CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

SUMMARY

CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2017	12/2016
Cash and balances at central banks		1 476	1 040
Derivatives	2	137	238
Financial assets available for sale and other financial assets	3	1 219	955
Amounts receivable from credit institutions	4	1 266	1 024
Loans and advances to customers	5 et 6	40 942	37 923
Current tax assets	7	12	44
Deferred tax assets	7	107	106
Tax receivables other than on current income tax	7	316	316
Adjustment accounts & miscellaneous assets	7	1 031	748
Investments in associates and joint ventures		101	97
Operating lease transactions	5 et 6	828	715
Tangible and intangible non-current assets		29	28
Goodwill		84	86
TOTAL ASSETS		**47 548**	**43 320**

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2017	12/2016
Central Banks	8.1	2 500	2 000
Derivatives	2	123	97
Amounts payable to credit institutions	8.2	2 050	1 845
Amounts payable to customers	8.3	14 385	13 267
Debt securities	8.4	21 762	19 544
Current tax liabilities	9	126	88
Deferred tax liabilities	9	355	333
Taxes payable other than on current income tax	9	15	28
Adjustment accounts & miscellaneous liabilities	9	1 338	1 556
Provisions	10	128	147
Insurance technical provisions	10	382	343
Subordinated debt - Liabilities	12	12	12
Equity		4 372	4 060
- Of which equity - owners of the parent		*4 339*	*4 046*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*3 429*	*2 827*
Unrealised or deferred gains and losses		*(251)*	*(197)*
Net income for the year		*347*	*602*
- Of which equity - non-controlling interests		*33*	*14*
TOTAL LIABILITIES & EQUITY		**47 548**	**43 320**

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	06/2017	06/2016	12/2016
Interest and similar income	18	994	900	1 844
Interest expenses and similar charges	19	(393)	(378)	(761)
Fees and commission income		15	12	27
Fees and commission expenses		(9)	(8)	(17)
Net gains (losses) on financial instruments at fair value through profit or loss		9	(3)	9
Net gains (losses) on AFS securities and other financial assets		(2)	2	1
Income of other activities	20	617	518	1 050
Expense of other activities	20	(381)	(345)	(681)
NET BANKING INCOME		**850**	**698**	**1 472**
General operating expenses	21	(259)	(221)	(456)
Depreciation and impairment losses on tangible and intangible assets		(4)	(3)	(7)
GROSS OPERATING INCOME		**587**	**474**	**1 009**
Cost of risk	22	(55)	(47)	(104)
OPERATING INCOME		**532**	**427**	**905**
Share in net income (loss) of associates and joint ventures		8	4	7
Gains less losses on non-current assets				
PRE-TAX INCOME		**540**	**431**	**912**
Income tax	23	(182)	(146)	(286)
NET INCOME		**358**	**285**	**626**
Of which, non-controlling interests		11	10	24
Of which owners of the parent		347	275	602
Net Income per share (1) in euros		346,56	275,01	601,59
Diluted earnings per share in euros		346,56	275,01	601,59

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**06/2017**	**06/2016**	**12/2016**
NET INCOME	**358**	**285**	**626**
Actuarial differences on post-employment benefits	(2)	(4)	(8)
Total of items that will not be reclassified subsequently to profit or loss	***(2)***	***(4)***	***(8)***
Unrealised P&L on cash flow hedge instruments	(5)	(26)	(28)
Exchange differences	(52)	(12)	(6)
Total of items that will be reclassified subsequently to profit or loss	***(57)***	***(38)***	***(34)***
Other comprehensive income	**(59)**	**(42)**	**(42)**
TOTAL COMPREHENSIVE INCOME	**299**	**243**	**584**
Of which Comprehensive income attributable to non-controlling interests	6	2	13
Comprehensive income attributable to owners of the parent	293	241	571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income (Shareholders of the parent company)	**Equity** (Shareholders of the parent company)	Equity (Non-controlling interests)	**Total Consolidated equity**
Equity at 31 December 2015*	**100**	**714**	**2 295**	**(168)**	**2**	**539**	**3 482**	**13**	**3 495**
Appropriation of net income of previous year			539			(539)			
Equity at 1 January 2016*	**100**	**714**	**2 834**	**(168)**	**2**		**3 482**	**13**	**3 495**
Change in value of financial instruments (CFH & AFS) recognized in equity					(17)		(17)	(9)	(26)
Actuarial differences on defined-benefit pension plans					(4)		(4)		(4)
Exchange differences				(13)			(13)	1	(12)
Net income for the year (before appropriation)						275	275	10	285
Total comprehensive income for the period				***(13)***	***(21)***	***275***	***241***	***2***	***243***
Dividend for the period								(12)	(12)
Repurchase commitment of non-controlling interests								9	9
Equity at 30 June 2016	**100**	**714**	**2 834**	**(181)**	**(19)**	**275**	**3 723**	**12**	**3 735**
Change in value of financial instruments (CFH & AFS) recognized in equity					1		1	(3)	(2)
Actuarial differences on defined-benefit pension plans					(4)		(4)		(4)
Exchange differences				6			6		6
Net income for the year (before appropriation)						327	327	14	341
Total comprehensive income for the period				***6***	***(3)***	***327***	***330***	***11***	***341***
Dividend for the period								(2)	(2)
Repurchase commitment of non-controlling interests			(7)				(7)	(7)	(14)
Equity at 31 December 2016	**100**	**714**	**2 827**	**(175)**	**(22)**	**602**	**4 046**	**14**	**4 060**
Appropriation of net income of previous year			602			(602)			
Equity at 1 January 2017	**100**	**714**	**3 429**	**(175)**	**(22)**		**4 046**	**14**	**4 060**
Change in value of financial instruments (CFH & AFS) recognized in equity					(2)		(2)	(3)	(5)
Actuarial differences on post-employment benefits					(2)		(2)		(2)
Exchange differences				(50)			(50)	(2)	(52)
Net income for the year (before appropriation)						347	347	11	358
Total comprehensive income for the period				***(50)***	***(4)***	***347***	***293***	***6***	***299***
Effect of acquisitions, disposals and other								21	21
Dividend for the period								(38)	(38)
Repurchase commitment of non-controlling interests								30	30
Equity at 30 June 2017	**100**	**714**	**3 429**	**(225)**	**(26)**	**347**	**4 339**	**33**	**4 372**

(1) The share capital of RCI Banque S.A. (100 million euros) consists of 1,000,000 fully paid up shares with par value of 100 euros each, of which 999,999 shares are owned by Renault s.a.s.
(2) Attributable reserves include the share premium account of the parent company.
(3) The translation adjustment balance booked at 30 June 2017 relates primarily to Argentina, Brazil, United Kingdom, South Korea, Russia and Turkey. At 31 December 2016, it mainly related to Argentina, Brazil, United Kingdom, Russia, Turkey and South Korea.
(4) Includes the fair value of derivatives used as cash flow hedges and available-for-sale assets for € -11 m and IAS 19 actuarial gains and losses for -€ 14.7 m at end-June 2017.

CONSOLIDATED CASH FLOW STATEMENT

En millions d'euros	06/2017	06/2016	12/2016
Net income attributable to owners of the parent company	**347**	**275**	**602**
Depreciation and amortization of tangible and intangible non-current assets	4	3	6
Net allowance for impairment and provisions	38	35	77
Dividends received of associates and joint ventures			1
Share in net (income) loss of associates and joint ventures	(8)	(4)	(7)
Deferred tax (income) / expense	25	3	34
Net loss / gain from investing activities	2		
Net income attributable to non-controlling interests	11	10	24
Other (gains/losses on derivatives at fair value through profit and loss)		4	7
Cash flow	**419**	**326**	**744**
Other movements (accrued receivables and payables)	(328)	(63)	20
Total non-monetary items included in net income and other adjustments	***(254)***	***(11)***	***162***
Cash flows on transactions with credit institutions	686	108	844
- Inflows / outflows in amounts receivable from credit institutions	*(63)*	*5*	*(14)*
- Inflows / outflows in amounts payable to credit institutions	*749*	*103*	*858*
Cash flows on transactions with customers	(2 266)	(1 929)	(4 184)
- Inflows / outflows in amounts receivable from customers	*(3 449)*	*(3 821)*	*(6 748)*
- Inflows / outflows in amounts payable to customers	*1 183*	*1 892*	*2 564*
Cash flows on other transactions affecting financial assets and liabilities	2 175	317	1 614
- Inflows / outflows related to AFS securities and similar	*(292)*	*(112)*	*(299)*
- Inflows / outflows related to debt securities	*2 568*	*557*	*2 019*
- Inflows / outflows related to collections	*(101)*	*(128)*	*(106)*
Cash flows on other transactions affecting non-financial assets and liabilities	15	217	279
Net decrease / (increase) in assets and liabilities resulting from operating activities	**610**	**(1 287)**	**(1 447)**
Net cash generated by operating activities (A)	**703**	**(1 023)**	**(683)**
Flows related to financial assets and investments	(6)	(10)	(33)
Flows related to tangible and intangible non-current assets	(3)	(5)	(6)
Net cash from / (used by) investing activities (B)	**(9)**	**(15)**	**(39)**
Net cash from / (to) shareholders	(34)	(12)	(14)
- Dividends paid	*(38)*	*(12)*	*(14)*
- Inflows / outflows related to non-controlling interests	*4*		
Net cash from / (used by) financing activities (C)	**(34)**	**(12)**	**(14)**
Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)	**(14)**	**2**	**(7)**
Change in cash and cash equivalents (A+B+C+D)	**646**	**(1 048)**	**(743)**
Cash and cash equivalents at beginning of year:	1 639	2 382	2 382
- Cash and balances at central banks	*1 040*	*1 937*	*1 937*
- Balances in sight accounts at credit institutions	*599*	*445*	*445*
Cash and cash equivalents at end of year:	2 285	1 334	1 639
- Cash and balances at central banks	*1 476*	*843*	*1 040*
- Credit balances in sight accounts with credit institutions	*994*	*863*	*810*
- Debit balances in sight accounts with credit institutions	*(185)*	*(372)*	*(211)*
Change in net cash	**646**	**(1 048)**	**(743)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The summary consolidated financial statements of the RCI Banque group for the six months to 30 June 2017 were established by the Board of Directors on 25 July 2017 which authorized their publication.

The consolidated financial statements of the RCI Banque group for the year 2016 were established by the Board of Directors on 3 February 2017 and approved at the Ordinary General Meeting of 22 May 2017. That meeting also put forward a proposal not to distribute dividends on the 2016 result.

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

2. KEY HIGHLIGHTS

Changes in the scope of consolidation in 2017

RCI Colombia S.A., in which a 51% stake is held, has been included in the scope of consolidation since February 2017 as a fully consolidated new entity. Its business mainly consists in financing customer and dealer sales in Colombia.

Foreign affiliates that do not have a tax agreement with France

In accordance with the Order of 6 October 2009 in application of Article L. 511-45 of the *Code monétaire et financier* (French Monetary and Financial Code), RCI Banque declares that it has a 95% holding in RCI Servicios Colombia S.A. in Colombia. The latter's business consists in receiving commissions on lending provided to a business partner. This affiliate's main management indicators are monitored on a monthly basis. At 30 June 2017, its income came to €0.724m.

3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2017 were prepared in accordance with the principles set out in IAS 34 "Interim Financial Reporting". They do not include all the information required when preparing annual consolidated financial statements and must therefore be read in conjunction with the financial statements for the year ended 31 December 2016.

The RCI Banque group's financial statements for the year ended 31 December 2016 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) as at 31 December 2016 and as adopted in the European Union by the statement closing date. With the exception of the changes indicated hereafter, the accounting rules and methods used are identical to those applied in the consolidated financial statements for the year ended 31 December 2016.

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 2017.

New standards, improvements and amendments application of which is mandatory as of 1 January 2017	
Amendment to IAS 7	Disclosure Initiative
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses
Annual improvements 2014-2016	Various provisions

None of these standards, improvements or amendments had any significant impact on the consolidated financial statements for the period ending 30 June 2017.

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

New IFRS standards adopted by the European Union		Application date according to the IASB
IFRS 9	Financial Instruments	1st January 2018 (1)
IFRS 15	Revenue from contracts with customers	1st January 2018 (1)

(1) Early application possible.

IFRS 9 - Financial Instruments, published by the IASB in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement", covers the following three stages: classification and measurement, impairment, and hedge accounting. The IASB has decided to treat macro hedging as a separate project.
IFRS 9, implementation of which will be mandatory as from 1st January 2018, had been adopted by the European Union. Its impact on RCI Banque's financial statements is currently being analyzed.

The changes brought by IFRS 9 include:

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

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

Aware of the major challenge that IFRS 9 represents for banking institutions, the RCI Banque group initiated its IFRS 9 project, using a structure common to the Risk and Finance functions, in the final quarter of 2015.
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.
Over the first six months of 2017, 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 was finalized for the Customer and Dealer businesses.
Scoping studies with a view to adapting information systems and process have been completed, and certain IT developments have been initiated. Operational rollout of the project is planned for the second 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 1January 2018 using the retrospective method.

IFRS 16 "Leases"

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. The group is not planning to apply this standard early.

IFRS 17 Insurance Contracts:

New IFRS standards not adopted by the European Union		Effective date according to the IASB
IFRS 17	Insurance Contracts	1st January 2021

IFRS 17 *Insurance Contracts* was published on 18 May 2017 by the IASB. Subject to its adoption by the European Union, it will become effective in 2021. It replaces the current IFRS 4 *Insurance Contracts*.
At this stage, the group is not planning to apply this standard early.

B. Estimates and judgments

The main areas of estimates and judgments made in preparing the summary consolidated financial statements for the six months to 30 June 2017 are the same as those described in Note 3-B of the Notes to the 2016 Annual Financial Statements.

C. Changes to presentation

No change of presentation has been made since 1 January 2017.

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

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

Liquidity

RCI Banque pays great attention to diversifying its sources of access to liquidity. Since the start of the financial crisis, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked.

By extending its maximum maturities issued in Euros to eight years, the group has been able to reach out to new investors looking for duration. It has also operated on bond markets in numerous currencies (USD, GBP, CHF, BRL, ARS, KRW, MAD, etc.), with a view to both funding European assets and supporting growth outside Europe.

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

its investor base.

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

Oversight of RCI Banque's liquidity risk takes into account the EBA's Internal Liquidity Adequacy Assessment Process (ILAAP) guidelines and is based on the following components:

- **Risk appetite:** This is determined by the Board of Directors' Risk Committee.

- **Refinancing:** The funding plan is constructed with a view to diversifying access to liquidity by product, by currency and by maturity. Funding requirements are regularly reviewed and clarified so that the funding plan can be adjusted accordingly.

- **Liquidity reserve:** The company's aim is to have available at all times a liquidity reserve consistent with its appetite for liquidity risk. The liquidity reserve consists of cash, High Quality Liquid Assets (HQLA), financial assets, assets eligible as collateral in European Central Bank monetary policy transactions and 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 taking the Probability of Default derived from scoring systems into account in the management of new gross lending, portfolio quality across all major markets was maintained.

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

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

Profitability

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

Governance

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

The country management committees also monitor risk and instant projected margin indicators more systematically,

thereby supplementing the routine assessments of subsidiary profitability.

Exposure to non-commercial credit risk

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

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

To meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), RCI Banque now invests in liquid assets, mainly in EUR and GBP, as defined in the European Commission's Delegated Act. These liquid assets mainly consist of deposits with the European Central Bank 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.

Macroeconomic environment

During the first six months of 2017, the markets felt the impact of two factors with opposite effects on volatility. On the one hand, the electoral period in Great Britain, in Germany and especially in France, where two of the four candidates with the potential to get through to the second round of the presidential elections had an anti-European stance, was a source of concern. On the other hand however, pressures on the market were offset by the continuation of the quantitative easing policy implemented by the European Central Bank. The ECB, in line with the announcements made in 2016, cut the pace of its monthly asset purchases from €80bn to €60bn from April onwards, but during the first half-year of 2017 did not announce any future steps to exit from its unconventional policy. As a result, excess liquidity remained at comfortable levels.

Interest rate swaps went through a period of rises during the early months of the year, reaching a peak in March before easing and falling back at the end of the first half-year to their December 2016 levels.

Credit margins observed on the bond market in general and on RCI Banque’s bonds in particular remained stable overall during the first six months of the year. The level observed for the 5-year debt issued by the company tightened slightly between January and June.

5. REFINANCING

Growth forecasts led the group to establish a major financing program for the year 2017. Because of the uncertainties connected with France’s presidential elections, RCI Banque chose to borrow the majority of its requirements in the early months of the year and in so doing used the dual-tranche issue format for the first time on the euro public market.

RCI Banque issued approximately €4.8bn in the first six months of 2017. The group made two successive issues in dual tranche format with a floating rate coupon for the shortest tranche and a fixed rate coupon for the longest tranche. The first was a 3-year/7-year issue for €1.4 billion, and the second a 4-year/8-year issue for €1.35 billion. This latter tranche has the longest maturity ever issued by RCI Banque and addresses the group’s desire to diversify its investor base by extending debt maturities. RCI Banque also carried out two five-year issues, each for €750 million. The first carries a fixed rate coupon and the second a floating rate coupon. This is the longest floating rate coupon issued by the group since the 2008 financial crisis. RCI Banque also returned to the Swiss market after a four-year absence, and issued a five-year CHF200 million bond. In addition, the group also made three two-year private placements, for a total of €365 million.

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 have increased by €0.944 billion since December 2016, and totaled €13.5 billion at 30 June 2017. This represents 32.6% of outstandings, which is 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, €2.8 billion of assets eligible as collateral in ECB monetary policy operations, €1.8 billion of high quality liquid assets (HQLA) and €0.4 billion of short-term financial assets, enable RCI Banque to maintain the financing granted to its customers for 12 months without access to external sources of liquidity.

6. REGULATORY REQUIREMENTS

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

At end of June 2017, the ratios calculated do not show any non-compliance with the regulatory requirements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

In millions of euros	Customer	Dealer financing	Other	Total 06/2017
Average performing loan outstandings	28 045	9 811		37 856
Net banking income	633	131	86	850
Gross operating income	444	105	38	587
Operating income	400	94	38	532
Pre-tax income	399	95	46	540

In millions of euros	Customer	Dealer financing	Other	Total 12/2016
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

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

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

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

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

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

Note 2 : Derivatives

In millions of euros	06/2017		12/2016	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**30**	**31**	**48**	**39**
Interest-rate derivatives	3	1	2	
Currency derivatives	27	30	46	37
Other derivatives				2
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**107**	**92**	**190**	**58**
Interest-rate and currency derivatives: Fair value hedges	103	38	179	14
Interest-rate derivatives: Cash flow hedges	4	54	11	44
Total derivatives (*)	**137**	**123**	**238**	**97**
(*) Of which related parties	*7*		*10*	

"Other derivatives" includes the adjustment for credit risk of -€0.364m at 30 June 2017, which breaks down into an income of €0.178m for the DVA and an expense of -€0.542m 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.

Nominal values of derivative instruments by maturity and management intent

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 06/2017	*Related parties*
Hedging of currency risk					
Forward forex contracts					
Sales	1 511			1 511	
Purchases	1 505			1 505	
Spot forex transactions					
Loans	9			9	
Borrowings	9			9	
Currency swaps					
Loans	815	387		1 202	*146*
Borrowings	754	385		1 139	*140*
Hedging of interest-rate risk					
Interest rate swaps					
Lender	5 832	8 115	2 350	16 297	
Borrower	5 832	8 115	2 350	16 297	

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

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

In millions of euros	06/2017	12/2016
Financial assets available for sale	**1 209**	**929**
Government debt securities and similar	656	521
Variable income securities	159	109
Bonds and other fixed income securities	394	299
Other financial assets	**10**	**26**
Interests in companies controlled but not consolidated	10	26
Total financial assets available for sale and other financial assets (*)	**1 219**	**955**
(*) Of which related parties	*10*	*26*

Note 4 : Amounts receivable from credit institutions

In millions of euros	06/2017	12/2016
Credit balances in sight accounts at credit institutions	**994**	**810**
Ordinary accounts in debit	938	773
Overnight loans	56	36
Accrued interest		1
Term deposits at credit institutions	**272**	**214**
Term loans	272	214
Total amounts receivable from credit institutions (*)	**1 266**	**1 024**
(*) Of which related parties	*210*	*210*

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

Current bank accounts held by the Fonds Commun de Titrisation (FCTs) contribute in part to the funds' credit enhancement. They totaled €542 million at end of June 2017 and are included in "Ordinary Accounts in debit".

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

Note 5 : Customer finance transactions and similar

In millions of euros	06/2017	12/2016
Loans and advances to customers	**40 942**	**37 923**
Customer finance transactions	31 170	29 248
Finance lease transactions	9 772	8 675
Operating lease transactions	**828**	**715**
Total customer finance transactions and similar	**41 770**	**38 638**

At 30 June 2017, direct financing of Renault Group subsidiaries and branches amounted to €866m against €747m at 31 December 2016.

At 30 June 2017, the dealer network, as a business contributor, had collected an income of €379 million as compared to €338 million at 30 June 2016.

Under their commercial policies and as part of promotional campaigns, manufacturers help to subsidize the financings granted to the RCI Banque group’s customers. At 30 June 2017, their contribution in this respect amounted to €305 million compared with €242 million at 30 June 2016.

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 €123m and is impaired by €41m at 30 June 2017.

5.1 - Customer finance transactions

In millions of euros	06/2017	12/2016
Loans and advances to customers	**31 490**	**29 614**
Factoring	891	491
Other commercial receivables	2	2
Other customer credit	29 906	28 379
Ordinary accounts in debit	276	272
Doubtful and compromised receivables	415	470
Interest receivable on customer loans and advances	**55**	**79**
Other customer credit	40	40
Ordinary accounts	11	31
Doubtful and compromised receivables	4	8
Total of items included in amortized cost - Customer loans and advances	**175**	**114**
Staggered handling charges and sundry expenses - Received from customers	(25)	(27)
Staggered contributions to sales incentives by manufacturer or dealers	(526)	(495)
Staggered fees paid for referral of business	726	636
Impairment on loans and advances to customers	**(550)**	**(559)**
Impairment on delinquent or at-risk receivables	(229)	(226)
Impairment on doubtful and compromised receivables	(269)	(290)
Impairment on residual value	(52)	(43)
Total customer finance transactions, net	**31 170**	**29 248**

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

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

5.2 - Finance lease transactions

In millions of euros	06/2017	12/2016
Finance lease transactions	**9 864**	**8 756**
Leasing and long-term rental	9 744	8 642
Doubtful and compromised receivables	120	114
Accrued interest on finance lease transactions	**6**	**7**
Leasing and long-term rental	5	5
Doubtful and compromised receivables	1	2
Total of items included in amortized cost - Finance leases	**(2)**	**4**
Staggered handling charges	(9)	(15)
Staggered contributions to sales incentives by manufacturer or dealers	(143)	(110)
Staggered fees paid for referral of business	150	129
Impairment on finance leases	**(96)**	**(92)**
Impairment on delinquent or at-risk receivables	(16)	(16)
Impairment on doubtful and compromised receivables	(79)	(75)
Impairment on residual value	(1)	(1)
Total finance lease transactions, net	**9 772**	**8 675**

5.3 - Operating lease transactions

In millions of euros	06/2017	12/2016
Fixed asset net value on operating lease transactions	**847**	**729**
Gross value of tangible assets	1 041	885
Depreciation of tangible assets	(194)	(156)
Receivables on operating lease transactions	**5**	**4**
Accrued interest	1	1
Non-impaired receivables	6	5
Doubtful and compromised receivables	3	2
Income and charges to be staggered	(5)	(4)
Impairment on operating leases	**(24)**	**(18)**
Impairment on residual value	(24)	(18)
Total operating lease transactions, net (*)	**828**	**715**
(*) Of which related parties	*(1)*	

Note 6 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer financing	Other	Total 06/2017
Gross value	**31 577**	**10 498**	**365**	**42 440**
Non-impaired receivables	31 135	10 399	363	41 897
Doubtful receivables	164	79	2	245
Compromised receivables	278	20		298
% of doubtful and compromised receivables	*1,40%*	*0,94%*	*0,55%*	*1,28%*
Impairment allowance on individual basis	**(428)**	**(93)**	**(1)**	**(522)**
Non-doubtful receivables	(112)	(62)		(174)
Doubtful receivables	(94)	(13)	(1)	(108)
Compromised receivables	(222)	(18)		(240)
Impairment allowance on collective basis	**(35)**	**(113)**		**(148)**
Impairment	(16)	(113)		(129)
Country risk	(19)			(19)
Net value (*)	**31 114**	**10 292**	**364**	**41 770**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*39*	*866*	*241*	*1 146*

In millions of euros	Customer	Dealer financing	Other	Total 12/2016
Gross value	**28 656**	**10 272**	**379**	**39 307**
Non-impaired receivables	28 209	10 126	376	38 711
Doubtful receivables	164	124	2	290
Compromised receivables	283	22	1	306
% of doubtful and compromised receivables	*1,56%*	*1,42%*	*0,79%*	*1,52%*
Impairment allowance on individual basis	**(424)**	**(103)**		**(527)**
Non-doubtful receivables	(100)	(62)		(162)
Doubtful receivables	(101)	(19)		(120)
Compromised receivables	(223)	(22)		(245)
Impairment allowance on collective basis	**(40)**	**(102)**		**(142)**
Impairment	(13)	(102)		(115)
Country risk	(27)			(27)
Net value (*)	**28 192**	**10 067**	**379**	**38 638**
(*) Of which: related parties (excluding participation in incentives and fees paid for referrals)	*54*	*747*	*222*	*1 023*

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

At end of June 2017, the provision for country risk primarily affects Argentina and Brazil, and to a lesser extent Morocco and Romania.

Note 7 : Adjustment accounts & miscellaneous assets

In millions of euros	06/2017	12/2016
Tax receivables	**435**	**466**
Current tax assets	12	44
Deferred tax assets	107	106
Tax receivables other than on current income tax	316	316
Adjustment accounts and other assets	**1 031**	**748**
Social Security and employee-related receivables	1	
Other sundry debtors	418	259
Adjustment accounts - Assets	60	45
Items received on collections	372	282
Reinsurer part in technical provisions	180	162
Total adjustment accounts – Assets and other assets (*)	**1 466**	**1 214**
(*) Of which related parties	*166*	*99*

Note 8 : Liabilities to credit institutions and customers & debt securities

8.1 - Central Banks

In millions of euros	06/2017	12/2016
Term borrowings	2 500	2 000
Total Central Banks	**2 500**	**2 000**

The book value of the collateral presented to the Bank of France (3G) amounted to €6,120m at 30 June 2017, including €4,733m in collateralized security entity shares, €1 056m of private accounts receivable and €331m in eligible bond securities.

8.2 - Amounts payable to credit institutions

In millions of euros	06/2017	12/2016
Sight accounts payable to credit institutions	**185**	**211**
Ordinary accounts	28	12
Overnight borrowings		9
Other amounts owed	157	190
Term accounts payable to credit institutions	**1 865**	**1 634**
Term borrowings	1 825	1 567
Accrued interest	40	67
Total liabilities to credit institutions	**2 050**	**1 845**

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

8.3 - Amounts payable to customers

In millions of euros	06/2017	12/2016
Amounts payable to customers	**14 320**	**13 214**
Ordinary accounts in credit	135	93
Term accounts in credit	700	566
Ordinary saving accounts	10 006	9 011
Term deposits (retail)	3 479	3 544
Other amounts payable to customers and accrued interest	**65**	**53**
Other amounts payable to customers	24	22
Accrued interest on ordinary accounts in credit	7	10
Accrued interest on ordinary saving accounts	12	16
Accrued interest on customers term accounts	22	5
Total amounts payable to customers (*)	**14 385**	**13 267**
(*) Of which related parties	*745*	*606*

Term accounts in credit include a €700m cash warrant agreement given to RCI Banque SA by the manufacturer Renault, covering, without any geographical exceptions, against the risks of the Renault Retail Group defaulting. This cash warrant agreement replaces the two existing agreements.

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

8.4 - Debt securities

In millions of euros	06/2017	12/2016
Negotiable debt securities (1)	**1 562**	**1 822**
Certificates of deposit	1 381	1 389
Commercial paper and similar	85	355
French MTNs and similar	70	43
Accrued interest on negotiable debt securities	26	35
Other debt securities (2)	**3 002**	**3 064**
Other debt securities	3 000	3 062
Accrued interest on other debt securities	2	2
Bonds and similar	**17 198**	**14 658**
Bonds	17 111	14 521
Accrued interest on bonds	87	137
Total debt securities (*)	**21 762**	**19 544**
(*) Of which related parties	*100*	*137*

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

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

Note 9 : Adjustment accounts & miscellaneous liabilities

In millions of euros	**06/2017**	**12/2016**
Taxes payable	**496**	**449**
Current tax liabilities	126	88
Deferred tax liabilities	355	333
Taxes payable other than on current income tax	15	28
Adjustment accounts and other amounts payable	**1 338**	**1 556**
Social security and employee-related liabilities	43	42
Other sundry creditors	657	648
Adjustment accounts - liabilities	315	300
Accrued interest on other sundry creditors	319	558
Collection accounts	4	8
Total adjustment accounts - Liabilities and other liabilities (*)	**1 834**	**2 005**
(*) Of which related parties	*153*	*321*

Note 10 : Provisions

In millions of euros	**12/2016**	**Charge**	**Reversals**		**Other (*)**	**06/2017**
			Used	**Not Used**		
Provisions on banking operations	**376**	**137**	**(11)**	**(91)**	**(7)**	**404**
Provisions for litigation risks	12	1		(1)	(1)	11
Insurance technical provisions	343	132	(11)	(83)	1	382
Other provisions	21	4		(7)	(7)	11
Provisions on non-banking operations	**114**	**9**	**(9)**	**(5)**	**(3)**	**106**
Provisions for pensions liabilities and related	50	3	(2)		1	52
Provisions for restructuring	1				(1)	
Provisions for tax and litigation risks	60	6	(7)	(5)	(5)	49
Other	3				2	5
Total provisions	**490**	**146**	**(20)**	**(96)**	**(10)**	**510**

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

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

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

Other provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to €382m at end-June 2017.

Note 11 : Impairments allowances to cover counterparty risk

In millions of euros	12/2016	Charge	Reversals		Other (*)	06/2017
			Used	Not Used		
Impairments on banking operations	**670**	**176**	**(82)**	**(72)**	**(17)**	**675**
Customer finance transactions (on individual basis)	527	145	(82)	(54)	(14)	522
Customer finance transactions (on collective basis)	142	26		(18)	(2)	148
Securities transactions	1	5			(1)	5
Impairment on non-banking operations	**7**	**1**		**(5)**	**(1)**	**2**
Other impairment to cover counterparty risk	7	1		(5)	(1)	2
Impairment on banking operations	**12**	**1**		**(1)**	**(1)**	**11**
Provisions for litigation risks	12	1		(1)	(1)	11
Total provisions to cover counterparty risk	**689**	**178**	**(82)**	**(78)**	**(19)**	**688**

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

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

Note 12 : Subordinated debt - Liabilities

In millions of euros	06/2017	12/2016
Participating loan stocks	12	12
Total subordinated liabilities	**12**	**12**

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

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

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

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 06/2017
Financial assets	**12 682**	**13 524**	**18 326**	**508**	**45 040**
Cash and balances at central banks	1 476				1 476
Derivatives	5	77	55		137
Financial assets available for sale and other	310	278	457	174	1 219
Amounts receivable from credit institutions	1 056	110	100		1 266
Loans and advances to customers	9 835	13 059	17 714	334	40 942
Financial liabilities	**13 055**	**6 162**	**18 311**	**3 304**	**40 832**
Central Banks			2 500		2 500
Derivatives	17	40	36	30	123
Amounts payable to credit institutions	624	431	995		2 050
Amounts payable to customers	10 810	1 430	1 445	700	14 385
Debt securities	1 604	4 261	13 335	2 562	21 762
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 12/2016
Financial assets	**11 098**	**12 855**	**16 805**	**422**	**41 180**
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
Financial liabilities	**12 693**	**5 644**	**15 753**	**2 675**	**36 765**
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

Central Bank borrowings correspond to the long-term financing operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque.

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

In millions of euros - 30/06/2017	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**45 040**	**1 209**	**2 879**	**40 925**	**45 013**	**(27)**
Cash and balances at central banks	1 476		1 476		1 476	
Derivatives	137		137		137	
Financial assets available for sale and other	1 219	1 209		10	1 219	
Amounts receivable from credit institutions	1 266		1 266		1 266	
Loans and advances to customers	40 942			40 915	40 915	(27)
Financial liabilities	**40 832**	**12**	**40 834**		**40 846**	**(14)**
Central Banks	2 500		2 500		2 500	
Derivatives	123		123		123	
Amounts payable to credit institutions	2 050		2 018		2 018	32
Amounts payable to customers	14 385		14 385		14 385	
Debt securities	21 762		21 808		21 808	(46)
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 - 31/12/2016	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**41 180**	**929**	**2 302**	**37 993**	**41 224**	**44**
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
Financial liabilities	**36 765**	**12**	**36 835**		**36 847**	**(82)**
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

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 2016 and at 30 June 2017 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 2016 and at 30 June 2017.

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 2016 and 30 June 2017 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque for issues on the secondary market against 3 months.

Note 15 : Netting agreements and other similar commitments

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

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

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

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

Synthesis of financial assets and liabilities agreements

In millions of euros - 30/06/2017	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	
Assets	**1 184**		**1 184**	**45**	**839**		**300**
Derivatives	137		137	45			92
Network financing receivables (1)	1 047		1 047		839		208
Liabilities	**123**		**123**	**45**			**78**
Derivatives	123		123	45			78

(1) The gross book value of dealer financing receivables breaks down into €746m for the Renault Retail Group, whose exposures are hedged for up to €693m by a cash warrant agreement given by the Renault manufacturer (see note 8.3), and €301m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €146m by *letras de cambio* subscribed by the dealers.

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	
Assets	**1 236**		**1 236**	**58**	**713**		**465**
Derivatives	238		238	58			180
Network financing receivables (1)	998		998		713		285
Liabilities	**97**		**97**	**58**			**39**
Derivatives	97		97	58			39

(1) The gross book value of dealer financing receivables breaks down into €621m for the Renault Retail Group, whose exposures are hedged for up to €544m by a cash warrant agreement given by the Renault manufacturer (see note 8.3), and €377m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €169m by *letras de cambio* subscribed by the dealers.

Note 16 : Commitments given

In millions of euros	06/2017	12/2016
Financing commitments	**2 524**	**2 066**
Commitments to customers	2 524	2 066
Guarantee commitments	**76**	**72**
Commitments to credit institutions	69	67
Customer guarantees	7	5
Commitments on securities	**5**	
Other securities receivable	5	
Other commitments given	**19**	**22**
Commitments given for equipment leases and real estate leases	19	22
Total commitments given (*)	**2 624**	**2 160**
(*) Of which related parties	*20*	*8*

Note 17 : Commitments received

In millions of euros	06/2017	12/2016
Financing commitments	**4 630**	**4 642**
Commitments from credit institutions	4 630	4 642
Guarantee commitments	**11 643**	**10 357**
Guarantees received from credit institutions	218	211
Guarantees from customers	5 468	5 075
Commitments to take back leased vehicles at the end of the contract	5 957	5 071
Commitments on securities	**5**	
Other securities receivable	5	
Total commitments received (*)	**16 278**	**14 999**
(*) Of which related parties	*4 060*	*3 493*

At 30 June 2017 RCI Banque had €4,625 m in unused confirmed lines of credit as well as broadly diversified short-term and medium-term issuance programs. RCI Banque also held €2,826 m of receivables eligible as European central bank collateral (after haircuts, excluding securities and receivables already in use to secure financing at year-end).

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

Guarantees and collateral

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

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

Note 18 : Interest and similar income

In millions of euros	06/2017	06/2016	12/2016
Interests ans similar incomes	**1 256**	**1 109**	**2 289**
Transactions with credit institutions	13	14	27
Customer finance transactions	956	825	1 714
Finance lease transactions	246	224	466
Accrued interest due and payable on hedging instruments	34	40	70
Accrued interest due and payable on Financial assets available for sale	7	6	12
Staggered fees paid for referral of business:	**(262)**	**(209)**	**(445)**
Customer Loans	(216)	(170)	(363)
Finance leases	(46)	(39)	(82)
Total interests and similar income (*)	**994**	**900**	**1 844**
(*) Of which related parties	*322*	*279*	*580*

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

Note 19 : Interest expenses and similar charges

In millions of euros	06/2017	06/2016	12/2016
Transactions with credit institutions	(93)	(73)	(154)
Customer finance transactions	(62)	(75)	(143)
Finance lease transactions			(1)
Accrued interest due and payable on hedging instruments	(24)	(9)	(19)
Expenses on debt securities	(206)	(215)	(431)
Other interest and similar expenses	(8)	(6)	(13)
Total interest and similar expenses (*)	**(393)**	**(378)**	**(761)**
(*) Of which related parties	*(5)*	*(12)*	*(24)*

Note 20 : Net income or expense of other activities

In millions of euros	06/2017	06/2016	12/2016
Other income from banking operations	**607**	**510**	**1 029**
Incidental income from finance contracts	173	147	286
Income from service activities	263	228	461
Income related to non-doubtful lease contracts	65	52	115
of which reversal of impairment on residual values	*6*	*8*	*12*
Income from operating lease transactions	82	64	139
Other income from banking operations	24	19	28
of which reversal of charge to reserve for banking risks	*8*	*7*	*11*
Other expenses of banking operations	**(373)**	**(339)**	**(665)**
Cost of services related to finance contracts	(70)	(63)	(127)
Cost of service activities	(122)	(110)	(209)
Expenses related to non-doubtful lease contracts	(82)	(64)	(137)
of which allowance for impairment on residual values	*(23)*	*(23)*	*(38)*
Distribution costs not treatable as interest expense	(34)	(52)	(85)
Expenses related to operating lease transactions	(53)	(42)	(92)
Other expenses of banking operations	(12)	(8)	(15)
of which charge to reserve for banking risks	*(6)*	*(3)*	*(5)*
Other operating income and expenses	**2**	**2**	**5**
Other operating income	10	8	21
Other operating expenses	(8)	(6)	(16)
Total net income (expense) of other activities (*)	**236**	**173**	**369**
(*) Of which related parties	*1*	*1*	*(4)*

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

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

Note 21 : General operating expenses and personnal costs

In millions of euros	06/2017	06/2016	12/2016
Personnel costs	**(129)**	**(117)**	**(240)**
Employee pay	(86)	(77)	(161)
Expenses of post-retirement benefits	(10)	(9)	(15)
Other employee-related expenses	(34)	(26)	(55)
Other personnel expenses	1	(5)	(9)
Other administrative expenses	**(130)**	**(104)**	**(216)**
Taxes other than current income tax	(31)	(24)	(35)
Rental charges	(5)	(4)	(9)
Other administrative expenses	(94)	(76)	(172)
Total general operating expenses (*)	**(259)**	**(221)**	**(456)**
(*) Of which related parties	*(2)*	*(1)*	*(6)*

Other personnel expenses include amounts charged to and reversed from provisions for restructuring, for Time-Savings Accounts (*Compte Epargne Temps,* or *CET*) and for personnel-related risks.

Note 22 : Cost of risk by customer category

In millions of euros	06/2017	06/2016	12/2016
Cost of risk on customer financing	**(44)**	**(36)**	**(83)**
Impairment allowances	(100)	(84)	(175)
Reversal of impairment	108	112	196
Losses on receivables written off	(67)	(83)	(138)
Amounts recovered on loans written off	15	19	34
Cost of risk on dealer financing	**(10)**	**(9)**	**(17)**
Impairment allowances	(39)	(59)	(92)
Reversal of impairment	37	52	90
Losses on receivables written off	(9)	(2)	(16)
Amounts recovered on loans written off	1		1
Other cost of risk	**(1)**	**(2)**	**(4)**
Change in allowance for impairment of other receivables	(1)	(2)	(4)
Total cost of risk	**(55)**	**(47)**	**(104)**

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

Note 23 : Income tax

In millions of euros	06/2017	06/2016	12/2016
Current tax expense	**(157)**	**(143)**	**(252)**
Current tax expense	(157)	(143)	(252)
Deferred taxes	**(25)**	**(3)**	**(34)**
Income (expense) of deferred taxes, gross	(25)	(3)	(34)
Total income tax	**(182)**	**(146)**	**(286)**

Le taux effectif d'impôts du Groupe s'établit à 33,89% au 30 juin 2017 contre 33,84% au 30 juin 2016 et 31,40% au 31 décembre 2016.

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) includes in current income tax is €-2 m.

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

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

Note 24 : Events after the end of the reporting period

No events occurred between the reporting period end date and 25 July 2017, when the Board of Directors approved the financial statements that might have a significant impact on the financial statements ended 30 June 2017.