - Breakdown of financial liabilities by remaining term to maturity**

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

## Note 12 : Securitization

| SECURITIZATION – Public issues   |   |   |  |   |  |   |  |   |
|--|---|---|--|---|--|---|--|---|
| Country  | France  | France  | France   | Italy   | Germany  | Germany   | Germany  | Brazil  |
| Originator   | DIAC SA   | DIAC SA   | DIAC SA  | RCI Banque Succursale Italiana                                  | RCI Bank Niederlassung                                       | RCI Bank Niederlassung  | RCI Bank Niederlassung                                       | Banco RCI Brazil S.A.   |
| Securitized collateral   | Auto loans to customers   | Auto loans to customers   | Receivables independant dealers                                  | Auto loans to customers   | Auto loans to customers                                      | Auto loans to customers                                       | Auto loans to customers                                      | Auto loans to customers                                       |
| Issuer   | CARS Alliance Auto Loans France FCT Master                      | CARS Alliance Auto Loans France V 2014-1                        | FCT Cars Alliance DFP France                                     | Cars Alliance Auto Loans Italy 2015 s.r.l.                      | CARS Alliance Auto Loans Germany Master                      | CARS Alliance Auto Loans Germany V2013-1                      | CARS Alliance Auto Loans Germany V2016-1                     | Fundo de Investimento em Direitos Creditórios RCI Brasil I    |
| Closing date   | May 2012  | October 2014  | July 2013  | July 2015   | March 2014   | December 2013   | May 2016   | May 2015  |
| Legal maturity date  | August 2030   | January 2026  | July 2023  | December 2031   | March 2031   | December 2024   | May 2027   | April 2021  |
| Initial purchase of receivables  | 715 M€  | 700 M€  | 1 020 M€   | 1 234 M€  | 674 M€   | 977 M€  | 822 M€   | n.a.  |
| Credit enhancement as at the closing date  | Cash reserve for 1% Over-collateralization of receivables 15,1% | Cash reserve for 1% Over-collateralization of receivables 11,5% | Cash reserve for 1% Over-collateralization of receivables 20,35% | Cash reserve for 1% Over-collateralization of receivables 22,6% | Cash reserve for 1% Over-collateralization of receivables 8% | Cash reserve for 1% Over-collateralization of receivables 12% | Cash reserve for 1% Over-collateralization of receivables 8% | Cash reserve for 1% Over-collateralization of receivables 11% |
| Receivables purchased as of 31 December 2016   | 1 325 M€  | 292 M€  | 1 040 M€   | 1 208 M€  | 1 709 M€   | 325 M€  | 797 M€   | 14 M€   |
| Notes in issue as at 31 December 2016 (including any units held by the RCI Banque group) | Class A<br>Rating : AAA<br>1 150 M€                             | Class A<br>Rating : AAA<br>225 M€                               | Class A<br>Rating : AAA<br>750 M€                                | Class A<br>Rating : AAA<br>955 M€                               | Class A<br>Rating : AAA<br>1 446 M€                          | Class A<br>Rating : AAA<br>211 M€                             | Class A<br>Rating : AAA<br>700 M€                            | Class A<br>Rating : AAA<br>87 M€                              |
|  |   | Class B<br>Rating : A+<br>44 M€                                 |  |   |  | Class B<br>Rating : A<br>57 M€                                | Class B<br>Rating : AA<br>23 M€                              |   |
|  | Class B<br>Non rated<br>184 M€                                  | Class C<br>Non rated<br>34 M€                                   |  | Class J<br>Non rated<br>292 M€                                  | Class B<br>Non rated<br>125 M€                               | Class C<br>Non rated<br>52 M€                                 | Class C<br>Non rated<br>38 M€                                | Class B<br>Non rated<br>17 M€                                 |
| Period   | Revolving   | Amortizing  | Revolving  | Revolving   | Revolving  | Amortizing  | Revolving  | Revolving   |
| Transaction's nature   | Retained  | Market  | Retained   | Retained  | Retained   | Market  | Market   | Market  |

In 2016, the RCI Banque group carried a securitization transaction in public format in Germany, by means of special purpose vehicles.

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

At 31 December 2016, the amount of financing obtained through securitization by conduit totaled €1,927m. The amount of financing obtained through securitization transactions in public format placed on the markets totaled €1,339m.

The securitization transactions carried out by the group all meet the requirement under Article 405 of European Directive No. 575/2013 for a net economic interest of not less than 5% to be retained. These transactions were not intended to result in derecognition of the receivables transferred, and at 31 December 2016, the amount of the sales financing receivables thus maintained on the balance sheet totaled €9,768m (€8,825m at 31 December 2015), as follows:



- Securitization transactions placed on the market: €1,582m
- Retained securitization transactions: €5,282m
- Private securitization transactions: €2,904m

The fair value of these receivables is €9,730m at 31 December 2016.

Liabilities of €3,064m have been booked under “Other debt securities” for the securities issued during securitization transactions. The fair value of these liabilities is €3,091m at 31 December 2016.

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

### Note 13 : Adjustment accounts & miscellaneous liabilities

| In millions of euros   | 12/2016      | 12/2015      |
|--|--------------|--------------|
| <b>Taxes payable</b>   | <b>449</b>   | <b>423</b>   |
| Current tax liabilities  | 88           | 79           |
| Deferred tax liabilities   | 333          | 324          |
| Taxes payable other than on current income tax                           | 28           | 20           |
| <b>Adjustment accounts and other amounts payable</b>                     | <b>1 556</b> | <b>1 274</b> |
| Social security and employee-related liabilities                         | 42           | 40           |
| Other sundry creditors   | 648          | 552          |
| Adjustment accounts - liabilities  | 300          | 216          |
| Accrued interest on other sundry creditors                               | 558          | 459          |
| Collection accounts  | 8            | 7            |
| <b>Total adjustment accounts - Liabilities and other liabilities (*)</b> | <b>2 005</b> | <b>1 697</b> |
| <i>(*) Of which related parties</i>                                      | 321          | 282          |

Deferred tax assets are analyzed in note 31.

Other sundry creditors and accruals on sundry creditors mainly concern accrued invoices, provisions for commissions payable for referral of business, insurance commissions payable by the Maltese entities and the valuation of put options on minority interests.

### Note 14 : Provisions

| In millions of euros                            | 12/2015    | Charge     | Reversals   |              | Other (*) | 12/2016    |
|---|------------|------------|-------------|--------------|-----------|------------|
|   |            |            | Used        | Not Used     |           |            |
| <b>Provisions on banking operations</b>         | <b>317</b> | <b>224</b> | <b>(23)</b> | <b>(143)</b> | <b>1</b>  | <b>376</b> |
| Provisions for litigation risks                 | 10         | 5          |             | (3)          |           | 12         |
| Insurance technical provisions                  | 288        | 214        | (22)        | (134)        | (3)       | 343        |
| Other provisions                                | 19         | 5          | (1)         | (6)          | 4         | 21         |
| <b>Provisions on non-banking operations</b>     | <b>83</b>  | <b>37</b>  | <b>(16)</b> | <b>(2)</b>   | <b>12</b> | <b>114</b> |
| Provisions for pensions liabilities and related | 40         | 5          | (5)         |              | 10        | 50         |
| Provisions for restructuring                    | 1          |            |             |              |           | 1          |
| Provisions for tax and litigation risks         | 39         | 29         | (11)        |              | 3         | 60         |
| Other   | 3          | 3          |             | (2)          | (1)       | 3          |
| <b>Total provisions</b>                         | <b>400</b> | <b>261</b> | <b>(39)</b> | <b>(145)</b> | <b>13</b> | <b>490</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 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 €343m at end-December 2016.

Provisions for restructuring at end-December 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 €3m at end-December 2016 against €6m at end-December 2015 following a reversal (not used) of €3m for unfair administration/processing fees. The remaining provisions relate to administration/processing fees billed to business customers.

### **Insurance risk**

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

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

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

### **Key assumptions**

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

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

**Provisions for pension and other post-employment benefits**

| <b>In millions of euros</b> | <b>12/2016</b> | <b>12/2015</b> |
|-----------------------------|----------------|----------------|
| France                      | 33             | 30             |
| Rest of world               | 17             | 10             |
| <b>Total provisions</b>     | <b>50</b>      | <b>40</b>      |

**Subsidiaries without a pension fund**

| <b>Main actuarial assumptions</b> | <b>France</b>  |                |
|-----------------------------------|----------------|----------------|
|                                   | <b>12/2016</b> | <b>12/2015</b> |
| Retirement age                    | 67 years       | 67 years       |
| Salary increases                  | 1,72%          | 2,06%          |
| Financial discount rate           | 1,73%          | 2,10%          |
| Starting rate                     | 4,55%          | 5,40%          |

**Subsidiaries with a pension fund**

| <b>Main actuarial assumptions</b>  | <b>United Kingdom</b> |                | <b>Switzerland</b> |                | <b>Netherlands</b> |                |
|------------------------------------|-----------------------|----------------|--------------------|----------------|--------------------|----------------|
|                                    | <b>12/2016</b>        | <b>12/2015</b> | <b>12/2016</b>     | <b>12/2015</b> | <b>12/2016</b>     | <b>12/2015</b> |
| Average duration                   | 26 years              | 24 years       | 18 years           | 18 years       | 12 years           | 12 years       |
| Rate of wage indexation            | 3,15%                 | 3,05%          | 1,00%              | 1,00%          | 1,25%              | 1,25%          |
| Financial discount rate            | 2,70%                 | 3,95%          | 0,70%              | 0,80%          | 1,80%              | 2,40%          |
| Actual return rate of hedge assets | 16,30%                | 0,40%          | 1,47%              | 2,00%          | 1,80%              | 2,40%          |

## Changes in provisions during the year

| In millions of euros   | Actuarial value of obligations<br>(A) | Actuarial value of invested funds<br>(B) | Obligations less invested funds<br>(C) | Net liabilities of the defined benefit pension plans<br>(A)-(B)-(C) |
|--|---------------------------------------|--|--|---|
| <b>Opening balance of the current period</b>   | <b>81</b>                             | <b>41</b>                                |  | <b>40</b>   |
| Current service cost   | 4                                     |  |  | 4   |
| Net interest on the net liability (asset)  | 2                                     | 1  |  | 1   |
| <b>Expense (income) recorded in the income statement</b>                                       | <b>6</b>                              | <b>1</b>                                 |  | <b>5</b>  |
| Actuarial gains and losses on the obligation resulting from changes in demographic assumptions | 2                                     |  |  | 2   |
| Actuarial gains and losses on the obligation resulting from changes in financial assumptions   | 15                                    |  |  | 15  |
| Net return on fund asset (not included in net interest above)                                  |                                       | 2  |  | (2)   |
| Actuarial gains and losses on the obligation resulting from experience adjustments             | (9)                                   |  |  | (9)   |
| <b>Expense (income) recorded in Other components of comprehensive income</b>                   | <b>8</b>                              | <b>2</b>                                 |  | <b>6</b>  |
| Employer's contributions to funds  |                                       | 2  |  | (2)   |
| Benefits paid  | (3)                                   | (1)                                      |  | (2)   |
| Effect of changes in exchange rates  | (1)                                   | (4)                                      |  | 3   |
| <b>Balance at the closing date of the period</b>   | <b>91</b>                             | <b>41</b>                                |  | <b>50</b>   |

## Nature of invested funds

| In millions of euros | 12/2016                    |                                | 12/2015                    |                                |
|----------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
|                      | Quoted on an active market | Not quoted on an active market | Quoted on an active market | Not quoted on an active market |
| Shares               | 10                         |                                | 10                         |                                |
| Bonds                | 26                         |                                | 26                         |                                |
| Others               | 5                          |                                | 5                          |                                |
| <b>Total</b>         | <b>41</b>                  |                                | <b>41</b>                  |                                |

**Note 15 : Impairments allowances to cover counterparty risk**

| In millions of euros                                | 12/2015    | Charge     | Reversals    |              | Other (*)  | 12/2016    |
|---|------------|------------|--------------|--------------|------------|------------|
|   |            |            | Used         | Not Used     |            |            |
| <b>Impairments on banking operations</b>            | <b>670</b> | <b>312</b> | <b>(170)</b> | <b>(135)</b> | <b>(7)</b> | <b>670</b> |
| Customer finance transactions (on individual basis) | 561        | 268        | (169)        | (126)        | (7)        | 527        |
| Customer finance transactions (on collective basis) | 109        | 43         | (1)          | (9)          |            | 142        |
| Securities transactions                             |            | 1          |              |              |            | 1          |
| <b>Impairment on non-banking operations</b>         | <b>5</b>   | <b>3</b>   | <b>(1)</b>   |              |            | <b>7</b>   |
| Other impairment to cover counterparty risk         | 5          | 3          | (1)          |              |            | 7          |
| <b>Impairment on banking operations</b>             | <b>10</b>  | <b>5</b>   |              | <b>(3)</b>   |            | <b>12</b>  |
| Provisions for litigation risks                     | 10         | 5          |              | (3)          |            | 12         |
| <b>Total provisions to cover counterparty risk</b>  | <b>685</b> | <b>320</b> | <b>(171)</b> | <b>(138)</b> | <b>(7)</b> | <b>689</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 16 : Subordinated debt - Liabilities**

| In millions of euros                  | 12/2016   | 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 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.

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

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

| In millions of euros                          | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years    | Total 12/2016 |
|---|----------------|--------------------|-------------------|--------------|---------------|
| <b>Financial assets</b>                       | <b>11 098</b>  | <b>12 855</b>      | <b>16 805</b>     | <b>422</b>   | <b>41 180</b> |
| Cash and balances at central banks            | 1 040          |                    |                   |              | 1 040         |
| Derivatives                                   | 18             | 33                 | 171               | 16           | 238           |
| Financial assets available for sale and other | 247            | 301                | 272               | 135          | 955           |
| Amounts receivable from credit institutions   | 814            | 60                 | 150               |              | 1 024         |
| Loans and advances to customers               | 8 979          | 12 461             | 16 212            | 271          | 37 923        |
| <b>Financial liabilities</b>                  | <b>12 693</b>  | <b>5 644</b>       | <b>15 753</b>     | <b>2 675</b> | <b>36 765</b> |
| Central Banks                                 |                |                    | 2 000             |              | 2 000         |
| Derivatives                                   | 4              | 40                 | 41                | 12           | 97            |
| Amounts payable to credit institutions        | 593            | 481                | 771               |              | 1 845         |
| Amounts payable to customers                  | 9 857          | 1 299              | 1 561             | 550          | 13 267        |
| Debt securities                               | 2 239          | 3 824              | 11 380            | 2 101        | 19 544        |
| 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 longer term refinancing operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque.

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

| In millions of euros  | Up to 3 months | 3 months to 1 year | 1 year to 5 years | > 5 years    | Total 12/2016 |
|---|----------------|--------------------|-------------------|--------------|---------------|
| <b>Financial liabilities</b>  | <b>12 606</b>  | <b>5 817</b>       | <b>16 283</b>     | <b>2 701</b> | <b>37 407</b> |
| Central Banks   |                |                    | 2 000             |              | 2 000         |
| Derivatives   | 6              | 37                 | 48                | 11           | 102           |
| Amounts payable to credit institutions                              | 578            | 427                | 771               |              | 1 776         |
| Amounts payable to customers  | 9 830          | 1 295              | 1 561             | 550          | 13 236        |
| Debt securities   | 2 063          | 3 721              | 11 376            | 2 101        | 19 261        |
| Subordinated debt   |                |                    |                   | 10           | 10            |
| Future interest payable   | 129            | 337                | 527               | 29           | 1 022         |
| <b>Financing and guarantee commitments</b>                          | <b>1 998</b>   | <b>49</b>          |                   | <b>5</b>     | <b>2 052</b>  |
| <b>Total breakdown of future contractual cash flows by maturity</b> | <b>14 604</b>  | <b>5 866</b>       | <b>16 283</b>     | <b>2 706</b> | <b>39 459</b> |

| 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 liabilities</b>  | <b>10 875</b>  | <b>4 753</b>       | <b>14 640</b>     | <b>1 943</b> | <b>32 211</b> |
| Central Banks   |                |                    | 1 500             |              | 1 500         |
| Derivatives   |                | 25                 | 7                 |              | 32            |
| Amounts payable to credit institutions                              | 372            | 502                | 477               |              | 1 351         |
| Amounts payable to customers  | 7 623          | 983                | 1 764             | 550          | 10 920        |
| Debt securities   | 2 708          | 2 847              | 10 281            | 1 270        | 17 106        |
| Subordinated debt   |                |                    |                   | 9            | 9             |
| Future interest payable   | 172            | 396                | 611               | 114          | 1 293         |
| <b>Financing and guarantee commitments</b>                          | <b>1 881</b>   | <b>70</b>          |                   | <b>5</b>     | <b>1 956</b>  |
| <b>Total breakdown of future contractual cash flows by maturity</b> | <b>12 756</b>  | <b>4 823</b>       | <b>14 640</b>     | <b>1 948</b> | <b>34 167</b> |

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 2016

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

| In millions of euros - 31/12/2016             | Book Value    | Fair Value |               |               |               | Gap (*)     |
|---|---------------|------------|---------------|---------------|---------------|-------------|
|   |               | Level 1    | Level 2       | Level 3       | FV (*)        |             |
| <b>Financial assets</b>                       | <b>41 180</b> | <b>929</b> | <b>2 302</b>  | <b>37 993</b> | <b>41 224</b> | <b>44</b>   |
| Cash and balances at central banks            | 1 040         |            | 1 040         |               | 1 040         |             |
| Derivatives                                   | 238           |            | 238           |               | 238           |             |
| Financial assets available for sale and other | 955           | 929        |               | 26            | 955           |             |
| Amounts receivable from credit institutions   | 1 024         |            | 1 024         |               | 1 024         |             |
| Loans and advances to customers               | 37 923        |            |               | 37 967        | 37 967        | 44          |
| <b>Financial liabilities</b>                  | <b>36 765</b> | <b>12</b>  | <b>36 835</b> |               | <b>36 847</b> | <b>(82)</b> |
| Central Banks                                 | 2 000         |            | 2 000         |               | 2 000         |             |
| Derivatives                                   | 97            |            | 97            |               | 97            |             |
| Amounts payable to credit institutions        | 1 845         |            | 1 793         |               | 1 793         | 52          |
| Amounts payable to customers                  | 13 267        |            | 13 267        |               | 13 267        |             |
| Debt securities                               | 19 544        |            | 19 678        |               | 19 678        | (134)       |
| 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.

| 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 31 December 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 31 December 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 31 December 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 20 : Netting agreements and other similar commitments****Master Agreement relating to transactions on forward financial instruments and similar agreements**

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

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

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

**Synthesis of financial assets and liabilities agreements**

| In millions of euros - 31/12/2016 | 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>1 236</b>                      |                      | <b>1 236</b>                | <b>58</b>                              | <b>713</b>                  |                              | <b>465</b>   |
| Derivatives                       | 238                               |                      | 238                         | 58                                     |                             |                              | 180          |
| Network financing receivables (1) | 998                               |                      | 998                         |  | 713                         |                              | 285          |
| <b>Liabilities</b>                | <b>97</b>                         |                      | <b>97</b>                   | <b>58</b>                              |                             |                              | <b>39</b>    |
| Derivatives                       | 97                                |                      | 97                          | 58                                     |                             |                              | 39           |

(1) The gross book value of dealer financing receivables breaks down into €621m for the Renault RetailGroup, whose exposures are hedged for up to €544m by a cash warrant agreement given by the Renault manufacturer (see note 11.3), and €377m for dealers financed by Banco RCI BrasilS.A., whose exposures are hedged for up to €169m by pledge of *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 RetailGroup, whose exposures are hedged for up to €542m by a cash warrant agreement given by the Renault manufacturer (see note 11.3), and €357m for non-group dealers financed by Companhia de Credito, Financiamento e Investimento RCI Brasil, whose exposures are hedged for up to €139m by pledge of *letras de cambio* subscribed by the dealers.

**Note 21 : Commitments given**

| In millions of euros  | 12/2016      | 12/2015      |
|---|--------------|--------------|
| <b>Financing commitments</b>                                  | <b>2 066</b> | <b>1 952</b> |
| Commitments to customers                                      | 2 066        | 1 952        |
| <b>Guarantee commitments</b>                                  | <b>72</b>    | <b>46</b>    |
| Commitments to credit institutions                            | 67           | 41           |
| Customer guarantees   | 5            | 5            |
| <b>Other commitments given</b>                                | <b>22</b>    |              |
| Commitments given for equipment leases and real estate leases | 22           |              |
| <b>Total commitments given (*)</b>                            | <b>2 160</b> | <b>1 998</b> |
| <i>(*) Of which related parties</i>                           | 8            | 6            |

**Note 22 : Commitments received**

| In millions of euros  | 12/2016       | 12/2015       |
|---|---------------|---------------|
| <b>Financing commitments</b>  | <b>4 642</b>  | <b>4 492</b>  |
| Commitments from credit institutions                                | 4 642         | 4 492         |
| <b>Guarantee commitments</b>  | <b>10 357</b> | <b>8 629</b>  |
| Guarantees received from credit institutions                        | 211           | 146           |
| Guarantees from customers   | 5 075         | 4 565         |
| Commitments to take back leased vehicles at the end of the contract | 5 071         | 3 918         |
| <b>Total commitments received (*)</b>                               | <b>14 999</b> | <b>13 121</b> |
| <i>(*) Of which related parties</i>                                 | 3 493         | 2 893         |

At 31 December 2016, RCI Banque had €4,637m in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also held €2,627m of receivables eligible as European Central Bank collateral (after haircuts and excluding securities and receivables already in use to secure financing at year-end).

Most of the commitments received from related parties concern the commitments to take back vehicles agreed with manufacturers as part of finance leases.

**Guarantees and collateral**

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

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

**Note 23 : Exposure to currency risk**

| In millions of euros - 12/2016 | Balance sheet |                | Off balance sheet |                | Net position |                   |                     |
|--------------------------------|---------------|----------------|-------------------|----------------|--------------|-------------------|---------------------|
|                                | Long position | Short position | Long position     | Short position | Total        | Of which monetary | Of which structural |
| Position USD                   |               | (760)          | 763               |                | 3            | 3                 |                     |
| Position GBP                   | 105           |                | 13                |                | 118          |                   | 118                 |
| Position CHF                   | 681           |                |                   | (677)          | 4            |                   | 4                   |
| Position CZK                   | 145           |                |                   | (127)          | 18           |                   | 18                  |
| Position ARS                   | 9             |                |                   |                | 9            | 1                 | 8                   |
| Position BRL                   | 175           |                |                   |                | 175          |                   | 175                 |
| Position PLN                   | 366           |                |                   | (353)          | 13           |                   | 13                  |
| Position HUF                   | 6             |                |                   |                | 6            |                   | 6                   |
| Position RON                   |               | (1)            |                   |                | (1)          | (1)               |                     |
| Position KRW                   | 169           |                |                   |                | 169          |                   | 169                 |
| Position MAD                   | 29            |                |                   |                | 29           | 2                 | 27                  |
| Position DKK                   | 116           |                |                   | (111)          | 5            | 5                 |                     |
| Position TRY                   | 21            |                |                   |                | 21           |                   | 21                  |
| Position SEK                   | 90            |                |                   | (90)           |              |                   |                     |
| Position NOK                   | 1             |                |                   |                | 1            | 1                 |                     |
| Position RUB                   | 1             |                |                   |                | 1            | 1                 |                     |
| Position SGD                   |               | (32)           | 32                |                |              |                   |                     |
| Position COP                   | 19            |                |                   |                | 19           |                   | 19                  |
| <b>Total exposure</b>          | <b>1 933</b>  | <b>(793)</b>   | <b>808</b>        | <b>(1 358)</b> | <b>590</b>   | <b>12</b>         | <b>578</b>          |

| In millions of euros - 12/2015 | Balance sheet |                | Off balance sheet |                | Net position |                   |                     |
|--------------------------------|---------------|----------------|-------------------|----------------|--------------|-------------------|---------------------|
|                                | Long position | Short position | Long position     | Short position | Total        | Of which monetary | Of which structural |
| Position USD                   |               | (1 144)        | 1 144             |                |              |                   |                     |
| Position GBP                   | 1 195         |                |                   | (1 058)        | 137          |                   | 137                 |
| Position CHF                   | 422           |                |                   | (418)          | 4            |                   | 4                   |
| Position CZK                   | 87            |                |                   | (69)           | 18           |                   | 18                  |
| Position ARS                   | 9             |                |                   |                | 9            | (1)               | 10                  |
| Position BRL                   | 88            |                |                   |                | 88           | (3)               | 91                  |
| Position PLN                   | 317           |                |                   | (304)          | 13           |                   | 13                  |
| Position HUF                   | 6             |                |                   |                | 6            |                   | 6                   |
| Position RON                   |               | (2)            |                   |                | (2)          | (2)               |                     |
| Position KRW                   | 167           |                |                   |                | 167          |                   | 167                 |
| Position MAD                   | 25            |                |                   |                | 25           | (2)               | 27                  |
| Position DKK                   | 103           |                |                   | (94)           | 9            | 9                 |                     |
| Position TRY                   | 15            |                |                   |                | 15           |                   | 15                  |
| Position SEK                   | 95            |                |                   | (95)           |              |                   |                     |
| Position AUD                   |               | (124)          | 124               |                |              |                   |                     |
| Position SGD                   |               | (31)           | 31                |                |              |                   |                     |
| <b>Total exposure</b>          | <b>2 529</b>  | <b>(1 301)</b> | <b>1 299</b>      | <b>(2 038)</b> | <b>489</b>   | <b>1</b>          | <b>488</b>          |

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

**Note 24 : Interest and similar income**

| In millions of euros  | 12/2016      | 12/2015      |
|---|--------------|--------------|
| <b>Interests and similar incomes</b>                                    | <b>2 289</b> | <b>2 266</b> |
| Transactions with credit institutions                                   | 27           | 22           |
| Customer finance transactions   | 1 714        | 1 660        |
| Finance lease transactions  | 466          | 465          |
| Accrued interest due and payable on hedging instruments                 | 70           | 110          |
| Accrued interest due and payable on Financial assets available for sale | 12           | 9            |
| <b>Staggered fees paid for referral of business:</b>                    | <b>(445)</b> | <b>(388)</b> |
| Customer Loans  | (363)        | (322)        |
| Finance leases  | (82)         | (66)         |
| <b>Total interests and similar income (*)</b>                           | <b>1 844</b> | <b>1 878</b> |
| <i>(*) Of which related parties</i>                                     | <i>580</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 25 : Interest expenses and similar charges**

| In millions of euros                                    | 12/2016      | 12/2015      |
|---|--------------|--------------|
| Transactions with credit institutions                   | (154)        | (174)        |
| Customer finance transactions                           | (143)        | (114)        |
| Finance lease transactions                              | (1)          | (1)          |
| Accrued interest due and payable on hedging instruments | (19)         | (16)         |
| Expenses on debt securities                             | (431)        | (537)        |
| Other interest and similar expenses                     | (13)         | (19)         |
| <b>Total interest and similar expenses (*)</b>          | <b>(761)</b> | <b>(861)</b> |
| <i>(*) Of which related parties</i>                     | <i>(24)</i>  | <i>(31)</i>  |

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

| <b>In millions of euros</b>   | <b>12/2016</b> | <b>12/2015</b> |
|---|----------------|----------------|
| Net gains / losses on forex transactions                                | 16             | (24)           |
| Net gains / losses on derivatives classified in trading securities      | (10)           | 21             |
| Net gains and losses on equity securities at fair value                 |                | (2)            |
| Fair value hedges : change in value of hedging instruments              | (78)           | 69             |
| Fair value hedges : change in value of hedged items                     | 81             | (70)           |
| <b>Total net gains or losses on financial instruments at fair value</b> | <b>9</b>       | <b>(6)</b>     |

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

| <b>In millions of euros</b>  | <b>12/2016</b> | <b>12/2015</b> |
|--|----------------|----------------|
| Dividends from non-consolidated holdings   | 2              | 1              |
| Charges to (reversals of) impairment allowances                                      | (1)            |                |
| <b>Total Net gains (losses) on financial assets available for sale and other (*)</b> | <b>1</b>       | <b>1</b>       |

(\*) *Of which related parties*

*1 1*

**Note 28 : Net income or expense of other activities**

| <b>In millions of euros</b>                               | <b>12/2016</b> | <b>12/2015</b> |
|---|----------------|----------------|
| <b>Other income from banking operations</b>               | <b>1 029</b>   | <b>936</b>     |
| Incidental income from finance contracts                  | 286            | 313            |
| Income from service activities                            | 461            | 404            |
| Income related to non-doubtful lease contracts            | 115            | 91             |
| of which reversal of impairment on residual values        | 12             | 13             |
| Income from operating lease transactions                  | 139            | 95             |
| Other income from banking operations                      | 28             | 33             |
| of which reversal of charge to reserve for banking risks  | 11             | 18             |
| <b>Other expenses of banking operations</b>               | <b>(665)</b>   | <b>(600)</b>   |
| Cost of services related to finance contracts             | (127)          | (129)          |
| Cost of service activities                                | (209)          | (198)          |
| Expenses related to non-doubtful lease contracts          | (137)          | (103)          |
| of which allowance for impairment on residual values      | (38)           | (24)           |
| Distribution costs not treatable as interest expense      | (85)           | (83)           |
| Expenses related to operating lease transactions          | (92)           | (61)           |
| Other expenses of banking operations                      | (15)           | (26)           |
| of which charge to reserve for banking risks              | (5)            | (3)            |
| <b>Other operating income and expenses</b>                | <b>5</b>       | <b>5</b>       |
| Other operating income                                    | 21             | 23             |
| Other operating expenses                                  | (16)           | (18)           |
| <b>Total net income (expense) of other activities (*)</b> | <b>369</b>     | <b>341</b>     |
| <i>(*) Of which related parties</i>                       | <i>(4)</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 and expenses of service activities include the income and expenses booked for insurance policies issued by the group's captive insurance companies.

**Net income of own risk insurance activities**

| <b>In millions of euros</b>                        | <b>12/2016</b> | <b>12/2015</b> |
|--|----------------|----------------|
| Gross premiums issued                              | 273            | 241            |
| Net charge of provisions for technical provisions  | (58)           | (59)           |
| Claims paid  | (22)           | (22)           |
| Others contract charges including commissions paid | (1)            | (2)            |
| Claims recovered from reinsurers                   | 8              | 8              |
| Others reinsurance charges and incomes             | (8)            | (12)           |
| <b>Total net income of insurance activities</b>    | <b>192</b>     | <b>154</b>     |

**Note 29 : General operating expenses and personnel costs**

| <b>In millions of euros</b>                 | <b>12/2016</b> | <b>12/2015</b> |
|---|----------------|----------------|
| <b>Personnel costs</b>                      | <b>(240)</b>   | <b>(232)</b>   |
| Employee pay                                | (161)          | (156)          |
| Expenses of post-retirement benefits        | (15)           | (17)           |
| Other employee-related expenses             | (55)           | (52)           |
| Other personnel expenses                    | (9)            | (7)            |
| <b>Other administrative expenses</b>        | <b>(216)</b>   | <b>(191)</b>   |
| Taxes other than current income tax         | (35)           | (29)           |
| Rental charges                              | (9)            | (11)           |
| Other administrative expenses               | (172)          | (151)          |
| <b>Total general operating expenses (*)</b> | <b>(456)</b>   | <b>(423)</b>   |
| <i>(*) Of which related parties</i>         | <i>(6)</i>     | <i>(2)</i>     |

| <b>Average number of employees</b>                         | <b>12/2016</b> | <b>12/2015</b> |
|--|----------------|----------------|
| Sales financing operations and services in France          | 1 393          | 1 324          |
| Sales financing operations and services in other countries | 1 661          | 1 589          |
| <b>Total RCI Banque group</b>                              | <b>3 054</b>   | <b>2 913</b>   |

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



**Note 30 : Cost of risk by customer category**

| In millions of euros                                    | 12/2016      | 12/2015     |
|---|--------------|-------------|
| <b>Cost of risk on customer financing</b>               | <b>(83)</b>  | <b>(84)</b> |
| Impairment allowances                                   | (175)        | (213)       |
| Reversal of impairment                                  | 196          | 231         |
| Losses on receivables written off                       | (138)        | (134)       |
| Amounts recovered on loans written off                  | 34           | 32          |
| <b>Cost of risk on dealer financing</b>                 | <b>(17)</b>  | <b>(10)</b> |
| Impairment allowances                                   | (92)         | (108)       |
| Reversal of impairment                                  | 90           | 113         |
| Losses on receivables written off                       | (16)         | (15)        |
| Amounts recovered on loans written off                  | 1            |             |
| <b>Other cost of risk</b>                               | <b>(4)</b>   | <b>1</b>    |
| Change in allowance for impairment of other receivables | (4)          | 1           |
| <b>Total cost of risk</b>                               | <b>(104)</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 31 : Income tax**

| In millions of euros                      | 12/2016      | 12/2015      |
|---|--------------|--------------|
| <b>Current tax expense</b>                | <b>(252)</b> | <b>(289)</b> |
| Current tax expense                       | (252)        | (289)        |
| <b>Deferred taxes</b>                     | <b>(34)</b>  | <b>18</b>    |
| Income (expense) of deferred taxes, gross | (34)         | 18           |
| <b>Total income tax</b>                   | <b>(286)</b> | <b>(271)</b> |

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 -€8m.

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

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

**Breakdown of net deferred taxes by major category**

| In millions of euros                              | 12/2016      | 12/2015      |
|---|--------------|--------------|
| Provisions  | 58           | 52           |
| Provisions and other charges deductible when paid | 11           | 13           |
| Tax loss carryforwards                            | 55           | 54           |
| Other assets and liabilities                      | 55           | 26           |
| Lease transactions                                | (396)        | (355)        |
| Non-current assets                                | (4)          | (4)          |
| Impairment allowance on deferred tax assets       | (6)          | (5)          |
| <b>Total net deferred tax asset (liability)</b>   | <b>(227)</b> | <b>(219)</b> |

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

| In %   | 12/2016       | 12/2015       |
|--|---------------|---------------|
| <b>Statutory income tax rate - France</b>  | <b>34,43%</b> | <b>38,00%</b> |
| Differential in tax rates of French entities   | 1,22%         | 1,72%         |
| Differential in tax rates of foreign entities  | -6,66%        | -7,92%        |
| Change in impairment allowance on deferred tax assets and losses on tax loss carryforwards | 0,03%         |               |
| Effect of equity-accounted associates  | -0,24%        | -0,17%        |
| Other impacts  | 2,62%         | 0,54%         |
| <b>Effective tax rate</b>  | <b>31,40%</b> | <b>32,17%</b> |

**Deferred tax expense recognized in the other comprehensive income**

| In millions of euros                          | 2016 change in equity |     |      | 2015 change in equity |     |      |
|---|-----------------------|-----|------|-----------------------|-----|------|
|   | Before tax            | Tax | Net  | Before tax            | Tax | Net  |
| Unrealised P&L on cash flow hedge instruments | (51)                  | 23  | (28) | 11                    | (4) | 7    |
| Unrealised P&L on AFS financial assets        |                       |     |      | 1                     | (1) |      |
| Actuarial differences                         | (10)                  | 2   | (8)  | 4                     | (1) | 3    |
| Exchange differences                          | (6)                   |     | (6)  | (55)                  |     | (55) |

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

No events occurred between the reporting period end date and 3 February 2017, when the Board of Directors approved the financial statements that might have a significant impact on the financial statements for the year ended 31 December 2016.

## 8. GROUP SUBSIDIARIES AND BRANCHES

### A) List of consolidated companies and foreign branches

|   | Country        | Direct interest of RCI | Indirect interest of RCI |                                      | % interest |      |
|---|----------------|------------------------|--------------------------|--------------------------------------|------------|------|
|   |                |                        | %                        | Held by                              | 2016       | 2015 |
| <b>PARENT COMPANY: RCI BANQUE S.A..</b>   |                |                        |                          |                                      |            |      |
| <b>Branches of RCI Banque:</b>  |                |                        |                          |                                      |            |      |
| RCI Banque S.A. Niederlassung Deutschland   | Germany        |                        |                          |                                      |            |      |
| RCI Banque Sucursal Argentina   | Argentina      |                        |                          |                                      |            |      |
| RCI Banque SA Niederlassung Osterreich  | Austria        |                        |                          |                                      |            |      |
| RCI Banque S.A. Sucursal en Espana  | Spain          |                        |                          |                                      |            |      |
| RCI Banque Sucursal Portugal  | Portugal       |                        |                          |                                      |            |      |
| RCI Banque S.A. Bancna Podružnica Ljubljana   | Slovenia       |                        |                          |                                      |            |      |
| RCI Banque Succursale Italiana  | Italy          |                        |                          |                                      |            |      |
| RCI Banque Branch Ireland   | Ireland        |                        |                          |                                      |            |      |
| Renault Finance Nordic, Bankfilial till RCI Banque S.A. Frankrike   | Sweden         |                        |                          |                                      |            |      |
| RCI Banque Spółka Akcyjna Oddział w Polsce  | Poland         |                        |                          |                                      |            |      |
| RCI Bank UK**   | United-Kingdom |                        |                          |                                      |            |      |
| <b>FULLY CONSOLIDATED COMPANIES:</b>  |                |                        |                          |                                      |            |      |
| RCI Versicherungs Service GmbH  | Germany        | 100                    |                          |                                      |            |      |
| Rombo Compania Financiera S.A.  | Argentina      | 60                     |                          |                                      |            |      |
| Courtage S.A.   | Argentina      | 95                     |                          |                                      |            |      |
| RCI Financial Services SA   | Belgium        | 100                    |                          |                                      |            |      |
| AUTOFIN   | Belgium        | 100                    |                          |                                      |            |      |
| Administradora De Consorcio RCI Brasil Ltda.  | Brazil         | 99.92                  |                          |                                      |            |      |
| Banco RCI Brasil S.A. (ex Companhia de Arredamento Mercantil RCI Brasil)  | Brazil         | 60.11                  |                          |                                      |            |      |
| Companhia de Credito, Financiamento e Investimento RCI Brasil (absorption by Banco RCI Brasil S.A)                              | Brazil         | -                      |                          |                                      |            |      |
| Corretora de Seguros RCI Brasil S.A.  | Brazil         | 100                    |                          |                                      |            |      |
| RCI Financial Services Korea Co, Ltd  | South Korea    | 100                    |                          |                                      |            |      |
| Overlease S.A.  | Spain          | 100                    |                          |                                      |            |      |
| Diac S.A.   | France         | 100                    |                          |                                      |            |      |
| Diac Location S.A.  | France         | -                      | 100                      | Diac S.A.                            |            |      |
| RCI ZRT   | Hungaria       | 100                    |                          |                                      |            |      |
| ES Mobility SRL   | Italy          | 100                    |                          |                                      |            |      |
| RCI Services Ltd  | Malta          | 100                    |                          |                                      |            |      |
| RCI Insurance Ltd   | Malta          | -                      | 100                      | RCI Services Ltd                     |            |      |
| RCI Life Ltd  | Malta          | -                      | 100                      | RCI Services Ltd                     |            |      |
| RCI Finance Maroc   | Morocco        | 100                    |                          |                                      |            |      |
| RDFM  | Morocco        | -                      | 100                      | RCI Finance Maroc                    |            |      |
| RCI Financial Services B.V.   | Netherlands    | 100                    |                          |                                      |            |      |
| RCI Leasing Polska  | Poland         | 100                    |                          |                                      |            |      |
| RCI GEST - Instituição Financeira de Crédito, SA (absorption by RCI Banque Sucursal Portugal with transfer of asset to RCI COM) | Portugal       | -                      |                          |                                      |            |      |
| RCI COM S.A. *  | Portugal       | 100                    |                          |                                      |            |      |
| RCI GEST SEGUROS – Mediadores de Seguros, Lda   | Portugal       | -                      | 100                      | RCI COM S.A                          |            |      |
| RCI Finance CZ s.r.o.   | Czech Republic | 100                    |                          |                                      |            |      |
| RCI Financial Services s.r.o.   | Czech Republic | 50                     |                          |                                      |            |      |
| RCI Finantare Romania   | Romania        | 100                    |                          |                                      |            |      |
| RCI Broker De Asigurare S.R.L.  | Romania        | -                      | 100                      | RCI Finantare Romania                |            |      |
| RCI Leasing Romania IFN S.A.  | Romania        | 100                    |                          |                                      |            |      |
| RCI Financial Services Ltd  | United-Kingdom | 100                    |                          |                                      |            |      |
| OOO RN FINANCE RUS  | Russia         | 100                    |                          |                                      |            |      |
| RCI Finance S.A.  | Switzerland    | 100                    |                          |                                      |            |      |
| <b>SPV</b>  |                |                        |                          |                                      |            |      |
| CARS Alliance Auto Loans Germany Master   | Germany        |                        | (see note 12)            | RCI Banque Niederlassung Deutschland |            |      |
| CARS Alliance Auto Loans Germany V2013-1  | Germany        |                        | (see note 12)            | RCI Banque Niederlassung Deutschland |            |      |
| CARS Alliance Auto Loans Germany V2016-1*   | Germany        |                        | (see note 12)            | RCI Banque Niederlassung Deutschland |            |      |
| CARS Alliance Auto Leases Germany   | Germany        |                        |                          | RCI Banque Niederlassung Deutschland |            |      |
| CARS Alliance DFP Germany 2014  | Germany        |                        |                          | RCI Banque Niederlassung Deutschland |            |      |
| CARS Alliance Auto Loans France V 2014-1  | France         |                        | (see note 12)            | Diac S.A.                            |            |      |
| FCT Cars Alliance DFP France  | France         |                        | (see note 12)            | Diac S.A.                            |            |      |
| CARS Alliance Auto Loans France FCT Master  | France         |                        | (see note 12)            | Diac S.A.                            |            |      |
| CARS Alliance Auto Loans France V 2012-1  | France         |                        | (see note 12)            | Diac S.A.                            |            |      |

|  |                |                        |               |                                |            |       |
|--|----------------|------------------------|---------------|--------------------------------|------------|-------|
| Cars Alliance Auto Loans Italy 2015 SRL**                    | Italy          |                        | (see note 12) | RCI Banque Succursale Italiana |            |       |
| Cars Alliance Auto UK 2015 Limited**                         | United-Kingdom |                        |               | RCI Financial Services Ltd     |            |       |
| Fundo de Investimento em Direitos Creditórios RCI Brasil I** | Brazil         |                        | (see note 12) | Banco RCI Brasil S.A.          |            |       |
| Fundo de Investimento em Direitos Creditórios RN Brasil I    | Brazil         |                        |               | Banco RCI Brasil S.A.          |            |       |
|  | Country        | Direct interest of RCI |               | Indirect interest of RCI       | % interest |       |
|  |                |                        | %             | Held by                        | 2015       | 2014  |
| <b>COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD:</b>      |                |                        |               |                                |            |       |
| RN SF B.V.   | Netherlands    | 50                     |               |                                | 50         | 50    |
| BARN B.V.  | Netherlands    | -                      | 60            | RN SF B.V.                     | 30         | 30    |
| RN Bank  | Russia         | -                      | 100           | BARN B.V.                      | 30         | 30    |
| Orfin Finansman Anonim Sirketi                               | Turkey         | 50                     |               |                                | 50         | 50    |
| Renault Crédit Car   | Belgium        | -                      | 50.10         | AUTOFIN                        | 50.10      | 50.10 |
| Nissan Renault Financial Services India Private Ltd**        | India          | 30                     |               |                                | 30         | 30    |

\* Entities added to the scope in 2016

\*\* Entities added to the scope in 2015

**B) Subsidiaries in which non-controlling interests are significant**

| In millions of euros - 31/12/2016 - before intra-group elimination      | Rombo<br>Compania<br>Financiera<br>S.A. | Banco RCI<br>Brasil S.A |
|---|---|-------------------------|
| Country of location   | Argentina                               | Brazil                  |
| Percentage of capital held by non controlling interests                 | 40,00%                                  | 39,89%                  |
| Share in associates by non controlling interests                        | 40,00%                                  | 39,89%                  |
| Nature  | Subsidiary                              | Subsidiary              |
| Consolidation method  | Fully<br>consolidated                   | Full<br>consolidation   |
| Net Income: Share in net income (loss) of associates and joint ventures | 5                                       | 17                      |
| Equity: Investments in associates and joint ventures                    |   | 1                       |
| Dividends paid to non controlling interests (minority shareholders)     | 6                                       | 6                       |
| Cash, due from banks  | 3                                       | 102                     |
| Net outstandings customers loans and lease financings                   | 289                                     | 2 000                   |
| Other assets  | 4                                       | 200                     |
| <b>Total assets</b>   | <b>296</b>                              | <b>2 302</b>            |
| Due to banks, customer deposits and debt securities issued              | 233                                     | 1 831                   |
| Other liabilities   | 10                                      | 77                      |
| Net Equity  | 53                                      | 394                     |
| <b>Total liabilities</b>  | <b>296</b>                              | <b>2 302</b>            |
| <b>Net banking income</b>   | <b>29</b>                               | <b>125</b>              |
| Net income  | 12                                      | 42                      |
| Other components of comprehensive income                                |   | (15)                    |
| <b>Total comprehensive income</b>                                       | <b>12</b>                               | <b>27</b>               |
| Net cash generated by operating activities                              | 19                                      | 117                     |
| Net cash generated by financing activities                              | (26)                                    | (25)                    |
| Net cash generated by investing activities                              |   |                         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>             | <b>(7)</b>                              | <b>92</b>               |

Percentages of voting rights are identical.

The amount of debt for puts on minority interests for the Brazilian entity, Banco RCI Brasil S.A. is included under "Other liabilities" for €178m at 31 December 2016, against €143m at 31 December 2015.

The amount of debt for puts on minority interests for ROMBO Compania Financiera is included under "Other liabilities" for €25m at 31 December 2016, against €29m at 31 December 2015.

| In millions of euros - 31/12/2015 - before intra-group elimination      | Rombo<br>Compania<br>Financiera<br>S.A. | Banco RCI<br>Brasil S.A | CFI RCI<br>Brasil     |
|---|---|-------------------------|-----------------------|
| Country of location   | Argentina                               | Brazil                  | Brazil                |
| Percentage of capital held by non controlling interests                 | 40,00%                                  | 39,89%                  | 39,89%                |
| Share in associates by non controlling interests                        | 40,00%                                  | 39,89%                  | 39,89%                |
| Nature  | Subsidiary                              | Subsidiary              | Subsidiary            |
| Consolidation method  | Fully<br>consolidated                   | Full<br>consolidation   | Full<br>consolidation |
| Net Income: Share in net income (loss) of associates and joint ventures | 10                                      | 9                       | 12                    |
| Equity: Investments in associates and joint ventures                    |   |                         |                       |
| Dividends paid to non controlling interests (minority shareholders)     |   |                         | 17                    |
| Cash, due from banks  | 7                                       | 39                      | 100                   |
| Net outstandings customers loans and lease financings                   | 189                                     | 189                     | 1 591                 |
| Other assets  | 2                                       | 20                      | 198                   |
| <b>Total assets</b>   | <b>198</b>                              | <b>248</b>              | <b>1 889</b>          |
| Due to banks, customer deposits and debt securities issued              | 122                                     |                         | 1 597                 |
| Other liabilities   | 10                                      | 46                      | 47                    |
| Net Equity  | 66                                      | 202                     | 245                   |
| <b>Total liabilities</b>  | <b>198</b>                              | <b>248</b>              | <b>1 889</b>          |
| <b>Net banking income</b>   | <b>46</b>                               | <b>45</b>               | <b>92</b>             |
| Net income  | 25                                      | 24                      | 31                    |
| Other components of comprehensive income                                | 1                                       |                         | 15                    |
| <b>Total comprehensive income</b>                                       | <b>26</b>                               | <b>24</b>               | <b>46</b>             |
| Net cash generated by operating activities                              | 2                                       | (1)                     | 56                    |
| Net cash generated by financing activities                              |   |                         | (71)                  |
| Net cash generated by investing activities                              |   |                         | (1)                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>             | <b>2</b>                                | <b>(1)</b>              | <b>(16)</b>           |

## C) Significant associates and joint ventures

| In millions of euros - 31/12/2016 - before intra-group elimination | RN Bank          | ORFIN<br>Finansman<br>Anonim<br>Sirketi | Nissan<br>Renault<br>Financial<br>Services India<br>Private Ltd |
|--|------------------|---|---|
| Country of location  | Russia           | Turkey                                  | India   |
| Percentage of capital held   | 30,00%           | 50,00%                                  | 30,00%  |
| Nature   | Associate        | Joint venture                           | Associate   |
| Consolidation method   | Equity<br>method | Equity<br>method                        | Equity<br>method  |
| Share in net income of associates and joint ventures               | 4                | 2                                       | 1   |
| Investments in associates and joint ventures                       | 41               | 25                                      | 31  |
| Dividends received from associates and joint ventures              |                  |   |   |
| Cash, due from banks   | 72               | 66                                      | 1   |
| Net outstandings customers loans and lease financings              | 827              | 468                                     | 196   |
| Other assets   | 32               | 7                                       | 20  |
| <b>Total assets</b>  | <b>931</b>       | <b>541</b>                              | <b>217</b>  |
| Due to banks, customer deposits and debt securities issued         | 720              | 478                                     | 38  |
| Other liabilities  | 81               | 12                                      | 77  |
| Net Equity   | 130              | 51                                      | 102   |
| <b>Total liabilities</b>   | <b>931</b>       | <b>541</b>                              | <b>217</b>  |
| <b>Net banking income</b>  | <b>45</b>        | <b>19</b>                               | <b>10</b>   |
| Net income   | 14               | 5                                       | 2   |
| Other components of comprehensive income                           | (3)              |   |   |
| <b>Total comprehensive income</b>                                  | <b>11</b>        | <b>5</b>                                | <b>2</b>  |
| Net cash generated by operating activities                         | 3                | (40)                                    | (59)  |
| Net cash generated by financing activities                         | (6)              | 17                                      | 21  |
| Net cash generated by investing activities                         |                  |   |   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>(3)</b>       | <b>(23)</b>                             | <b>(38)</b>   |

| <b>In millions of euros - 31/12/2015 - before intra-group elimination</b> | <b>RN Bank</b>   | <b>ORFIN<br/>Finansman<br/>Anonim<br/>Sirketi</b> | <b>Nissan<br/>Renault<br/>Financial<br/>Services India<br/>Private Ltd</b> |
|---|------------------|---|--|
| Country of location   | Russia           | Turkey  | India  |
| Percentage of capital held  | 30,00%           | 50,00%  | 30,00%   |
| Nature  | Associate        | Joint venture                                     | Associate  |
| Consolidation method  | Equity<br>method | Equity<br>method                                  | Equity<br>method   |
| Share in net income of associates and joint ventures                      | 2                | 2   |  |
| Investments in associates and joint ventures                              | 32               | 17  | 23   |
| Dividends received from associates and joint ventures                     |                  |   |  |
| Cash, due from banks  | 60               | 104   | 4  |
| Net outstandings customers loans and lease financings                     | 535              | 542   | 88   |
| Other assets  | 54               | 10  | 25   |
| <b>Total assets</b>   | <b>649</b>       | <b>656</b>  | <b>117</b>   |
| Due to banks, customer deposits and debt securities issued                | 531              | 615   |  |
| Other liabilities   | 21               | 6   | 39   |
| Net Equity  | 97               | 35  | 78   |
| <b>Total liabilities</b>  | <b>649</b>       | <b>656</b>  | <b>117</b>   |
| <b>Net banking income</b>   | <b>29</b>        | <b>15</b>   | <b>6</b>   |
| Net income  | 6                | 4   | 1  |
| Other components of comprehensive income                                  |                  |   |  |
| <b>Total comprehensive income</b>   | <b>6</b>         | <b>4</b>  | <b>1</b>   |
| Net cash generated by operating activities                                | (70)             | 60  | (92)   |
| Net cash generated by financing activities                                |                  |   | 42   |
| Net cash generated by investing activities                                |                  |   |  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>               | <b>(70)</b>      | <b>60</b>   | <b>(50)</b>  |

#### D) Significant restrictions

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



## APPENDIX 1: Information about locations and operations

In millions of euros - 31/12/2016

| Geographical location | Company name   | Nature of activities | Number of employees | Net banking income | Profit or loss before tax | Current tax expense | Deferred taxes | Public subsidies received |
|-----------------------|--|----------------------|---------------------|--------------------|---------------------------|---------------------|----------------|---------------------------|
| Corporate             | RCI Banque S.A.  | Holding              | 434                 | 139,2              | 71,0                      | (28,7)              | (4,1)          |                           |
| Germany               | RCI Banque S.A. Niederlassung Deutschland                        | Financing            | 327                 | 184,3              | 126,5                     | (50,3)              | (1,1)          |                           |
|                       | RCI Versicherungs Service GmbH                                   | Services             |                     |                    |                           |                     |                |                           |
| Argentina             | RCI Banque Sucursal Argentina                                    | Financing            | 39                  | 54,7               | 39,0                      | (15,7)              | 1,7            |                           |
|                       | Rombo Compania Financiera S.A.                                   | Financing            |                     |                    |                           |                     |                |                           |
|                       | Courtage S.A.  | Services             |                     |                    |                           |                     |                |                           |
| Austria               | RCI Banque S.A. Niederlassung Österreich                         | Financing            | 48                  | 17,9               | 8,5                       | (2,4)               | 0,3            |                           |
| Belgium               | RCI Financial Services S.A.                                      | Financing            | 27                  | 12,3               | 8,5                       | (3,0)               |                |                           |
|                       | Autofin S.A.   | Financing            |                     |                    |                           |                     |                |                           |
|                       | Renault Crédit Car S.A.  | Financing            |                     |                    |                           |                     |                |                           |
| Brazil                | Administradora de Consórcio RCI Brasil Ltda                      | Financing            | 133                 | 135,8              | 80,1                      | (36,2)              | 5,3            |                           |
|                       | Banco RCI Brasil S.A.  | Financing            |                     |                    |                           |                     |                |                           |
|                       | Companhia de Crédito, Financiamento e Investimento RCI Brasil    | Financing            |                     |                    |                           |                     |                |                           |
|                       | Corretora de Seguros RCI Brasil S.A.                             | Services             |                     |                    |                           |                     |                |                           |
| South Korea           | RCI Financial Services Korea Co. Ltd                             | Financing            | 102                 | 54,0               | 36,3                      | (8,6)               | 0,1            |                           |
| Spain                 | Rci Banque S.A. Sucursal En España                               | Financing            | 181                 | 94,9               | 64,9                      | (12,8)              | (7,8)          |                           |
|                       | Overlease S.A.   | Financing            |                     |                    |                           |                     |                |                           |
| France                | Diac S.A.  | Financing            | 905                 | 346,2              | 184,3                     | (33,4)              | (36,9)         |                           |
|                       | Diac Location S.A.   | Financing            |                     |                    |                           |                     |                |                           |
| Hungary               | RCI Zrt  | Financing            | 5                   | 1,8                | 0,9                       | (0,1)               |                |                           |
| India                 | Nissan Renault Financial Services India Private Limited          | Financing            | 148                 |                    | 0,7                       |                     |                |                           |
| Ireland               | RCI Banque, Branch Ireland                                       | Financing            | 27                  | 12,1               | 6,4                       | (0,8)               |                |                           |
| Italy                 | RCI Banque S.A. Succursale Italiana                              | Financing            | 192                 | 72,5               | 33,2                      | (11,2)              | 0,4            |                           |
|                       | ES Mobility S.R.L.   | Financing            |                     |                    |                           |                     |                |                           |
| Malta                 | RCI Services Ltd   | Holding              | 17                  | 104,0              | 100,4                     | (15,2)              | 3,6            |                           |
|                       | RCI Insurance Ltd  | Services             |                     |                    |                           |                     |                |                           |
|                       | RCI Life Ltd   | Services             |                     |                    |                           |                     |                |                           |
| Morocco               | RCI Finance Maroc S.A.   | Financing            | 36                  | 22,8               | 9,9                       | (4,8)               | 0,6            |                           |
|                       | RDFM S.A.R.L   | Services             |                     |                    |                           |                     |                |                           |
| Netherlands           | RCI Financial Services B.V.                                      | Financing            | 34                  | 14,3               | 8,8                       | (2,3)               | 0,4            |                           |
| Poland                | RCI Banque Spółka Akcyjna Oddział w Polsce                       | Financing            | 56                  | 24,2               | 16,8                      | (8,7)               | 4,4            |                           |
|                       | RCI Leasing Polska Sp. z o.o.                                    | Financing            |                     |                    |                           |                     |                |                           |
| Portugal              | RCI Banque S.A. Sucursal Portugal                                | Financing            | 40                  | 15,3               | 8,6                       | (2,4)               | 0,2            |                           |
|                       | RCI Gest - Instituição Financeira de Crédito, S.A.               | Financing            |                     |                    |                           |                     |                |                           |
|                       | RCI Gest Seguros - Mediadores de Seguros Lda                     | Services             |                     |                    |                           |                     |                |                           |
| Czech Rep             | RCI Finance C.Z., S.r.o.   | Financing            | 22                  | 9,8                | 7,2                       | (1,6)               | 0,2            |                           |
|                       | RCI Financial Services, S.r.o.                                   | Financing            |                     |                    |                           |                     |                |                           |
| Romania               | RCI Finantare Romania S.r.l.                                     | Financing            | 66                  | 11,9               | 8,0                       | (1,2)               | (0,1)          |                           |
|                       | RCI Broker de asigurare S.R.L.                                   | Services             |                     |                    |                           |                     |                |                           |
|                       | RCI Leasing Romania IFN S.A.                                     | Financing            |                     |                    |                           |                     |                |                           |
| United Kingdom        | RCI Financial Services Ltd                                       | Financing            | 252                 | 106,3              | 65,8                      | (7,8)               | (0,9)          |                           |
|                       | RCI Bank UK  | Financing            |                     |                    |                           |                     |                |                           |
| Russia                | OOO RN Finance Rus   | Financing            | 175                 | 0,4                | 4,2                       | (0,1)               |                |                           |
|                       | Sub group RNSF BV, BARN BV and RN Bank                           | Financing            |                     |                    |                           |                     |                |                           |
| Slovenia              | RCI BANQUE S.A. Bančna podružnica Ljubljana                      | Financing            | 23                  | 6,2                | 1,6                       | (0,4)               | (0,1)          |                           |
| Sweden                | Renault Finance Nordic Bankfilial till RCI Banque S.A. Frankrike | Financing            | 13                  | 7,5                | 4,6                       | (0,8)               | (0,2)          |                           |
| Switzerland           | RCI Finance S.A.   | Financing            | 43                  | 23,7               | 13,7                      | (3,5)               |                |                           |
| Turkey                | ORFIN Finansman Anonim Sirketi                                   | Financing            | 58                  |                    | 2,5                       |                     |                |                           |
| <b>TOTAL</b>          |  |                      | <b>3 403</b>        | <b>1 472</b>       | <b>912</b>                | <b>(252)</b>        | <b>(34)</b>    |                           |

## APPENDIX 2: FINANCIAL RISKS

### Refinancing and balance sheet management

The Finance and Cash Department is responsible for refinancing those of the group's entities that are eligible for centralized refinancing. It obtains the funds required to ensure continuity of business activity (issuance of bonds and other negotiable debt securities, securitization, money market borrowings, ...), balances assets and liabilities, and adjusts the cash positions of the group's companies, while managing and minimizing exposure to financial risks, through the use of interest rate swaps, currency swaps and spot and forward foreign exchange transactions.

The principles of the financial policy extend to all consolidated subsidiaries of the RCI Banque group and are adapted and applied in subsidiaries whose refinancing is not centralized.

All refinancing for subsidiaries in countries outside the Eurozone whose transfer and convertibility risk is deemed to be a material risk by RCI Banque is generally done locally to limit any cross-border risk. Group procedures do however allow the central refinancing office to grant occasional cross border funding to subsidiaries located in such countries if the funding is for a limited amount only or if there is an insurance policy covering the non-convertibility and non-transfer risk.

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

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

### ORGANIZATION OF MARKET RISK MANAGEMENT

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

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

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

#### INTEREST RATE RISK

The overall interest rate risk represents the impact of fluctuating rates on the future gross financial margin.

The RCI Banque group's aim is to mitigate this risk as far as possible in order to protect its mark-up.

In order to take account of the difficulty of precisely adjusting the structure of borrowings to that of loans, limited flexibility is accepted in interest rate hedging by each subsidiary.

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

|   |        |
|---|--------|
| Central refinancing limit:                                      | €32m   |
| Limit for sales financing subsidiaries:                         | €11.8m |
| Not assigned:   | €06.2m |
| Total sensitivity limit in €m granted by Renault to RCI Banque: | €50m   |

The sensitivity thus defined consists in measuring at a given point in time (t) the impact of a change in interest rates on the market price of an entity's balance sheet flows.

The market price is determined by the discounting of future cash flows at the market rates at point t.

Different scenarios for shifts in the yield curve are considered, including various shocks, of which the standardized 200 bps shock defined by IRRBB guidelines and a rotation shock scenario.

The scenario preferred by the RCI Banque group is a calculation of sensitivity at a uniform increase of 100 basis points in interest rates on all maturities. The calculation is based on average monthly asset and liability gaps.

Maturities of in-force business are determined by taking into account the contractual characteristics of transactions and the results of the modeling of historical customer behavior patterns (early repayment, etc.), supplemented by assumptions about certain aggregates (owners' equity, etc.).

Sensitivity is calculated daily per currency and per management entity (central refinancing office, French and foreign sales financing subsidiaries) and enables overall management of interest rate risk across the consolidated scope of the RCI Banque group. Monitoring is performed by the Financial Risk Team attached to the Permanent Control Department (Company Secretary's Office and Risk Management Department).

The situation of each entity with regard to its limit is checked daily, and immediate hedging directives are issued to the subsidiaries if circumstances so dictate.

The results of controls are the subject of monthly reporting to the finance committee, which checks that positions are in line with the group's financial strategy and with prevailing procedural memoranda.

At 31 December 2016, RCI Banque's overall sensitivity to the interest rate risk remained below the limit set by the group (€40m until 05/12, €50m since then).

At 31 December 2016, a 100-basis point rise in rates would have an impact of:

- +€12.3m in EUR,
- €0.1m in ARS
- €0.1m in BRL,
- +€3.6m in CHF,
- +€0.5m in GBP,
- €0.1m in KRW,
- +€1.4m in MAD,
- +€0.3m in PLN,

The absolute sensitivity values in each currency totaled €18.6m.

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

#### **- SALES FINANCING SUBSIDIARIES**

Virtually all loans to customers by sales financing subsidiaries are granted at a fixed rate for terms of one to seventy-two months.

These loans are hedged by fixed-rate resources having the same structure. They are backed by macro-hedging and only generate a residual interest rate risk.

In subsidiaries where the resource is at a floating rate, interest rate risk is hedged by macro-hedging interest rate swaps.

#### **- CENTRAL REFINANCING OFFICE**

RCI Holding's main activity is to refinance the group's commercial subsidiaries.

The in-force business of the sales financing subsidiaries is backed by fixed-rate resources, some of which are micro-hedged by interest rate swaps and by variable rate resources.

Macro-hedging transactions in the form of interest rate swaps keep the sensitivity of the holding company below the

limit set by the group (€27m until 20/12, €32m since then).

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

Monthly tests are carried out to ascertain:

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

These data are calculated on the basis of simplified scenarios, working on the assumption that all positions run to maturity and that they are not readjusted to factor in new market conditions.

The sensitivity of reserves to a change in interest rates as presented above would in no way be representative of an impact on future results.

## **LIQUIDITY RISK**

RCI Banque pays great attention to diversifying its sources of access to liquidity.

To that end, RCI Banque imposes stringent internal standards on itself.

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

### Static liquidity

This indicator measures the difference (gap) between existing liabilities and assets at a given date without any assumptions as to the renewal of liabilities or assets. It gives a point-in-time snapshot of the liquidity position, or static liquidity gap. The group's policy is to refinance its assets by means of liabilities with a longer maturity, thus maintaining positive static liquidity gaps across all areas of the balance sheet.

### Liquidity reserve

The liquidity reserve is a source of emergency liquidity that can be used by RCI Banque in the event of necessity. It consists of High Quality Liquid Assets (HQLA) as defined by the Basel Committee for calculating the liquidity coverage ratio (LCR), short-term financial assets not recognized as HQLA by the Basel Committee, confirmed bilateral lines of credit and assets eligible as collateral in European Central Bank (ECB) transactions not already counted as HQLA or short-term financial assets. Minimum and adequate liquidity reserve levels are determined every six months within the centralized refinancing scope and for physical entities whose refinancing is local.

**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 runs on deposits, 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.

## **FOREIGN EXCHANGE RISK**

Since May 2009, RCI Banque has been authorized by France's Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) to exclude durable and structural assets from its foreign exchange exposure, given its compliance with the conditions set out in Article 331 of the Order dated 20 February 2007.

Consequently, as its foreign exchange position is below the 2% of capital threshold set in Article 293-2 of the Order dated 20 February 2007, RCI Banque no longer calculates capital requirements for the foreign exchange risk.

### - CENTRAL REFINANCING UNIT

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

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

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

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

#### - SALES FINANCING SUBSIDIARIES

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

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

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

At 31 December 2016, the RCI Banque group's consolidated forex position is €8.85m.

### **COUNTERPARTY RISK**

RCI Banque's exposure to bank counterparty risk arises from various market transactions made by the group's entities as part of their everyday business (investment of cash surpluses, interest rate or forex hedging, investments in liquid assets, etc.).

Transactions are made with first-class banks and counterparty risk on market transactions is managed with a system of limits set by RCI Banque and then approved by Renault as part of the Group-wide consolidation of counterparty risks. Limits are set using an internal rating method based on capital adequacy, long-term ratings by credit agencies and a qualitative appraisal of the counterparty.

Compliance with these limits is monitored daily. All the results of controls are communicated monthly to the RCI Banque finance committee and integrated into the consolidated monitoring of Renault Group counterparty risk.

In addition to meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI has a portfolio of investments in liquid assets. Limits on the amount and maturity of the latter are set for each issuer.

RCI has also invested in money market funds, corporate bonds and a fund whose assets consist of debt securities issued by European agencies, sovereigns and by supranational issuers. Each of these investments is subject to a specific limit approved by the finance committee and reviewed at least once a year.

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

These limits are also monitored daily and are reported monthly to the RCI Banque finance committee.

In the case of finance entities, risk takes into account cash exposure (deposits and accrued interest) and exposure on derivatives calculated using the internal fixed-rate method presented hereafter.

#### **Fixed-rate method:**

Exposure to counterparty risk is measured using weighting factors which depend on the type of instrument and the duration of the transaction.

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

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

To ensure that this method is conservative, exposure on derivatives is recalculated at regular intervals using the regulatory “positive mark to market + add-on” method presented below:

“Positive mark to market + add-on” method:

This method is based on the so-called "major risks" regulatory method. Exposure for derivatives (rate and foreign exchange) is calculated as the sum of potential losses, calculated on the basis of the replacement value of the contracts with the counterparty without netting with potential gains, plus an “add-on” representing the potential future risk. This potential future risk is determined by French banking regulations (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, Article 274) as follows:

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

According to the "positive mark to market + add-on" method, the equivalent counterparty risk is €328m at 31 December 2016, against €483m at 31 December 2015. According to the fixed-rate method, it is €1,002m at 31 December 2016, against €1,302m at 31 December 2015.

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

Bank guarantees received are subject to specific monitoring.