



FIRST HALF CONSOLIDATED FINANCIAL STATEMENT

• **2018** •

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SUMMARY

First half 2018 financial report



1. Statement by the Company's legal representative for the financial report	4
2. Management report on the consolidated financial statements of ONEY BANK	5
A] The economic environment	6
B] Highlights and activity of the period	6
C] Outlook for 2018	7
D] Main risks to which ONEY Bank is subject to	8
E] Equity management	8
3. Consolidated financial statements	10
A] Consolidated balance sheet - Assets	10
B] Consolidated balance sheet - Liabilities and shareholder's equity	11
C] Consolidated income statement	12
D] Consolidated statement of comprehensive income	13
E] Cash flow statement	14
F] Statement of changes in shareholders' equity	15
4. Note to the consolidated financial statements	17
5. Statutory Auditors' report on the consolidated financial statements	56

STATEMENT BY THE COMPANY'S
LEGAL REPRESENTATIVE FOR
THE FIRST-HALF 2018 FINANCIAL REPORT

pursuant to Article 3(2)(C)
of the French Transparency Act
(Loi Transparence)



Name

Jean-Pierre Viboud, Chief Executive Officer of Oney Bank

Attestation du Responsable

« I hereby declare that, to the best of my knowledge, the consolidated half-year financial statements of Oney Bank at 30 June 2018 have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profits or losses of the Company and of all companies included in its scope of consolidation, and that this management report accurately presents the Company's business development and results, its situation/position and that of all the companies included in the consolidation scope, as well as a description of the main risks and uncertainties they face. »

Croix, 23 August 2018

JEAN-PIERRE VIBOUD

CEO

ONEY BANK

ONEY BANK

Limited company (Société Anonyme) with a Board of Directors

With a share capital of 50,741,215 euros

40 Avenue de Flandre 59170 CROIX

Lille Métropole trade and companies register B 546 380 197

MANAGEMENT REPORT ON THE CONSOLIDATED HALF FIRST YEAR STATEMENTS

**for the period ending
30 june 2018**

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A] The economic environment

The unemployment rate in the eurozone continues to decline. In May 2018, it stood at 8.4% across the 19 countries in the eurozone. France was slightly above the currency union's average with an unemployment rate of 9.2%.

The Organisation for Economic Co-operation and Development has published its forecasts for 2018 and 2019. The global economy is expected to grow by 3.9 %, but protectionist tensions have increased and are threatening medium-term prospects.

In 2017, global growth was at its strongest in six years at 3.7%, and this trend is expected to continue and increase in 2018 and 2019, with an expected global growth of 3.9%, an upward revision. Robust global trade, a recovery in investment and high levels of consumer and household confidence have supported this trend, as well as recently announced tax cuts and spending increases in the United States. In the eurozone, the OECD has made bold upward revisions for Germany, as well as for France, helped by the impact of recent reforms. The French economy is expected to grow by 2.2% in 2018 and 1.9% in 2019, an increase of 0.4 and 0.2 points respectively compared to the latest forecasts.

Consumer credit has continued to rise in France and the eurozone, mainly driven by instalment loans (+5.1%) and finance leasing (+36.4%) while the outstanding amount of revolving loans continues to decline on a one-year period..

B] Highlights and activity of the period

REFINANCING:

- **S&P RATING:** In March 2018, Standard & Poor's lowered the ONEY Group's long-term rating to BBB with a stable outlook. The short-term rating is confirmed as A-2. The Bank's «core business» status with regards to Auchan Holding has been confirmed.
- **LIQUIDITY MANAGEMENT:** To guarantee its liquidity risk, Oney Bank has confirmed bank credit facilities of €1,170 million (including €289 million in use at 30 June 2018), €1,011 million of which has a residual maturity of more than a year.
Oney Bank has access to the exceptional liquidity measures put in place by the European Central Bank (ECB) through the mobilisation of securities at REPO rate issued by «Oneycord Compartiment 1», a group-owned mutual securitisation fund. At 30/06/2018 Oney Bank had used €355 million of its €487.1 million drawdown capacity.
- **REFINANCING STRUCTURE:** Since April 2017, Oney Bank has been offering term deposit accounts to individual German tax residents in collaboration with a German fintech. As at 30 June 2018, the outstanding deposits amounted to €585 million.

The bank's outstanding bond refinancing amounted to €250 million on 30 June 2018.

HIGHLIGHTS AND ACTIVITY

The first half of 2018 has been all about the acceleration of Oney's human and digital transformation. The flagship product 3x 4x Oney, an online and offline split payment solution, has been widely deployed, with 32 new retail partners now using this solution in France alone. In Spain, 19 new partners have joined Oney since 1st January 2018. In total, nearly 400 retail and e-commerce partners now offer this split payment solution to their customers.

June 2018 saw the product's international development reach new heights, with Italy becoming the third Oney country to market the 3x 4x Oney payment solution. In July 2018, it will be Belgium's turn, a new Oney country.

As well as attracting new partners, the first half of 2018 was also about renewing and strengthening historical partnerships, notably with Leroy Merlin, Norauto and Alinéa, who have renewed

their confidence in Oney by contracting long-term relationships and expanding the range of Oney solutions offered to their customers.

Oney's digital transformation is underway. New websites offering more features have been launched in Italy and Romania, and at Group level, a new corporate website, a twitter account and an official linkedin page have been launched to strengthen Oney's international image. In January 2018, only few weeks after its launch, the Portuguese customer app reached 500,000 users.

Our human transformation has also made excellent progress: the wage structure of employees has changed, putting the collective interest above individual interests; the training policy has been revised; and the working environment has been redesigned in several countries (France, Spain and Portugal). In all Oney countries, employees are holding working groups to try and change our collaborative and organisational approach. Oney France has been recognised as a Top Employer, receiving the award for the second year in a row.

CSR actions have increased in all countries, in our will to have a stronger positive local impact. At the same time, our teams have worked on drafting an integrated CSR policy, which will be finalised during the second half of the year.

Finally, in the first half of this year, Oney announced that it is studying the possibility of forming strategic partnerships in order to speed up its international development and its human and digital transformation, in addition to its original business.

RESULTS AND KEY FIGURES FOR THE GROUP:

Key figures for ONEY BANK at 30 June 2018 are as follows:

- Net Banking Income of €218.1 million, up 5.6% compared to June 2017 (€206.4 million).
- A cost of risk of €33.9 million in June 2018, up 17.1% compared to 30 June 2017 (€29.0 million).
- Net income of €30.5 million, up 17.3% compared to 30 June 2017 (€26.0 million).
- Overall gross outstanding debt for the bank of €2.8 billion, up 5.0% compared to June 2017.
- Net recruitment of 300,000 new customers across the 11 countries where the Bank currently operates (France, Portugal, Spain, Poland, Italy, Hungary, Russia, Malta, Romania, China and Ukraine), bringing their number to 10 million.

EVENTS OCCURRING AFTER THE REPORTING PERIOD:

There are no events after the reporting period likely to have a significant impact on the 30 June 2018 consolidated financial statements.

C] Outlook for 2018

THE MAIN UNCERTAINTIES FOR THE REMAINDER OF 2018 ARE:

- Latent economic, political and financial tension in the eurozone and internationally.

THE MAIN PROJECTS IN PROGRESS IN 2018 ARE:

- A global digital transformation of our business.
- An expanded insurance offer.
- External growth.

D] Main risks to which oney bank is subject to

LIQUIDITY RISK EXPOSURE:

In order to limit its liquidity risk, Oney Bank has adopted a cautious refinancing policy:

- Diversification of financing methods and banking counterparties to ensure a satisfactory distribution of funding in accordance with the recommendations of the French Banking and Financial Regulation Committee (Comité de Réglementation Bancaire et Financière).
- 100% coverage of the average refinancing requirement with resources drawn at more than one year and confirmed bank lines.

Oney Bank is required to comply with the Basel III Liquidity Coverage Ratio (LCR). As such, since 30 September 2015, it has continually held high-quality liquid assets (HQLA) enabling it to meet its 30-day net cash outflows in a stressed scenario. Since 1st January 2018, in accordance with the regulations in force, Oney Bank has complied with the minimum coverage of 100% of net cash outflows for a 30-day period.

Oney Bank is required to comply with a single covenant to maintain the refinancing facilities provided as part of the Club Deal (confirmed syndicated loan facility of 500 million euros) and certain confirmed credit lines. The ratio is defined as follows: Total credit outstanding > Net financial debt, i.e. amounts owing to credit institutions plus debt in the form of securities, minus the credit balances in bank accounts (cash accounts, central banks and postal accounts), investments and receivables from credit institutions and the gross value of HQLAs.

INTEREST RATE RISK EXPOSURE:

Oney Bank's financial policy is designed to protect its financial returns against future fluctuations in interest rates. It therefore hedges against the interest rate risk from its outstanding fixed-rate loans. Interest rate risk on outstanding variable-rate loans is hedged as the opportunity arises, since Oney Bank is able to pass on any rate increases to its customers.

CREDIT RISK EXPOSURE:

By implementing effective action plans for loan approval and risk management systems, Oney Bank has continued to pursue its credit risk reduction targets.

E] Equity management

In accordance with the prudential regulations that transpose the European directives on the «capital adequacy of investment firms and credit institutions» into French law, Oney Bank is required to comply with the solvency ratio and ratios on liquidity, the division of risk and balance sheet stability.

Oney Bank's equity is managed in such a way as to meet the prudential capital standards required by European regulations in order to hedge against risks weighted in terms of credit risk, operational risk and market risk. To ensure compliance with its solvency ratio, Oney Bank carries out a comprehensive projection of its equity once a year at the time of establishing the plan and monitors it more regularly at each quarterly closing date.

Since 2014, the level of equity has been based on Basel III regulations.

The decree of 26 June 2013 transposes the European Capital Requirements Directive (CRD - 575/2013 and 2013/36/EU) into French regulations. The document defines the «capital requirements applicable to credit institutions and investment firms» and the methods for calculating the solvency ratio from 1st January 2014 onwards.

In accordance with these provisions, since 2014 Oney Bank has incorporated the impacts of switching to the new European CRD Directive into its equity and risk management approaches.

Equity is broken down into two categories:

- Tier 1 capital, made up of two parts:
 - Common Equity Tier 1 (CET 1) corresponding to shareholders' equity, group share, and adjusted for unrealised gains and losses,
 - Additional Tier 1 (AT1) corresponding to perpetual debt instruments,
- Tier 2 capital corresponding to subordinated debt.

LEVEL OF PRUDENTIAL CAPITAL CALCULATED IN ACCORDANCE WITH REGULATIONS:

In millions of euros	30/06/2018	31/12/2017
Consolidated equity, group share	554.5	579.3
Distributable dividends	-9.1	-11.1
Cash flow hedge reserves	1.0	+1.0
IRBA		-15.1
Intangible assets and goodwill	-49.0	-42.4
Deferred taxes related to tax losses	-7.8	-3.9
Adjustments related to the transition period	1.6	3.7
TIER 1 CAPITAL	491.0	511.5
Subordinated debt (excluding additional deductions)	0.1	0.2
Adjustments related to the transition period	7.1	-0.2
TIER 2 CAPITAL	7.1	0.0

Regulatory capital at the end of June 2018 amounted to €498.2 million, compared to €511.5 million in December 2017. In 2018, like in 2017, Oney Bank complied with these regulatory requirements.

CONSOLIDATED RATIOS

	BASEL 3 JUNE 2018	BASEL 3 DECEMBER 2017	BASEL 3 DECEMBER 2016	BASEL 3 DECEMBER 2015
Ratio / Tier 1	16.3%	17.0%	16.3%	15.2%
Ratio / Tier 2	0.2%	0.0%	0.0%	0.0%
Basel solvency ratio	16.6%*	17.0%	16.3%	15.2%
Liquidity Ratio				368%
LCR	126.6%	100.5%	93.8%	91.5%

* The solvency ratio for 2018 is 16.6% after the dividend distribution planned for 2019, and 16.9% before the dividend distribution planned for 2019

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

for the first half of 2018



A] Consolidated balance sheet - Assets

ASSETS (in €K)	EU IFRS 30/06/2018		EU IFRS 01/01/2018		EU IFRS 31/12/2017	
Cash accounts, central banks		285,874		352,746		352,746
Financial assets at fair value through profit or loss		3,265		2,813		
Financial assets held for trading	0		0	0		0
Other financial assets at fair value through profit or loss	3,265		2,813	0		0
Available-for-sale financial assets		0		0		3,619
Derivative hedging instruments		1,501		956		956
Financial assets measured at fair value through capital		813		806		
Debt instruments measured at fair value through reclassification of capital	0		0			
Equity instruments measured at fair value through equity that cannot be reclassified	813		806			
Financial assets measured at amortised cost		2,558,886		2,547,223		
Debt securities	0		0			
Loans and receivables - Credit institutions	221,783		137,956			137,956
Loans and receivables - Customers	2,337,103		2,409,268			2,475,532
Financial assets held to maturity		0		0		0
Investments in associates		3,667		2,317		2,317
Property, plant and equipment		40,494		41,850		41,850
Intangible assets		18,855		17,488		17,488
Goodwill		31,478		26,443		26,443
Deferred tax assets		47,362		51,380		29,601
Current tax assets		15,125		6,014		6,014
Other assets and accruals		334,292		366,308		366,308
Subscribed capital not paid		0		0		0
<i>Non-current assets and disposal groups classified as held for sale (IFRS 5 in progress)</i>						
TOTAL ASSETS		3,341,612		3,416,344		3,460,830

OFF-BALANCE SHEET	30/06/2018		01/01/2018		31/12/2017	
COMMITMENTS GIVEN		6,959,383		6,734,631		6,734,631
Financing commitments		6,909,582		6,684,517		6,684,517
to credit institutions						
to customers	6,909,582		6,684,517		6 684,517	
Guarantees		49,801		50,114		50,114
to credit institutions	49,685		49,998		49,998	
to customers	117		117		117	

B] Consolidated balance sheet - Liabilities and shareholder's equity

LIABILITIES (in K€)	EU IFRS 30/06/2018		EU IFRS 01/01/2018		EU IFRS 31/12/2017	
Central bank deposits						
Financial liabilities at fair value through profit or loss						
Derivatives		2,001		3,884		3,884
Financial liabilities measured at amortised cost		2,525,475		2,574,855		2,574,855
Amounts owing to credit institutions	730,770		869,600		869,600	
Customer debts and deposits	991,549		1,123,626		1,123,626	
Debt securities	802,176		580,649		580,649	
Subordinated debt	980		980		980	
Provisions		9,340		11,107		11,107
Technical reserves of insurance contracts		30,538		24,558		24,558
Technical reserves	30,538		24,558		24,558	
Amounts owing to reinsurers	0		0		0	
Current tax liabilities		11,190		11,975		11,975
Deferred tax liabilities		69		92		87
Accruals and other liabilities		206,443		252,319		252,319
Total Liabilities		2,785,057		2,878,790		2,878,785
SHAREHOLDERS EQUITY (in K€)						
Shareholders equity, Group share		554,465		534,782		579,273
Subscribed capital and issue premiums	108,047		108,047		108,047	
<i>Subscribed capital</i>	50,741		50,741		50,741	
<i>Issue premium</i>	57,306		57,306		57,306	
Other equity						
Revaluation reserves	0		0		0	
Reserves	416,105		389,842		434,333	
Net profit	30,312		36,893		36,893	
Minority interests		2,091		2,772		2,772
Total equity		556,555		537,554		582,045
TOTAL LIABILITIES, SHAREHOLDERS EQUITY		3,341,612		3,416,344		3,460,830
OFF-BALANCE SHEET						
COMMITMENTS RECEIVED		1,347,714		1,367,923		1,367,923
Financing commitments		1,332,050		1,350,447		1,350,447
Received from credit institutions	881,000		899,350		899,350	
Received from customers	451,050		451,097		451,097	
Guarantees		6,301		8,112		8,112
Received from credit institutions	6,301		8,112		8,112	
Received from customers	0		0		0	
Commitments on securities		9,364		9,364		9,364
Securities receivable	9,364		9,364		9,364	

C] Consolidated income statement

FINANCIAL AND OPERATING INCOME AND EXPENSES (in K€)	EU IFRS 30/06/2018		EU IFRS 31/12/2017		EU IFRS 30/06/2017	
Interest and similar income		126,695		241,376		120,221
Of which interest and similar income on transactions with credit institutions	279		462		673	
Of which interest and similar income on customer transactions	126,169		240,581		119,547	
Of which interest on variable-income securities	247		333		1	
Interest and similar expenses		9,678		17,281		7,775
Of which interest and similar expenses on transactions with credit institutions	3,786		5,925		2,774	
Of which interest and similar expenses on customer transactions	4,312		6,167		2,154	
Of which interest and similar expenses on bonds and other fixed-income securities	1,581		5,188		2,848	
Net interest margin		117,016		224,095		112,446
Fee and commission income	62,984		123,618		64,399	
Fee and commission expenses	15,672		35,431		19,261	
Margin on commissions		47,312		88,187		45,138
Net gains or losses on available-for-sale financial assets				0		0
Net gains or losses on financial assets at fair value through profit or loss		452				
Return on equity measured in equity that cannot be reclassified (Dividends)		22				
Net gains or losses resulting from the derecognition of financial assets at amortised cost						
Net gains or losses on financial instruments at fair value through profit or loss		-1,919		-5,298		-2,722
Gains on financial instruments	174		1,075		2,362	
Losses on financial instruments	2,093		6,373		5,084	
Net foreign exchange differences		-21		-68		-84
Revenue from other activities		68,921		129,824		60,087
Expenses for other activities		13,730		20,461		8,464
NET BANKING INCOME (in K€)		218,053		416,279		206,400
General operating expenses		145,195		291,034		138,278
Of which personnel expenses	60,856		116,425		56,609	
Of which other administrative costs	84,339		174,610		81,669	
Depreciation, amortisation and impairment of intangible and tangible assets		3,398		9,137		3,496
Of which depreciation of fixed assets	5,141		9,589		4,497	
Of which provisions net of reversals	-1,743		-452		-1,001	
Of which provisions net of reversals for impairment	0					
GROSS OPERATING PROFIT		69,460		116,108		64,627
Cost of risk		33,933		58,380		28,982
OPERATING PROFIT		35,527		57,728		35,645
Share of net profit (loss) of associates		1,325		-4,684		-606
Gains or losses on fixed assets		0		-152		0
Change in value of goodwill		0		0		0

	EU IFRS 30/06/2018		EU IFRS 31/12/2017		EU IFRS 30/06/2017	
TOTAL PROFIT FROM OPERATIONS BEFORE TAX		36,852		52,892		35,039
Tax expense (income) on profits from operations		6,378		14,769		9,065
TOTAL PROFIT FROM OPERATIONS AFTER TAX						
<i>Net income from discontinued or held-for-sale operations (IFRS 5 in progress)</i>				0		0
TOTAL PROFIT		30,474		38 123		25 974
Net profit, Group share	30,312		36,893		25,946	
Minority interests	162		1,230		28	
Number of shares	1,449,749		1,444,410		1,444,410	
The Group's share of net profit per share	20.91		25.45		15.79	

D] Consolidated statement of comprehensive income or the first half of 2018

(in K€)	30/06/2018			31/12/2017		
	Before tax	Tax (Expense) income	After tax	Before tax	Tax (Expense) income	After tax
Profit for the period (excluding profit from discontinued and held-for-sale operations)	36,852	(6,378)	30,474	52,892	(14,769)	38,123
Items to be reclassified						
Foreign exchange rate differences from foreign operations	(1,220)		(1,220)	(513)		(513)
Change in the fair value of financial instruments (cash flow hedge)	199	(68)	130	1,146	(394)	751
Change in the fair value of available-for-sale securities				736	(188)	548
Other	147		147	(103)		(103)
Items that are unable to be reclassified to profit or loss						
Actuarial gains (losses) on defined benefit plans				335	(208)	127
Change in the fair value of financial assets measured in equity that cannot be reclassified						
Other comprehensive income for the period	(874)	(68)	(942)	1,601	(791)	810
Comprehensive income for the period	35,979	(6,446)	29,532	54,493	(15,560)	38,933
Attributable to:						
Owners of the Parent Company			29,728			37,900
Minority interests			(196)			1,034
Comprehensive income for the period			29,532			38,933

E] Cash flow statement for the first half of 2018

In thousands of euros		30/06/2018		30/06/2017	
Net profit (loss) before tax	A		36,852		35,039
Removal of non-monetary items:	B		-12,417		-63,779
Depreciation and amortisation of intangible and tangible assets		5,141		4,497	
Provisions net of reversals on customer receivables		-14,912		-67,920	
Provisions net of reversals on provisions for risks and charges		-1,748		-962	
Capital gains or losses		0		0	
Net income from discontinued operations					
Other movements		-898		605	
Income from operations excluding non-monetary items	A+B		24,436		-28,740
Increase in assets/decrease in liabilities (-)					
Decrease in assets/increase in liabilities (+)					
Cash flow from operations					
Loans and advances to customers	C	83,778		126,387	
Receivables/payables - credit institutions	C	-129,146		-93,876	
Receivables/payables - customers (including corporate)	C	-134,549		176,600	
Debt securities	C	224,333		-167,509	
Financial assets and liabilities	C	-5,401		-2,700	
Non-financial assets and liabilities	C	-7,367		-2,947	
Taxes paid	C	-11,306		-11,164	
Other movements	C	-58		2	
Net cash flow from operating activities	D=A+B+C		44,719		-3,947
Cash flow from investment activities					
Cash flow related to intangible and tangible investments		-5 197		-5,136	
Cash flow related to long-term investments and equity interests		0		0	
Other movements		0		8	
Changes to consolidation scope		-4 698			
Net cash flow from investment activities	E		-9,895		-5,129
Cash flow from financing activities					
Dividends paid to shareholders		-11,397		-15,963	
Dividends paid to minority shareholders		-1,129		-1,374	
Capital increases					
Other		-179		-1,475	
Net cash flow from financing activities	F		-12,705		-18,812
Net cash flow from operating activities	D		44,719		-3,947
Net cash flow from investment activities	E		-9,895		-5,129
Net cash flow from financing activities	F		-12,705		-18,812
Effects of exchange rate fluctuations			-424		146
Net increase/decrease in cash flow			21,696		-27,743
Cash and cash equivalents, start of period			478,658		413,698
Cash and cash equivalents, end of period			500,354		385,955
Net increase/decrease in cash flow			21,696		-27,743

F] Statement of changes in shareholders' equity

In thousands of euros	Capital and reserves							
	Group share					Minority interests		
	Capital	Premium	Reserves	Profit (loss)	Total	Reserves	Profit (loss)	Total
Situation at 31 December 2016	50,602	55,739	371,319	80,552	558,212	1,769	1,723	3,492
Appropriation of 2015 income			80,552	-80,552	-	1,723	-1,723	-
Capital increase and rights issues					-			-
Impact of cash flow hedge			694		694			-
Translation adjustment			-253		-253	-40		-40
Other					-			-
Stock options					-			-
Misc - Tax credit payment					-			-
Misc - Natural Security			-		-	-		-
Misc - Auchan dividends			-15,963		-15,963			-
Misc - Géfirus					-			-
Misc - Put option on Hungary minorities					-	953		953
Misc - Hungary dividends					-	-1,374		-1,374
Misc - Poland dividends					-	-		-
Misc - IFC Actuarial gains (losses) on retirement benefits					-			-
Misc - Available-for-sale securities			358		358			-
Misc - Other			-299		-299	-50		-50
Net profit (loss) at 30 June 2017				25,946	25,946		28	28
Situation at 30 June 2017	50,602	55,739	436,408	25,946	568,694	2,980	28	3,008
Appropriation of 2016 income					-			-
Capital increase and rights issues	139	1,567			1,707			-
Impact of cash flow hedge			57		57			-
Translation adjustment			-109		-109	-110		-110
Other			-		-			-
Stock options			0		0			-
Misc - Tax credit payment			-3,068		-3,068			-
Misc - Natural Security			-		-	41		41
Misc - Auchan dividends			-		-			-
Misc - Géfirus			674		674	-674		-674
Misc - Put option on Hungary minorities			-		-	-701		-701
Misc - Hungary dividends			-		-	-		-
Misc - Poland dividends			-		-			-
Misc - IFC Actuarial gains (losses) on retirement benefits			127		127			-
Misc - Available-for-sale securities			190		190			-
Misc - Other			54		54	5		5
Net profit (loss) as at 31 December 2017				10,947	10,947		1,202	1,202

In thousands of euros	Capital and reserves							
	Group share					Minority interests		
	Capital	Premium	Reserves	Profit (loss)	Total	Reserves	Profit (loss)	Total
Situation at 31 December 2017	50,741	57,306	434,333	36,893	579,273	1,542	1,230	2,772
Appropriation of 2017 income			-36,893	36,893	-	1,230	-1,230	-
Capital increase and rights issues					-			-
Impact of cash flow hedge			130		130			-
Translation adjustment			-813		-813	-407		-407
Other					-			
Stock options					-			
Misc - Tax credit payment			1,058		1,058			
Misc - Impact of the application of IFRS 9 *			- 44,167		-44,167	-324		-324
Misc - Auchan dividends			- 11,397		-11,397			
Misc - Géfirus					-			
Misc - Put option on Hungary minorities					-	951		
Misc - Hungary dividends					-	-1,129		-1,129
Misc - Poland dividends					-			
Misc - IFC Actuarial gains (losses) on retirement benefits					-			
Misc.-JV liabilities through equity that cannot be reclassified**					-			
Misc - Other			68		68	65		65
Net profit (loss) as at 30 June 2018				30,312	30,312		162	162
Situation at 30 June 2018	50,741	57,306	342,320	104,097	554,465	1,929	162	2,091

* Details of the impact of the application of IFRS 9 on equity are presented in note 8.2 dealing with the effects of the application of IFRS 9 as of 1 January 2018.

** Following the application of IFRS 9, AFS securities recorded at fair value through equity under IAS 39 are now reported as debt instruments at fair value through non-reclassified equity or securities at fair value through profit or loss (see note 8.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the first half of 2018



(Figures in thousands of euros - €K or millions of euros - €M)



NOTE 1: Summary of the group	19
NOTE 2: Highlights and major changes in the consolidation scope	19
NOTE 3: Rules and methods	20
NOTE 4: Seasonality of business	28
NOTE 5: Unusual items	28
NOTE 6: Derivatives	28
NOTE 7: Loans and receivables - credit institutions	29
NOTE 8: Loans and receivables - customers	29
NOTE 9: Goodwill	34
NOTE 10: Deferred taxes	34
NOTE 11: Financial liabilities measured at amortised cost	35
NOTE 12: Provisions for risks and charges	36
NOTE 13: Technical reserves with insurers and liabilities towards reinsurers ...	36
NOTE 14: Shareholders' Equity - Group share	37
NOTE 15: Minority interests	40
NOTE 16: Off-balance sheet commitments	41
NOTE 17: Interest income and expenses	41
NOTE 18: Commission income and expenses	42
NOTE 19: Other banking operating income and expenses	42
NOTE 20: Personnel expenses	42
NOTE 21: Cost of risk	43
NOTE 22: Corporation tax	43
NOTE 23: Miscellaneous	44
NOTE 24: Sector information	44
NOTE 25: Fair value	45
NOTE 26: Risk management and exposure	47
NOTE 27: Related party transactions	53
NOTE 28: Documents available to the public	55

NOTE 1: SUMMARY OF THE GROUP

Oney Bank S.A., registered under number 546 380 197 00105, is a French Société Anonyme (limited company) with a Board of Directors and whose registered address is 40, Avenue de Flandre, Croix (59170), France.

It specialises in all types of banking transaction and banking-related operations including the receipt and transmission of orders on behalf of third parties, insurance brokerage and the representation of all insurance firms.

It is 96.6% owned by Auchan Holding, a French Société Anonyme (public limited company) with a Board of Directors, and whose registered address is 40, Avenue de Flandre, Croix (59170), France.

NOTE 2: MAIN EVENTS AND MAJOR CHANGES TO THE CONSOLIDATION SCOPE

1. Main events:

- **S&P rating:**

In March 2018, Standard & Poor's lowered the Oney Group's long-term rating to BBB with a stable outlook. The short-term rating is confirmed as A-2. The Bank's «core business» status with regard to Auchan Holding has been confirmed.

- **The introduction of IFRS 9 for financial instruments:**

The Oney Group has implemented the standard in a timely manner, with active involvement from accounting, risk and IT functions as well as all the countries concerned. Work has primarily focused on changes brought about by:

- New criteria for the classification and valuation of financial assets;
- The overhaul of the credit risk model, enabling the Group to switch from provisioning for proven credit losses to provisioning for expected credit losses (ECL). This new ECL approach aims to recognise expected credit losses as early as possible, without waiting for a «triggering» event showing proven credit loss. It is based on a wide range of information, including historical and current loss data, cyclical and structural adjustments, and loss forecasts based on reasonable scenarios.

A description of the new Group impairment model is provided in Note 3.2.

The calculated impact of the first-time application of IFRS 9, based on the consolidated financial statements at 1st January 2018, shows a €66 million increase in provisions net of off-balance sheet outstandings reintegrations recognised in consolidated shareholders' equity. The impact measurement is described in section 8.2 «Impairment of receivables».

- **The first-time application of IFRS 15 on revenue from contracts with customers:**

This standard, prepared by the IASB and the FASB, aims to converge the recognition of revenue from contracts with customers. The standard will improve financial disclosure on revenue and its recognition in financial statements worldwide.

Given that the standard does not apply to financial instruments (IFRS 9), contracts (IFRS 4) or leases (IAS 17), the Oney Group has not recognised the impact of first applying this new standard on its consolidated financial statements because it is deemed insignificant.

A description of the standard is provided in Note 3.2.

- Following the end of the 2017 partnership between Oney Poland and CABP, an exit fee was paid by CABP in May 2018 and recorded as net banking income.

2. Changes to the consolidation scope:

- **Additions to the consolidation scope/Integration of new companies:**
Acquisition of ICI, an affinity insurance specialist, in January 2018.
- **Changes in percentage interest:**
FIA-NET/ONEY Tech merger in the first half of 2018. The resulting company will be called ONEY Trust.
- **Removals from the consolidation scope:**
No companies left the consolidation scope in the first half of 2018.

3. Events after the reporting period:

There are no events after the reporting period likely to have a significant impact on the 30 June 2018 consolidated half-year financial statements.

4. Approval of the financial statements:

The condensed consolidated half-year financial statements were approved by the Board of Directors on 23 August 2018.

NOTE 3:

RULES AND METHODS

1. Statement of compliance

The Oney Group's condensed consolidated financial statements for the period ending 30 June 2018 have been prepared and are presented in accordance with the IAS 34 standard on interim financial reporting, which determines the minimum information content and sets out the accounting and valuation principles to be applied in interim financial reports.

The standards and interpretations used for the preparation of the condensed consolidated half-year financial statements are the same as those used by the Oney Group for the preparation of its consolidated financial statements for the period ending 31 December 2017, with the exception of new standards with mandatory application from 1st January 2018, drawn up in accordance with EC Regulation 1606/2002, as well as IAS/IFRS requirements and IFRIC interpretations as adopted by the European Union (the «carve out» version, in which certain exemptions are made in the application of IAS 39 for macro-hedge accounting).

This regulation was supplemented by the regulation of 29 September 2003 (EC 1725/2003) on the application of international accounting standards and the regulation of 19 November 2004 (EC 2086/2004) on the adoption of standard 39 in an amended form.

The new standards, amendments and interpretations (in addition to the 2010-2012 and 2012-2014 annual improvements to the standards) required for reporting periods beginning on or after 1 January 2018 are:

STANDARDS, AMENDMENTS AND INTERPRETATIONS	Date of publication by the European Union
IFRS 9 Financial Instruments The purpose of IFRS 9 is to replace the standard IAS 39. IFRS 9 - Stage 1 sets out the new rules for classifying and measuring financial assets and financial liabilities. Added to this is the impairment framework for credit risk (IFRS 9 - Stage 2), as well as the treatment of hedging transactions (IFRS 9 - Stage 3).	1 st January 2018
IFRS 15 Revenue from Contracts with Customers This standard, prepared by the IASB and the FASB, aims to converge the recognition of revenue from contracts with customers. The standard will improve financial disclosure on revenue and its recognition in financial statements worldwide.	1 st January 2018
IFRC 22 Foreign Currency Transactions and Advance Consideration The exchange rate to be used when an advance payment is made prior to completion of a transaction.	1 st January 2018
Amendment to IFRS 2 Share-based Payment Clarification on the valuation of cash-settled plans including conditions of presence and performance. Clarification on the recognition of a change from a cash-settled plan to an equity-settled plan.	1 st January 2018
Amendment to IAS 40 Transfers of Investment Property Clarification on transfer conditions between different asset classes.	1 st January 2018
Amendment to IAS 28 Investments in Associates and Joint Ventures An investor must apply the provisions of IFRS 9 Financial Instruments to long-term interests in an associate and joint ventures.	1 st January 2018

The standards, amendments to existing standards and interpretations adopted by the European Union but whose application was not mandatory at 1st January 2018 have not been taken into account.

Nor do these financial statements take into account any new standards, revisions to existing standards or interpretations issued by the IASB but not yet adopted by the European Union on the financial statement reporting date.

Standards, Amendments and Interpretations not adopted by the EU	Summary of the standard	Impact on the group
IFRS 16 Leases	<p>IFRS 16 Leases, published in January 2016, will replace IAS 17 Leases and accounting interpretations for such contracts. Under the new definition, leases must be recognised as an asset (or liability) and there is greater focus on the lessee's control of the right of use (ROU) asset.</p> <p>From the lessor's point of view, there should be limited impact, since the provisions selected remain largely unchanged from the current IAS 17 standard. For the lessee, the standard will require the recognition of all leases on balance sheet in the form of a ROU asset, recorded in the fixed assets and recognised as liabilities for rents and other payments to be made during the term of the lease. Depreciation of the ROU asset will be calculated on a straight-line basis and the financial debt actuarially over the term of the lease. This standard therefore mainly affects contracts that, under IAS 17, met the definition of single or operating leases and as such did not result in leased assets being recorded on balance sheet.</p> <p>IFRS 16 will enter into force on a mandatory basis for tax years beginning on or after 1 January 2019 and must first be adopted by the European Union for application in Europe.</p>	The Oney Group began analysing the standard and identifying its potential effects following its publication.
IFRS 4 Insurance Contracts	Amendments to the «application of IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts»	
IFRIC 23 Tax Uncertainties	Clarification of the principles for recognising and assessing tax risks in application of IAS 12 («Uncertainty over income tax treatments»)	

2. Comparability and changes in accounting policy

- **Comparability:**

The accounting policies used by the Oney Group for preparing its condensed consolidated half-year financial statements are the same as those used in the consolidated financial statements for the year ended 31 December 2017 with the exception of specific provisions applicable to the preparation of interim financial statements and new mandatory standards.

The Oney Group's condensed consolidated half-year financial statements should be read in conjunction with the consolidated financial statements for the period ending 31 December 2017, which set out all the accounting policies applied, except for the new mandatory standards effective from 1st January 2018, which are presented in paragraph 3.1.

- **Changes in accounting policy:**

The accounting policy changes implemented by the Oney Group since 1st January 2018 relate to the application of IFRS 9 and IFRS 15.

- **Description of the new IFRS 9 accounting policy:**

IFRS 9 - Financial Instruments. IFRS 9 came into force on 1 January 2018. It was adopted by the European Union on 22 November 2016 and published in the Official Journal of the European Union on 29 November 2016.

The purpose of IFRS 9 is to replace the standard IAS 39. IFRS 9 - Stage 1 sets out the new rules for classifying and measuring financial assets and financial liabilities. Added to this is the impairment framework for credit risk (IFRS 9 - Stage 2), as well as the treatment of hedging transactions (IFRS 9 - Stage 3).

Financial assets are classified into three categories (amortised cost, fair value through profit or loss, and fair value through equity) based on the characteristics of their contractual cash flows and the manner in which the entity manages its financial instruments (business model).

Debt instruments (loans, receivables or debt securities) are recorded at amortised cost, provided that they are held for the purpose of collecting the associated contractual cash flows, and that they display basic lending characteristics (the cash flows must only correspond to repayments of principal and interest on the principal). Otherwise, these financial instruments are measured at fair value through profit or loss.

Equity instruments are recorded at fair value through profit or loss except in the case of irrevocable options when they are recognised at fair value through equity (provided that these instruments are not held for trading purposes and are classified as such in financial assets at fair value through profit or loss) without subsequent reclassification to profit or loss, even in the event of disposal. Also, only dividends are recognised in profit or loss.

Embedded derivatives are no longer recorded separately from host contracts when the latter are financial assets, meaning that the entire hybrid instrument must be recognised at fair value through profit or loss if it does not meet the SPPI criterion. It is possible for a hybrid instrument to meet the SPPI criterion and therefore be classified differently than at fair value through profit or loss.

The rules for classifying and measuring financial liabilities set out in IAS 39 are incorporated without amendment into IFRS 9, with the exception of financial liabilities that an entity chooses to measure at fair value through profit or loss (fair value option). value) for which any revaluation differences due to changes in the company's own credit risk are recognised as gains and losses directly in the shareholders' equity without subsequent any reclassification to profit or loss.

The provisions of IAS 39 relating to the derecognition of financial assets and liabilities are incorporated into IFRS 9 without any amendment. IFRS 9 has also changed the accounting treatment of a debt modification that does not result in derecognition. Oney Bank has not been impacted by this provision.

IFRS 9 introduces a new impairment model that requires the recognition of Expected Credit Losses (ECL) on loans and debt instruments measured at amortised cost or at fair value through non-recyclable equity, on loan commitments and on financial guarantee contracts that are not recognised at fair value, as well as on lease and trade receivables. The purpose of this new approach is to account for expected credit losses as soon as an asset has been first recognised, whereas in the IAS 39 provisioning model, loss identification was based on the recognition of «triggering» events supported by observable evidence.

The ECL represents an estimate established by probabilistic weighting of credit losses.

The credit loss represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

- **Description of the new IFRS 15 accounting policy:**

The standard «IFRS 15 - Revenue from Contracts with Customers» establishes the principles of revenue recognition for all contracts with customers, except for those that fall within the scope of application of other standards: Lease agreements, Insurance contracts, Financial instruments, Consolidated securities, Non-monetary exchanges between entities of the same branch of activity intended to favour sales to current or potential customers. These principles are applicable to all sectors of activity. This standard came into force on 1st January 2018

IFRS 15 replaces standards IAS 11 «Construction Contracts», IAS 18 «Revenue», IFRIC 13 «Customer Loyalty Programmes», IFRIC 15 «Agreements for the Construction of Real Estate», IFRIC 18 «Transfers of Assets from Customers» and SIC - 31 «Revenue - Barter Transactions Involving Advertising Services».

Application of the standard at Oney affects the recognition of the cost of the cards as part of the implementation of the new European Directive on payment services (DSP2) which will involve switching the stock of private cards to bank cards starting 2019.

At Oney, this translates into the recognition of contract performance costs as assets when these costs meet the following conditions:

- They do not fall within the scope of any IFRS standards other than IFRS 15
- They are directly linked to a contract
- They provide the entity with resources that will satisfy a performance obligation in the future
- The entity expects to recover these costs

The contract performance costs recognised as assets are therefore amortised. The costs will therefore be spread over several years and no longer recorded in one go.

Only two types of costs can be spread over time, the blank materials and personalisation of the card.

3. Details specific to the preparation of the condensed consolidated half-year financial statements

Employee benefits: Unless a specific event occurs during the period, no actuarial valuations are performed as part of the preparation of the condensed consolidated half-year financial statements.

4. Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that could affect the carrying amount of certain assets, liabilities, income and expenses, as well as the information provided in the notes to the financial statements. Actual values may differ from estimated amounts.

For the Oney Group's consolidated financial statements, accounting estimates that require assumptions to be made are used primarily to measure the following:

- **Impairment of receivables:**

The value of the item «Loans and receivables - Customers» is adjusted by impairment on the date of initial recognition of the receivables.

This impairment loss, calculated on groups of similar receivables discounted to present value, is estimated on the basis of a certain number of inputs and assumptions (number of past dues, historical recovery rates, status of receivables in the recovery process, loss rates, performance of third-party litigation firms, etc.), and forward-looking information.

Recorded impairments reflect Management's best estimates of the future cash flows of these receivables at the reporting date.

Since 1st January 2018, the Oney Group has applied the new impairment model required by IFRS 9.

IFRS 9 replaces IAS 39's incurred loss model with a single forward-looking impairment model based on expected losses. The new model applies to loans, off-balance sheet commitments and debt securities recognised at fair value through OCI.

As required by the standard, the Oney Group categorises assets into 3 «stages»: performing assets, underperforming assets and non-performing assets.

- A performing asset (stage 1) is an asset whose credit quality has not deteriorated significantly since initial recognition. The impairment amount is based on the expected credit losses at 12 months.
- The transition from a performing asset to an underperforming one (stage 2) is justified by a significant deterioration in credit quality since initial recognition. Significant deterioration is defined by the Oney Group as an ongoing situation of non-payment lasting less than 90 days or that has arisen in previous months. A return to the performing asset class occurs when the probability of default falls below a certain level compared to the original probability of default, resulting in a stricter observation period. Oney justifies the use of this criterion for defining credit deterioration by the very significant proportion of past due payments in the management scores and the absence of a Basel rating for all entities in the group.
- Classification as a non-performing asset (stage 3) is justified by the default of the asset. Oney's concept of default requires at least one of the following three grounds to be met: the existence of one or more payments past due for at least three months, the existence of contentious proceedings, a situation whose characteristics - regardless of the existence of an unpaid debt - could lead to the conclusion that there is a proven risk (e.g. restructured loans with application of a discount in France on which an additional provision is recognised).

The expected loss is evaluated using the following model: the PD/EAD (Probability of Default/Exposure at Default) multiplied by the LGD (Loss Given Default).

The expected loss of assets will be based on a 12-month PD for performing assets and a lifetime PD for underperforming assets. Lifetime PD/EADs are calculated using ageing parameters applied to the PD/EAD at 12 months. The use of the ceiling available to the customer is also taken into account in ECL calculations.

The provisioning system, based on a PD and an LGD, converges towards the advanced Basel Advanced-IRB model but retains strong specific features, such as reflecting amortisation in the EAD, using a contract rate as a discount rate, calculating a lifetime PD for underperforming assets, the absence of any adjustment for prudence, and the inclusion of forward-looking data to assess the default.

A forward-looking methodology has been established for all countries in which the Group operates, incorporating the various risk factors to be assessed and the implementation of scenarios to account for external (macroeconomic) and/or internal (corporate strategy) foresight.

In France, the methodology includes a component that incorporates a change in the probability of future default in the provision rate. This component is established on the basis of the volatility and observed evolution of the probabilities of default over the last five years. This method was chosen in France in the absence of any convincing correlation with macroeconomic information,

whereas Spain and Portugal rely on the correlation between macroeconomic data (unemployment rate, Euribor rate, the country's central consumer credit database, etc.) and expected credit losses.

The governance of IFRS 9 describes the general framework for the various controls and the monitoring of expected credit losses. The most important functions of governance related to data quality and availability, modelling management and methodologies, and internal control. The governance in place ensures that the company has a clear view of risk, by establishing reports that contain key performance indicators for estimating ECL. The reports are used to explain or adjust the calibration of the provisioning model according to alert levels and the corrective measures described. The definitive estimate of the impact was made during the transition to the new standard on 1st January 2018.

The calculated impact of the first-time application of IFRS 9, based on the consolidated financial statements at 31/12/2017, shows an increase in provisions, recognised in consolidated shareholders' equity. The main impacts of the first-time application are presented in note 8.

- **Provisions:**

Estimates may also be used to measure provisions. The assessment of the amount of the potential financial impact incorporates Management's judgement.

- **Insurance technical reserves:**

Calculations are based on expected losses using models and assumptions based on historical and current market data.

- **Financial instruments measured at fair value:**

The fair value of financial instruments is determined using interest rate curves based on market interest rates observed on the reporting date.

- **Pension plans and other future employee benefits:**

Expenses related to pensions/retirement and other future employee benefits are calculated based on assumptions drawn up by Management on discount rates, staff turnover rates and changes to salaries and social security contributions. If the actual figures differ from the assumptions used, the retirement benefits expense may increase or decrease in future financial years. Unless a specific event occurs during the period, no actuarial valuations are performed as part of the preparation of the condensed consolidated half-year financial statements

- **Deferred tax assets:**

Deferred tax assets are recognised for all deductible temporary differences, provided that the future availability of a taxable profit to which these deductible temporary differences may be attributed is considered probable. The likelihood of the tax asset being used depends on it being allocated within a reasonable time frame.

- **Goodwill:**

Impairment tests carried out on goodwill are based on three-year budget assumptions and parameters (discount rate, growth rate to infinity) that require estimates to be made.

FORMAT OF THE FINANCIAL STATEMENTS

The Oney Group uses summary formats (Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement) pursuant to ANC recommendation no. 2017-02 of 2 June 2017.

The Cash Flow Statement was established using an analysis of cash flow based on consolidated pre-tax income and using the indirect method. In addition, the corporate purpose of Oney Bank SA forms the basis for determining the scope of operations, investment transactions and financing. Cash flow relating to the customer lending business and the liabilities refinancing this loan business have therefore been included in the scope of operations. Finally, the definition of cash and cash equivalents used in this document corresponds to that recommended by ANC recommendation no. 2017-02, namely: cash accounts, central banks (assets and liabilities), accounts (assets and liabilities) and demand loans/borrowings to/from credit institutions as they appear in the Oney Group consolidated balance sheet for the periods under review.

5. Scope and method of consolidation

The notes to the consolidated financial statements contain important material information allowing for a fair assessment of the Group's assets and liabilities, its financial position, risks and performance.

These consolidated financial statements comprise the financial statements of Oney Bank SA and the French and foreign entities that make up the Oney Group. Since the financial statements of foreign subsidiaries are prepared in accordance with local accounting rules, they have been adjusted and reclassified to bring them in line with the IFRS accounting policies applied by the Oney Group.

1. SCOPE

The scope of consolidation includes 25 companies (plus one representative office in China and a branch in Portugal) as at 30 June 2018:

- 223 controlled companies,
- 1 company under a partnership,
- 1 company under significant influence.

The scope of consolidation on 30 June 2018 was as follows:

SUBSIDIARIES	% SHARE-HOLDING	TYPE OF CONTROL	% CONTROL
Oney Espagne (Spain)	100%	Controlled	100%
ONEY Italia	100%	Controlled	100%
ONEY MAGYAROSZAG (Hungary)	60%	Controlled	100%
ONEY PSP (Hungary)	60%	Controlled	100%
GEFIRUS (France)	60%	Controlled	100%
BA Finans (Russia)	60%	Controlled	100%
ONEY BANK (Russia)	60%	Controlled	100%
ONEY Poland (Poland)	100%	Controlled	100%
ONEY Services (Poland)	100%	Controlled	100%
ONEY FINANCES (Romania)	100%	Controlled	100%
ONEY ACCORD Business Consulting (China)	49%	Significant influence	49%
ONEY Services (formerly Oney Courtage - France)	100%	Controlled	100%
ONEY Holding Limited (Malta)	100%	Controlled	100%
ONEY Insurance (Malta)	100%	Controlled	100%
ONEY Life (Malta)	100%	Controlled	100%
ONEY UKRAINE (Ukraine)	100%	Controlled	100%
ONEY Investment (France)	100%	Controlled	100%
ONEY Trust (merger of FIA-NET and Oney Tech)	100%	Controlled	100%
ID Expert (France)	100%	Controlled	100%
ONEY Tech US (USA)	98%	Controlled	100%
FNP (France) (formerly Flash'n Pay)	100%	Controlled	100%
Flandre Investment (France)	100%	Controlled	100%
ICI (France)	100%	Controlled	100%
Natural Security (France)	48.33%	Controlled	100%
GIE Armoney (France)	50%	Joint	50%

AD HOC STRUCTURE	% SHAREHOLDING	TYPE OF CONTROL	% CONTROL
FCT Oneycord 1 (France)	100%	Controlled	100%

By way of a reminder, a securitisation transaction was carried out on 22 September 2009. FCT Oneycord 1, which would ordinarily have begun to be amortised on 15 October 2012, was extended by three years, with amortisation beginning on 15 October 2015. In 2015 and in previous years, Oney Bank SA carried out a restructuring (new prospectus and new rating) of FCT Oneycord 1. Its term has been extended to September 2019. This fund is wholly owned by Oney Bank SA. The assigned receivables originate from revolving credit facilities. The sub-fund is topped up throughout its term by new eligible receivables as well as by drawdowns on receivables that have already been securitised. FCT Oneycord 1 is controlled.

For more details on this securitisation transaction and an indication of the carrying amount of the assets concerned and related liabilities, see Note 8.6 Assets transferred but not derecognised or derecognised with continuing involvement.

NOTE 4: SEASONALITY OF BUSINESS

The Group's activities are not seasonal or cyclical, so the results for the first half of the year are not influenced by these factors.

NOTE 5: UNUSUAL ITEMS

There are no unusual items affecting the 30 June 2018 financial statements.

NOTE 6: DERIVATIVES

Transactions in interest rate futures amounted to €776 million vs. €1,005 million at the end of 2017.

The fair value of these instruments is set out in the table below:

HEDGING AND TRADING DERIVATIVES (in thousands of euros)	30/06/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	1,334	439	710	1,938
Interest-rate derivatives:				
Fixed instruments	1,334	439	710	1,938
Conditional instruments				
FAIR VALUE HEDGING	167	130	167	142
Interest-rate derivatives:				
Fixed instruments	167	130	167	142
Conditional instruments				
CASH FLOW HEDGING	0	1,433	79	1,804
Interest-rate derivatives:				
Fixed instruments	0	1,433	79	1,804
Conditional instruments				
TOTAL	1,501	2,001	956	3,884

FIRST-TIME APPLICATION OF IFRS 9 STAGE 3 «HEDGE ACCOUNTING»:

IFRS 9 introduces a new and improved model for hedge accounting, reconciling it with risk management. Oney will thus be able to use risk management data as a basis for hedge accounting. The IFRS 9 standard relaxes the requirements for demonstrating hedge effectiveness, removing the current 80-125% rule and the possibility of a qualitative test for simple hedges.

Micro-hedging operations for cash flow hedges at Oney are in the form of fixed for floating interest rate swaps (usually based on the 3 month EURIBOR rate) that allow a single loan to be hedged each time. This micro-hedging requires the drafting of documentation describing the hedge and the item covered, as well as retrospective and prospective effectiveness tests. Under IFRS 9, these interest rate swaps are recognised directly at fair value through equity. Just like previous macro-hedging transactions, there is no longer a risk of hedges that do not meet the 80 - 125% test being downgraded in trading.

NOTE 7:

LOANS AND RECEIVABLES - CREDIT INSTITUTIONS

LOANS AND RECEIVABLES (in thousands of euros)	30/06/2018	31/12/2017	VARIATION
Demand loans - credit institutions:	188,865	94,000	94,865
Term loans - credit institutions:	32,918	43,955	-11,037
Principal	32,840	43,904	-11,064
Related receivables	78	52	26
Subordinated loans:	0	0	0
Principal	0	0	0
Related receivables	0	0	0

NOTE 8:

LOANS AND RECEIVABLES - CUSTOMERS

1. General principles of IFRS 9 stage 1 «Classification and Measurement»

1.1 GENERAL PRINCIPLES

IFRS 9 introduces a single, logical approach to classification for all financial assets, either at amortised cost or at fair value, including for financial assets that include an embedded derivative. In this case, the financial asset is classified in its entirety instead the complex system of accounting for it separately. The approach is based on principles rather than rules like in IAS 39, which were deemed complex and difficult to apply.

Three criteria must be used to determine how financial assets should be classified and measured:

- The **nature of the asset**: debt instrument, equity instrument or derivative;
- The **SPPI criterion** (Solely Payment of Principal and Interests): the characteristics of the contractual cash flows of the financial asset.
- The **business model** test: the business model that the entity uses for its management of financial assets.

Financial assets must all be fully allocated to one of these IFRS 9 categories. This allocation takes place on the day of the asset's initial recognition and cannot be modified, except in specific circumstances, such as a change of business model, in particular.

Outstanding debts for the Oney Group include revolving and redeemable loans, cash balances and related receivables. Loans are allocated to the category «Loans and receivables».

Countries have analysed the completeness of outstanding loan agreements by completing a SPPI questionnaire for each product.

Based on the characteristics of the latter (interest rate, duration and type of instrument), it was possible to show that the results of the products met SPPI criteria, with a business model aimed at holding financial assets for the purposes of collecting contractual cash flows. For these outstanding loans, the new IFRS 9 standard does not bring about any changes compared to IAS 39, and they continue to be recognised at amortised cost at the effective interest rate.

Business model:

The Oney Group does not collect contractual cash flows for the purposes of resale. However, countries may decide to dispose of certain categories of portfolios, in response to market opportunities or occasional internal demands.

The business model associated with over-indebted portfolios for which disposals regularly take place is not designed to collect contractual cash flows in order to sell them on. Its sole purpose is to hold these financial assets in order to collect contractual cash flows, and never for the purposes of sale - they cannot be measured at fair value through OCI

In accordance with the standard, disposals of assets are not incompatible with the «collection of contractual cash flows» management model, as specified in IFRS 9 (paragraph B4.1.3A): «The business model may be to hold assets to collect contractual cash flows even if the entity sells financial assets when there is an increase in the assets' credit risk... Irrespective of their frequency and value, sales due to an increase in the assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows... Credit risk management activities that are aimed at minimising potential credit losses due to credit deterioration are integral to such a business model...». The business model was analysed at the outset and the sale of loans for over-indebtedness does not call into question the business model for collecting contractual cash flows.

1.2 EFFECT OF THE FIRST-TIME APPLICATION OF IFRS 9

LOANS AND RECEIVABLES (in thousands of euros)	31/12/2017	1st application	01/01/2018
Available-for-sale financial assets (IAS 39)	3,619		
Financial assets at fair value through profit or loss		2,813	2,813
Financial assets at fair value through OCI that cannot be reclassified*		805	805

*Oney recognises its strategic equity shares as fair value equity instruments that cannot be reclassified (irrevocable option)

The irrevocable option to recognise equity instruments at fair value through non-recyclable equity is chosen at transactional level (line by line) and is effective from the date of initial recognition. These securities are recorded on the trade date. The initial fair value includes transaction costs. In subsequent valuations, changes to fair value are recorded in non-recyclable equity. In the event of a sale, these variations are not reclassified to profit or loss, the profit or loss is recognised in equity. Only dividends are recognised in profit or loss.

2. Main impacts of the first-time application of IFRS 9 stage 2 «Impairment of Financial Assets»

The definitive estimate of the impact was established on 1st January 2018, date of the effective transition to the new standard. The calculated impact of the first-time application of IFRS 9 is based on the consolidated financial statements at 31/12/2017. The increase in provisions is recognised in consolidated shareholders' equity.

LOANS AND RECEIVABLES (in thousands of euros)		31/12/2017	1 st application	01/01/2018
Gross outstanding debts	+	2,831,764	42,522	2,874,286
Stage 1 performing outstanding debt (subject to a 12-month ECL)			9	2,203,303
Stage 2 non-performing outstanding debt (subject to an ECL at maturity)			114	185,326
Stage 3 non-performing outstanding debt (subject to an ECL at maturity)			42,398	485,657
Impairments	-	356,258	108,786	464,959
Stage 1 performing outstanding debt (subject to a 12-month ECL)			30,740	40,628
Stage 2 non-performing outstanding debt (subject to an ECL at maturity)			28,878	41,606
Stage 3 non-performing outstanding debt (subject to an ECL at maturity)			49,169	382,726
Net outstanding debt	=	2,475,507	66,265	2,409,327
Stage 1 performing outstanding debt (subject to a 12-month ECL)			30,730	2,162,675
Stage 2 non-performing outstanding debt (subject to an ECL at maturity)			28,764	143,720
Stage 3 non-performing outstanding debt (subject to an ECL at maturity)			6,771	102,931

The €66.3 million net impact of the first-time application takes into account the implementation of the forward-looking approach for €16.3 million, and the reintegration of net outstanding loans in the balance sheet for €1.5 million. This reintegration of net outstanding loans in the balance sheet is explained by the recognition of the interests of loans past due for more than 90 days previously recorded off-balance sheet for Spain, Portugal, Hungary and Russia. The gross outstanding debt recognised at €42.5 million are impaired by €41 million.

3. Maturity dates

LOANS AND RECEIVABLES (in thousands of euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	30/06/2018
Customer current accounts	0				0
Overall gross outstanding debts:	485,227	692,293	1,386,063	221,512	2,785,094
Performing outstanding debts (stage 1) subject to a 12-month ECL	417,639	526,430	1,032,288	125,212	2,101,568
Non-performing outstanding debt (stage 2) subject to an ECL at maturity	27,278	51,334	116,224	18,170	213,006
Impaired outstanding debt (stage 3) subject to an ECL at maturity	40,310	114,529	237,551	78,130	470,521

LOANS AND RECEIVABLES (in thousands of euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	31/12/2017
Customer current accounts	25				25
Overall gross outstanding debts:	685,417	640,187	1,312,758	193,402	2,831,764
Performing outstanding debt:	628,868	533,360	1,047,421	129,260	2,338,909
Performing outstanding debt	622,763	533,360	1,047,421	129,260	2,332,804
Related receivables	6,105				6,105
Impaired outstanding debt:	56,549	106,827	265,337	64,142	492,855

4. Impaired outstanding debt

(in thousands of euros)		30/06/2018	01/01/2018	31/12/2017	Variation
Performing outstanding debt (1) IAS 39				2,338,909	
Impaired outstanding debt IAS 39				492,856	
Gross outstanding debt		2,785,094	2,874,286	2,831,764	-46,670
Stage 1 performing outstanding debt subject to a 12-month ECL	+	2,101,568	2,203,303		
Stage 2 non-performing outstanding debt subject to an ECL at maturity	+	213,006	185,326		
Stage 3 impaired outstanding debt subject to an ECL at maturity	+	470,521	485,657		
Impairments	-	447,991	464,959	356,258	91,733
Outstanding debt at end of period:	=	2,337,103	2,409,327	2,475,507	-138,404
Percentage of Stage 3 outstanding debt/total debt:		16.9%	16.9%		
Hedging rate of total outstanding debt:		16.1%	16.2%		
Percentage of impaired outstanding debt/total debt:				17.4%	
Hedging rate of impaired outstanding debt :				72.3%	

(1) Of which related receivables

5. Transfer of outstanding debts

(in thousands of euros)	Performing or non-performing assets				Impaired assets (Stage 3)		Total		
	Assets subject to a 12-month ECL		Actifs soumis à une ECL à maturité (Stage 2)						
	Gross book value	Correction of value for losses	Gross book value	Correction of value for losses	Gross book value	Correction of value for losses	Gross book value (a)	Correction of value for losses (b)	Net book value (a) - (b)
At 1st January 2018	2,203,303	40,628	185,326	41,606	485,657	382,726	2,874,286	464,959	2,409,327
Transfers of outstanding assets from one stage to another									
Transfers to Stage 1 (12-month ECL)	63,119	11,934	-62,560	-11,617	-559	-317	0	0	
Transfers to Stage 2 (ECL at maturity)	-167,016	-4,027	195,319	19,120	-28,303	-15,093	0	0	
Transfers to Stage 3 (Impaired ECL at maturity)	-9,327	-173	-75,642	-28,497	84,969	28,670	0	0	
Total transfer	-113,224	7,734	57,117	-20,994	56,107	13,259	0	0	0
Changes in gross book values and value adjustments for losses									
New production: purchasing, granting, origination, etc.	812,422	21,106	5,887	1,148	19	11	818,329	22,266	
Derecognition: transfer, repayment, expiry, etc.	-783,078	-19,594	-32,625	-6,039	-37,126	-26,041	-852,829	-51,674	
Impact on ECL exposures transferred between stages during the period	-758	-10,305	413	32,216	1,840	17,168	1,494	39,079	
Change to a loss	29	29	2	2	-33,406	-24,042	-33,375	-24,011	
Changes in cash flows that do not result in derecognition	-12,937	-1,564	-2,773	-374	-1,954	-443	-17,664	-2,381	
Evolution of credit risk parameters over the period		-7		47		-33	0	7	
Changes in the model/methodology		0		0		0	0	0	
Changes to the consolidation scope	0	0	0	0	0	0	0	0	
Other	-4,190	-179	-341	143	-616	-217	-5,146	-254	
Total changes	11,489	-10,516	-29,437	27,144	-71,243	-33,596	-89,191	-16,968	
At 30 June 2018	2,101,568	37,846	213,006	47,756	470,521	362,389	2,785,094	447,991	2,337,103

6. Changes to impairment of outstanding customer debt

CHANGES TO IMPAIRMENT (in thousands of euros)	01/01/2018 - 30/06/2018	30/06/2017 - 31/12/2017	01/01/2017 - 30/06/2017
Impairment, start of period:	356,258	366,754	436,768
Changes to consolidation scope			
First-time application of IFRS 9	108,786		
Increases	15,213	1,829	5,622
Reversals	30,125	10,748	73,542
Reversal of discount on debt in over-indebtedness proceedings	-1,701	-1,546	-1,881
Other reclassifications + translation adjustments	-440	-31	-213
Impairment, end of period:	447,991	356,258	366,754

- **Assets transferred but not derecognised or derecognised with continuing involvement**

- Assets transferred but not derecognised include customer outstandings within FCT Oneycord sub-fund 1. At 30 June 2018, the amount of the relevant assets, net of associated liabilities, was €712 million, compared to €720 million at 31 December 2017, and continue to be recognised on the group's balance sheet under "Loans and Receivables - Customers".
- The amount of derecognised assets with ongoing involvement corresponds to disposals of outstanding debt in over-indebtedness proceedings for which debt collection continues to be carried out by the Oney Group. At 30 June 2018, the amount of derecognised outstanding debt with continued involvement amounted to €3.3 million compared to €4.6 million at 31 December 2017.

NOTE 9: GOODWILL

Goodwill consists of:

- goodwill in relation to Oney Portugal (dated 1st July 2000, initially amortised on a 20-year basis until 31 December 2003 and dated 1st January 2005 following the purchase of further Oney Portugal shares held by Cofinoga). Its net value at 30 June 2018 was €18,394K;
- goodwill in relation to Oney Spain (formerly Accordfin) amounting to €8,049K dated 3 July 2010 in connection with the exercise by Santander Consumer Finance of its put option over the 49% shareholding it held in Accordfin.
- Goodwill of €5,035K in relation to ICI dated 29 January 2018.

Impairment tests are performed at least once a year (in practice at the end of the year) for assets with an indefinite life span such as goodwill. On 30 June 2018, given the absence of any indication of impairment of goodwill, no impairment test was performed.

NOTE 10: DEFERRED TAXES

This table explains the changes to net deferred taxes (assets - liabilities)

(in thousands of euros)	01/01/2018	Changes recognised in profit or loss	Changes recognised in equity	Goodwill / reclassification	30/06/2018
Non-deductible provisions	21,359	-2,320	21,676	-2,360	38,355
Tax-related provisions	-737	245			-492
Financial instruments	704	-90			614
Other	8,190	-1,759		2,384	8,814
TOTAL	29,515	-3,924	21,676	24	47,292

The impact of the FTA of IFRS 9 on deferred taxes is €21.7 million. The tax rate for France on bucket 1 is 34.43%; for the other buckets, the rate takes into account the repayments and gradual decreases in tax rate. The «Other» section includes a €7.8 million deferred tax asset activated on a loss on 30/06/2018. These deferred tax amounts include a €14.0 million deferred tax on carry-forwards which has not been activated due to the uncertainty of its future allocation.

NOTE 11: FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

(in thousands of euros)	31/12/2018	31/12/2017	Variation
Amounts owing to credit institutions:	730,770	869,600	-138,830
Demand	4,275	7,220	-2,944
Term	726,494	862,380	-135,886
Customer debts and deposits:	991,549	1,123,626	-132,076
Demand	4,184	138,871	-134,688
Term	987,366	984,754	2,611
Debt securities:	802,176	580,649	221,527
Debenture loans	252,130	200,648	51,481
Other debt represented by a security (MT notes, negotiable certificates of deposit)	550,046	380,001	170,046
Subordinated debt:	980	980	0
TOTAL	2,525,475	2,574,855	-49,380

The table of financial liabilities measured at amortised cost is not impacted by the first-time application of IFRS 9. At 30 June 2018, the amount of unused confirmed credit lines granted by banking institutions was 881 million euros, including 815 million euros maturing after more than a year.

BREAKDOWN OF DEBENTURE LOANS

Borrowing company	Nominal interest rate	Effective interest rate	Date of issue	Maturity	30/06/2018	31/12/2017	Listing market
Oney Bank SA	2 %	2 %	April 2013	October 2018	150,000	150,000	Luxembourg
Oney Bank SA	E3M + 60bp	E3M + 60bp	October 2016	October 2020	50,000	50,000	Luxembourg
Oney Bank SA	E3M + 60bp	E3M + 60bp	February 2018	October 2020	50,000		Luxembourg
TOTAL					250,000	200,000	

The bond issues were underwritten by Auchan Coordination Services for €150 million.

DETAILS OF SUBORDINATED DEBTS

This refers to one refundable subordinated loan of: €0.980 million in December 2008 for a period of ten years, underwritten by the Santander Group.

Under the contract terms, the borrower has the possibility has the option of fully or partially repaying the loan before the maturity date, at their sole initiative, and subject to the prior approval of the Autorité de Contrôle Prudentiel (French prudential supervisory and resolution authority) or the Spanish central bank.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32, Oney Bank offsets a financial asset and a financial liability and has a net balance if, and only if, Oney Bank has a legally enforceable right to offset the recognised amounts and intends to settle the net amount or realise assets and liabilities simultaneously.

FINANCIAL INSTRUMENTS GIVEN/RECEIVED AS COLLATERAL

The Oney Group has 5,364 A Bonds (corresponding to a fraction of the securitised loan portfolio) pledged as collateral with the European Central Bank for a total nominal amount of €536.4 million as part of the ECB's open market operations.

TLTRO II:

In June 2016, Oney Bank subscribed to TLTRO II for an amount of €355 million at an adjustable rate of 0%, which was reduced to -0.40% at the end of January 2018 (positive fluctuations to outstanding loans).

Since this rate is considered off-market, and having been given reasonable assurance of qualifying for the lower rate, Oney Bank recognises the proceeds from the rate decrease as a public subsidy (IAS 20). At 30/06/2018, Oney Bank therefore recorded a receivable of €5.7 million on the balance sheet and refinancing income of €0.7 million in the income statement.

NOTE 12:

PROVISIONS FOR RISKS AND CHARGES

(in thousands of euros)	01/01/2018	Increases	Reversals	Capital / Currency / Entry into scope	30/06/2018
Employee benefits	3,509	6	11	-13	3,490
Provisions for tax inspections	0	0	0	0	0
Provisions for disputes	7,598	630	2,374	-5	5,850
Sub-total	11,107	636	2,384	-18	9,340

NOTE 13:

TECHNICAL RESERVES WITH INSURERS AND LIABILITIES TOWARDS REINSURERS

(in thousands of euros)	01/01/2018	Increases	Reversals	Reclassification / Capital	30/06/2018
Technical reserves - Life	2,347	855			3,202
Technical reserves - Non-life	22,212	5,124			27,336
Total Technical Reserves	24,558	5,979	0	0	30,538

NOTE 14: SHAREHOLDERS' EQUITY - GROUP SHARE

1. Number of shares representing the share capital

	30/06/2018	31/12/2017
Start of period	1,449,749	1,445,771
Issue of new shares for cash		3,978
Reduction of capital by cancellation of shares		
End of period	1,449,749	1,449,749

On 30 June 2018, Oney Bank's share capital came to €50,741K, made up of 1,449,749 ordinary fully paid-up shares with a nominal value of €35.

Subscription options have been granted and are reserved for the Company's employees and/or corporate officers and/or employees of subsidiaries in which at least 10% of the capital or voting rights are held directly or indirectly by the Company. 3,450 options have been granted.

2. Legal reserve

Oney Bank SA's legal reserve amounted to €5,079K on 30 June 2018

3. Reserves broken down by type

TRANSLATION ADJUSTMENT

(in thousands of euros)	30/06/2018	31/12/2017
China	42	14
Hungary	-1,136	-791
Poland	62	137
Romania	-1	3
Russia	-2,618	-2,363
Ukraine	-97	-123
United States	13	8
TOTAL	-3,749	-3,123

The currency/euro conversion rates used for the currencies of the main countries are as follows:

Country	Currency	Closing rate		Average rate	
		June 2018	Dec. 2017	June 2018	Dec. 2017
China	Yuan	0.129584	0.128133	0.129731	0.131085
Hungary	Forint	0.003032	0.003222	0.003184	0.003234
Poland	Zloty	0.228666	0.239406	0.236950	0.234947
Russia	Ruble	0.013669	0.014411	0.013903	0.015170
Romania	Lei	0.214450	0.214661	0.214841	0.218857
Ukraine	Hryvnia	0.032526	0.029691	0.030884	0.033261
USA	US Dollars	0.857780	0.833820	0.826004	0.885194

CASH FLOW HEDGE RESERVE (EXCLUDING DEFERRED TAX)

(in thousands of euros)	30/06/2018	31/12/2017
Start of period	-1,571	-2,717
Variation	199	1,146
End of period	-1,372	-1,571

4. Change in shareholders' equity (Group share)

(in thousands of euros)	Capital	Premium	Treasury shares	Consolidated reserves	Unrealised gains and losses	Profit/loss for the financial year	Conversion difference	Total equity
Situation at 31/12/2016	50,602	55,739	-461	377,420	-2,152	80,552	-3,487	558,212
Mouvements								
Appropriation				80,552		-80,552		
Profit (loss) for the period						25,946		25,946
Capital increases								
Impact of cash flow hedge					694			694
Translation adjustment							-253	-253
Stock options								
Corporate income tax credit payment								
Natural Security								
Auchan dividends				-15,963				-15,963
Hungary put option								
Hungary dividends								
Net actuarial gains or losses on retirement benefits								
Misc. Russia								
Misc. Hungary								
Reserve from available-for-sale securities					358			358
Miscellaneous - China disposal				-199				-199
Real Estate Goodwill				-60				-60
Misc - Other				-39				-39
Situation at 30/06/2017	50,602	55,739	-461	441,710	-1,101	25,946	-3,739	568,694
Mouvements								
Appropriation								
Profit (loss) for the period						10,947		10,947
Capital increases	139	1,567						1,706
Impact of cash flow hedge					57			57

Translation adjustment							-109	-109
Stock options								
Corporate income tax credit payment				-3,068				-3,068
Natural Security								
Auchan dividends								
Misc. Poland				674				674
Hungary put option								
Hungary dividends								
Net actuarial gains or losses on retirement benefits					127			127
Misc. Russia								
Misc. Hungary								
Reserve from available-for-sale securities					190			190
Miscellaneous - Goodwill China				50				50
Real Estate Goodwill				3				3
Misc - Other				1				1
Situation at 31/12/2017	50,741	57,306	-461	439,369	-726	36,893	-3,848	579,273
Mouvements								
Appropriation				36,893		-36,893		
Profit (loss) for the period						30,312		30,312
Capital increases								
Impact of cash flow hedge					130			130
Translation adjustment							-813	-813
Other								
Stock options								
Misc - Corporate income tax credit payment				1,058				1,058
Misc - Natural Security								
Misc - Auchan dividends				-11,397				-11,397
Misc - FTA IFRS 9				-44,167				-44,167
Misc - Hungary put option								
Misc - Hungary dividends								
Misc - Poland dividends								
Misc - IFC Actuarial gains (losses) on retirement benefits								
Misc - Available-for-sale securities								
Miscellaneous - Goodwill China								
Real Estate Goodwill				98				98
Misc - Other				-31				-31
Situation at 30/06/2018	50,741	57,306	-461	421,824	-596	30,312	-4,661	554,465

Unrealised gains and losses on VISA securities continued to be recognised as items for reclassification in the comprehensive income until 31 December 2017. As of 1st January 2018, under the first-time application of IFRS 9, they are recognised at fair value through profit or loss.

5. Dividends paid over the last three annual reporting periods

DIVIDENDS PAID (in euros)	Amount	Dividend per share
Cash dividends paid for the 2015 financial year	12,025,753	€8.32
Cash dividends paid for the 2016 financial year	15,963,205	€11.05
Cash dividends paid for the 2017 financial year	11,396,836	€7.88

NOTE 15: MINORITY INTERESTS

(in thousands of euros)	
Situation at 31 December 2016	3,492
Profit (loss) for the period	28
Put option on Hungary minority interests	953
Dividends	-1,374
Other (including translation adjustment)	-91
Situation at 30 June 2017	3,008
Profit (loss) for the period	1,202
Put option on Hungary minority interests	-701
Dividends	
Other (including translation adjustment)	-738
Situation at 31 December 2017	2,772
Profit (loss) for the period	162
Put option on Hungary minority interests	951
Dividends	-1,129
FTA IFRS 9	-324
Other (including translation adjustment)	-342
Situation at 30 June 2018	2,090

Note that the Group opted to recognise of liability related to the Hungarian put option in equity (minority interests). As at 30 June 2018, the share of Hungarian minority interests amounted to €3,192K with a €3,192K liability associated with the put option.

Information regarding significant minority interest relates to Hungary. On the balance sheet, total outstanding loans net of impairment total €38.7 million and liabilities (excluding shareholders' equity) amount to €32.4 million. On the income statement, net banking income amounts to €5.1 million, while the cost of risk is €0.2 million and net profit is €0.9 million.

NOTE 16: OFF-BALANCE SHEET COMMITMENTS

COMMITMENTS RECEIVED

COMMITMENTS RECEIVED (in thousands of euros)	30/06/2018	31/12/2017
Financing commitments	1,332,050	1,350,447
<i>Received from credit institutions and customers</i>		
Guarantees	6,301	8,112
<i>Received from credit institutions and customers</i>		
Securities commitments	9,364	9,364
<i>Securities to be received</i>		
TOTAL	1,347,714	1,367,923

Securities commitments are valued in accordance with the agreements described in the protocols signed with partners and are updated at each annual reporting date. These are call options that Oney Bank may or may not choose to exercise.

COMMITMENTS GIVEN

COMMITMENTS GIVEN (in thousands of euros)	30/06/2018	31/12/2017
Financing commitments	6,909,582	6,684,517
<i>To credit institutions and customers</i>		
Guarantees	49,801	50,114
<i>To credit institutions and customers</i>		
TOTAL	6,959,383	6,734,631

NOTE 17: INTEREST INCOME AND EXPENSES

(in thousands of euros)	30/06/2018		30/06/2017	
	Expense	Income	Expense	Income
Transactions with credit institutions	3,786	279	2,774	673
Transactions with customers	4,312	126,169	2,154	119,547
Transactions involving financial instruments	1,581	268	2,848	1
TOTAL	9,678	126,716	7,775	120,221

NOTE 18: COMMISSION INCOME AND EXPENSES

(in thousands of euros)	30/06/2018		30/06/2017	
	Expense	Expense	Expense	Income
Transactions with credit institutions	3,692	3,193	4,426	3,194
Insurance transactions	2,299	11,331	3,802	10,083
Transactions with customers	7	11,689	10	12,440
Financial services - including card fees	6,094	25,151	7,413	24,525
Other	3,580	11,620	3,610	14,157
TOTAL	15,672	62,984	19,261	64,399

NOTE 19: OTHER BANKING OPERATING INCOME AND EXPENSES

(in thousands of euros)	30/06/2018		30/06/2017	
	Expense	Income	Expense	Income
Insurance Expenses and Income	12,405	46,373	8,072	39,164
Operating Expenses and Income	1,325	22,547	393	20,922
TOTAL	13,730	68,921	8,464	60,087

NOTE 20: PERSONNEL COSTS

(in thousands of euros)	30/06/2018	30/06/2017
Wages and salaries	38,602	34,103
Social security contributions	19,707	17,636
Tax expenses	-654	-469
Employee profit-sharing and incentive schemes	3,201	5,338
TOTAL	60,856	56,608

NOTE 21: COST OF RISK

COST OF RISK	30/06/2018		30/06/2017	
	Expense	Income	Expense	Income
Impairment on customer transactions	15,213	30,125	5,622	73,542
Stage 1 performing outstanding debt (subject to a 12-month ECL)	1,749	5,042		
Stage 2 non-performing outstanding debt (subject to an ECL at maturity)	11,219	8,988		
Stage 3 impaired outstanding debt (subject to an ECL at maturity)	2,244	16,094		
Impairment on other receivables and financial fixed assets	0	0	110,717	
Losses on unrecoverable debt	59,627			13,816
Collections on written-off receivables		10,782		
TOTAL	74,840	40,907	116,339	87,357
	33,933		28,982	

NOTE 22: CORPORATION TAX

TAX EXPENSES

Tax expense	30/06/2018	30/06/2017
Taxes payable	2,454	2,838
Deferred tax	3,924	6,227
TOTAL	6,378	9,065

TAX ANALYSIS

	Amount 30/06/2018	30/06/2018 Rate	31/12/2017 Rate	30/06/2017 Rate
Earnings before corporation tax and associates	35,527			
Standard rate		34.43%	34.43%	34.43%
Theoretical corporation tax	12,232			
Permanent differences	-261	-0.73%	0.77%	-0.45%
Unrecognised deferred taxes	753	2.12%	-3.46%	2.48%
Rate differential	-2,637	-7.42%	-4.02%	-3.05%
Tax credits	-3,540	-9.96%	-11.21%	-10.22%
Impact of rate changes at start of period	0			
Other differences	-175	-0.49%	10.82%	2.25%
EFFECTIVE TOTAL	6,372			
EFFECTIVE RATE		17.94%	27.33%	25.43%

NOTE 23: MISCELLANEOUS

WORKFORCE

In June 2018, the full-time equivalent workforce across the Group's consolidated companies came to 2,605 employees (including 100% of the workforce of jointly controlled companies), compared to 2,548 on 31 December 2017, on a like-for-like basis.

NOTE 24: SECTOR INFORMATION

In accordance with IFRS 8, the information presented herein is based on internal reporting used by General Management to establish the strategic direction of the Oney Group, evaluate its performance, and allocate resources to the identified operating sectors.

The operating sectors presented in the internal reports correspond to the Oney group's business lines and the geographical regions in which it operates. They are identified as follows:

Level 1: business lines

- Consumer credit
- Electronic banking, Insurance, Savings, Payment methods

Level 2: geographical sectors

- France
- Europe outside France: Spain, Portugal, Italy and Malta
- Rest of the world: Poland, Hungary, Russia, Romania and Ukraine

For the reporting of sector information by geographical area, income and expenses, and assets and liabilities for the sector are broken down based on the place of recognition of these transactions.

(in thousands of euros)	Credit		Other		Total	
	2018/06	2017/06	2018/06	2017/06	2018/06	2017/06
Sector income:						
Externes	215,683	207,843	46,461	39,243	262,144	247,086
Internes						0
Depreciation	4,874	4,232		265	5,141	4,497
Sector expenses	77,388	78,088	26,234	19,813	103,622	97,900
Provisions	-1,743	-1,001			-1,743	-1,001
Cost of risk	33,933	28,982			33,933	28,982
Sector profit	101,231	97,543	19,960	19,165	121,191	116,708
Non-sector expenses					84,339	81,669
Tax expenses					6,378	9,065
Net profit					30,474	25,974
Balance sheet (in thousands of euros)	2017/06	2017/06	2017/06	2017/06	2017/06	2017/06
Sector assets	3,127,316	2,988,203	103,507	82,448	3,230,823	3,070,652
Sector liabilities	4,391,193	3,952,071	120,389	113,309	4,511,583	4,065,380
Investments	57,907	55,398	1,441	1,796	59,348	57,195

Geographical analysis is not carried out as part of the interim statements (see IAS 34.16 Ag).

NOTE 25: FAIR VALUE

Assets and liabilities are recognised and measured in accordance with IAS 39. In certain circumstances, market values are very close to the carrying amounts. This is the case for:

- Variable-rate assets or liabilities for which changes in interest do not have a material impact on fair value, because the rates of these instruments frequently adjust to market rates;
- Short-term assets or liabilities for which we consider the redemption value to be close to the market value.

The accounting methods used are as follows:

Cash at bank and in hand, accruals and receivables accounts, and other assets and liabilities

For these short-term assets and liabilities, the redemption value is close to the market value.

Variable-rate loans and receivables - customers

When it comes to financial assets for which changes in interests have no material impact on the fair value, the redemption value is close to the market value.

Fixed-rate loans and receivables - customers

The fair value of outstanding fixed-rate loans corresponds to the discounted value of anticipated future cash flows from outstanding debts through the amortisation curve (excluding interest).

Financial instruments

The Oney Group values its financial instruments using a standard method by discounting anticipated future cash flows of the financial instrument identified through the zero-coupon curve as at 31 December 2017.

Debt securities

For debts represented by a floating-rate security, for which changes in interest have no material impact on the fair value, the redemption value is close to the market value. For debts represented by a fixed-rate security, the fair value of this debt at 31 December 2017 corresponds to the discounting of cash flows from the liability with a EURO rate curve.

Receivables and payables - credit institutions

These are variable-rate receivables or payables. Changes in interest have no material impact on fair value. As such, the repayment value is close to the market value.

MARKET VALUE OF ASSETS AND LIABILITIES BASED ON MARKET DATA OR VALUATION TECHNIQUES:

(in thousands of euros)	Market value		
	Level 1	Level 2	Level 3
Derivatives - assets		1,501	
Derivatives - liabilities		2,001	
Cash at bank and in hand	285,874		
Loans and receivables - customers			2,287,797
Current tax assets			15,125
Other assets and accruals			334,292
Amounts owing to credit institutions			730,770
Amounts owing to customers			991,549
Amounts owing represented by securities			803,231
Subordinated debt			980
Current tax liabilities			11,190
Other liabilities and accruals			206,443

The impact of the CVA/DVA calculation (IFRS 13) amounts to €0.3K as of 30 June 2018.

(in thousands of euros)	Market value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	3,265		
Financial assets at fair value through capital		813	

MARKET VALUE OF OTHER ASSETS AND LIABILITIES

(in thousands of euros)	2018/06		2017/12	
	Market value	Book value	Market value	Book value
Cash at bank and in hand	285,874	285,874	352,746	352,746
Loans and receivables - customers	2,287,797	2,337,103	2,242,226	2,475,532
Available-for-sale securities			3,619	3,619
Financial assets at fair value through profit or loss	3,265	3,265		
Equity instruments measured at fair value through equity that cannot be reclassified	813	813		
Current tax assets	15,125	15,125	6,014	6,014
Other assets and accruals	334,292	334,292	366,308	366,308
Amounts owing to credit institutions	730,770	730,770	869,600	869,600
Amounts owing to customers	991,549	991,549	1,123,626	1,123,626
Amounts owing represented by securities	803,231	802,176	583,434	580,649
Subordinated debt	980	980	980	980
Current tax liabilities	11,190	11,190	11,975	11,975
Other liabilities and accruals	206,443	206,443	252,319	252,319

NOTE 26:

RISK MANAGEMENT AND EXPOSURE

During the normal course of its business, the Group is exposed to interest rate, exchange rate and credit risks, and uses derivatives to mitigate interest rate risks. The Group has set up a structure to manage market risks centrally.

1. Counterparty risk on derivatives

Given the nature of its business, the Oney Group is consistently in a net borrowing position. Counterparty risk therefore mainly relates to off-balance sheet transactions. To hedge this risk, the Oney Group, through Auchan Coordination Services, deals only with leading banks for its financing and interest rate derivative transactions. The Oney Group only proceeds with interest rate derivative transactions with banking counterparties that carry a minimum «A» rating from Moody's, Standard & Poor's or Fitch.

If the sovereign rating of a particular country is below A and a subsidiary is required to deal with a local bank, it is authorised to enter into transactions with a partner whose rating is equivalent to the sovereign rating.

2. Interest rate risk

The Oney Group's financial policy is designed to protect its financial returns against future fluctuations in interest rates. It therefore hedges all interest rate risks relating to its outstanding fixed-rate loans.

Interest rate risk on outstanding variable-rate loans is not automatically hedged, since the Oney Group is able to pass on any rate increases to its customers.

Exposure to interest rate risk

This table gives a broad outline of the interest rate risk on financial assets associated with customers. All financial liabilities are given.

(in millions of euros)	06/2018	12/2017
Fixed rate financial assets	1,695	1,850
Fixed rate financial liabilities	1,755	1,749
Floating rate financial assets	1,155	1,121
Floating rate financial liabilities	773	829

The maturity dates for financial assets are shown in notes 7 and 8, and those of financial liabilities in note 26.4.

Sensitivity analysis method used

ASSUMPTIONS APPLIED:

- A rate increase on interest sensitive liabilities would be reflected in floating rate assets three months later
- A rate decrease on interest sensitive liabilities would be passed on to floating rate assets three months later
- With the exception of the cash flow hedge reserve, shareholders' equity would not be exposed to interest rate risk
- Only a portion of fixed-rate assets would be hedged using interest sensitive liabilities

Fixed-rate assets and liabilities are scheduled by forecast maturity and a floating rate exposure gap was determined over a 12-month period. The impacts on profit or loss were calculated on the basis of an upward or downward interest rate movement of 100 basis points.

For equity impacts, the financial instruments used for cash flow hedging have been valued individually on the basis of upward or downward movements of 100bp. The impact of swaps on equity is determined on the basis of the difference between the marked-to-market value on the balance sheet date and the new post-adjustment value.

Sensitivity analysis

IMPACT ON THE INCOME STATEMENT

Based on the Group's financial position on 30 June 2018, a 1% increase in interest rates across all currencies would generate a €1.72 million reduction in the cost of financial debt. Based on the Group's financial position on 30 June 2018, a 1% decrease in interest rates across all currencies would generate a €1.72 million increase in the cost of financial debt.

INCIDENCE SUR LES CAPITAUX PROPRES

Based on the Group's financial position on 30 June 2018, a 1% increase in interest rates across all currencies would generate a €5.95 million equity increase, compared with €9 million as at 31 December 2017.

Based on the Group's financial position on 30 June 2018, a 1% decrease in interest rates across all currencies would generate a €6.11 million equity reduction, compared with €9.28 million as at 31 December 2017.

3. Interest rate hedges

CASH FLOW HEDGES

Interest rate transactions designated as future cash flow hedges relate to swaps where the Oney Group pays a fixed rate and receives a floating rate. The purpose of these hedges is to fix the interest rate for a portion of the forecast floating-rate debt, and thus secure future financial results (between the next annual reporting period and up to the fifth annual reporting period following the current period) by limiting possible volatility. The horizon of these hedges does not exceed five years.

30/06/2018

Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Interest rate swaps	1,433	1,585	305	239	659	382	

31/12/2017

Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Interest rate swaps	1,725	1,806	414	453	581	358	0

HEDGING INSTRUMENTS

This table shows the periods during which the Oney Group expects the cash flows associated with derivatives qualifying as cash flow hedges to have an impact.

30/06/2018

Derivative financial assets (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Interest rate swaps	167	167	167				
Currency swaps	1,334	919	-108	6	650	371	
Interest rate options							
Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Interest rate swaps	130	130	130				
Currency swaps	439	733	284	240	209		
Interest rate options							

31/12/2017

Derivative financial assets (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Swaps de taux d'intérêts	167	167	167				
Swaps de change	710	133	-185	183	-55	190	
Options de taux							
Derivative financial assets (in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Swaps de taux d'intérêts	142	122	122				
Swaps de change	1 938	3 520	1 253	727	754	787	
Options de taux							

The currencies of these transactions are the Euro, the Ruble and the Forint.

4. Liquidity risk

In order to limit its liquidity risk, the Oney Group has adopted a cautious refinancing policy:

- Diversification of banking counterparties to ensure a satisfactory distribution of funding in accordance with the recommendations of the French Banking and Financial Regulation Committee (Comité de Réglementation Bancaire et Financière).
- 100% coverage of the average refinancing requirement with resources drawn at more than one year and confirmed bank lines.

The Oney Group is required to comply with a single covenant to maintain the refinancing facilities provided as part of the Club Deal (confirmed syndicated loan facility of 500 million euros) and certain confirmed credit lines. The ratio is defined as follows: Total credit outstanding > Net financial debt (where net financial debt refers to amounts owing to credit institutions plus debt in the form of securities, minus the credit balances in bank accounts - including cash accounts and central bank accounts -, investments and receivables from credit institutions and the gross value of HQLAs held in accordance with Basel III liquidity requirements). This ratio was complied with at 30 June 2018.

EXPOSURE TO LIQUIDITY RISK

The contractual residual maturities of the financial liabilities break down as follows (including interest payments):

30/06/2018

(in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Amounts owing to credit institutions (deposits)	4,275	4,275	4,275				
Amounts owing to credit institutions	726,494	725,786	100,408	4,821	66,822	553,735	0
Amounts owing to customers - demand	4,184	4,184	4,184				
Amounts owing to customers - term	987,366	989,713	354,288	123,379	128,332	383,714	0
Debenture loans	252,130	254,022	69	153,073	155	100,726	0
Debt securities	550,046	553,896	97	50,118	40,247	463,434	0
Subordinated debt	980	984	2	982	0	0	0
Trade payables	3,757	3,757			3,757		
Other liabilities	202,687	202,687	188,113	2,401	7,151	5,021	
Tax liabilities	11,259	11,259	11,226			33	

31/12/2017

(in thousands of euros)	Book value	Contractual cash flow					
		Total	<3M	<6M	< 1 year	1 to 5 years	+ 5 years
Amounts owing to credit institutions (deposits)	7,220	7,220	7,220				
Amounts owing to credit institutions	862,380	869,237	132,501	32,010	120,723	584,002	0
Amounts owing to customers - demand	138,871	138,871	138,871				
Amounts owing to customers - term	984,754	1,004,686	319,272	171,398	97,748	315,709	100,559
Debenture loans	200,648	203,751	34	35	153,073	50,608	0
Debt securities	380,001	379,965	99,905	89,981	50,002	140,076	0
Subordinated debt	980	988	2	2	984	0	0
Trade payables	5,193	5,193	5,193				
Other liabilities	247,127	247,127	227,806	2,189	11,085	6,047	
Tax liabilities	12,062	12,062	8,522	3,507		33	

Expected cash flows correspond to the contractual cash flows.

Originally medium and long-term credit lines granted and confirmed by banks, but still unused at 30 June 2018 and 31 December 2017:

Amount in €K as at 30/06/2018/	<1 year	1 < <5 years	+ 5 years
881,000	66,000	815,000	
Amount in €K as at 31/12/2017	<1 year	1 < <5 years	+ 5 years
899,350	84,350	815,000	

5. Foreign Exchange Risk

The Oney Group is exposed to foreign exchange risk for loans denominated in currencies other than the euro, and for the value of net assets held by its subsidiaries in foreign currencies.

Cross-currency swaps hedge the foreign exchange risk for the share of refinancing attributable to the Hungarian subsidiary Oney Magyarorszag and the Russian subsidiary Oney Bank.

6. Management of Customer Credit Risk

1. OVERVIEW

Credit risk mainly relates to consumer loans (personal loans, revolving loans, etc.) granted to individuals. The risk is spread over a large number of customers with limited individual commitment.

For off-balance sheet commitments, the Group's policy is to grant financial guarantees only to subsidiaries and certain partner companies.

2. STRUCTURE OF THE RISK DIVISION

The Oney Group's credit risk is managed and monitored by the Risk Departments of its subsidiaries or partners, as well as the Group Risk Department and Internal Audit Department, through

Risk Committees. For France, Spain and Portugal, risk is managed and monitored by the local Risk Department. For other countries, (Poland, Hungary and Russia), the partner is responsible for managing credit risk, since it is the partner's processes and information systems that determine loan approval, risk monitoring and debt collection. In all cases, risk is monitored by the Group Risk department.

The Risk Committees are responsible for managing credit risks and overseeing projects that have an impact on these risks. They validate the strategy, the methodologies put in place and above all the performance achieved when it comes to risk management.

3. PROCEDURE FOR GRANTING LOANS AND DEBTS, AND SETTING INDIVIDUAL LIMITS

Credit decision systems are based on a statistical approach, supported by an examination of each loan application. They are adapted to the different types of product and customer.

They include:

- Credit scoring
- Clearly-stated rules for declining applications
- A system of delegation and authority
- Rules governing the supporting documentation to be provided
- Anti-fraud controls

Adhering to credit decisions based on these aforementioned scores and rules, which are very seldom waived, ensures tight control over credit risk. Any exceptions, and the persons qualified to make these exceptions, are defined by clear procedures and checked retrospectively: such exceptions are usually intended to offer more personalised management of larger loan approvals or to target a specific customer base.

4. GRANTING OF GUARANTEES

The Group's policy is to grant financial guarantees only to subsidiaries and to certain partner companies.

5. WITHIN THE GROUP

The Oney Group's financial policy is designed to protect its financial returns against future fluctuations in interest rates. It therefore hedges all interest rate risks relating to its outstanding fixed-rate loans.

Interest rate risk on outstanding variable-rate loans is not automatically hedged, since the Oney Group is able to pass on any rate increases to its customers.

6. DEBT RESTRUCTURING

The amount of outstanding debt that has been restructured or rearranged, whether decided internally or after referral to an over-indebtedness commission, amounted to €133.6 million at 30 June 2018 compared with €148.6 million at 31 December 2017. These outstanding debts were impaired by €93 million at 30 June 2018 compared to €100.8 million at 31 December 2017.

7. Insurance risk management

There are two main types of insurance risk:

- risks related to rate-setting and adverse claim trends;
- risks related to the financial markets

The first of these refers to the differences in assumptions made at the time when the risk is insured and the reality of subsequent claims in terms of frequency, timing and severity. For borrower insurance, the types of coverage offered are: death, accidental death, permanent total disability, temporary inability to work and redundancy. The products are offered on the basis of regular premium payments, with claim payouts capped at the amount of outstanding credit owed by the policyholder at the date of the claim. For payment protection insurance, the types of coverage offered are: fraudulent use of the payment method, cash theft by mugging, loss or theft of keys and official papers, and non-delivery or non-compliant delivery of online purchases. For warranty extension products, the warranties offered mainly relate to breakdowns. For protection reinsurance in Italy, the types of reinsured cover offered are: temporary inability to work and loss of employment following an accident. The products on offer provide for the limited or lump-sum payment of single or monthly compensation for predefined periods. The Company also reserves the right to adjust premium amounts (except for reinsurance, where the insurer retains the ability to do so). This provides protection against any excess costs and to makes it possible to adapt to the current economic climate. The insurance companies operate under "group" contracts. The diversity of the policyholder portfolio and the individual amounts allocated to each insurance product eliminate concentration risk.

For the second type of risk, all financial institutions and instruments chosen for investments are subject to the approval of the Board before any investment of funds, and all counterparties must have a minimum rating of «A-» from Standard & Poor's, unless explicitly decided otherwise by the Board of Directors. These ratings are regularly reviewed.

8. Exposure to sovereign risk

As at 30 June 2018, the Oney Group has no exposure to sovereign risk.

NOTE 27: RELATED PARTY TRANSACTIONS

30/06/2018

(in thousands of euros)	Assets	Liabilities	Expense	Income
PARENT COMPANY				
Transactions with customers				
Subordinated debts and related liabilities				
Other assets/liabilities and accruals	7,191	731		
Operating income and expenses				
External services			724	
JOINT PARENT				
Subordinated debt and related liabilities				
Transactions with credit institutions				
Operating income and expenses				
ASSOCIATED COMPANIES				
Other assets and accruals	3,599			
Transactions with customers				
Subordinated debts and related liabilities				
Other liabilities and accruals		211		

Non-recurring income and expenditure			1,115	764
External services				287
OTHER RELATED COMPANIES				
Other assets and accruals	1,644			
Transactions with customers		703,587	3,923	168
Subordinated debts and related liabilities				
Other liabilities and accruals		2,493		
Operating income and expenses			3,965	5,761
External services			662	80
TOTAL	12,434	707,023	10,389	7,060

31/12/2017

(in thousands of euros)	Assets	Liabilities	Expense	Income
PARENT COMPANY				
Transactions with customers				
Subordinated debts and related liabilities				
Other assets/liabilities and accruals	5,123	642		
Operating income and expenses				
External services			-1,607	
JOINT PARENT				
Subordinated debt and related liabilities				
Transactions with credit institutions				
Operating income and expenses				
ASSOCIATED COMPANIES				
Other assets and accruals	3,101			
Transactions with customers				6
Subordinated debts and related liabilities				
Other liabilities and accruals		244		
Non-recurring income and expenditure			2,432	1,985
External services				436
OTHER RELATED COMPANIES				
Other assets and accruals	1,141			
Transactions with customers	79	687,366	10,215	342
Subordinated debts and related liabilities				
Other liabilities and accruals		2,133		
Operating income and expenses			7,746	13,521
External services			2,375	387
TOTAL	9,444	690,386	21,161	16,677

NOTE 28:

DOCUMENTS AVAILABLE TO THE PUBLIC

In accordance with ANC regulation no. 2014-07, this document is available to the public at <http://www.oney-banque-accord.com>. Anyone wishing to obtain further information about the Oney Group may request documents, without obligation:

- **by post:**
ONEY BANK - OZEA
34, Avenue de Flandre
59170 Croix
- **by phone:**
+33 (0)3 28 38 58 00

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

**Period from 1st January 2018
to 30 June 2018**

•

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex
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Registered office
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**Statutory Auditors' report
on the half-year financial statements**

(Period from 1st January 2018 to 30 June 2018)

To Shareholders

ONEY BANK
40, Avenue de Flandre
BP139
59964 Croix Cedex

Dear shareholders,

As mandated by your General Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- a limited review of the condensed consolidated half-year financial statements of ONEY BANK, relating to the period 1st January 2018 to 30 June 2018, attached to this report;
- a verification of the information given in the half-year activity report.

These condensed consolidated half-year financial statements have been prepared under the responsibility of the Board of Directors. It is our job to report our conclusions on these financial statements, based on our review.

I - Conclusions on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France. A limited review consists mainly of interviewing senior managers in charge of accounting and financial matters and implementing analytical procedures. The work is less extensive than that required for an audit performed in accordance with the professional standards applicable in France. As a result, in the context of a limited review, the assurance that the financial statements, taken as a whole, do not contain any material misstatements is a moderate assurance, lower than that obtained as part of a full audit.

Based on our limited review, we have not identified any material misstatement that would call into question the compliance of the interim condensed consolidated financial statements with the IAS 34 - IFRS standard as adopted in the European Union for interim financial information.

Without undermining the conclusion expressed above, we would draw your attention to the change in accounting policy relating to the application of the new IFRS 9 "Financial Instruments" standard in 1 January 2018, as described in Note 2 "Highlights and major changes to the consolidation scope" and Note 3 "Rules and methods", as well as other notes in the appendix presenting the figures relating to the impact of this change.

II - Specific verification

We have also verified the information provided in the half-year management report, commenting on the condensed consolidated half-year financial statements subject to our review. We have no comments to make as to their accuracy or their consistency with the condensed consolidated half-year financial statements.

Neuilly-sur-Seine and Paris La Défense, 23 August 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

KPMG S.A.

Alexandre Decrand

Christophe Coquelin

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