RCI BANQUE SA

HALF-YEAR FINANCIAL REPORT

30 June 2018

SUMMARY

STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

30 June 2018

Statement by the person responsible for the Half-Year Financial Report

Translation of the French original

I hereby declare that, to the best of my knowledge, the half-year consolidated accounts are prepared in accordance with the applicable accounting standards and give a true and fair picture of the assets and liabilities, the financial position and the results of the Group and all the entities included in the consolidation perimeter.
I declare that the half-year business report attached presents an accurate picture of the main events arisen during the first six months of the year, their incidence on the accounts, as well as a description of the key risks and uncertainties for the remaining six months of the year.

July 24th 2018

French original signed by
Chairman of the board of Directors
Clotilde DELBOS

RCI BANK AND SERVICES

BUSINESS REPORT

FIRST HALF 2018

RCI BANK AND SERVICES[1] OVERVIEW

RCI Bank and Services provides a range of financial solutions to facilitate access to automobility for Alliance customers[2]. Taking into account each brand's specific characteristics and anticipating the new needs and automotive uses of their customers, RCI Bank and Services supports their marketing policies and works with them to win new customers and build loyalty.

RCI Bank and Services brings together three worlds: the automotive world through its history, banking through its business and services through its offerings. Every day, in 36 countries across the world, RCI Bank and Services supports the growth of the Alliance brands and their distribution networks, by offering their customers a comprehensive range of financing products, insurances and services.

Our vision:
«Our aim in creating personalized services is to deliver a seamless mobility experience. Our aim in innovating is to enhance the service we deliver to our customers.»

Tailored solutions for each type of customer base

We offer our **Retail customers** a range of financing solutions and services relevant to their projects and uses to facilitate, support and enhance the whole of their automobility experience. Our solutions and services apply to both new and used vehicles.

We provide our **Business customers** with a wide range of mobility solutions to relieve the pressure of vehicle fleet management and allow them to focus on their core business.

We deliver active support to Alliance brand **Dealers** by financing inventories (of new vehicles, used vehicles and spare parts) and short-term cash requirements.

The Savings Bank business, one of the pillars of the company's refinancing

The Savings business was launched in 2012 and now operates in four markets, namely France, Germany, Austria and the United Kingdom. Savings deposits are a key instrument in the diversification of the group's sources of refinancing for its operations. Deposits collected came to €16.0 billion or approximately 35% of net assets at end-June 2018[3].

Some 3,400 employees over five continents

Our employees operate in 36 countries, divided into five major world regions: Europe; Americas; Africa - Middle-East - India; Eurasia; Asia - Pacific.

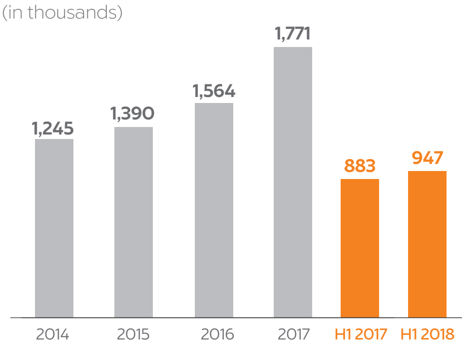
[1] RCI Bank and Services has been the company's trading name since February 2016. Its corporate name, however, remains unchanged and is still RCI Banque S.A.

[2] RCI Bank and Services supports the Renault Group's brands (Renault, Renault Samsung Motors and Dacia), the Nissan Group's (Nissan, Infiniti and Datsun) mainly in Europe, in Brazil, in Argentina, in South Korea and in the form of joint ventures in Russia and in India, as well as Mitsubishi Motors in the Netherlands.

[3] Net assets at end-: net total outstandings + operating lease transactions net of depreciation and impairment.

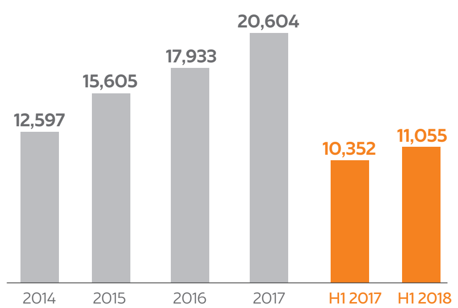
Total number of vehicle contracts

(in thousands)



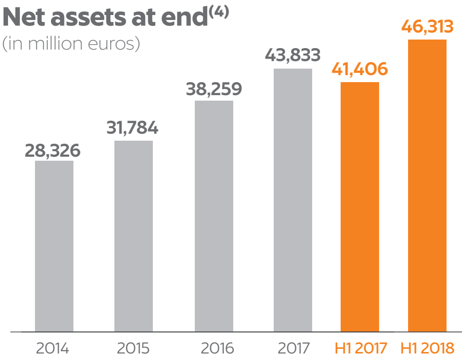
New financings

(excluding personal loans and credit cards / in million euros)



Net assets at end[4]

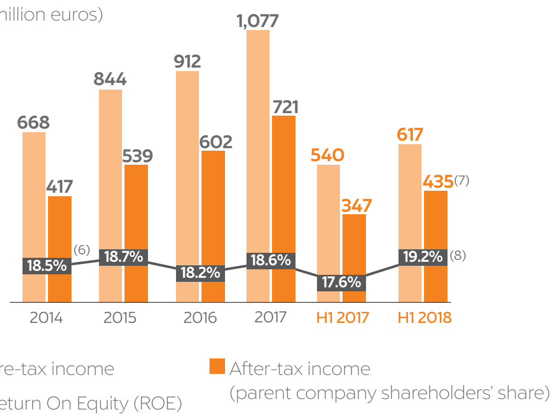
(in million euros)



[4] Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.

Results[5]

(in million euros)



[5] The 2014 consolidated financial statements have been restated following a correction pertaining to the spread of insurance commissions at RCI Banque S.A. Sucursal en España.

[6] ROE 2014 excluding non-recurring items (-€77m).

[7] The result is impacted by a deferred tax income of €42 million.

[8] Excluding the €42 million deferred tax impact, ROE came to 17.4%.

BUSINESS ACTIVITY

In a growing global automotive market, RCI Bank and Services posts a further increase in its sales performance for the first six months of 2018 and keeps its strategic goals on track.

With 947,146 contracts financed at end-June 2018, a 7.3% increase on the first six months of 2017, RCI Bank and Services generated €11.1 billion in new financings. In a global automotive market that was up compared with end-June 2017, the improvement in new financings recorded in Europe made up for the fall recorded in the Asia-Pacific region.

The group's Financing penetration rate thus came to 39.7%, a year-on-year increase of 1.5 points. Excluding Turkey, Russia and India (companies consolidated using the equity method), it came to 41.8%, against 40.7% for the first half-year of 2017.

The boom in the used vehicle financing business line continued with 185,512 contracts financed, a 17.4% increase on the previous year at the same period.

Average performing assets (APA)[1] came to €43.7 billion, showing 13.3% growth since June 2017. Of this amount, €33.1 billion are directly attributable to the Retail Customer business, which posted a 15.0% rise.

Boosted by the growth of the automotive market and in new and used vehicle financing, the Services business saw increased activity, posting a 14.4% leap in volumes over the last twelve months. The number of Services sold for the first six months of 2018 amounted to 2.4 million insurance policies and services contracts, of which 65% in customer- and vehicle-use related services.

In the Europe Region, the number of new vehicle financing contracts increased by 5.1% compared with June 2017 and the penetration rate improved by 2.4 points to 43.2%.

The Americas region continued to record good trading results despite an unpredictable economic environment, mainly in Argentina. The Financing penetration rate for the region as a whole was down 2.7 points compared with June 2017 to 35.7%, but Colombia, a subsidiary that joined the scope of consolidation last year, posted a high penetration rate of 45.2%.

The Asia-Pacific region achieved the highest penetration rate of the RCI group's regions, at 55.1%. More than one in two new vehicles sold by Renault Samsung Motors was financed by RCI Bank and Services, which thus achieved an excellent sales performance.

Boosted by the sales drive shown by subsidiaries in the Africa/Middle-East/India region, the penetration rate escalated further to 25.5%, showing a 5.4-point increase compared with the first six months of 2017.

The Eurasia region posted a penetration rate of 26.8%, fuelled in particular by the excellent performance turned in by Turkey, whose penetration rate improved by 3.4 points to 30.1%.

[1] Average performing assets: APA are equal to average performing assets plus assets arising from operating lease transactions. For Retail customers, it means the average of performing assets at year-end. For Dealers, it means the average of daily performing assets.

PC + LUV[2] market		Financing penetration rate (%)	New vehicle contracts processed (thousands)	New financings excluding cards and PL (€m)	Net assets at year-end[3] (€m)	of which Customer net assets at year-end[3] (€m)	of which Dealer net assets at year-end (€m)
Europe	**H1 2018**	**43.2**	**725**	**9,428**	**41,764**	**31,119**	**10,645**
	H1 2017	40.8	671	8,612	36,932	27,236	9,696
of which Germany	**H1 2018**	**42.2**	**95**	**1,452**	**7,220**	**5,775**	**1,445**
	H1 2017	43.1	93	1,366	6,363	4,905	1,458
of which Spain	**H1 2018**	**53.2**	**86**	**1,042**	**4,555**	**3,618**	**937**
	H1 2017	50.0	74	854	3,764	2,953	811
of which France	**H1 2018**	**44.2**	**248**	**3,082**	**14,348**	**10,318**	**4,030**
	H1 2017	42.4	228	2,867	12,791	9,193	3,598
of which Italy	**H1 2018**	**62.0**	**113**	**1,583**	**5,651**	**4,376**	**1,275**
	H1 2017	57.2	104	1,449	4,860	3,786	1,074
of which United Kingdom	**H1 2018**	**34.1**	**71**	**1,054**	**4,944**	**3,971**	**973**
	H1 2017	27.7	68	973	4,687	3,730	957
of which other countries	**H1 2018**	**31.5**	**111**	**1,215**	**5,046**	**3,061**	**1,985**
	H1 2017	31.1	104	1,102	4,467	2,669	1,798
Asia-Pacific (South Korea)	**H1 2018**	**55.1**	**30**	**437**	**1,506**	**1,486**	**20**
	H1 2017	58.6	38	593	1,474	1,454	20
Americas	**H1 2018**	**35.7**	**101**	**784**	**2,376**	**1,921**	**455**
	H1 2017	38.5	87	784	2,428	1,947	481
of which Argentina	**H1 2018**	**27.8**	**27**	**158**	**371**	**267**	**104**
	H1 2017	35.9	27	201	462	333	129
of which Brazil	**H1 2018**	**38,9**	**64**	**530**	**1,701**	**1,400**	**301**
	H1 2017	37.5	49	475	1,761	1,474	287
of which Colombia	**H1 2018**	**45,2**	**11**	**96**	**304**	**254**	**50**
	H1 2017	49.3	12	108	205	140	65
Africa - Middle-East - India	**H1 2018**	**25,5**	**26**	**138**	**459**	**374**	**85**
	H1 2017	20.1	25	114	402	318	84
Eurasia	**H1 2018**	**26,8**	**65**	**268**	**208**	**197**	**11**
	H1 2017	27.2	62	249	170	159	11
Total group	**H1 2018**	**39.7**	**947**	**11,055**	**46,313**	**35,097**	**11,216**
	H1 2017	38.2	883	10,352	41,406	31,114	10,292

[2] Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.
[3] Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment.
Figures related to commercial activity (penetration rate, new contracts processed, new financings) include companies consolidated using the equity method.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Driven by growth in European markets, RCI Bank and Services records pre-tax income of €617 million for the first six months of 2018.

Earnings

Net banking income (NBI) increased 15.8% compared with the first half-year of 2017, to €984 million. This increase is attributable to the combined growth of the Financing (13.3% growth in average performing assets, APA) and Services activities (+18.1% compared with the previous year).

Operating expenses came to €296 million or 1.37% of APA, a 1-basis point decrease compared with last year. The operating ratio remained at the controlled level of 30.1%, evidencing the group's ability to regulate its costs while supporting its strategic plans and business growth.

The total cost of risk came to 0.37% of APA, against 0.29% in the first half of 2017, confirming a robust underwriting and collection policy. Since the switch to IFRS 9, the cost of risk has included an allocation to provisions for performing loans outstanding. Implementation of this standard in 2018 has led to an increase in the cost of risk due to growth in performing loans outstanding.
The cost of risk for the Retail Customer business (financing for private and business customers) came to -0.50% of APA. The cost of risk for the Dealer business (financing for dealerships) benefited from a reversal of provisions and amounted to +0.17% of the relevant APA.

Pre-tax income came to €617 million, showing a 14.3% increase compared with the previous year, despite an adverse foreign exchange impact of €23 million attributable to the fall in the value of the Brazilian Real and the Argentine Peso.

Consolidated net income - parent company shareholders' share - came to €435 million, against €347 million for the first half-year 2017. It is impacted by a deferred tax income of €42 million resulting from the decrease in corporate income tax under France's Finance Law.

Balance sheet

Good commercial performances, especially in Europe, drove historic growth in net assets at end[1]-2018 to €46.3 billion, against €41.4 billion at end-June 2017 (+11.9%).

Consolidated equity amounted to €5.038 million against €4.372 million at end-June 2017 (+15.2%).

Deposits from retail customers in France, Germany, Austria and the United Kingdom (sight and term deposits) totaled €16.0 billion at end-June 2018 against €13.5 billion at end-June 2017 and represented approximately 35% of net assets at end-June 2018.

Profitability

ROE[2] rose to 19.2%[3] against 17.6% in June 2017.

Solvency[4]

The Core Tier One[5] ratio was 14.8% at end-June 2018 against 14.6% at end-June 2017.

Consolidated income statement (in million euros)	**06/2018**	06/2017	12/2017	12/2016
Net banking income	**984**	850	1,628	1,472
General operating expenses*	**(296)**	(263)	(522)	(463)
Cost of risk	**(80)**	(55)	(44)	(104)
Share in net income (loss) of associates and joint ventures	**9**	8	15	7
Consolidated pre-tax income	**617**	540	1,077	912
Consolidated net income (parent company shareholders' share)	**435**	347	721	602

* Including depreciation and impairment losses on tangible and intangible assets and gains less losses on non-current assets.

Consolidated balance sheet (in million euros)	**06/2018**	06/2017	12/2017	12/2016
Total net outstandings of which	**45,381**	40,578	42,994	37,544
• *Retail customer loans*	***22,671***	*20,514*	*21,609*	*18,802*
• *Finance lease rentals*	***11,494***	*9,772*	*10,437*	*8,675*
• *Dealer loans*	***11,216***	*10,292*	*10,948*	*10,067*
Operating lease transactions net of depreciation and impairment	**932**	828	839	715
Other assets	**6,629**	6,142	5,876	5,061
Shareholders' equity of which	**5,051**	4,384	4,732	4,072
• *Equity (total)*	***5,038***	*4,372*	*4,719*	*4,060*
• *Subordinated debts*	***13***	*12*	*13*	*12*
Bonds	**19,214**	17,198	17,885	14,658
Negotiable debt securities (CD, CP, BT, BMTN)	**1,295**	1,562	1,182	1,822
Securitization	**2,787**	3,002	2,272	3,064
Customer savings accounts - Ordinary accounts	**12,345**	10,018	11,470	9,027
Customer term deposit accounts	**3,689**	3,501	3,464	3,549
Banks, central banks and other lenders (including Schuldschein)	**5,849**	5,416	5,854	4,536
Other liabilities	**2,712**	2,467	2,850	2,592
BALANCE SHEET TOTAL	**52,942**	47,548	49,709	43,320

[1] Net assets at end-: net total outstandings + operating lease transactions net of depreciation and impairment.
[2] ROE (Return on equity), is calculated by dividing net income for the period by average net equity (excluding Income for the period).
[3] Excluding the €42 million deferred tax impact, ROE came to 17.4%.
[4] The application of IFRS 9 has an impact on the solvency ratio at -0.06%.
[5] Ratio including interim profits net of provisional dividends for the first half-year 2018, subject to regulator's approval in accordance with Article 26(2) of Regulation (EU) No 575/2013.

FINANCIAL POLICY

The European Central Bank announced that it expects key interest rates to remain unchanged at least until the summer of 2019 and extended its asset purchase program for three additional months. From October, its monthly bond purchases will be halved from €30 million to €15 million and are expected to be completed in December. Reinvestment policy for maturing securities will continue as long as necessary after that date to maintain favorable liquidity conditions.

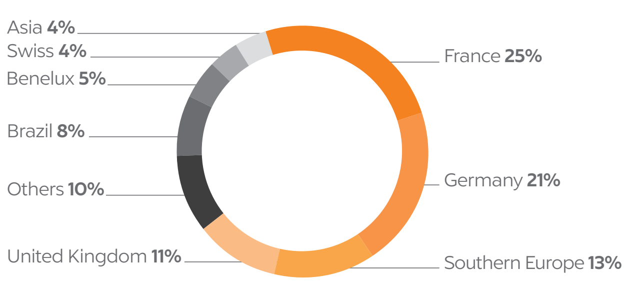
In the United States, Jerome Powell, the new Chairman of the Federal Reserve, raised its key interest rates twice, thereby taking the Fed Funds' target range to 1.75-2.00%. In the United Kingdom, the Bank of England, which in November initiated its first monetary tightening in a decade, held its rates unchanged.

The outlook for economic recovery in Europe and rising oil prices caused the rate curve to temporarily steepen, which was reduced in May further to the announcements of the European Central Bank. After peaking at 0.50%, the 5-year swap ended the six-month period at 0.25%, down 5 bp compared with end-December.

Following two years of monetary stimulus by central banks and low volatility, the prospect of the forthcoming return to normal in the Eurozone and political uncertainties in Italy led the markets to reassess their appetite for risk assets. After a long period of continued tightening, credit spreads widened slightly over the first six months and so returned to levels close to those noticed at the beginning of 2017.

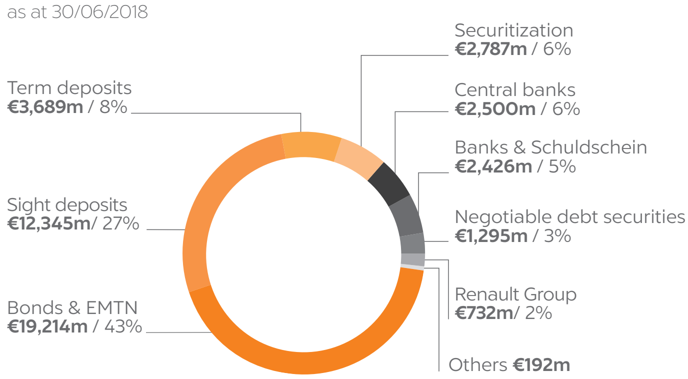
Geographical breakdown of new resources with a maturity of one year or more

(excluding deposits and TLTRO)
as at 30/06/2018



Structure of total debt

as at 30/06/2018



RCI Banque issued the equivalent of €2.9 billion in public bond format, making a number of successive issues. The first was a five-year fixed rate issue for €750 million, the second a dual tranche issue for €1.3 billion (three-year fixed rate €750 million, seven-year floating rate €550 million), and the third an eight-year fixed rate bond for €750 million. At the same time, the company issued a five-year fixed rate CHF125 million bond, a transaction that enabled it to both diversify its investor base and fund assets in that currency.

Two private format placements, one two-year and one three-year, were also made for a total of €350 million.

On the secured funding segment, RCI Banque sold a public securitization backed by auto loans in France for €722.8 million, split between €700 million of senior securities and €22.8 million of subordinated securities.

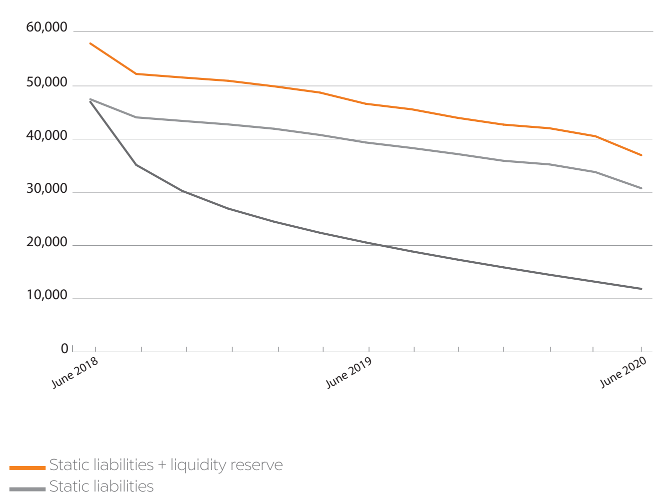
This combination of maturities, types of coupon and issue formats is part of the strategy implemented by the group for a number of years to diversify its sources of funding and reach out to as many investors as possible.

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

Retail customer deposits have increased by €1.1 billion since December 2017 and at 30 June 2018 totaled €16.0 billion, representing 35% of net assets at the end of June, in line with the company's goal of collecting retail deposits equivalent to approximately one third of the financing granted to its customers.

Static liquidity position[1]

(in million euros)



[1] Scope: Europe.

Static assets: assets runoff over time assuming no renewal
Static liabilities: liabilities runoff over time assuming no renewal

FINANCIAL POLICY

These resources, to which should be added, based on the European scope, €4.4 billion of undrawn committed credit lines, €3.7 billion of assets eligible as collateral in ECB monetary policy operations, €2.3 billion of high quality liquid assets (HQLA) and €0.5 billion of financial assets, enable RCI Banque to maintain the financing granted to its customers for more than 12 months without access to external sources of liquidity.

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

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

RCI Banque's overall sensitivity to the interest rate risk remained below the €50 million limit set by the group.

At 30 June 2018, a 100-basis point rise in rates would have an impact on the group's net interest income (NII) of:

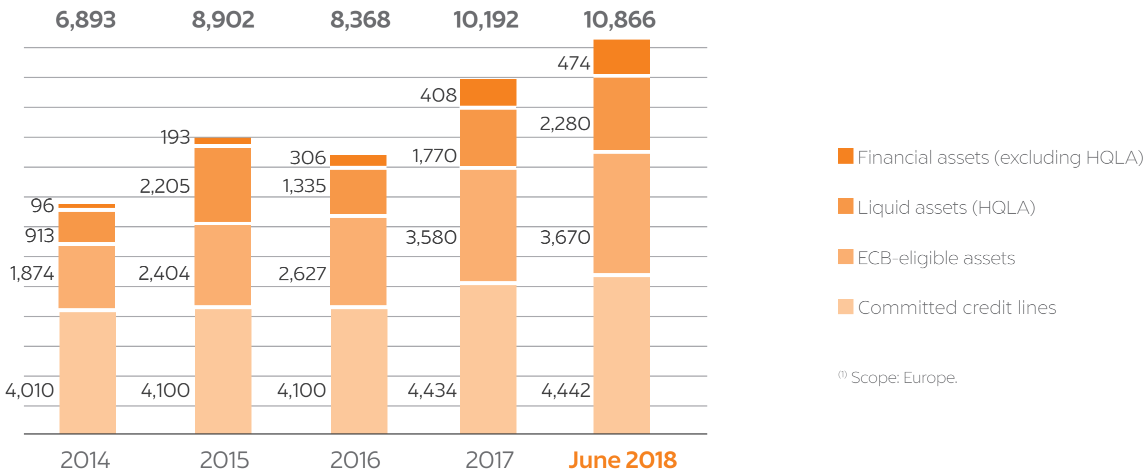
-€7.8 million in EUR,
-€0.2 million in CZK,
+€0.1 million in PLN,
+€0.2 million in GBP,
+€0.5 million in CHF,
+€0.7 million in KRW,
+€1.0 million in MAD.

The absolute sensitivity values in each currency totaled €10.9 million.

The RCI Banque group's consolidated foreign exchange position totaled €6.9 million.

Liquidity reserve[1]

(in million euros)



[1] Scope: Europe.

Group's programs and issuances

The group's issuances are concentrated on seven issuers: RCI Banque, DIAC, Rombo Compania Financiera (Argentina), RCI Financial Services Korea Co Ltd (South Korea), Banco RCI Brasil (Brazil), RCI Finance Maroc and RCI Leasing Polska (Poland).

Issuer	Instrument	Market	Amount	S&P	Moody's	Others
RCI Banque S.A.	Euro CP Program	Euro	€2,000m	**A-2** (stable outlook)	**P2**	**R&I: A-2** (positive outlook)
RCI Banque S.A.	Euro MTN Program	Euro	€20,000m	**BBB** (stable outlook)	**Baa1** (positive outlook)	**R&I: BBB+** (positive outlook)
RCI Banque S.A.	NEU CP[2] Program	French	€4,500m	**A-2** (stable outlook)	**P2**	
RCI Banque S.A.	NEU MTN[3] Program	French	€2,000m	**BBB** (stable outlook)	**Baa1** (positive outlook)	
Diac S.A.	NEU CP[2] Program	French	€1,000m	**A-2** (stable outlook)		
Diac S.A.	NEU MTN[3] Program	French	€1,500m	**BBB** (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000m		**Aa1** (stable outlook)	Fix Scr: **AA (arg)** (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW1,435m[4]			KR, KIS, NICE: **A+**
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,304m[4]		**Aaa.br**	
RCI Finance Maroc	BSF Program	Moroccan	MAD1,000m			
RCI Leasing Polska	Bond Program	Polish	PLN500m			

[2] "Negotiable European Commercial Paper" (NEU CP), new name for Certificates of Deposit.
[3] "Negotiable European Medium-Term Note" (NEU MTN), new name for Negotiable Medium-Term Notes.
[4] Outstandings.

AUDITORS' REPORT

30 June 2018

ERNST & YOUNG Audit

Tour First - TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 RCS Nanterre

KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

RCI Banque

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2018
RCI Banque
15, rue d'Uzès - 75002 Paris
This report contains 48 pages

ERNST & YOUNG Audit

KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Tour First - TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 RCS Nanterre

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

RCI Banque

Registered office: 15, rue d'Uzès - 75002 Paris
Share capital: €.100.000.000

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2018

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' general meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of RCI Banque, for the period from January 1 to June 30, 2019, and
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note 3.A "Changes in accounting policies" to the condensed half-yearly consolidated financial statements regarding the implementation of IFRS 9 Financial instruments as at 1st January 2018.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 2nd August 2018	Paris-La Défense, on the 2nd August 2018
Valéry Foussé *Partner*	Luc Valverde *Partner*

CONSOLIDATED FINANCIAL STATEMENTS OF THE RCI BANQUE GROUP

30 June 2018

CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2018	12/2017
Cash and balances at central banks	2	2 006	1 303
Derivatives	3	112	123
Financial assets available for sale and other financial assets	4		1 287
Financial assets at fair value through other comprehensive income	4	949	
Financial assets at fair value through profit or loss	4	157	
Amounts receivable at amortised cost from credit institutions	5	1 242	1 124
Loans and advances at amortised cost to customers	6 et 7	45 801	43 430
Current tax assets	8	8	36
Deferred tax assets	8	123	112
Tax receivables other than on current income tax	8	298	231
Adjustment accounts & miscellaneous assets	8	1 078	1 009
Investments in associates and joint ventures		116	102
Operating lease transactions	6 et 7	932	839
Tangible and intangible non-current assets		37	29
Goodwill		83	84
TOTAL ASSETS		**52 942**	**49 709**

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2018	12/2017
Central Banks	9.1	2 500	2 500
Derivatives	3	64	118
Amounts payable to credit institutions	9.2	2 426	2 444
Amounts payable to customers	9.3	16 957	15 844
Debt securities	9.4	23 296	21 339
Current tax liabilities	10	137	108
Deferred tax liabilities	10	428	422
Taxes payable other than on current income tax	10	18	28
Adjustment accounts & miscellaneous liabilities	10	1 490	1 632
Provisions	11	132	124
Insurance technical provisions	11	443	418
Subordinated debt - Liabilities	13	13	13
Equity		5 038	4 719
- Of which equity - owners of the parent		*4 993*	*4 684*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*4 062*	*3 421*
Unrealised or deferred gains and losses		*(318)*	*(272)*
Net income for the year		*435*	*721*
- Of which equity - non-controlling interests		*45*	*35*
TOTAL LIABILITIES & EQUITY		**52 942**	**49 709**

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	06/2018	06/2017	12/2017
Interest and similar income	19	1 055	994	1 992
Interest expenses and similar charges	20	(355)	(393)	(769)
Fees and commission income	21	273	15	492
Fees and commission expenses	21	(103)	(9)	(209)
Net gains (losses) on financial instruments at fair value through profit or loss			9	18
Net gains (losses) on AFS securities and other financial assets			(2)	(4)
Income of other activities	22	477	617	808
Expense of other activities	22	(363)	(381)	(700)
NET BANKING INCOME		**984**	**850**	**1 628**
General operating expenses	23	(292)	(259)	(514)
Depreciation and impairment losses on tangible and intangible assets		(4)	(4)	(8)
GROSS OPERATING INCOME		**688**	**587**	**1 106**
Cost of risk	24	(80)	(55)	(44)
OPERATING INCOME		**608**	**532**	**1 062**
Share in net income (loss) of associates and joint ventures		9	8	15
Gains less losses on non-current assets				
PRE-TAX INCOME		**617**	**540**	**1 077**
Income tax	25	(171)	(182)	(329)
NET INCOME		**446**	**358**	**748**
Of which, non-controlling interests		11	11	27
Of which owners of the parent		435	347	721
Net Income per share (1) in euros		435,39	346,56	720,85
Diluted earnings per share in euros		435,39	346,56	720,85

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**06/2018**	**06/2017**	**12/2017**
NET INCOME	**446**	**358**	**748**
Actuarial differences on post-employment benefits	(1)	(2)	(1)
Total of items that will not be reclassified subsequently to profit or loss	***(1)***	***(2)***	***(1)***
Unrealised P&L on cash flow hedge instruments	16	(5)	(2)
Unrealised P&L on financial assets	1		1
Exchange differences	(55)	(52)	(78)
Total of items that will be reclassified subsequently to profit or loss	***(38)***	***(57)***	***(79)***
Other comprehensive income	**(39)**	**(59)**	**(80)**
TOTAL COMPREHENSIVE INCOME	**407**	**299**	**668**
Of which Comprehensive income attributable to non-controlling interests	18	6	22
Comprehensive income attributable to owners of the parent	389	293	646

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 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 recognized in equity					(2)		(2)	(3)	(5)
Actuarial differences on defined-benefit pension plans					(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 others								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**
Change in value of financial instruments recognized in equity					4		4		4
Actuarial differences on defined-benefit pension plans					1		1		1
Exchange differences				(26)			(26)		(26)
Net income for the year (before appropriation)						374	374	16	390
Total comprehensive income for the period				***(26)***	***5***	***374***	***353***	***16***	***369***
Effect of acquisitions, disposals and others			(2)				(2)	(1)	(3)
Dividend for the period								(15)	(15)
Repurchase commitment of non-controlling interests			(6)				(6)	2	(4)
Equity at 31 December 2017	**100**	**714**	**3 421**	**(251)**	**(21)**	**721**	**4 684**	**35**	**4 719**
Appropriation of net income of previous year			721			(721)			
Restatement of Equity opening amount (5)			(82)				(82)	(7)	(89)
Equity at 1 January 2018	**100**	**714**	**4 060**	**(251)**	**(21)**		**4 602**	**28**	**4 630**
Change in value of financial instruments recognized in equity					10		10	7	17
Actuarial differences on post-employment benefits					(1)		(1)		(1)
Exchange differences				(55)			(55)		(55)
Net income for the year (before appropriation)						435	435	11	446
Total comprehensive income for the period				***(55)***	***9***	***435***	***389***	***18***	***407***
Effect of acquisitions, disposals and other			2				2	13	15
Dividend for the period								(13)	(13)
Repurchase commitment of non-controlling interests								(1)	(1)
Equity at 30 June 2018	**100**	**714**	**4 062**	**(306)**	**(12)**	**435**	**4 993**	**45**	**5 038**

(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 2018 relates primarily to Argentina, Brazil, South Korea, Russia and Poland. At 31 December 2017, 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 fair value on debt instrument for € 1.8 m and IAS 19 actuarial gains and losses for -€ 14.6 m at end June 2018
(5) Retreatment linked to first time application of IFRS 9 rule (refer to transition table IAS 39 to IFRS 9)

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	06/2018	06/2017	12/2017
Net income attributable to owners of the parent company	**435**	**347**	**721**
Depreciation and amortization of tangible and intangible non-current assets	4	4	7
Net allowance for impairment and provisions	64	38	50
Share in net (income) loss of associates and joint ventures	(9)	(8)	(15)
Deferred tax (income) / expense	19	25	83
Net loss / gain from investing activities	1	2	4
Net income attributable to non-controlling interests	11	11	27
Other (gains/losses on derivatives at fair value through profit and loss)	(21)		(10)
Cash flow	**504**	**419**	**867**
Other movements (accrued receivables and payables)	(288)	(328)	(15)
Total non-monetary items included in net income and other adjustments	***(219)***	***(254)***	***130***
Cash flows on transactions with credit institutions	210	686	1 155
- Inflows / outflows in amounts receivable from credit institutions	*44*	*(63)*	*(6)*
- Inflows / outflows in amounts payable to credit institutions	*166*	*749*	*1 161*
Cash flows on transactions with customers	(1 937)	(2 266)	(3 513)
- Inflows / outflows in amounts receivable from customers	*(3 045)*	*(3 449)*	*(6 184)*
- Inflows / outflows in amounts payable to customers	*1 108*	*1 183*	*2 671*
Cash flows on other transactions affecting financial assets and liabilities	2 458	2 175	1 874
- Inflows / outflows related to AFS securities and similar	*199*	*(292)*	*(351)*
- Inflows / outflows related to debt securities	*2 197*	*2 568*	*2 211*
- Inflows / outflows related to collections	*62*	*(101)*	*14*
Cash flows on other transactions affecting non-financial assets and liabilities	27	15	61
Net decrease / (increase) in assets and liabilities resulting from operating activities	**758**	**610**	**(423)**
Net cash generated by operating activities (A)	**974**	**703**	**428**
Flows related to financial assets and investments	(47)	(6)	(23)
Flows related to tangible and intangible non-current assets	(13)	(3)	(8)
Net cash from / (used by) investing activities (B)	**(60)**	**(9)**	**(31)**
Net cash from / (to) shareholders	1	(34)	(49)
- Dividends paid	*(13)*	*(38)*	*(53)*
- Inflows / outflows related to non-controlling interests	*14*	*4*	*4*
Net cash from / (used by) financing activities (C)	**1**	**(34)**	**(49)**
Effect of changes in exchange rates and scope of consolidation on cash and equivalents (I	**(24)**	**(14)**	**(12)**
Change in cash and cash equivalents (A+B+C+D)	**891**	**646**	**336**
Cash and cash equivalents at beginning of year:	1 975	1 639	1 639
- Cash and balances at central banks	*1 303*	*1 040*	*1 040*
- Balances in sight accounts at credit institutions	*672*	*599*	*599*
Cash and cash equivalents at end of year:	2 866	2 285	1 975
- Cash and balances at central banks	*1 989*	*1 476*	*1 303*
- Credit balances in sight accounts with credit institutions	*1 069*	*994*	*906*
- Debit balances in sight accounts with credit institutions	*(192)*	*(185)*	*(234)*
Change in net cash	**891**	**646**	**336**

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 15, rue d'Uzès 75002 Paris.

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 2018 were established by the Board of Directors on 24 July 2018 which authorized their publication.

The RCI Banque group's consolidated financial statements for the year 2017 were established by the Board of Directors on 12 February 2018 and approved at the General Meeting on 22 May 2018. That meeting also put forward a proposal not to distribute dividends on the 2017 result.

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

2. KEY HIGHLIGHTS

Changes in the scope of consolidation in 2018

- A new *Fonds commun de titrisation* issue:
  - ➢ On 13 April 2018, FCT Cars Alliance Auto Loans France V2018-1 placed €700m of senior notes and €22.8m of subordinated notes, rated AAA(sf)/Aaa(sf) and AA (high)(sf)/Aa3(sf) respectively by DBRS and Moody's.

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 2018, its income before tax came to €0.506m.

3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2018 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 2017.
The RCI Banque group's financial statements for the year ended 31 December 2017 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) as at 31 December 2017 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 2017.

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 2018.

New standards, improvements and amendments application of which became mandatory as of 1 January 2018	
Amendment to IFRS 2	Classification and measurement of share-based payment transactions
IFRS 9	Financial instruments
IFRS 15 and subsequent amendments	Revenue from contracts with customers
Annual improvements 2014-2016	Various provisions

The changes related to application of IFRS 9 and IFRS 15 are presented hereafter.

The other standards and amendments application of which has been mandatory since 1 January 2018 are without significant impact on the group's financial statements.

IFRS 9 - Financial Instruments:

On 29 November 2016, the European Union published IFRS 9 - Financial Instruments in its Official Journal and said standard has been applied to the RCI group's consolidated financial statements since 1 January 2018. The requirements of IFRS 9 have brought numerous changes in comparison with the principles set forth by IAS 39 "Financial Instruments– Recognition and Measurement". The main changes in the group's accounting methods and principles are presented hereafter.

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) are thus measured at fair value through profit or loss, whereas "basic" loans and debt instruments are 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 a forward-looking provisioning model based on expected credit losses:
    - o The new impairment model requires 12-month expected credit losses on issued or acquired instruments to be booked as soon as those instruments are recognized on the balance sheet and off balance sheet.
    - o Lifetime expected credit losses 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 macro hedging relationships.

At RCI Banque, the main stages for the transition to IFRS 9 "Financial Instruments" are as follows:

- Classification of financial assets (phase 1):

a. Business model criteria

Generally speaking, the RCI Banque group's business model is as follows; the aim is to:
- retain customer contracts so as to collect contractual cash flows ("collect business model");
- hold securities so as to collect cash and sale flows ("collect & sale business model").

In light of RCI Banque's activity and management mandates, there is no intention or realization of trading / realization of gains or losses in relation to a change of market value of the financial instrument under consideration that would justify measurement of the financial instrument at fair value through profit or loss.

b. SPPI test

In addition to the aforementioned business model criteria, a second test relating to contractual payment flows is to be implemented to determine the method of measuring financial instruments.
An SPPI test has been uniformly developed in accordance with IFRS 9 within the group.

As a result:
UCITS measured at fair value through other comprehensive income (FVTOCI) are now to be measured at fair value through profit or loss (FVTPL). This is the only type of asset that does not pass SPPI tests at RCI.
With respect to the other categories of financial assets under IFRS 9, in particular financing receivables, SPPI tests are validated.
Note that the factoring agreement has been amended in order to pass the SPPI test (withdrawal of the indexing clause).

Reminder

- Fair value through other comprehensive income (FVOCI) is measurement at fair value where any changes in value are recognized in a revaluation reserve directly in equity.

- Fair value through Profit or Loss is measurement at fair value where any changes in value are recognized directly in profit or loss.

- Presentation of the new IFRS 9 categories

Assets:
Changes to be noted are:

- UCITS are now measured at fair value through P&L (under IAS 39, they were measured at fair value through OCI): they do not pass SPPI tests

- non-consolidated holdings are now measured at fair value through P&L (under IAS 39, they were at historical cost).

There are no measurement changes for any other categories.

Liabilities:
IFRS 9 does not bring any changes to the classification and measurement of financial liabilities.

• Significant deterioration in risk (definition of bucketing):

Each financial instrument included within the scope of IFRS 9 will, at statement closing date, have to be risk-classified. The risk category in which it is classified will depend on whether or not it has undergone any significant deterioration in its credit risk since its initial recognition. The level of provisioning for expected credit losses to be booked for each instrument will depend on this classification:
- Bucket 1: no deterioration or insignificant deterioration in credit risk since origination;
- Bucket 2: significant deterioration in credit risk since origination or non investment grade financial counterparty;
- Bucket 3: deterioration in credit risk such that a loss is incurred (default category).

This segmenting of transactions by level of risk, brought in by the standard, will have to be embedded in the credit risk monitoring and management processes used by the group's entities, and implemented in operational systems.
In that significant deterioration in risk is determined in relation to the moment of approval, the date of origination needs to be defined.

The date of origination is defined for each individual financial instrument, not for each counterparty (e.g. date on which business relationship initiated). The date of origination is defined as follows:
- for irrevocable financing commitments, the date of origination is the date on which the commitment is signed, or in the case of Dealer financing commitments, the date of the most recent review of limits;
- for installment loan outstandings, finance lease and operating lease transactions, the date of origination is the date on which they come under management, i.e. date on which the financing commitment is reversed and the receivable recognized on the balance sheet;
- for Dealer credit "single account" outstandings, the date of origination will be the date on which the account most recently went into a negative balance;
- for securities, the date of origination is the date of purchase.

Indicators for identifying significant deterioration in risk since origination

The RCI Banque group has analyzed the fitness for purpose and availability of these indicators, and their appropriateness from the risk management perspective across all of these portfolios.
In line with the principle of proportionality, this analysis identified a number of main portfolio families according to the following criteria:
- Geographical criteria: countries that have an internal rating system for most of their outstandings based on behavioral scores used to monitor the quality of facilities in the portfolio are to be identified separately. These countries are known as the "G7 countries". The other countries have approval scoring but do not have internal rating systems that are updated during the receivable lifecycle;

- Product criteria: loans to Customers or Dealers, which are subject to advanced monitoring by means of specific indicators, need to be looked at separately from other more "marginal" types of product in the group's activities, such as factoring, the securities portfolio and operating leases;

- Customer criteria: a distinction needs to be made between the different customer bases considered, for example Consumers, Dealer network, very large companies, and even banks and governments (for securities).

On the basis of the work and analyses performed, the system defined within the RCI Banque group takes into account the segmentation characteristics mentioned above. On this basis, the approach to monitoring significant deterioration in risk for non-doubtful facilities relies on the following indicators:
1. Portfolios covered by an internal rating system: the internal rating must be used;
2. Portfolios that do not have any internal rating but do have external ratings: the external rating must be considered if the information is available at a reasonable cost and within a reasonable time limit;
3. All portfolios: significant deterioration in risk will also use the number of days' arrears indicator;
4. All portfolios: the forbearance indicator must be considered as a "qualitative" indicator for downgrading to bucket 2.

Where the indicator used is an internal or external rating, significant deterioration will be measured by comparing the counterparty's rating on the reporting date with the counterparty's rating on the date of origination of the facility.

There is no contagion principle in IFRS 9 for non-doubtful facilities; an entity may have various contracts with a given counterparty that are in different buckets, as credit risk is assessed in relation to contract origination.
As regards entities that do not have an internal rating system for their loans to customers, the RCI Banque group has decided to introduce a memory effect with respect to the existence of past arrears, meaning that once an overdue payment has been settled, the facility concerned will temporarily remain in bucket 2.

Rebuttable presumption of significant deterioration when payments are more than 30 days past due
The standard introduces a rebuttable presumption for payments that are more than 30 days past due §5.5.11. It allows use of this presumption as a safety net on top of other, earlier, indicators of a significant increase in credit risk.
This presumption is aligned with risk monitoring and management practices within the RCI Banque group.
Consequently, the group has decided not to refute this presumption and to consider that all facilities for which payments are more than 30 days past due are in bucket 2.

Rebuttable presumption of signification deterioration when payments are 90 days past due
IFRS 9 indicates a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless the entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.
This presumption is aligned with the current definition of default within the RCI Banque group as presented above.
Consequently, the group has decided not to refute this presumption and to consider that all facilities with payments that are more than 90 days past due are in bucket 3.
This presumption may however be refuted for certain targeted portfolios (e.g. loans to large companies) with the agreement of the Corporate risk department concerned. At each statement closing date, facilities for which this presumption has been refuted will be listed and the reason duly documented.

•The write-off policy including factors enabling the conclusion that there is no reasonable expectation of recovery

The treatment of write-offs is detailed in IFRS 9 §5.4.4: the gross carrying amount of a financial asset shall be reduced when there are no reasonable expectations of recovery. The standard states that a definition of the downgrade is needed so that the gross carrying amount is represented fairly. A write-off is considered a derecognition event and may relate to either the financial asset in its entirety or a portion of it.

The current group standard for writing off receivables as bad debt is in line with the definition given by IFRS 9. Subsidiaries are required to remove outstandings from the balance sheet through a loss account once it has been confirmed that they will never be collected, which therefore means no later than when the subsidiaries' rights as creditors are extinguished.

In particular, receivables become irrecoverable (bad debt) and are therefore removed from the balance sheet if they are:

- receivables write-off of which has been negotiated with the customer, for example as part of a recovery or remedial plan;
- time-barred claims;
- receivables in respect to which an unfavorable legal ruling has been issued (negative outcome of proceedings initiated or legal action);
- claims against a customer who has vanished.

- Definition of default used at RCI Banque

The definition of the risk of default under IAS 39 is not affected by IFRS 9 and therefore RCI is going to retain its definitions of doubtful and compromised receivables when establishing its B3 "bucketing".

It is also important to note that at the RCI Banque group level, the notion of "doubtful" used in accounting and the Basel notion of "default" are closely aligned.

The decision to take the doubtful debt accounting notion existing under IAS 39 as a basis for identifying B3 assets was made for the following reasons:
- Insignificant differences between the two notions;
- Continuity in the doubtful debt base between IAS 39 and IFRS 9.

As a reminder, with respect to the "Customer" business, a receivable is considered as doubtful as soon as:
- one or more installments have remained unpaid for at least three months;
- or the deterioration in the counterparty's financial circumstances translates into a risk of non-collection. In particular in the event of over-indebtedness/insolvency procedures, receivership, bankruptcy, compulsory liquidation, personal bankruptcy or liquidation of assets, or in the event of summons to appear before an international court;
- or there are litigation proceedings between the establishment and its counterparty.

With respect to the Dealer business, the definition of default is covered by a specific procedure based on:

- the existence of an installment that has remained unpaid for more than three months (or first unpaid installment on a forborne exposure);
- the existence of a collective procedure;
- the presence of indicators that express uncertainty as to future payment such as financial contract end, actual fraud…

Reminder: Compromised receivables are doubtful loans for which the likelihood of collection is remote and that are expected to be written off.
A receivable is classified as compromised when the counterparty is declared to have defaulted, or in leasing, when the lease agreement is terminated, and in any event, one year at the latest after the receivable has been classified as doubtful.
If after a receivable has been reclassified as sound, the debtor does not meet the payment deadlines set, that receivable is immediately downgraded to compromised receivable status.

Purchased or originated credit impaired loans (POCI): these financial assets, which are credit-impaired at the time of their creation (loans to a doubtful dealer for example) are treated differently, as they are impaired at initial recognition. Such transactions are classified in Bucket 3 at initial recognition.
Within the RCI Banque group, this category mainly concerns the Dealer customer base, which may continue to receive financing even when the dealer has been classified as defaulted. This category of receivables must be kept to a minimum and is subject to Risk Committee agreement.
The acquisition of receivables (doubtful or sound) is not part of the RCI Banque group's business model.

The following are not included as receivables in default:

- disputed receivables: receivables where the customer refuses to make payment further to a dispute over interpretation of the clauses in the contract (if the customer's financial situation does not seem to be compromised);
- customers with negotiable payment terms if, and only if, there is no doubt that the debt will be collected;
- receivables that are affected by a country risk only: a receivable should not be considered as doubtful just because a country risk exists.

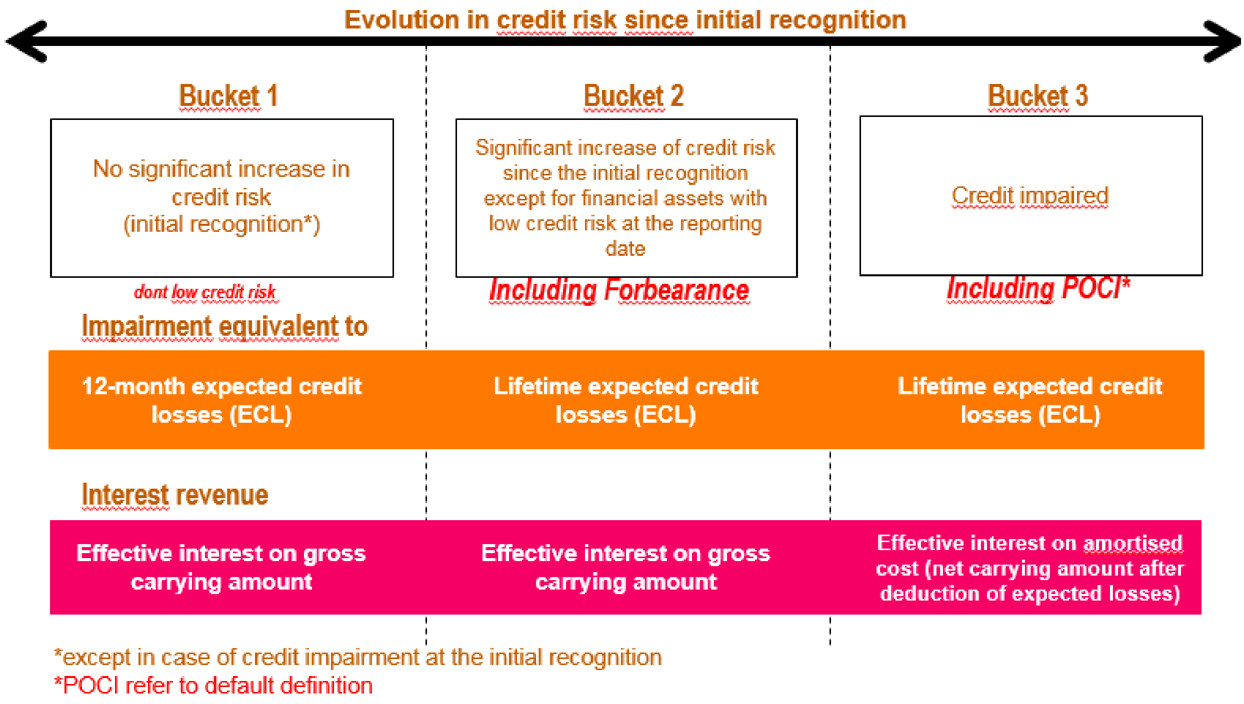
- Calculating ECL (phase 2):

Under IFRS 9, there is no longer any need for an operative event to occur for an impairment to be booked, as was the case under IAS 39 ("incurred loss"). Thus, all financial instruments within the scope of the standard are assigned an impairment for expected losses at initial recognition:

- At initial recognition, the instrument is assigned a loss allowance representing 12-month expected credit losses (Bucket 1);
- If there has been a significant increase in credit risk since initial recognition, the instrument is then assigned a loss allowance representing lifetime expected credit losses.

The provisioning model covers assets measured at Amortized Cost or at Fair Value through OCI (as per the classification resulting from Phase 1) and must align with the monitoring of increasing credit risk.

This general impairment model can be illustrated as follows:



The main guidelines for this new provisioning model are as follows:

1. The aim is a relative approach to deterioration per instrument rather than an absolute approach based on the crossing of a single risk threshold.

2. The provisioning model for expected losses has to be applied symmetrically in the event of a deterioration in credit risk as well as in the event of an improvement

3. The system has to be prospective (forward-looking) with respect not only to aspects of significant deterioration in credit risk, but also in the measurement of expected credit losses

In calculating expected credit losses, the Standard requires entities to incorporate relevant (validated) internal and external information that is reasonably available, in order to make prospective (forward-looking) estimates of credit losses, which includes information about past events, current conditions and forecasts of future events and economic conditions.

In order to assess potential impacts related to macro-economic expectations, an assessment is also required for each of these terms of any links they have with the macro-economic variables, which might then be the subject of specific monitoring when implementing the operational provisioning process.

IFRS 9 stipulates that assessments should consider all the contractual terms of the instrument. The estimates take into account Balance sheet/Off-balance sheet exposures adjusted for future drawdowns and/or early repayments.

As a reminder, a lifetime expected credit loss calculated for Bucket 2 is equivalent to determining the expected loss if the facility goes into default at a given point in its lifetime. In the repayment loan context, the amount to which the group will be exposed depends greatly on the point in time at which the future default event is recorded. Therefore it is important to take repayment schedules into account, so as to give a realistic overview of future exposure.

In addition to contractual schedules, the RCI Banque group also needs to model early repayment rates in order to convey the economic reality of portfolio management. This point has particular impact for facilities for which a lifetime expected loss is measured.

As regards financing commitments where the RCI Banque group has committed to release the relevant funds on customer request, the likelihood that this off-balance sheet commitment will be converted to an on-balance sheet commitment will also have to be assessed. For all other off-balance sheet items, as in the prudential approach, a credit conversion factor (CCF) will have to be taken into account to assess the proportion of off-balance sheet outstandings on the reporting date that will actually be drawn at the future date of defaulting.

Unlike the regulatory approach, no prudence adjustments may be used to take into account the risk related to an economic slowdown.

Unlike the prudential environment, IFRS 9 does not require calibration of a 12-month probability of default. However, to the extent that the RCI Banque group is going to build on the Basel systems to calculate its IFRS 9 parameters, it will need to provide for a methodological or calibration adjustment for facilities whose residual maturity at the reporting date is less than one year.

The standard is not prescriptive in terms of how probabilities of default to be used in calculating lifetime expected loss are to be calibrated. This means that the RCI Banque group is free to choose the approach to calibrating this parameter (term structure, transition matrices, etc.) that it feels is appropriate, provided that it demonstrates the fitness for purpose of the approach selected.

The regulatory PD is calibrated over a long-term average (TTC- through the cycle) whereas the accounting environment has to present an overview at the reporting date taking into account current and expected macro-economic conditions.To do this, RCI Bank & Services has decided to use its stress testing process to adjust future PDs according to future macro-economic variables, and to help experts to make their decisions. However, in light of technical constraints on implementation of the Forward Looking methodology in the ECL calculation tool, for the time being, a "point in time" calculation of ECL is performed, and then Forward Looking in an expertise version is applied.

IFRS 9 does not contain any specific reference to a particular observation and collection period for the historical historic data used in calculating LGD parameters. The LGD estimates as determined in the prudential environment using the IRB approach can therefore, for the countries concerned, be used as a starting point, with the necessary adjustments brought to make them compliant with the standard.

As stated previously, the standard requires prospective (forward-looking) information to be considered with respect to both the significant deterioration of risk and to determining ECLs.

The incorporation of prospective outlooks must not be seen as a form of stress-testing and its purpose is not to determine a prudence adjustment to the amount of provisions. The aim is mainly to take into account the fact that past observations are not necessarily a reflection of future expectations and therefore adjustments are needed in relation to a provision amount determined on the basis of parameters calibrated solely on a historical basis.

This adjustment to the provision amount may be upward or downward, provided that it is adequately documented with respect to the assumption/ projection aspects of the macro-economic parameters and to their impact on the calculation parameters.

At RCI Banque, phase 2 of IFRS 9 concerns customer loans and advances (including finance and operating leases) and interbank exposures, off-balance sheet financing commitments and debt instruments in assets that are recognized at amortized cost or FVTOCI under the new IFRS classification.

This therefore means most of the financial assets on the balance sheet within the RCI Banque group. The only financial instruments for which there is no impairment calculation are financial instruments measured at fair value through profit or loss and under the alternative method, as their changes in value have a direct impact on the group's profit or loss or on its reserves respectively, and in accordance with the previous section, they are mainly limited to UCITS and non-consolidated holdings.

From an operational point of view, this means that the following products are within the scope of the impairment section of IFRS 9:

installment loan outstandings:

- Retail
- Corporate for loans granted to dealers
- Corporate for factoring

finance lease outstandings (recognition according to IAS 17)

- leasing (Retail)
- long-term leasing with commitments to take back vehicles outside the RCI Banque group (Corporate)

operating lease receivables due (recognition according to IAS 17)

- battery leases for electric vehicles (Retail)
- leases with risk carried by the subsidiary (Retail)
- short term financing for Renault services vehicles (Corporate)

off-balance sheet commitments:

- financial guarantees granted
- financing commitments that create a legal obligation to grant current credit

securities in assets:

treasury bills and EMTNs eligible or not as HQLA for the short term liquidity coverage ratio (LCR) currently classed as AFS and that will be measured at fair value through OCI under IFRS 9,

NB: UCITS and non-consolidated holdings are measured at fair value through P&L.

Calculation of ECLs will be based on identified portfolios within RCI Banque's IFRS 9 scope, namely:

Lot 1: credit and financing finance lease to customers, including irrevocable financing commitments and financial guarantees given G7 subsidiaries*

Lot 2: credit to network (dealers and manufacturer), including irrevocable financing commitments and financial guarantees given G6 subsidiaries **

Lot 3: credit and financing finance lease to customers non G7 subsidiaries

Lot 4: credit to network (dealers and manufacturer) non G6 subsidiaries

Interbank lending and securities: Based on market standards or estimated using a simplified methodology: PD via the CDS and LGD curve at 60% or 80% depending on debt type

Lot 5: other financial assets

*Subsidiaries in France, Germany, Spain, Italy, Korea, United Kingdom, Brazil

** Subsidiaries in France, Germany, Spain, Italy, Brazil, United Kingdom

So as to ensure consistency between its prudential risk management system and its accounting system for assessing allowances and provisions, the RCI Banque group, in accordance with the recommendations of the Basel Committee and the EBA, is going, as far as possible, to use the existing Basel system to generate the IFRS 9 parameters needed for its calculations. The portfolios covered by the IRB approach (advanced method) will however require adjustments to parameter calibration to ensure their compliance with IFRS 9 and need to consider economic forecasts and conditions and recent shifts that are not adequately factored in on the reporting period end-date (by comparison with a notion of cycle lows or long-term historical average in the prudential environment).

Thus, an advanced approach based on the Basel credit risk models is implemented for lots 1 and 2. These lots represent more than 85% of the financial assets that are within the scope of IFRS 9. For the other lots, a simplified[1] approach will be used. IFRS 9 does not impose the development of sophisticated methodologies for calculating ECL, which means that a standardized approach can be used for less significant portfolios.

Lot 1: Based on advanced methodology including new IFRS 9-specific parameters: CCF, TRA, PD PIT, ELBE IFRS 9

Lot 2: Based on advanced methodology including new IFRS 9-specific parameters: PD, ELBE IFRS 9

Lot 3 : Based on simplified methodology using roll rate[2] transition matrices

Lot 4: Based on simplified methodology using roll rate transition matrices

Interbank lending and securities: Based on market standards or estimated using a simplified methodology: PD via the CDS and LGD curve at 60% or 80% depending on debt type

Lot 5: simplified method of provisioning

- Hedge accounting (phase 3)

The possibilities offered by IFRS 9 in terms of hedge accounting do not call into question the treatment used up until now. RCI Banque will keep its method of hedge and macro hedge accounting and the related documentation for such macro-hedging.

[1] This is the methodology applied to the non-G7 portfolio (scope without regulatory PD/LGD models).

[2] These are transitional rates between the past-due payment tiers.

- IAS 39 to IFRS 9 transition table

IFRS 7 requires a transition table showing each category of financial assets valued under IAS 39 at the statement closing date (31/12/2017), with the new rules at the IFRS 9-compliant opening (01/01/2018).

The analysis must highlight

- quantitative data in table format ("An entity shall present these quantitative disclosures in a table unless another format is more appropriate")
- qualitative information

so as to inform investors.

	Opening under IAS 39	**Reclassification**	**Revaluation under IFRS 9**	**Opening under IFRS 9**
Assets available for sale	1 287	-1 287		0
Securities measured at fair value through OCI		1 080	-1	1 079
UCITS at fair value through P&L		179		179
Non-consolidated holdings at fair value through P&L		27		27
Sight and term cash and balances at central banks, net	1 303			1 303
Credit institution outstandings, net	1 124		-1	1 123
Loans and advances to customers	43 430		-121	43 308
Other debtors	1 009		0	1 009
Revaluation of provisions for irrevocable commitments given and provisions for financial guarantees given			-6	-6
TOTAL	**48 151**	**0**	**-128**	**48 023**

Related tax impact	39

IFRS 9 impact in reserves (First time application)	**-89**

Category reclassifications:

The table therefore shows the reclassification of UCITS at fair value through P&L as specified previously. Holdings are now measured at fair value through P&L.

Revaluation under IFRS 9:

Revaluation under IFRS 9 is related solely to the new IFRS 9 provisioning model. IFRS 9 moves from provisioning based on actual credit losses to a forward-looking provisioning model based on expected credit losses.

The impact attributable to first time application of IFRS 9 amounts to -€128 million excluding deferred taxes. The amount including deferred taxes is -€89 million and is incorporated into the equity reserves (of which -€82 million concern the group share)

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 replaces 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 conducted is not leading to the identification of any major changes in revenue recognition at RCI Banque.

The group has not opted for early application of the new standards hereafter, which have been published in the Official Journal of the European Union and will become mandatory as of 1 January 2019 or later.

IFRS 16 - Leases:

The new IFRS 16 "Leases" was adopted by the European Union on 9 November 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.
This standard is however very similar to the existing standard applied to the treatment of leases on the lessor's side. Analysis work currently in progress is not leading to the identification of any major changes.

This standard is effective from 1 January 2019 and may be adopted early.
The group does not intend 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 does not intend to apply the accounting standard early.

B. Estimates and judgments

IFRS 9 leads to estimates that needed to be taken into account from the start of 2018. Other than that, the main areas of estimates and judgments made in preparing the summary consolidated financial statements for the six months to 30 June 2018 are the same as those described in Note 3-D of the Notes to the 2017 Annual Financial Statements.

C. Changes to presentation

To make the financial statements more transparent and easier to read, commissions from finance contracts, commissions from service activities, insurance brokerage commissions and other income and expenses have been reclassified for presentation reasons.
Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities primarily concern insurance and maintenance contracts.

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 eight 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, PLN, 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 takes into account EBA recommendations on the Internal Liquidity Adequacy Assessment Process (ILAAP) and 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 confirmed lines of credit, assets eligible as collateral in European Central Bank monetary policy transactions, High Quality Liquid Assets (HQLA), and financial assets. 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 issuers held directly. The average duration of the securities portfolio is about 18 months.

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

The European Central Bank announced that it expects key interest rates to remain unchanged at least until the summer of 2019 and extended its asset purchase program for three additional months. From October, its monthly bond purchases will be halved from €30 million to €15 million and are expected to be completed in December. The reinvestment policy for maturing securities will continue as long as necessary after that date to maintain favorable liquidity conditions.
In the United States, Jerome Powell, the new Chairman of the Federal Reserve, raised its key interest rates twice, thereby taking the Fed Funds' target range to 1.75-2.00%. In the United Kingdom, the Bank of England, which in November 2017 initiated its first monetary tightening in a decade, held its rates unchanged.

The outlook for economic recovery in Europe and rising oil prices caused the rate curve to temporarily steepen, but this was reduced in May further to the announcements of the European Central Bank. After peaking at 0.50%, the 5-year swap ended the six-month period at 0.25%, down 5 bp compared with end-December.

Following two years of monetary stimulus by central banks and low volatility, the prospect of the forthcoming return to normal in the Eurozone and political uncertainties in Italy led the markets to think again about their appetite for risk assets. After a long period of continued tightening, credit spreads widened slightly over the first six months and so return to levels close to those seen at the beginning of 2017.

5. REFINANCING

RCI Banque issued the equivalent of €2.9 billion in public bond format, making a number of successive issues. The first was a five-year fixed rate issue for €750 million, the second a dual tranche issue for €1.3 billion (three-year fixed rate €750 million, seven-year floating rate €550 million), and the third an eight-year fixed rate issue for €750 million. At the same time, the company issued a five-year fixed rate CHF125 million bond, a transaction that enabled it to both diversify its investor base and fund assets in that currency.

Two private format placements, one two-year and one three-year, were also made for a total of €350 million.

On the secured refinancing segment, RCI Banque carried out a public securitization transaction backed by auto loans in France for €722.8 million, split between €700 million of senior securities and €22.8 million of subordinated securities.

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.

In addition, the group’s entities in Brazil, South Korea, Morocco and Argentina also tapped their domestic bond markets.

Retail customer deposits have increased by €1.1 billion since December 2017 and at 30 June 2018 totaled €16.0 billion, representing 35% of assets at the end of June, in line with the company’s goal of collecting retail deposits equivalent to approximately one third of the financing granted to its customers.

These resources, to which should be added, based on the European scope, €4.4 billion of undrawn committed credit lines, €3.7 billion of assets eligible as collateral in ECB monetary policy operations, €2.3 billion of high quality liquid assets (HQLA) and €0.5 billion of short term financial assets, enable RCI Banque to maintain the financing granted to its customers for more than 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 30 June 2018, 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 06/2018
Average performing loan outstandings	32 222	10 641		42 863
Net banking income	750	129	105	984
Gross operating income	551	104	33	688
Operating income	465	113	30	608
Pre-tax income	474	113	30	617

In millions of euros	Customer	Dealer financing	Other	Total 12/2017
Average performing loan outstandings	29 161	9 738		38 899
Net banking income	1 230	240	158	1 628
Gross operating income	843	190	73	1 106
Operating income	784	205	73	1 062
Pre-tax income	786	204	87	1 077

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

Contributions by market are analyzed, for the different periods presented, for the main aggregates on the income statement and for average performing loans outstanding.

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 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 : Cash and balances at central banks

In millions of euros	06/2018	12/2017
Cash and balances at central banks	**1 989**	**1 303**
Cash and balances at Central Banks	1 989	1 303
Term deposits at Central Banks	**17**	
Accrued interest	17	
Total cash and balances at central banks	**2 006**	**1 303**

Note 3 : Derivatives

In millions of euros	06/2018		12/2017	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**37**	**15**	**37**	**32**
Interest-rate derivatives	3	2	3	1
Currency derivatives	34	12	34	31
Other derivatives		1		
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**75**	**49**	**86**	**86**
Interest-rate and currency derivatives: Fair value hedges	57	13	80	28
Interest-rate derivatives: Cash flow hedges	18	36	6	58
Total derivatives (*)	**112**	**64**	**123**	**118**
(*) Of which related parties	*1*		*7*	

"Other derivatives" includes the adjustment for credit risk of -€0.662m at 30 June 2018, which breaks down into an income of +€0.088m for the DVA and an expense of -€0.750m for the CVA.

These lines 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 06/2018	*Related parties*
Hedging of currency risk					
Forward forex contracts					
Sales	1 478			1 478	
Purchases	1 486			1 486	
Spot forex transactions					
Loans	8			8	
Borrowings	8			8	
Currency swaps					
Loans	313	118		431	*40*
Borrowings	303	118		421	*40*
Hedging of interest-rate risk					
Interest rate swaps					
Lender	6 062	10 180	2 650	18 892	
Borrower	6 062	10 180	2 650	18 892	

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 12/2017	*Related parties*
Hedging of currency risk					
Forward forex contracts					
Sales	1 889			1 889	
Purchases	1 886			1 886	
Currency swaps					
Loans	691	331		1 022	*82*
Borrowings	664	319		983	*80*
Hedging of interest-rate risk					
Interest rate swaps					
Lender	6 211	9 373	2 350	17 934	
Borrower	6 211	9 373	2 350	17 934	

Note 4 : Financial assets

In millions of euros	06/2018	12/2017
Financial assets at fair value through other comprehensive income	**949**	
Government debt securities and similar	663	
Bonds and other fixed income securities	286	
Financial assets at fair value through profit or loss	**157**	
Variable income securities	12	
Bonds and other fixed income securities	85	
Interests in companies controlled but not consolidated	60	
Financial assets available for sale and other financial assets		**1 287**
Government debt securities and similar		741
Variable income securities		179
Bonds and other fixed income securities		340
Interests in companies controlled but not consolidated		27
Total financial assets (*)	**1 106**	**1 287**
(*) Of which related parties	*60*	*27*

The increase in non-consolidated holdings is attributable to the acquisition of the Icabbi entity in the first half-year of 2018.

Note 5 : Amounts receivable at amortised cost from credit institutions

In millions of euros	06/2018	12/2017
Credit balances in sight accounts at credit institutions	**1 069**	**906**
Ordinary accounts in debit	1 016	895
Overnight loans	53	11
Term deposits at credit institutions	**174**	**218**
Term loans in bucket 1	68	218
Term loans in bucket 2	106	
Impairment on term deposits at credit institutions	**(1)**	
Impairment on term in bucket 2	(1)	
Total amounts receivable from credit institutions (*)	**1 242**	**1 124**
(*) Of which related parties	*99*	*150*

Credit balances in sight accounts are included in the "Cash and cash equivalents" line 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 €537m at end-June 2018 and are included in "Ordinary Accounts in debit".

Overnight loan transactions with Central Banks are included in "Cash and balances at Central Banks".

Note 6 : Customer finance transactions and similar

In millions of euros	06/2018	12/2017
Loans and advances to customers	**45 801**	**43 430**
Customer finance transactions	34 307	32 993
Finance lease transactions	11 494	10 437
Operating lease transactions	**932**	**839**
Total customer finance transactions and similar	**46 733**	**44 269**

At 30 June 2018, direct financing of Renault Group subsidiaries and branches amounted to €1,003m against €937m at 31 December 2017.

At 30 June 2018, the dealer network had, as a business contributor, collected income of €433m against €379m at 30 June 2017.

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 30 June 2018, this contribution amounted to €339m against €305m at 30 June 2017.

The gross value of forborne loans outstanding, further to measures and concessions made towards borrowers experiencing financial difficulties (or likely to experience financial difficulty in the future) came to €128m and is impaired by €40m at 30 June 2018.

6.1 - Customer finance transactions

In millions of euros	06/2018	12/2017
Loans and advances to customers	**34 564**	**33 226**
Healthy factoring	684	655
Factoring with a significant increase in credit risk since initial recognition	3	
Other healthy commercial receivables	2	3
Other healthy customer credit	30 428	30 129
Other customer credit with a significant increase in credit risk since initial recognition	2 726	
Other delinquent customer credit		1 654
Healthy ordinary accounts in debit	294	351
Defaulted receivables	427	434
Interest receivable on customer loans and advances	**52**	**53**
Other non-defaulted customer credit	40	41
Non-defaulted ordinary accounts	9	7
Defaulted receivables	3	5
Total of items included in amortized cost - Customer loans and advances	**274**	**228**
Staggered handling charges and sundry expenses - Received from customers	(52)	(39)
Staggered contributions to sales incentives by manufacturer or dealers	(549)	(526)
Staggered fees paid for referral of business	875	793
Impairment on loans and advances to customers	**(583)**	**(514)**
Impairment on healthy receivables	(146)	(118)
Impairment on receivables with a significant increase in credit risk since initial recognition	(97)	
Impairment on delinquent receivables		(74)
Impairment on defaulted receivables	(264)	(252)
Impairment on residual value	(76)	(70)
Total customer finance transactions, net	**34 307**	**32 993**

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.

6.2 - Finance lease transactions

In millions of euros	06/2018	12/2017
Finance lease transactions	**11 666**	**10 541**
Other healthy customer credit	10 459	9 776
Other customer credit with a significant increase in credit risk since initial recognition	1 054	
Other Delinquent customer credit		642
Defaulted receivables	153	123
Accrued interest on finance lease transactions	**8**	**7**
Other non-defaulted customer credit	7	6
Defaulted receivables	1	1
Total of items included in amortized cost - Finance leases	**(17)**	**(16)**
Staggered handling charges	(5)	(7)
Staggered contributions to sales incentives by manufacturer or dealers	(205)	(174)
Staggered fees paid for referral of business	193	165
Impairment on finance leases	**(163)**	**(95)**
Impairment on healthy receivables	(35)	(8)
Impairment on receivables with a significant increase in credit risk since initial recognition	(44)	
Impairment on delinquent receivables		(9)
Impairment on defaulted receivables	(83)	(77)
Impairment on residual value	(1)	(1)
Total finance lease transactions, net	**11 494**	**10 437**

6.3 - Operating lease transactions

In millions of euros	06/2018	12/2017
Fixed asset net value on operating lease transactions	**954**	**866**
Gross value of tangible assets	1 213	1 094
Depreciation of tangible assets	(259)	(228)
Receivables on operating lease transactions	**11**	**6**
Non-defaulted receivables	7	6
Defaulted receivables	7	3
Income and charges to be staggered	(3)	(3)
Impairment on operating leases	**(33)**	**(33)**
Impairment on non-defaulted receivables	(1)	
Impairment on defaulted receivables	(5)	
Impairment on residual value	(27)	(33)
Total operating lease transactions, net (*)	**932**	**839**
(*) Of which related parties	*(1)*	*(1)*

Note 7 : Customer finance transactions by business segment

In millions of euros	**Customer**	**Dealer financing**	**Other**	**Total 06/2018**
Gross value	**35 738**	**11 353**	**421**	**47 512**
Healthy receivables	32 543	10 173	418	43 134
Receivables with a significant increase in credit risk since initial recognition	2 701	1 086		3 787
Defaulted receivables	494	94	3	591
% of defaulted receivables	*1,38%*	*0,83%*	*0,71%*	*1,24%*
Impairment allowance	**(641)**	**(137)**	**(1)**	**(779)**
Impairment on healthy receivables	(188)	(97)	(1)	(286)
Impairment on receivables with a significant increase in credit risk since initi	(133)	(8)		(141)
Impairment on defaulted receivables	(320)	(32)		(352)
Net value (*)	**35 097**	**11 216**	**420**	**46 733**
(*) Of which: related parties (excluding participation in incentives and fees pa for referrals)	*26*	*1 003*	*293*	*1 322*

In millions of euros	**Customer**	**Dealer financing**	**Other**	**Total 12/2017**
Gross value	**33 349**	**11 126**	**436**	**44 911**
Non-impaired receivables	32 894	11 019	432	44 345
Doubtful receivables	165	90	3	258
Compromised receivables	290	17	1	308
% of doubtful and compromised receivables	*1,36%*	*0,96%*	*0,92%*	*1,26%*
Impairment allowance on individual basis	**(439)**	**(87)**		**(526)**
Non-doubtful receivables	(143)	(54)		(197)
Doubtful receivables	(88)	(18)		(106)
Compromised receivables	(208)	(15)		(223)
Impairment allowance on collective basis	**(25)**	**(91)**		**(116)**
Impairment	(18)	(91)		(109)
Country risk	(7)			(7)
Net value (*)	**32 885**	**10 948**	**436**	**44 269**
(*) Of which: related parties (excluding participation in incentives and fees pa	*21*	*937*	*309*	*1 267*

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

In 2018, statistical provisioning is no longer included in individually-based impairment allowances. They are now under impairment allowances on a collective basis. This is simply a change in presentation for note 7.

Note 8 : Adjustment accounts & miscellaneous assets

In millions of euros	06/2018	12/2017
Tax receivables	**429**	**379**
Current tax assets	8	36
Deferred tax assets	123	112
Tax receivables other than on current income tax	298	231
Adjustment accounts and other assets	**1 078**	**1 009**
Social Security and employee-related receivables	1	
Other sundry debtors	393	337
Adjustment accounts - Assets	61	49
Items received on collections	422	426
Reinsurer part in technical provisions	201	197
Total adjustment accounts – Assets and other assets (*)	**1 507**	**1 388**
(*) Of which related parties	*182*	*138*

Note 9 : Liabilities to credit institutions and customers & debt securities

9.1 - Central Banks

In millions of euros	06/2018	12/2017
Term borrowings	2 500	2 500
Total Central Banks	**2 500**	**2 500**

At 30 June 2018, the book value of the collateral presented to the Bank of France (3G) amounted to €7,033m, i.e. €5,736m in securities issued by securitization vehicles, €1,130m in private accounts receivable and €168m in eligible bond securities.

9.2 - Amounts payable to credit institutions

In millions of euros	06/2018	12/2017
Sight accounts payable to credit institutions	**192**	**234**
Ordinary accounts	10	29
Overnight borrowings	1	1
Other amounts owed	181	204
Term accounts payable to credit institutions	**2 234**	**2 210**
Term borrowings	2 181	2 165
Accrued interest	53	45
Total liabilities to credit institutions (*)	**2 426**	**2 444**
(*) Of which related parties	*1*	*1*

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

9.3 - Amounts payable to customers

In millions of euros	06/2018	12/2017
Amounts payable to customers	**16 838**	**15 768**
Ordinary accounts in credit	138	109
Term accounts in credit	700	744
Ordinary saving accounts	12 330	11 456
Term deposits (retail)	3 670	3 459
Other amounts payable to customers and accrued interest	**119**	**76**
Other amounts payable to customers	59	28
Accrued interest on ordinary accounts in credit	26	28
Accrued interest on term accounts in credit		1
Accrued interest on ordinary saving accounts	15	14
Accrued interest on customers term accounts	19	5
Total amounts payable to customers (*)	**16 957**	**15 844**
(*) Of which related parties	*755*	*788*

Term accounts in credit include a €700m cash warrant agreement given to RCI Banque 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 February 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 deposits accounts.

9.4 - Debt securities

In millions of euros	06/2018	12/2017
Negotiable debt securities (1)	**1 295**	**1 182**
Certificates of deposit	1 104	1 018
Commercial paper and similar	107	69
French MTNs and similar	65	70
Accrued interest on negotiable debt securities	19	25
Other debt securities (2)	**2 787**	**2 272**
Other debt securities	2 786	2 271
Accrued interest on other debt securities	1	1
Bonds and similar	**19 214**	**17 885**
Bonds	19 142	17 771
Accrued interest on bonds	72	114
Total debt securities (*)	**23 296**	**21 339**
(*) Of which related parties	*88*	*97*

(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 10 : Adjustment accounts & miscellaneous liabilities

In millions of euros	06/2018	12/2017
Taxes payable	**583**	**558**
Current tax liabilities	137	108
Deferred tax liabilities	428	422
Taxes payable other than on current income tax	18	28
Adjustment accounts and other amounts payable	**1 490**	**1 632**
Social security and employee-related liabilities	46	51
Other sundry creditors	694	659
Adjustment accounts - liabilities	401	377
Accrued interest on other sundry creditors	335	542
Collection accounts	14	3
Total adjustment accounts - Liabilities and other liabilities (*)	**2 073**	**2 190**
(*) Of which related parties	*138*	*286*

Note 11 : Provisions

In millions of euros	12/2017	Charge	Reversals		Other (*)	06/2018
			Used	Not Used		
Provisions on banking operations	**442**	**140**	**(14)**	**(94)**	**(2)**	**472**
Provisions for signature commitments		3			3	6
Provisions for litigation risks	11	3		(1)	(4)	9
Insurance technical provisions	418	133	(14)	(94)		443
Other provisions	13	1		1	(1)	14
Provisions on non-banking operations	**100**	**10**	**(5)**	**(1)**	**(1)**	**103**
Provisions for pensions liabilities and related	51	4	(3)		1	53
Provisions for tax and litigation risks	45	6		(1)	(5)	45
Other	4		(2)		3	5
Total provisions	**542**	**150**	**(19)**	**(95)**	**(3)**	**575**

(*) 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 €443m at end-June 2018.

Note 12 : Impairments allowances to cover counterparty risk

In millions of euros	12/2017	Charge	Reversals		Other (*)	06/2018
			Used	Not Used		
Impairments on banking operations	**647**	**315**	**(247)**	**(43)**	**108**	**780**
Credit institutions transactions		1				1
Customer finance transactions	642	314	(247)	(43)	113	779
Securities transactions	5				(5)	
Impairment on non-banking operations	**2**	**3**			**3**	**8**
Provisions for signature commitments		3			3	6
Other impairment to cover counterparty risk	2					2
Impairment on banking operations	**11**	**3**		**(1)**	**(4)**	**9**
Provisions for litigation risks	11	3		(1)	(4)	9
Total provisions to cover counterparty risk	**660**	**321**	**(247)**	**(44)**	**107**	**797**

(*) 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 7.

Note 13 : Subordinated debt - Liabilities

In millions of euros	06/2018	12/2017
Participating loan stocks	13	13
Total subordinated liabilities	**13**	**13**

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 14 : 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 06/2018
Financial assets	**13 290**	**15 005**	**21 360**	**612**	**50 267**
Cash and balances at central banks	1 989		17		2 006
Derivatives	15	26	55	16	112
Financial assets	213	98	638	157	1 106
Amounts receivable from credit institutions	1 142	40	60		1 242
Loans and advances to customers	9 931	14 841	20 590	439	45 801
Financial liabilities	**15 511**	**4 386**	**20 844**	**4 515**	**45 256**
Central Banks			2 500		2 500
Derivatives	7	28	19	10	64
Amounts payable to credit institutions	538	697	1 191		2 426
Amounts payable to customers	13 182	1 748	1 327	700	16 957
Debt securities	1 784	1 913	15 807	3 792	23 296
Subordinated debt				13	13

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2017
Financial assets	**12 101**	**14 614**	**19 971**	**581**	**47 267**
Cash and balances at central banks	1 303				1 303
Derivatives	13	38	72		123
Financial assets	385	190	506	206	1 287
Amounts receivable from credit institutions	974	70	80		1 124
Loans and advances to customers	9 426	14 316	19 313	375	43 430
Financial liabilities	**14 665**	**5 616**	**18 180**	**3 797**	**42 258**
Central Banks			2 500		2 500
Derivatives	25	28	46	19	118
Amounts payable to credit institutions	690	726	1 028		2 444
Amounts payable to customers	12 459	1 354	1 331	700	15 844
Debt securities	1 491	3 508	13 275	3 065	21 339
Subordinated debt				13	13

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 15 : 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 - 30/06/2018	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**50 267**	**1 046**	**3 360**	**45 685**	**50 091**	**(176)**
Cash and balances at central banks	2 006		2 006		2 006	
Derivatives	112		112		112	
Financial assets	1 106	1 046		60	1 106	
Amounts receivable from credit institutions	1 242		1 242		1 242	
Loans and advances to customers	45 801			45 625	45 625	(176)
Financial liabilities	**45 256**	**13**	**45 279**		**45 292**	**(36)**
Central Banks	2 500		2 500		2 500	
Derivatives	64		64		64	
Amounts payable to credit institutions	2 426		2 364		2 364	62
Amounts payable to customers	16 957		16 957		16 957	
Debt securities	23 296		23 394		23 394	(98)
Subordinated debt	13	13			13	

(*) 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 - 31/12/2017	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**47 267**	**1 260**	**2 550**	**43 317**	**47 127**	**(140)**
Cash and balances at central banks	1 303		1 303		1 303	
Derivatives	123		123		123	
Financial assets	1 287	1 260		27	1 287	
Amounts receivable from credit institutions	1 124		1 124		1 124	
Loans and advances to customers	43 430			43 290	43 290	(140)
Financial liabilities	**42 258**	**13**	**42 494**		**42 507**	**(249)**
Central Banks	2 500		2 500		2 500	
Derivatives	118		118		118	
Amounts payable to credit institutions	2 444		2 445		2 445	(1)
Amounts payable to customers	15 844		15 844		15 844	
Debt securities	21 339		21 587		21 587	(248)
Subordinated debt	13	13			13	

(*) 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 2017 and at 30 June 2018 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 2017 and at 30 June 2018.

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 16 : 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 - 30/06/2018	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	**1 291**		**1 291**	**28**	**853**		**410**
Derivatives	112		112	28			84
Network financing receivables (1)	1 179		1 179		853		326
Liabilities	**64**		**64**	**28**			**36**
Derivatives	64		64	28			36

(1) The gross book value of dealer financing receivables breaks down into €867m for the Renault Retail Group, whose exposures are hedged for up to €694m by a cash warrant agreement given by the Renault manufacturer (see note 8.3) and €312m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €159m by pledge of *letras de cambio* subscribed to by the dealers.

In millions of euros - 31/12/2017	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	**1 342**		**1 342**	**41**	**864**		**437**
Derivatives	123		123	41			82
Network financing receivables (1)	1 219		1 219		864		355
Liabilities	**118**		**118**	**41**			**77**
Derivatives	118		118	41			77

(1) The gross book value of dealer financing receivables breaks down into €826m for the Renault Retail Group, whose exposures are hedged for up to €695m by a cash warrant agreement given by the Renault manufacturer (see note 11.3) and €393m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €169m by pledge of *letras de cambio* subscribed to by the dealers.

Note 17 : Commitments given

In millions of euros	06/2018	12/2017
Financing commitments	**2 731**	**2 314**
Commitments to customers	2 731	2 314
Guarantee commitments	**86**	**81**
Commitments to credit institutions	82	74
Customer guarantees	4	7
Other commitments given	**48**	**28**
Commitments given for equipment leases and real estate leases	48	28
Total commitments given (*)	**2 865**	**2 423**
(*) Of which related parties	*15*	*12*

Note 18 : Commitments received

In millions of euros	06/2018	12/2017
Financing commitments	**4 881**	**4 939**
Commitments from credit institutions	4 881	4 939
Guarantee commitments	**13 906**	**12 609**
Guarantees received from credit institutions	248	234
Guarantees from customers	6 187	5 919
Commitments to take back leased vehicles at the end of the contract	7 471	6 456
Other commitments received	**22**	
Other commitments received	22	
Total commitments received (*)	**18 809**	**17 548**
(*) Of which related parties	*4 708*	*4 235*

At 30 June 2018, RCI Banque had €4,876m in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also had €3,670m of receivables eligible as European Central Bank collateral (after haircuts and excluding securities and receivables already in use to secure financing at period-end).

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

Guarantees and collateral

Guarantees and 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 actively and rigorously manages its sureties, among other things by diversifying them (e.g. credit insurance, personal and other guarantees).

Note 19 : Interest and similar income

In millions of euros	06/2018	06/2017	12/2017
Interests ans similar incomes	**1 371**	**1 256**	**2 540**
Transactions with credit institutions	32	13	25
Customer finance transactions	1 022	956	1 934
Finance lease transactions	286	246	510
Accrued interest due and payable on hedging instruments	26	34	60
Accrued interest due and payable on Financial assets	5	7	11
Staggered fees paid for referral of business:	**(316)**	**(262)**	**(548)**
Customer Loans	(259)	(216)	(450)
Finance leases	(57)	(46)	(98)
Total interests and similar income (*)	**1 055**	**994**	**1 992**
(*) Of which related parties	*352*	*322*	*645*

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 20 : Interest expenses and similar charges

In millions of euros	06/2018	06/2017	12/2017
Transactions with credit institutions	(95)	(93)	(184)
Customer finance transactions	(66)	(62)	(126)
Finance lease transactions			(1)
Accrued interest due and payable on hedging instruments	(24)	(24)	(54)
Expenses on debt securities	(160)	(206)	(387)
Other interest and similar expenses	(10)	(8)	(17)
Total interest and similar expenses (*)	**(355)**	**(393)**	**(769)**
(*) Of which related parties	*(3)*	*(5)*	*(12)*

Note 21 : Fees and commissions

In millions of euros	06/2018	06/2017	12/2017	Proforma 06/2017
Fees and commissions income	**273**	**15**	**492**	**218**
Commissions	7	6	13	6
Fees	11	9	20	9
Incidental commissions from finance contracts	187		332	173
Commissions from service activities	35		62	30
Insurance brokerage commission	33		65	
Fees and commissions expenses	**(103)**	**(9)**	**(209)**	**(103)**
Commissions	(10)	(9)	(19)	(9)
Commissions on services related to finance contracts	(68)		(142)	(70)
Commissions on service activities	(25)		(48)	(24)
Total net commissions (*)	**170**	**6**	**283**	**115**
(*) Of which related parties	*6*	*5*	*6*	

To make the financial statements more transparent and easier to read, commissions from finance contracts, commissions from service activities, insurance brokerage commissions and other income and expenses have been reclassified for presentation reasons. Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities primarily concern insurance and maintenance contracts.

Note 22 : Net income or expense of other activities

In millions of euros	06/2018	06/2017	12/2017	Proforma 06/2017
Other income from banking operations	**469**	**607**	**786**	**404**
Incidental income from finance contracts		173		
Income from service activities	223	263	423	233
Income related to non-doubtful lease contracts	131	65	156	65
of which reversal of impairment on residual values	*12*	*6*	*15*	
Income from operating lease transactions	95	82	173	82
Other income from banking operations	20	24	34	24
of which reversal of charge to reserve for banking risks	*2*	*8*	*14*	
Other expenses of banking operations	**(355)**	**(373)**	**(682)**	**(279)**
Cost of services related to finance contracts		(70)		
Cost of service activities	(97)	(122)	(197)	(98)
Expenses related to non-doubtful lease contracts	(139)	(82)	(198)	(82)
of which allowance for impairment on residual values	*(12)*	*(23)*	*(60)*	
Distribution costs not treatable as interest expense	(47)	(34)	(139)	(34)
Expenses related to operating lease transactions	(64)	(53)	(118)	(53)
Other expenses of banking operations	(8)	(12)	(30)	(12)
of which charge to reserve for banking risks	*(1)*	*(6)*	*(14)*	
Other operating income and expenses		**2**	**4**	**2**
Other operating income	8	10	22	10
Other operating expenses	(8)	(8)	(18)	(8)
Total net income (expense) of other activities (*)	**114**	**236**	**108**	**127**
(*) Of which related parties	*(4)*	*1*	*(49)*	

Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities are presented in Note 21.

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

Note 23 : General operating expenses and personnal costs

In millions of euros	06/2018	06/2017	12/2017
Personnel costs	**(139)**	**(129)**	**(268)**
Employee pay	(95)	(86)	(182)
Expenses of post-retirement benefits	(9)	(10)	(16)
Other employee-related expenses	(32)	(34)	(67)
Other personnel expenses	(3)	1	(3)
Other administrative expenses	**(153)**	**(130)**	**(246)**
Taxes other than current income tax	(39)	(31)	(39)
Rental charges	(5)	(5)	(11)
Other administrative expenses	(109)	(94)	(196)
Total general operating expenses (*)	**(292)**	**(259)**	**(514)**
(*) Of which related parties	*2*	*(2)*	

Other personnel expenses include amounts charged to and reversed from provisions for restructuring, for the *Compte Epargne Temps* (work-time savings account) and for personnel-related risks.

Note 24 : Cost of risk by customer category

In millions of euros	06/2018	06/2017	12/2017
Cost of risk on customer financing	**(82)**	**(44)**	**(58)**
Impairment allowances	(239)	(100)	(202)
Reversal of impairment	204	108	234
Losses on receivables written off	(63)	(67)	(120)
Amounts recovered on loans written off	16	15	30
Cost of risk on dealer financing	**9**	**(10)**	**15**
Impairment allowances	(59)	(39)	(50)
Reversal of impairment	68	37	76
Losses on receivables written off	(1)	(9)	(12)
Amounts recovered on loans written off	1	1	1
Other cost of risk	**(7)**	**(1)**	**(1)**
Change in allowance for impairment of other receivables	(3)	(1)	(1)
Other valuation adjustments	(4)		
Total cost of risk	**(80)**	**(55)**	**(44)**

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

Note 25 : Income tax

In millions of euros	06/2018	06/2017	12/2017
Current tax expense	**(152)**	**(157)**	**(246)**
Current tax expense	(152)	(157)	(246)
Deferred taxes	**(19)**	**(25)**	**(83)**
Income (expense) of deferred taxes, gross	(19)	(25)	(83)
Total income tax	**(171)**	**(182)**	**(329)**

The RCI Banque group's effective tax rate was 27.66% at 30 June 2018, compared with 33.89% at 30 June 2017 and 30.59% at 31 December 2017

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 €-3 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.

Since 2016, the group's effective tax rate has taken into account the effect of the decrease in the corporate income tax rate under France's Finance Law. At end-June 2018, this impact generated a deferred tax income of +€42m.

Note 26 : Events after the end of the reporting period

No events occurred between the reporting period end date and 24 July 2018, when the Board of Directors approved the financial statements that might have a significant impact on the financial statements ended 30 June 2018.