• 2017 •

ANNUAL FINANCIAL REPORT

SUMMARY

2017 annual financial report

DECLARATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

At 31 December 2017 pursuant to Article3(2)(c) of the French transparency act ('Loi Transparence')

Name

Jean-Pierre Viboud, Chief Executive Officer of Oney Bank

Declaration

"I certify that, to my knowledge, the annual consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with the set applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company and of all the companies included in the scope of consolidation, and that the management report provides an accurate description of the Company's business trends and the results of its operations, its position and that of all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties that they face."

Croix, 23 February 2018

JEAN-PIERRE VIBOUD
Chief Executive Officer
ONEY BANK

ONEY BANK

Limited company (société anonyme) with a board of directors
With a share capital of €50,741,215

40 Avenue de Flandre, 59170 CROIX
Lille Métropole trade and companies register B 546 380 197

MANAGEMENT REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

A] The economic climate

The unemployment rate in the eurozone continues to fall. In November 2017, it stood at 8.7% across the 19 countries of the eurozone. France was slightly above the average for the members of the euro zone, with an unemployment rate of 9.2%.

The global economy is on the right track and growth is expected to accelerate further. In its latest forecasts, the International Monetary Fund (IMF) is expecting global Gross Domestic Product to grow by 3.9% in 2018 and 2019, after the 3.7% registered in 2017. According to the IMF, financial conditions are good and investment is picking up. The eurozone is expected to grow faster than anticipated at a rate of 2.2% in 2018 and 2% in 2019. France is seen growing by 1.9% over the next two years, helped by labour reform, corporate tax cuts, business confidence and a recovery in tourism.

Consumer credit growth is accelerating in France and Europe. It is notably supported by amortising loans. Conversely, the outstanding amount of revolving loans continues to decline.

B] Highlights and activity of the period

REFINANCING:

- **S&P RATING:** In May 2017, the Standard & Poor's rating agency confirmed the ONEY Group's long-term rating of BBB+ with a stable outlook. Its short-term rating was also confirmed at A-2. The Bank's "core business" status with regard to Auchan Holding was confirmed.
- **LIQUIDITY MANAGEMENT:** To guarantee its liquidity risk, Oney Bank has confirmed bank credit facilities of €1.221 billion (including €386 million used as at 31 December 2017), €1.036 billion of which has a residual maturity of more than one year.
  Oney Bank has access to the exceptional liquidity measures put in place by the European Central Bank (ECB) via the repo mobilisation of securities issued by the self-held "Oneycord Compartiment 1" securitisation sub-fund. As at 31/12/2017, Oney Bank had used €355 million of a drawdown capacity of €481.9 million.
- **REFINANCING STRUCTURE:** In April 2017, with a view to increasing the diversification of its financing sources, Oney Bank launched a term deposit account for German tax-resident individuals in association with a German fintech company. More than €583 million had been deposited as at 31 December 2017.
  The bank's outstanding bond refinancing amounted to €200 million as at 31 December 2017.

ACTIVITY AND HIGHLIGHTS

THE HUMAN AND DIGITAL TRANSFORMATION IS UNDERWAY

In 2017 Oney launched a major human and digital transformation process. Entirely convinced that internal change within the company is indispensable to achieving accelerated growth, Oney decided to reinvent its organisation to operate in a participatory and inclusive way. Thus employees from all over the world were invited to collectively rewrite the mission, ambition and values of the Group which would then form the basis for the new foundations of the organisation, managerial change and business orientations.

INSTALMENT PAYMENT: REINFORCEMENT OF LEADERSHIP IN FRANCE AND INTERNATIONAL DEPLOYMENT

In 2017 over 70 businesses and e-businesses joined the community of 300 Oney partners. **In France Oney strengthened its position as leader in instalment payment solutions.** The 3x 4x Oney offer was deployed in France with organisations including: airlines (Air Austral, Air Caraïbes and French Blue), car dealerships, a CtoC platform for luxury goods (Vestiare Collective), the international Delticom group (123 pneus, etc.), as well as Dyson shops. In 2017 this product also saw great success in Spain with the Worten and Alltricks customers. Thirty new partners were won over in this country. **2018 will be distinguished by a major rolling out of the offer internationally into 3 new countries.**

INNOVATIONS WHICH HAVE FOUND THEIR MARKET AND ARE BEING ROLLED OUT

Another Oney solution saw great success in 2017: **Automatric, our payment solution using number plate recognition.** Deployed in over 100 petrol stations in Spain and Portugal, the solution has expanded its scope to parking payment, starting with La Vaguada, a Madrid shopping centre whose car park is the busiest in the country. To be even more innovative, we have joined with PSA in a Proof Of Concept for designing the connected car of the future. By integrating Automatric, the prototype provides an easy-to-use on-board payment solution.

Oney is also making innovations in data by **developing simple and relevant data sharing solutions for its partners**. In 2017 Oney signed a major contract for this solution with Auchan Retail International, covering all of the countries where Auchan operates.

Insurance has also seen growth: **27 new insurance products were launched in 2017, in 4 different countries**. Thus, at the end of 2017 Oney counted 1.35 million insurance clients worldwide (+21% vs. 2016).

Through its subsidiary, Oney Trust, Oney has **continued to innovate in the area of digital identification and combating fraud**. It plans to roll out its solutions internationally in 2018.

In April 2017, Oney also launched a savings offer for German private customers in order to diversify its refinancing. On 31 December 2017, savings collected amounted to €583m.

AN EVER SMOOTHER AND MORE MEMORABLE CUSTOMER EXPERIENCE

Innovation is an integral part of Oney's DNA and has been the real engine of its growth for over 30 years.

In 2017, **investments were made so as to make the customer experience even simpler and more memorable**. The on-line instalment payment path has been further improved for an even smoother service for partners and customers. **The solution has also been adapted for in store payments, enabling a seamless phygital customer pathway**.

New websites and new apps have been launched in Portugal, Hungary and France so that customers can, if they wish, access a 100% digital experience.
Regarding payments, we launched a biometric payment test with Auchan in Romania.

COUNTRIES THAT ARE BECOMING STRONGER

Large development projects for Oney's international business have been completed. In 2017 the Group obtained a 'Retail bank' licence for Russia. With this licence, the bank will be able to establish its own business project, open current and savings accounts, and so carry out transactions with private customers. The first Oney bank cards produced by our bank systems were launched during the final quarter of 2017.

Oney Poland has been wholly-owned by Oney Bank since the end of August in order for it to implement a new innovative business project in the country.

RESULTS AND KEY FIGURES FOR THE GROUP:

ONEY BANK's key figures at 31 December 2017 were as follows:

- Net banking income of €416.3 million, up 2.4% on December 2016 (€406.5 million).
- Cost of risk of €58.4 million in December 2017, up 1.9% on 31 December 2016 (€57.3 million).
- Net profit of €38.1 million, down 53.7% on 31 December 2016 (€82.3 million).
- Overall gross outstanding debt for the bank of €2.8 billion (up 1.6% on December 2016).
- Net recruitment of 826,000 new customers in the 11 countries in which the Bank has a presence (France, Portugal, Spain, Poland, Italy, Hungary, Russia, Malta, Romania, China and Ukraine), bringing their number to 9.7 million.

Excluding non-recurring income derived from the sale of Visa Europe shares in 2016, net banking income rose by 6.7% in relation to December 2016.

This is the result of our investment and digital innovation strategy, which was strengthened by the launch of our new project to accelerate our transformation at the beginning of 2017.

Ultimately, net profit came to €38.1M at 31 December 2017, down 38% compared to 31 December 2016 (excluding exceptional impacts relating to the disposal of the Visa Europe shares in 2016 and to goodwill in China in 2017), again due to the costs relating to the change acceleration project. Leaving aside these elements, Net Profit increased by 2.4%.

EVENTS OCCURRING AFTER THE REPORTING DATE:

No events have occurred after the reporting date that are likely to have a material impact on the consolidated financial statements for the year ended 31 December 2017.

C] Outlook for 2018

THE MAIN UNCERTAINTIES FOR FINANCIAL YEAR 2018 ARE:

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

THE MAIN ONGOING PROJECTS IN 2018 ARE:

- A comprehensive project to digitise our business.
- An expanded insurance offering.
- External growth.

D] Main risks to which ONEY Bank is subject

LIQUIDITY RISK EXPOSURE:

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

- Diversification of financing methods and bank counterparties, guaranteeing a satisfactory distribution of financing in line with the recommendations of the French banking and financial regulation committee (Comité de Réglementation Bancaire et Financière -CRBF).
- 100% coverage of the average refinancing requirement with resources drawn at more than one year and confirmed banking lines.

Oney Bank is required to comply with the Basel III liquidity coverage ratio (LCR). In this respect, since 30 September 2015, it has continually held high-quality liquid assets (HQLA) that enable it to cope with net cash outflows at 30 days in a stressed scenario. Since 1 January 2017, as required by prevailing regulations, it has complied with minimum cover of 80% of net cash outflows at 30 days.

Oney Bank must comply with a single covenant to maintain the refinancing facilities provided under the Club Deal (€500 million confirmed syndicated credit line) and certain confirmed lines. Under this covenant, it must comply with the following ratio: Total credit outstandings > Net financial debt, i.e. amounts due to credit institutions plus amounts due in the form of securities minus the credit balances of bank accounts (cash accounts, central bank and postal accounts), investments and amounts due from credit institutions and the gross value of HQLA category assets.

INTEREST RATE RISK EXPOSURE:

Oney Bank's financial policy is designed to protect financial returns from future fluctuations in interest rates. It therefore hedges against the interest rate risk from its outstanding fixed-rate loans.

Interest rate risk on outstanding adjustable-rate loans is hedged as the opportunity arises, since Oney Bank is generally able to pass on any rate increases to its customers.

CREDIT RISK EXPOSURE:

The cost of risk has fallen significantly in past years. Despite what is still a fragile economic environment, loan production continues to be of high quality and under control.

Thanks to the implementation of highly effective action plans for loan approval and risk management systems, Oney Bank has continued to meet its credit risk reduction targets.

E] Equity management

In accordance with banking 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 risks and balance sheet stability.

Oney Bank's equity is managed in such a way that it complies with the prudential equity levels required by European regulations in order to hedge the weighted risks in respect of credit risks, operational risks and market risks. In order to ensure compliance with the solvency ratio, Oney Bank projects its equity once a year when establishing its plan, in a comprehensive manner, and monitors it more regularly at each quarterly closing date.

Until 31 December 2013, the level of equity was monitored throughout the year using internal reporting systems drawing on Basel II regulations.

Since 2014, this approach has been based on Basel III regulations.

The order of 26 June 2013 transposes the European Capital Requirements Directive (CRD - 575/2013 and 2013/36/EU) into French regulations. The text sets out the "prudential requirements for credit institutions and investment firms" and the methods of calculating the solvency ratio from 1 January 2014 onwards.

As required by these provisions, Oney Bank has, since 2014, integrated the impacts of switching to the new CRD European directive into its equity and risk management approaches.

Equity is divided into two categories:

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

LEVEL OF PRUDENTIAL SHAREHOLDERS' EQUITY CALCULATED IN ACCORDANCE WITH REGULATIONS:

In millions of euros	31/12/2017	31/12/2016
Consolidated shareholders' equity, group share	579.3	558.2
Distributable dividends	(11.1)	(16.0)
Cash flow hedge reserves	+1.0	+1.8
IRBA	(15.1)	(20.2)
Intangible fixed assets and goodwill	(42.4)	(41.4)
Deferred taxes relating to tax losses	(3.9)	(9.1)
Adjustments relating to the transitional period	3.7	14.9
TIER 1 EQUITY	**511.5**	**488.2**
Subordinated debt (excluding additional deductions)	0.2	0.5
Adjustments relating to the transitional period	(0.2)	(0.5)
TIER 2 EQUITY	**0.0**	**0.0**

Regulatory capital amounted to €511.5 million as at 31 December 2017, compared to €488.2 million as at 31 December 2016.

In 2017, as in 2016, Oney Bank complied with these regulatory requirements.

CONSOLIDATED RATIOS

	BASEL 3 DECEMBER 2017	BASEL 3 DECEMBER 2017	BASEL 3 DECEMBER 2017	BASEL 3 DECEMBER 2017
Tier 1 ratio	17.0%	16.3%	15.2%	13.6%
Tier 2 ratio	0.0%	0.0%	0.0%	0.1%
Basel solvency ratio	17.0%	16.3%*	15.2%	13.7%
Liquidity ratio			368%	449%
LCR ratio	100.5%	93.8%	91.5%	

* In 2017, the solvency ratio stood at 17.0% after the distribution of dividends planned for 2018. It stood at 17.4% in 2017 before the distribution of dividends planned for 2018.

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017

A] Consolidated balance sheet - Assets

ASSETS (in € thousands)	**IFRS-EU 31.12.2017**		**IFRS-EU 31.12.2016**	
Cash in hand and at central banks and post office banks		352,746		301,887
Financial assets held for trading		0		0
Available-for-sale financial assets		3,619		3,185
Financial assets at fair value through profit or loss		0		0
Derivative instruments		956		211
Loans and receivables - Credit institutions		137,956		124,440
Demand accounts	94,000		84,781	
Term accounts	43,955		39,659	
Subordinated debt	0		0	
Loans and receivables - Customers		2,475,532		2,349,151
Financial assets held to maturity		0		0
Associates		2,317		7,352
Property, plant and equipment		41,850		43,351
Intangible assets		17,488		13,213
Goodwill		26,443		26,443
Deferred tax assets		29,601		37,816
Current tax assets		6,014		9,902
Other assets and accrual accounts		366,308		363,270
Subscribed capital not paid		0		0
Non-current assets and disposal groups intended to be sold classified as held for sale (IFRS 5 reclassification)				
TOTAL ASSETS	**3,460,830**		**3,280,222**	
OFF BALANCE SHEET	**31.12.2017**		**31.12.2016**	
COMMITMENTS GIVEN		**6,734,631**		**6,583,215**
Financing commitments		**6,684,517**		**6,548,909**
to credit institutions				
to customers	6,684,517		6,548,909	
Guarantee commitments		**50,114**		**34,306**
to credit institutions	49,998		34,189	
to customers	117		117	

B] Consolidated balance sheet - Liabilities and shareholders' equity

LIABILITIES (in € thousands)	IFRS-EU 31.12.2017		IFRS-EU 31.12.2016	
Central bank deposits				
Financial liabilities held for trading				
Financial liabilities at fair value through profit or loss				
Financial liabilities measured at amortised cost		2,574,855		2,441,490
Amounts due to credit institutions	869,600		856,024	
Customer deposits	1,123,626		518,022	
Debt securities	580,649		1,064,993	
Subordinated debt	980		2,451	
Derivative instruments		3,884		8,075
Provisions		11,107		10,999
Technical reserves and insurance liabilities		24,558		15,307
Technical reserves	24,558		15,307	
Amounts due to reinsurers	0		0	
Current tax liabilities		11,975		15,464
Deferred tax liabilities		87		43
Other liabilities and accrual accounts		252,319		227,141
Group's equity		579,273		558,212
Subscribed capital and issue premiums	108,047		106,341	
Subscribed capital	50,741		50,602	
Issue premium	57,306		55,739	
Other shareholders' equity				
Revaluation reserves	0		0	
Reserves	434,333		371,319	
Net profit for the year	36,893		80,552	
Minority interests		2,772		3,492
Total equity		582,045		561,704
TOTAL LIABILITIES	**3,460,830**		**3,280,222**	
OFF BALANCE SHEET	**31.12.2017**		**31.12.2016**	
COMMITMENTS RECEIVED		**1,367,923**		**1,123,922**
Financing commitments		**1,350,447**		**1,106,193**
received from credit institutions	899,350		855,000	
from customers	451,097		251,193	
Guarantee commitments		**8,112**		**6,381**
received from credit institutions	8,112		6,381	
from customers	0		0	
Commitments on securities		**9,364**		**11,348**
securities receivable	9,364		11,348	

C] Consolidated income statement

Income statement (in € thousands)	IFRS-EU 31.12.2017		IFRS-EU 31.12.2016	
FINANCIAL AND OPERATING INCOME AND EXPENDITURE				
Interest and similar income		241,376		232,338
Of which interest and similar income on transactions with credit institutions	462		1,406	
Of which interest and similar income on transactions with customers	240,581		230,919	
Of which interest on variable-income securities	333		13	
Interest and similar expenses		17,281		17,584
Of which interest and similar expenses on transactions with credit institutions	5,925		4,802	
Of which interest and similar expenses on transactions with customers	6,167		2,821	
Of which interest and similar expenses on bonds and other fixed-income securities	5,188		9,961	
Net interest margin		**224,095**		**214,755**
Fee and commission income	123,618		121,433	
Fee and commission expense	35,431		38,397	
Margin on commission		**88,187**		**83,035**
Net gain (loss) on available-for-sale financial instruments		0		16,274
Net gain (loss) on financial instruments at fair value through profit or loss		(5,298)		(5,253)
Gains on financial instruments	1,075		8,101	
Losses on financial instruments	6,373		13,354	
Net exchange differences		(68)		(294)
Income from other activities		129,824		110,872
Expense from other activities		20,461		12,908
NET BANKING INCOME		**416,279**		**406,482**
General operating expenses		291,034		243,392
Of which payroll expenses	116,425		104,540	
Of which other administrative expenses	174,610		138,852	
Charges to depreciation, amortisation and provisions for impairment of tangible and intangible assets		9,137		1,728
Of which charges to depreciation of fixed assets	9,589		7,650	
Of which charges net of provision reversals	(452)		(5,921)	
Of which charges net of reversals for impairment	0		0	
GROSS OPERATING PROFIT		**116,108**		**161,361**
Cost of risk		58,380		57,310
OPERATING PROFIT		**57,728**		**104,051**
Share of net profit (loss) of associates		(4,684)		(1,412)
Gains or losses on non-current assets		(152)		(166)
Change in value of goodwill		0		2,441
TOTAL PROFIT FROM OPERATIONS BEFORE TAX		**52,892**		**104,914**
Tax expense (income) on profit from operations		14 769		22,639
TOTAL PROFIT FROM OPERATIONS AFTER TAX				
Net profit from discontinued or held-for-sale operations				
TOTAL PROFIT		**38,123**		**82,275**
Profit for the year, Group share	36,893		80,552	
Minority interests	1,230		1,723	
Number of shares	1,445,771		1 445,771	
Group share of net profit per share	25.52		55.72	

D] Consolidated statement of comprehensive income

(in € thousands)	31/12/2017			31/12/2016		
	BEFORE TAX	TAX (EXP.) INCOME	AFTER TAX	BEFORE TAX	TAX (EXP.) INCOME	AFTER TAX
Profit for the period (excluding profit from discontinued and held-for-sale operations)	**52,892**	**(14,769)**	**38,123**	**104,914**	**(22,639)**	**82,275**
Items to be reclassified						
Foreign exchange differences from foreign operations	(513)		(513)	1,415		1,415
Change in the fair value of financial instruments (cash flow hedging instruments)	1,146	(394)	751	(310)	107	(204)
Change in the fair value of available-for-sale securities	736	(188)	548	(12,934)	502	(12,432)
Other items	(103)		(103)	(80)		(80)
Items that are subsequently unable to be recycled to profit or loss						
Actuarial gains (losses) on defined benefit plans	335	(208)	127	(150)	52	(99)
Other comprehensive income for the period	**1,601**	**(791)**	**810**	**(12,060)**	**661**	**(11,399)**
Comprehensive income for the period	**54,493**	**(15,560)**	**38,933**	**92,854**	**(21,978)**	**70,876**
Attributable to:						
owners of the parent company			37,900			68,605
minority interests			1,034			2,271
Comprehensive income for the period			**38,933**			**70,876**

E] Cash flow statement

In thousands of euros		31.12.2017		31.12.2016	
Net profit before tax	A		**52,892**		**104,914**
Elimination of non-monetary items:	B		(61,996)		(75,413)
Amortisation and depreciation of property, plant and equipment and intangible assets		9,589		5,209	
Charges net of reversals on customer receivables		(76,839)		(76,553)	
Charges net of reversals on provisions for liabilities and charges		444		(5,637)	
Capital gains or losses		151		166	
Net profit from discontinued operations					
Other movements		4,659		1,403	
Income from operations excluding non-monetary items	**A + B**		**(9,105)**		**29,502**
Increase in assets/decrease in liabilities (-)					
Decrease in assets/increase in liabilities (+)					
CASH FLOW FROM OPERATIONS					
Loans and advances to customers	C	(52,327)		(72,655)	
Receivables/payables - credit institutions	C	22,379		25,632	
Receivables/payables - customers (including corporate)	C	605,221		195,454	
Amounts due represented by a security	C	(484,778)		(137,438)	
Financial assets and liabilities	C	(3,768)		12,759	
Non-financial assets and liabilities	C	33,204		49,042	
Taxes paid	C	(9,942)		(19,159)	
Other movements	C	41		(59)	
Net cash flows RELATING TO OPERATIONS	**D=A+B+C**		**100,927**		**83,077**
CASH FLOWS RELATING TO INVESTMENTS					
Cash flows relating to tangible and intangible investments		(12 624)		(16,854)	
Cash flows relating to long-term investments and equity interests		0		(4,136)	
Other movements		112		87	
Changes in consolidation scope		(986)		4,718	
Net cash flows RELATING TO INVESTMENTS	**E**		**(13 497)**		**(16,185)**
CASH FLOWS RELATING TO FINANCING ACTIVITIES					
Dividends paid to shareholders		(15,963)		(12,026)	
Dividends distributed to minority shareholders		(1,374)		(1,392)	
Capital increases		1,707		(298)	
Other		(7,019)		(19,018)	
Net cash flows RELATING TO FINANCING ACTIVITIES	**F**		**(22,650)**		**(32,734)**
Net cash flows relating to operating activities	D		100,927		83,077
Net cash flows relating to investments	E		(13,497)		(16,185)
Net cash flows relating to financing activities	F		(22,650)		(32,734)
Effect of exchange rate fluctuations			180		100
NET CHANGE IN CASH			**64,960**		**34,258**
Cash and cash equivalents, start of period			413,698		379,441
Cash and cash equivalents, end of period			478,658		413,698
NET CHANGE IN CASH			**64,960**		**34,258**

F] Stockholders' equity bridge table

	CAPITAL AND RESERVES							
	Group share					Minority interests		
In thousands of euros	CAPITAL	PREMIUM	RESERVES	PROFIT (LOSS)	TOTAL	RESERVES	PROFIT (LOSS)	TOTAL
Closing position as at 31 December 2015	**29,021**	**57,475**	**346,847**	**68,525**	**501,868**	**1,366**	**1,358**	**2,725**
Appropriation of 2015 earnings			68,525	68,525		1,358	1,358	
Capital increases and issues	21,581	1,736	21,766		1,920			
Impact of cash flow hedges			204		204			
Translation reserve			891		891	525		525
Other								
Stock options			1,777		1,777			
misc. – Tax credit payment								
misc. – Natural Security								
misc. – Auchan dividends			12,026		12,026			
misc. – Géfirus								
misc. – Put on Hung. minorities						111		111
misc. – Hung. dividends						1,392		1,392
misc. – Pol. dividends								
misc. – Actuarial gains (losses) on retire. bfits.			99		99			
misc. – Available-for-sale securities			12,432		12,432			
misc. – Other			196		196	23		23
Net profit(loss) for period ended 31 December 2016				80,552	80,552		1,723	1,723
Closing position as at 31 December 2016	**50,602**	**55,739**	**371,319**	**80,552**	**558,212**	**1,769**	**1,723**	**3,492**
Appropriation of 2016 earnings			80,552	80,552		1,723	1,723	
Capital increases and issues	139	1,567			1,707			
Impact of cash flow hedges			751		751			
Translation reserve			362		362	151		151
Other								
Stock options			0		0			
misc. – Tax credit payment			3,068		3,068			
misc. – Natural Security						41		41
misc. – Auchan dividends			15,963		15,963			
misc. – Géfirus			674		674	674		674
misc. – Put on Hung. minorities						252		252
misc. – Hung. dividends						1,374		1,374
misc. – Pol. dividends								
misc. – Actuarial gains (losses) on retire. bfits.			127		127			
misc. – Available-for-sale securities			548		548			
misc. – Other			245		245	46		46
Net profit(loss) for period ended 31 December 2016				36,893	36,893		1,230	1,230
Closing position as at 31 December 2017	**50,741**	**57,306**	**434,333**	**36,893**	**579,273**	**1,542**	**1,230**	**2,772**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31/12/2017

drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union

(Figures expressed in thousands of euros - €k or in millions of euros - €m)

NOTE 1 :
SUMMARY DESCRIPTION OF THE GROUP

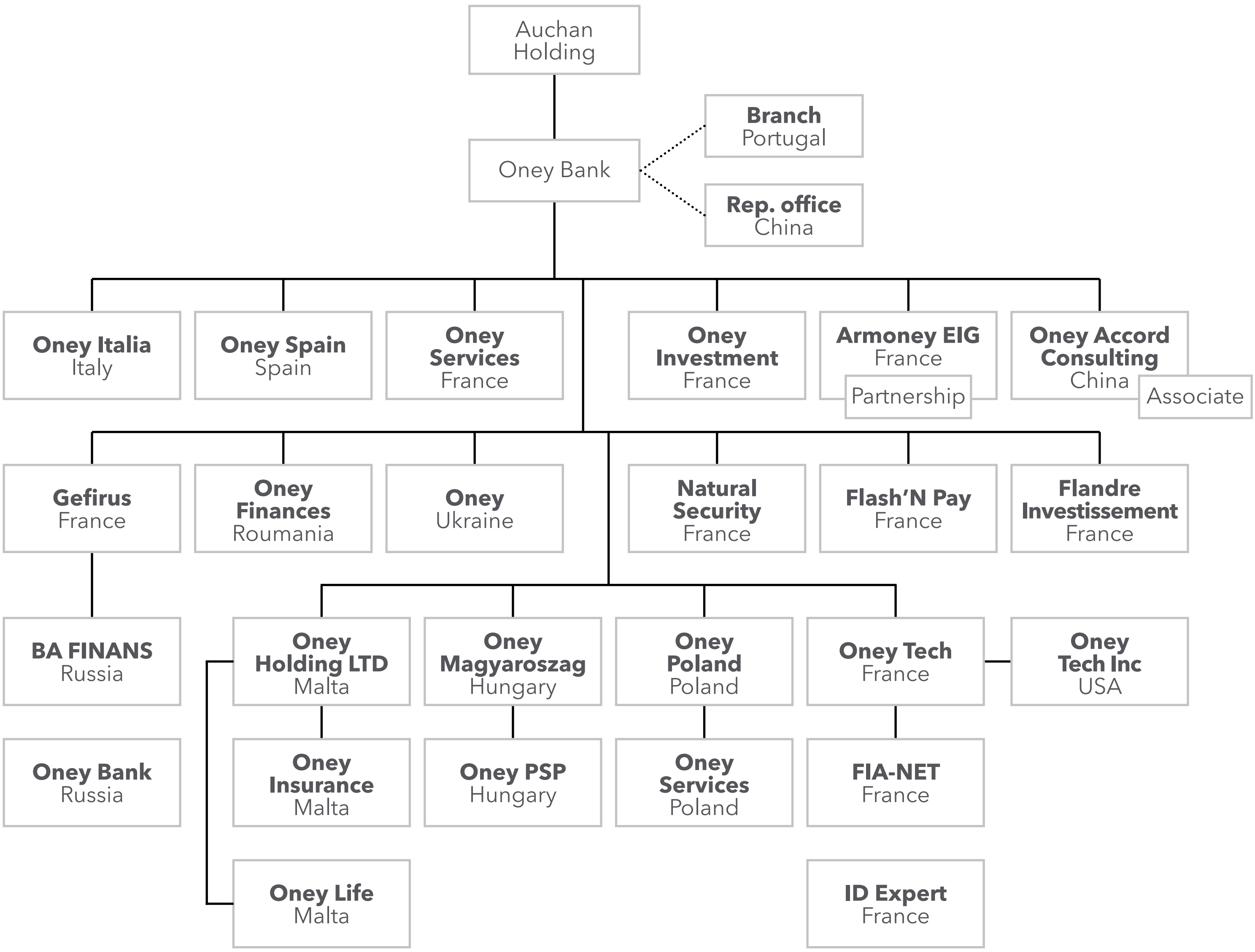
1. Legal presentation of the entity

Oney Bank S.A., registered under number 546 380 197 00105, is a public limited company (société anonyme) with a Board of Directors and its registered office at 40, avenue de Flandre, Croix (59170), France.

It specialises in all forms of banking transactions and transactions ancillary to its banking activity, including the receipt and transmission of orders on behalf of third parties, insurance broking and the representation of all insurance companies.

96.6% of its shares are held by Auchan Holding, a public limited company (société anonyme) with a Board of Directors whose registered office is at 40, avenue de Flandre, Croix (59170), France.

2. Simplified organisational chart of the ONEY BANK Group



NOTE 2 :
HIGHLIGHTS AND MAIN CHANGES IN CONSOLIDATION SCOPE

1. Highlights:

- **S&P rating:**

In May 2017, the Standard & Poor's ratings agency confirmed the Oney Group's long-term rating of BBB+ with a stable outlook. Its short-term rating was confirmed at A-2. The Bank's "core business" status vis-à-vis Auchan Holding was also confirmed.

- **Refinancing structure:**

In April 2017, Oney Bank launched a term deposit account for German tax-resident individuals in association with a German fintech company. More than €583 million had been deposited as at 31 December 2017.

2. Changes in consolidation scope:

- **Additions to the consolidation scope / Incorporation of new companies:**

Creation of a subsidiary in the United States, Oney Tech Inc., to market the anti-fraud solution.

- **Changes in percentage interests:**

Takeover by Oney Bank of the 40% minority interest in Oney Polska.

- **Removals from the consolidation scope:**

No removal from the scope of consolidation as at 1 January 2017.

3. Events after the reporting date:

No events have occurred after the reporting date that are likely to have a material impact on the consolidated financial statements for the year ended 31 December 2017.

4. Approval of the financial statements:

The financial statements were approved by the Board of Directors on 23 February 2017 and will be submitted to the shareholders for approval at the Ordinary General Meeting to be held on 17 April 2018.

NOTE 3 :
ACCOUNTING RULES AND METHODS

1. Declaration of compliance

Pursuant to European Regulation No. 1606/2002, the consolidated financial statements of the ONEY BANQUE ACCORD Group for the year ended 31 December 2017 were prepared in accordance with the IAS / IFRS international accounting standards published by the IASB and the IFRIC interpretations, as adopted by the European Union (the "carve-out" version, in which certain exceptions are made in the application of IAS 39 for macro-hedge accounting).

This regulation was supplemented by the regulation of 29 September 2003 (EC No. 1725/2003) on the application of international accounting standards and the regulation of 19 November 2004 (EC No. 2086/2004) on the adoption of IAS 39 in an amended form.

The new standards, amendments and interpretations (in addition to the 2010-2012 and 2012-2014 annual improvements of the standards) that must be applied in relation to reporting periods beginning on or after 1 January 2017 are:

STANDARDS, AMENDMENTS OR INTERPRETATIONS	DATE OF PUBLICATION BY THE EUROPEAN UNION
Amendment to IAS 12 on Income Taxes Recognition of deferred tax assets for unrealised losses: clarification on the recognition of the existence of future taxable profits	1 January 2017
Amendment to IAS 7 Statement of Cash Flows Cash flow statement: additional information to be provided on the change in financial liabilities on the balance sheet (in particular, non-cash movements)	1 January 2017
Amendment to IFRS 12 Disclosure of Interests in Other Entities Clarification – the information that is required to be disclosed by virtue of the standard shall also apply, barring exceptions, to investments classified as: • "held for sale", • "held for distribution to owners" or • "discontinued operations" within the meaning of IFRS 5	1 January 2017
Amendment to IFRS 1 First-time Adoption of IFRS Deletion of short-term exemptions for first-time adopters in respect of financial disclosures on financial instruments, employee benefits and investment entities	1 January 2017
Amendment to IAS 28 Investments in Associates and Joint Ventures (annual improvements - 2014-2016 cycle) For venture capital companies and assimilated undertakings, clarification regarding the possibility of measuring an investment at fair value through profit or loss, for every investment in an associate or joint venture, investment by investment, with the election being made on the date of initial recognition in the balance sheet.	1 January 2017

The standards, amendments to existing standards and interpretations adopted by the European Union that were not required to be applied at 1 January 2017 have not been planned for.

In addition, for the financial statements presented herein, the new standards, revisions to existing standards and interpretations published by the IASB but not adopted by the European Union as at the reporting date of the financial statements, have not been applied.

STANDARDS, AMENDMENTS OR INTERPRETATIONS NOT ADOPTED BY THE EU	SUMMARY OF THE STANDARD	IMPACT ON THE GROUP
IFRS 9 Financial Instruments	On 24 July 2014, the IASB published the final version of "IFRS 9 - Financial Instruments". IFRS 9 will apply from 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 overhaul IAS 39. IFRS 9 - Phase 1 defines the new rules for classification and measurement of financial assets and liabilities. It is supplemented by the impairment methodology for credit risk of financial assets (IFRS 9 - Phase 2) as well as hedge accounting (IFRS 9 - Phase 3; see below). Financial assets will be classified into three 'stages' (amortised cost, fair value through profit or loss and fair value through equity) depending on the characteristics of their contractual flows and the manner in which the entity manages its financial instruments (business model). Debt instruments (loans, receivables or debt securities) will be recorded at amortised cost, provided that they are held in order to collect contractual cash flows therefrom and that they display standard characteristics (the cash flows must only comprise repayments of principal and interest on the principal). Otherwise, these financial instruments will be measured at fair value through profit or loss. Equity instruments will be recognised at fair value through profit or loss barring an irrevocable election to measure them at fair value through equity (provided that these instruments are not held for trading and classified as such in financial assets measured at fair value through profit or loss) without subsequent reclassification through profit or loss. Embedded derivatives will no longer be recognised separately from host contracts when the host contracts are financial assets such that the entire hybrid instrument must be recorded at fair value through profit or loss. The rules for classification and measurement of financial liabilities contained in IAS 39 are incorporated into IFRS 9 without any amendment, with the exception of financial liabilities that the entity chooses to measure at fair value through profit or loss (fair value option), for which the revaluation differences related to changes in own credit risk will be recognised in gains and losses directly in shareholders' equity without subsequent reclassification in 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 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 recyclable other comprehensive income, on loan commitments and on financial guarantee contracts that are not recognised at fair value, as well as on lease and trade receivables. This new approach is designed to anticipate the recognition of expected credit losses as early as possible, whereas, with the IAS 39 impairment model, loss recognition is subject to objective evidence of an incurred loss. ECL is defined as the expected present value measure of losses weighted by the probability of default (on payments of principal and interest). It corresponds to the present value of the difference between contractual cash flows and expected cash flows (including payments of principal and interest).	The Oney Group has taken steps to implement this standard on time, by having the accounting, risk and IT functions and all the countries concerned work together to this end. Since 2015, the Group has carried out work to analyse the main challenges of IFRS 9. The analyses have primarily focused on changes brought about by: • New criteria for the classification and measurement of financial assets; • The overhaul of the credit risk impairment model, which makes it possible to switch from an incurred loss impairment model to an expected credit loss (ECL) impairment model. This new ECL approach is designed to anticipate the recognition of expected credit losses as early as possible, without waiting for objective evidence of an incurred loss. It is based on a wide range of information, including historical loss data, cyclical and structural adjustments, and projections of losses based on reasonable scenarios. The Group has so far completed the drafting of the new impairment model under IFRS 9, which requires that expected credit losses be recognised within 12 months of being reported on the balance sheet. A description of the new Group impairment model is provided in Note 3.3.

STANDARDS, AMENDMENTS OR INTERPRETATIONS NOT ADOPTED BY THE EU	SUMMARY OF THE STANDARD	IMPACT ON THE GROUP
IFRS 15 Revenue from Contracts with Customers	On 28 April 2015, the IASB approved the publication of an exposure draft proposing to defer by one year application of the revenue standard initially planned for 1 January 2017, to 1 January 2018. This standard will apply retrospectively. The objective of this standard prepared by the IASB and the FASB is to cause recognition of income from contracts with customers to converge. The standard will improve financial disclosure on revenue and its recognition in financial statements worldwide. The two accounting standard-setters have identified five stages for recognising revenue: • Identifying the contract(s) with a customer, • Identifying the various distinct performance obligations in the contract, • Determining the transaction price, • Allocating the transaction price to the various performance obligations in the contract, • Recognising revenue when performance obligations are met.	The Oney Group is currently evaluating the potential impact of the application of this new standard on its consolidated financial statements, bearing in mind that the standard does not apply to financial instruments (IFRS 9), insurance contracts (IFRS 4) and leases (IFRS 17).
IFRS 16 Leases	IFRS 16 Leases, published in January 2016, will replace IAS 17 Leases and interpretations relating to the recognition of such contracts. The new definition of a lease contract implies the identification of an asset and then the control by the lessee of the right to use that asset. The new standard should not make much difference from the lessor's standpoint, for whom there will be few changes by comparison with the existing IAS 17. From the lessee's perspective, IFRS 16 will require that all leases be recognised in the balance sheet in the form of a right-of-use asset with a corresponding lease liability in respect of the lease payments and other payments to be made over the term of the lease. The right-of-use will be accounted for on a straight-line basis and the lease liability on an actuarial basis over the term of the lease. Hence, IFRS 16 will essentially entail a change for leases that, under IAS 17, fell into the operating lease category, which meant that the assets used under such lease agreements were not required to be recognised in the balance sheet. IFRS 16 will be compulsory for all annual reporting periods beginning on or after 1 January 2019 and will first have to be adopted by the European Union for it to be applicable in Europe.	The Oney Group started to examine the standard when it was published and has been working to identify its potential effects.
Amendment to IFRS 2 Share-Based Payment	• Clarification of the measurement of cash-settled transactions incorporating a 'service' and a 'performance' condition • Clarification as regards accounting for modifications of share-based payment transactions from cash-settled to equity-settled	
IFRS 4 Insurance Contracts	Amendments: applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	
IAS 40 Investment Property	Clarification regarding the conditions for transfers between the different asset classes	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Exchange rate to be applied when advance consideration has been paid or received before the transaction has been performed	
IFRIC 23 Uncertainty over Income Tax Treatments	Clarification of the principles for recognising and measuring tax uncertainty in accordance with IAS 12 (Uncertainty over Income Tax Treatments)	
IAS 28 Long-term Interests in Associates and Joint Ventures	An investor must apply the provisions of IFRS 9 Financial Instruments to long-term interests in an associate or joint venture	

2. Comparability and change of method

- **Comparability:**
  The accounting methods used by the Oney Group in the preparation of its consolidated financial statements are identical to those used to prepare the consolidated financial statements for the year ended 31 December 2016, except through the mandatory application of new standards, amendments and interpretations.

- **Change of method:**
  There has been no change of accounting method applicable to the Oney Group since 1 January 2017.

3. The use of estimates

The preparation of financial statements under IFRS requires estimates to be made and assumptions to be used that could affect the carrying amounts of certain assets and liabilities and income and expenses, as well as the information provided in the notes to the financial statements. The actual values may be different from the 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 "Loans and Receivables - Customers" is adjusted through impairment related to the receivables where the risk of non-collection of these receivables is proven.
  This impairment, calculated on homogeneous groups of receivables discounted to present value, is estimated based on 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.
  Recorded impairments reflect Management's best estimates of the future flows of these receivables at the reporting date.

Description of work on the application of the new impairment model effective on and after 1 January 2018:

IFRS 9 replaces the IAS 39 incurred loss model with a single model of forward-looking impairment based on expected losses. This new model applies to loans, off-balance sheet commitments and debt securities.

As required by the standard, the Oney Group classifies assets into three 'stages': performing assets, underperforming assets and non-performing assets.

- A performing asset (Stage 1) is an asset that has not experienced a significant increase in credit risk. The impairment amount is based on the expected credit loss at 12 months.
- The shift from a performing to an underperforming asset (Stage 2) is justified by a significant increase in credit risk since recognition. Significant deterioration is defined by the Oney Group as ongoing non-payment lasting less than 90 days or that has arisen in previous months. A return to the performing asset category occurs when the probability of default falls below a certain level compared to the original probability of default.
- The classification as a non-performing asset (Stage 3) is justified by the default of the asset. The concept of default at Oney requires at least one of the following three grounds to be met: the existence of one or more past due payments for at least three months, the existence of contentious proceedings, a situation with characteristics that, regardless of the existence of a past due payment, leads to the conclusion that there is an actual risk (e.g. an over-indebtedness file).

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

The expected loss of the asset will be based, for performing assets, on a 12-month PD and, for underperforming assets, on a lifetime PD. Lifetime PD/EADs are calculated using provision matrices based on ageing, using the 12-month PD/EADs as a basis.

The impairment system, based on a PD and an LGD, converges towards the Basel Advanced-IRB model but maintains 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.

The work carried out in 2017 made it possible to draw up a forward-looking methodology for the 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) forward-looking elements.

The governance relative to IFRS 9 describes the general framework for the various controls and the monitoring of expected credit losses. The most important governance functions are centred on the quality and availability of data, modelling management and methodologies, as well as internal control processes. The governance in place ensures that the company has a clear vision of risk, through reporting documents that contain key performance indicators of the estimated ECL. The reporting documents are used to explain or adjust the calibration of the impairment model according to levels of alerts and the corrective measures described.

In the event that the calculation of the impact of the first-time application of IFRS 9, based on the consolidated financial statements for the year ended 31 December 2017, were to point to an increase in the provisions, the corresponding movement would be a deterioration in consolidated shareholders' equity. The definitive estimate of the impact will be recognised on effective transition to the new standard as of 1 January 2018.

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

- **Insurance underwriting reserves:**
  Calculations are based on expected losses by using models and assumptions based on historic and current market data.

- **Financial instruments measured at fair value.**
  The fair value of financial instruments is calculated using interest rate curves based on market interest rates on the reporting date.

- **Retirement schemes and other future employment benefits:**
  Expenses in respect of retirement and other future employment benefits are calculated based on Management's assumptions regarding discount rates, employee turnover rates or changes in 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.

- **Deferred tax assets:**
  Deferred tax assets are recognised in respect of all deductible timing differences, provided that it is deemed likely that a taxable profit, against which these deductible timing differences may be offset, will arise. The likely nature of such an occurrence is assessed as described in Note 3.11.

- **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 shareholders' equity and cash flow statement) pursuant to ANC recommendation No. 2017-02 of 2 June 2017.

The cash flow statement has been prepared through an analysis of cash flows with consolidated pre-tax profit as the starting point, using the indirect method.

Oney Bank SA's company objects clause forms the basis for determining the scope of consolidation with respect to operating activities, investment transactions and financing transactions.

Cash flows relating to the customer lending business and the liabilities refinancing this lending business have thus been included in the scope of consolidation linked to operating activities.

The definition of cash and cash equivalents corresponds to that set out in ANC recommendation No. 2017-02, namely: cash in hand at central banks and in post office accounts (assets and liabilities) and demand loans/borrowings to/from credit institutions as they appear in the consolidated balance sheet of the Oney Group for the periods in question.

4. Consolidation scope and method

The notes to the consolidated financial statements contain all material information relevant to the fair assessment of the Group's assets and liabilities and financial position, the risks it assumes and its profits.

These consolidated financial statements comprise the financial statements of Oney Bank SA and the French and foreign entities comprising the Oney Group. Since the financial statements of foreign subsidiaries are prepared in accordance with local accounting principles, they have been restated and adjusted to comply with the IFRS accounting principles adopted 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 31 December 2017:

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

THE CONSOLIDATION SCOPE AS AT 31 DECEMBER 2017 WAS AS FOLLOWS:

SUBSIDIARIES	% SHAREHOLDING	TYPE OF CONTROL	% CONTROL
ONEY 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 Tech (France)	100%	Controlled	100%
FIA-NET (France)	100%	Controlled	100%
ID Expert (France)	100%	Controlled	100%
ONEY Tech US (USA)	98%	Controlled	100%
Flash'n Pay (France)	100%	Controlled	100%
Flandre Investment (France)	100%	Controlled	100%
Natural Security (France)	48.33%	Controlled	100%
GIE Armoney (France)	50%	Joint	50%
SPECIAL PURPOSE STRUCTURE	**% SHAREHOLDING**	**TYPE OF CONTROL**	**% CONTROL**
FCT Oneycord 1 (France)	100%	Controlled	100%

By way of reminder, a securitisation transaction was carried out on 22 September 2009.

FCT Oneycord 1 (securitisation sub-fund), which would ordinarily have begun to be amortised on 15 October 2012, was extended for three years, with amortisation beginning on 15 October 2015.

In 2015 and in the period running up to that year, Oney Bank SA carried out a restructuring (new prospectus and new rating) of FCT Oneycord sub-fund 1. The life cycle of the fund was extended to September 2019.

This fund is wholly-owned by Oney Bank SA. The transferred receivables arise from revolving credit facilities. The sub-fund is topped up throughout its term by new eligible receivables as well as by drawing on those that have already been securitised.

FCT Oneycord 1 is controlled.

For more details on this securitisation transaction and on the carrying amount of the relevant assets and the associated liabilities, please refer to Note 7.4 - Assets transferred but not derecognised or derecognised with continuing involvement.

2. CONCEPTS OF CONTROL AND CONSOLIDATION METHODS

The consolidation methods are determined respectively by IFRS 10, IFRS 11 and amended IAS 28.

IFRS 10 replaces IAS 27 and SIC 12 and defines a framework for common analysis of control based on three cumulative criteria:

- holding of power over the relevant activities of the entity covered,
- exposure or holding of rights to variable returns and
- ability to exercise power to influence the amount of the returns.

IFRS 11 replaces IAS 31 and SIC 13. It sets out the methods for exercising joint control through two forms of partnership, joint operation and joint venture.

The parties that participate in a joint operation have rights over the assets and obligations in respect of the entity's liabilities and must recognise the assets, liabilities, income and expenses related to their interests in the joint operation.

On the other hand, joint ventures in which the joint venturers share rights over the net assets are no longer consolidated using the proportional method but instead accounted for using the equity method in accordance with amended IAS 28.

In accordance with international standards, all the controlled entities, entities under joint control or entities under significant influence, are consolidated.

Controlled entities:

Control exists over an entity if the Oney Group is exposed or entitled to variable returns resulting from its involvement in the entity and if the power that it holds over this entity enables it to influence these returns. To assess the concept of power, only substantive (voting or contractual) rights are examined. Rights are substantive when their holder has the ability, in practice, to exercise them when decisions are taken concerning the entity's relevant activities.

Control of a subsidiary governed by voting rights is established when the voting rights held confer on Oney Bank the current ability to direct the subsidiary's relevant activities. Oney Bank generally controls the subsidiary when it holds, directly or indirectly through subsidiaries, more than half of an entity's existing or potential voting rights, unless it can be clearly shown that this holding does not make it possible to direct the relevant activities. Control also exists when Oney Bank holds half or less than half of an entity's voting rights, including potential voting rights, but in practice has the ability alone to direct the relevant activities on account, in particular, of the existence of contractual agreements, of the relative magnitude of the voting rights held as regards the dispersion of the voting rights held by the other investors or other facts and circumstances.

Partnerships and joint ventures - Share of assets, liabilities, expenses and income:

Joint control is exercised when control over an economic activity is contractually shared. Decisions affecting the entity's relevant activities require the unanimity of the parties sharing control.

Entities under significant influence - Associates:

Significant influence results from the power to participate in a venture's financial and operational policies without controlling it. Oney Bank is presumed to have significant influence when it holds, directly or indirectly through subsidiaries, 20% or more of the voting rights in an entity.

3. CONSOLIDATION OF SPECIAL PURPOSE ENTITIES

Control of a structured entity is not assessed on the basis of the percentage of the voting rights, which, by its nature, has no effect on the entity's returns. Analysis of control not only takes into account contractual agreements but also the involvement and decisions of Oney Bank when the entity is formed, the agreements entered into at the time of its formation and the risks incurred by Oney Bank, the rights resulting from agreements that confer on the investor the power to direct the relevant activities, solely when particular circumstances arise, and other facts or circumstances that indicate that the investor is capable of directing the entity's relevant activities. When there is a management mandate, it is necessary to determine whether the manager is acting as agent (delegated power) or principal (on its own behalf). Thus, when decisions related to the entity's relevant activities need to be taken, the indicators to be analysed in order to define whether an entity is acting as agent or principal are not only the extent of the decision-making power related to the delegation of power to the manager over the entity and the remunerations to which the contractual agreements give entitlement, but also the substantive rights capable of affecting the decision-maker's capacity that are held by the other parties involved in the entity and exposure to the variability of the returns derived from other interests held in the entity.

5. Foreign currency transactions (IAS 21)

The financial statements of entities whose presentation currency is not the euro are converted into euros using the closing rate method. Under this method, all balance sheet items are converted at the exchange rate applicable on the balance sheet date.

All income statement items are converted at the average exchange rate for the period.

With respect to both balance sheet items and income statement items, the portion of the resulting exchange differences attributable to the Group is taken to shareholders' equity under "Exchange differences" whilst the portion attributable to third parties is recognised under "Minority interests". In keeping with the option offered by IFRS 1, the Group reset to zero all exchange differences attributable to the Group and to minority interests in the opening balance sheet as at 1 January 2004, by means of a transfer to consolidated reserves.

Goodwill and fair value adjustments resulting from business combinations among entities with an activity for which the functional currency is not the euro are considered as assets and liabilities of the subsidiary. They are expressed in the functional currency of the acquired entity then translated at the closing rate; the differences resulting from this translation are taken to consolidated shareholders' equity.

In the event of liquidation or disposal of all or part of a holding in a foreign company, the exchange difference appearing under shareholders' equity is transferred to the income statement in direct proportion to its significance as part of the total amount.

The exchange rates used for translations between the foreign currencies of the principal countries and euros are as follows:

COUNTRY	CURRENCY	CLOSING RATE		ANNUAL AVERAGE RATE	
		DÉC. 2017	DÉC. 2016	DÉC. 2017	DÉC. 2016
CHINA	Yuan	0.128133	0.136608	0.131085	0.136053
HUNGARY	Forint	0.003222	0.003228	0.003234	0.003211
POLAND	Zloty	0.239406	0.226742	0.234947	0.229212
RUSSIA	Rouble	0.014411	0.015552	0.015170	0.013479
ROMANIA	Leu	0.214661	0.220313	0.218857	0.222672
UKRAINE	Hryvnia	0.029691	0.035347	0.033261	0.035374

6. Treatment of acquisitions and goodwill (revised IFRS 3)

Goodwill arising from a business combination is measured as the excess of (a) in relation to (b), i.e.:

A) THE TOTAL OF:

- the transferred consideration measured at fair value at the acquisition date
- the amount of equity interest not giving control in the company; and
- in a business combination carried out in stages, the fair value at the date of acquisition of the equity interest previously held by the acquirer in the acquired company.

B)

the net of the acquisition-date amounts of the identifiable assets and liabilities assumed, measured in accordance with IFRS 3, as revised.

In the event that the acquisition is carried out using a derivative (call, put[1], etc.), in accordance with IAS 39 this derivative undergoes a separate valuation and is recognised in the income statement of the Oney Group when there is a difference between the exercise price of the put (representing the purchase price of the company) and the fair value of the acquired company. In this case, the fair value of this derivative is included in the determination of goodwill.

Goodwill is booked as an asset for the purchaser if it is positive and is taken to profit or loss if it is negative.

Goodwill is booked in the functional currency of the acquired company and converted at the exchange rate in force on the reporting date.

In accordance with Revised IFRS 3 - Business Combinations - positive goodwill is subject, if there is evidence of impairment, and at least annually, to an impairment test during the second half of each reporting period. The methods of performing these tests are described in Note 3.11 of the accounting rules and methods..

[1]Method for recognising put options on minority interests set out in Note 17.

7. Non-current assets held for sale and discontinued operations (IFRS 5)

A non-current asset (or a 'disposal group') is considered as held for sale if its carrying amount is recovered mainly through a sale rather than through continued use.

For this to be the case, the asset (or disposal group) held for sale must be available for immediate sale in its present condition and its sale must be highly likely.

The assets and liabilities in question are isolated on the balance sheet under the items "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale".

These non-current assets (or disposal groups) classified as held for sale are measured either at their carrying amount or their fair value, whichever is the lower, less the costs of disposal. In the event of an unrealised loss, an impairment charge is booked on the income statement. Furthermore, they cease to be depreciated upon their derecognition.

A discontinued operation refers to any component that the Group has disposed of or is classified as held for sale and is in one of the following situations:

- it represents a line of business or a main, distinct geographical region;
- it is part of a single, coordinated plan to dispose of a business line or a main, distinct geographical region; or
- it is a subsidiary acquired exclusively for resale.

The following are presented on a separate line in the income statement:

- net income after tax from discontinued operations until the date of disposal;
- the profit or loss after tax resulting from the disposal or the measurement at fair value less the costs of sale of the assets and liabilities constituting the discontinued operations.

8. Financial instruments (revised IAS 32, IAS 39 and IFRS 7)

Financial assets and liabilities are accounted for in the annual consolidated financial statements in accordance with the provisions of IAS 39 as adopted by the European Commission on 19 November 2004, supplemented by Regulation No. 1751/2005/EC of 25 October 2005 and Regulation No. 1864/2005/EC of 15 November 2005 relating to the use of the fair value option.

At the time of their initial recognition, financial assets and liabilities are measured at their fair value by including transaction costs (with the exception of financial instruments recognised at fair value through profit and loss). After the initial recognition, financial assets and liabilities are measured depending on their classification either at their fair value or at their amortised cost using the effective interest method.

Fair value is defined under IFRS 13 as being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The effective interest rate is the rate that exactly discounts future disbursements or receipts of cash over the projected lifetime of the financial instrument or, as the case may be, over a shorter period so as to obtain the net book value of the financial asset or liability.

For derivatives, fair value includes:

- The value adjustment related to the quality of the counterparty (Credit Value Adjustment - CVA), which is designed to incorporate in the valuation of derivatives the credit risk associated with the counterparty (risk of non-payment of sums owed in the event of default).
- The value adjustment related to our institution's specific credit risk (Debt Value Adjustment - DVA), which is designed to incorporate our own credit risk in the valuation of derivatives.

Description of work on the application of phase 1 "Classification and Measurement" of the new IFRS 9 standard effective on and after 1 January 2018:

IFRS 9 introduces a single classification approach for all financial assets, either at amortised cost or at fair value (through profit or loss or through equity). For financial assets (debt instruments), the classification is based on the analysis of two cumulative criteria through:

- The SPPI test: Solely Payment of Principal and Interest.
- The Business Model test: based on the business model used to manage the financial assets, where the objective is to hold such assets for the purposes of:
  - Collecting contractual cash flows
  - Collecting contractual cash flows and selling the assets.

The definitive classification retained by the Oney Group will be detailed on effective transition to the new standard as of 1 January 2018.

1.METHOD FOR DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy of financial assets and liabilities, introduced by the IFRS 7 amendment, is broken down in accordance with the general criteria of observability of inputs used in the measurement, in accordance with the principles laid down by IFRS 13.

These levels are as follows:

- **Level 1 :**
  Level 1 of the hierarchy applies to the fair value of financial assets and liabilities for which there are quoted prices on an active market.
- **Level 2 :**
  Level 2 of the hierarchy applies to the fair value of financial assets and liabilities for which there are directly observable inputs. This notably includes parameters linked to interest rate risk or credit risk parameters when credit risk can be remeasured based on quoted prices for Credit Default Swaps (CDS). Financial assets and liabilities with a demand component for which the fair value corresponds to the non-adjusted amortised cost are also entered in level 2 of the hierarchy.
- **Level 3 :**
  Level 3 of the hierarchy indicates the fair value of financial assets and liabilities for which there are no observable inputs or for which certain parameters can be remeasured based on internal models that use historical data.

2. LOANS AND RECEIVABLES

Loans are allocated to "Loans and receivables - credit institutions" and "Loans and receivables - customers". In accordance with IAS 39, they are initially measured at their fair value and ultimately at the amortised cost according to the effective interest method.

The effective interest rate includes discounts, income and integrated transaction costs (here, principally all of the commission paid to business providers and partner brands in the context of the production of credit).

3. IMPAIRMENT OF LOANS AND RECEIVABLES

Impaired receivables are those that present an established risk that corresponds to one of the following situations:

- When there are one or more past due payments;
- When the situation presents characteristics such that, regardless of the existence of any past due payment, it can be concluded that there is an established risk;
- Legal proceedings are in progress or debt is being restructured..

At each balance sheet date, the Oney Group determines whether there is objective evidence of impairment resulting from one or more events occurring after the initial recognition of the assets, where such a loss-generating event (or events) has (have) a significant impact on estimated future cash flows, provided that the loss can be reliably estimated.

The Oney Group performs two successive impairment tests:

- An impairment test on homogeneous groups of receivables where there is clear evidence of loss (particularly receivables that have been transferred to a debt collection agency for recovery and receivables for which over-indebtedness proceedings have commenced). In this case, impairment is equal to the difference between the carrying amount of the asset and the present value (at the original loan interest rate) of estimated recoverable future cash flows, taking into account the effect of any guarantees. The impairment loss is taken to cost of risk on the income statement and the value of the financial asset is reduced through the booking of an impairment charge. Impairment provisions and reversals are taken to cost of risk.
- An impairment test on homogeneous groups of receivables where there is clear evidence of loss but where, at this stage, the receivables only present a probability of being subject to recovery or proceedings or involved in over-indebtedness proceedings. In this case, impairment is determined on the basis of the past likelihood of write-off, the loss rate in the event of an established default and estimated future outstanding debts. The impairment loss is taken to cost of risk on the income statement and the value of the financial asset is reduced through the booking of an impairment charge. Impairment provisions and reversals are taken to cost of risk

In addition, for restructured loans (with no more than one past due payment), the Oney Group takes to cost of risk a loss representing a change in the terms and conditions of the loans, when the estimated recoverable future cash flows discounted at the original effective interest rate result in an amount that is less than the amortised cost of the debt.

Furthermore, in the case of receivables that are the object of restructuring and for which the last instalment in the new amortisation schedule represents a significant amount of the outstandings remaining due on the date of the restructuring (final due date), said instalment is the object of an impairment based on the history of recovery of receivables with the same characteristics.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The "Available-for-sale financial assets" category includes financial instruments that do not come under the following categories: loans and receivables, assets held to maturity and financial assets and liabilities at fair value through profit and loss.

Securities classified in this category are initially recognised at their acquisition price, including transaction costs.

On the balance sheet date, they are measured at their market value and any changes in market value are taken to shareholders' equity. When they are sold, these unrealised gains or losses previously recognised in shareholders' equity are taken to the income statement.

Income accrued or acquired on fixed-income securities is recognised under "Interest and similar income". Income on variable-rate securities is recognised under "Net gains or losses on available-for-sale financial assets".

An impairment charge must be recognised when there is objective evidence of impairment resulting from one or more events after acquisition of the securities.

Such objective evidence of loss is a lasting or significant decline in the value of the security for equity investments, or the emergence of a significant increase in credit risk materialised by a risk of non-recovery for debt investments.

For equity investments, the Oney group uses quantitative criteria to determine evidence of potential impairment. These quantitative criteria are essentially based on a loss of at least 30% of the value of the equity instrument over a period of six consecutive months. The Oney Group also considers factors such as financial difficulties of the issuer, short-term prospects etc.

Beyond these criteria, the Oney Group recognises an impairment charge in the event of a decline in value greater than 50% or observed for more than three years.

This impairment is recognised by a transfer to profit and loss of the amount of the cumulative loss removed from shareholders' equity, with the possibility, for debt instruments, if the value of the securities subsequently improves, of reversing through profit and loss the loss that had been transferred to profit and loss, when circumstances so warrant.

5. FINANCIAL LIABILITIES

IAS 39 recognises two categories of financial liability:

- Financial liabilities measured by type at fair value through profit or loss. Changes in the fair value of these financial liabilities are taken to profit or loss on the reporting date. However, note that Oney does not use the fair value option for its financial liabilities.
- Other financial liabilities: this category covers all other financial liabilities. These are booked at their original fair value (including transaction costs and income) and are subsequently recognised at their amortised cost using the effective interest method.

6. COSTS OF BORROWING (IAS 23)

Borrowing costs are recorded as expenses when they are incurred, in accordance with the standard treatment under IAS 23.

Thus, the costs relating to the creation or restructuring of the FCT (securitised fund), the ultimate purpose of which is to enable the use of the securities under repo arrangements with the European Central Bank, have been integrated at the effective interest rate of the financing obtained.

Similarly, the commission expenses incurred for the arrangement of financing and confirmed banking lines are incorporated at the instrument's effective interest rate over the projected lifetime of the instrument.

7. DISTINCTION DEBT - EQUITY INSTRUMENTS

The distinction between debt and equity instruments is based on an analysis of the substance of the contractual terms.

A debt instrument constitutes a contractual obligation:

- to deliver cash or another asset;
- to exchange instruments under conditions that may potentially be unfavourable.

An equity instrument is a contract that offers discretionary remuneration through which the holder is given a residual interest in a company after deduction of all its financial liabilities (net assets), and which is not categorised as a debt instrument.

8. DERIVATIVES

The Group uses futures or options qualified as derivatives within the scope permitted by IAS 39, to hedge its exposure to market risks (interest rate and exchange rate risks). However, the derivatives used to hedge exchange rate risk do not follow the definition of hedge accounting within the meaning of IAS 39.

Derivatives are recorded on the balance sheet at their fair value at the start of the transaction. At the end of each reporting period, these derivatives are measured at their fair value, regardless of whether they are held for trading or hedging purposes. The fair value is determined using internal valuation tools and compared to the valuations provided by banking counterparties.

The gain or loss arising from revaluation as recorded on the balance sheet is offset by a contra-entry on the income statement (except in the particular instance of cash flow hedges).

Hedge accounting:

The purpose of a fair value hedge is to reduce the risk of changes in fair value associated with a financial asset or liability. It can be implemented if it meets the eligibility criteria set out in the standard, i.e.:

- The hedging relationship is clearly defined and documented on its implementation date;
- The effectiveness of the hedge relationship is demonstrated from the outset and for its full duration.

The purpose of a cash flow hedge is to reduce the risk inherent in the variability of future cash flows of a financial asset or liability.

The revaluation of derivatives is booked as follows:

- **Fair value hedging:**
  the gain or loss from the revaluation of the derivative is recorded in the income statement on a symmetrical basis with the gain or loss from the revaluation of the hedged item up to the amount of the hedged risk, and only any hedge ineffectiveness is recognised in profit and loss.
- **Cash flow hedging:**
  the gain or loss from the revaluation of the derivative appears on the balance sheet as the corresponding entry for a specific other equity account and the ineffective portion of the hedge is, if necessary, taken to profit or loss. Accrued interest on the derivative is recorded on the income statement on a symmetrical basis with the hedged transactions.

In the context of portfolio management through macro-hedging, Oney Bank's approach is to document these hedging relationships based on future cash flows relating to groups of assets and liabilities presenting the same interest rate exposure.

The justification for the effectiveness of macro-hedging relationships is done through quarterly comparison between the cumulative refinancing base indexed to the present and forecast Eonia rate and the portfolio of hedging instruments. The effectiveness of these relationships is measured using prospective and retrospective tests.

The hedging instruments used by the Oney group are caps and swaps.

Caps, which are used as cash flow hedges, are also subject to effectiveness tests. The effectiveness test is performed by making a distinction between the intrinsic value of the option and the time value. Changes in time value are systematically taken to profit or loss.

Under IAS 39, these instruments, which are intended to hedge the Group's exposure to interest rate risk, must be recorded on the balance sheet at their fair value.

Variations in the fair value of these instruments are always taken to profit or loss, except in cash flow hedging relationships.

For derivatives eligible for hedge accounting (cash flow hedging), recognition as hedging instruments makes it possible to reduce the earnings volatility associated with changes in the value of the related derivatives.

Most of the derivatives used by the Group are eligible for hedge accounting. Thus:

- For derivatives documented as hedges of assets and liabilities recorded on the balance sheet (fair value hedges), hedge accounting allows the change in the fair value of the derivative to be taken to profit or loss; this is offset by the impact in profit or loss of the change in the fair value of the hedged item appearing on the balance sheet, with respect to the hedged risk.
- For derivatives documented as hedges of highly-probable future cash flows, the changes in the value of the derivative are recorded in reserves (cash flow hedge reserves) up to the effective portion of the hedge, while changes in the value of the ineffective portion are taken to profit or loss.

For derivatives not documented as instruments eligible for hedge accounting, changes in value are taken to profit or loss.

Embedded derivatives:

An embedded derivative is the component of a hybrid contract that falls within the definition of a derivative product. Embedded derivatives must be booked separately from the host contract when the following three conditions are fulfilled:

- the hybrid contract is not measured at fair value through profit and loss;
- when separated from the host contract, the embedded element possesses the characteristics of a derivative;
- the characteristics of the derivative are not closely related to those of the host contract.

Non-hedging derivative financial instruments

In order to meet a refinancing objective indexed to Eonia, the Oney Group can implement a swap to convert a portion of the debts issued as being indexed to Euribor into debts that are indexed to Eonia.

These conversion swaps, also known as basis swaps, have been recognised at fair value through profit or loss. It has not been possible to document a hedging relationship for these instruments.

9. DERECOGNITION OF ASSETS

A financial asset (or group of financial assets) is derecognised in whole or in part:

- when the contractual rights to the related cash flows expire;
- or are transferred or considered as such because they are de facto owned by one or more beneficiaries and where substantially all of the risks and rewards of that financial asset are transferred.

In this case, all rights and obligations created or retained at the time of the transfer are recognised separately as assets and liabilities.

10. FINANCING COMMITMENTS

Financing commitments that are not considered as derivatives under IAS 39 do not appear on the balance sheet when they are granted under normal conditions (otherwise, an asset or liability is recorded). Where applicable, they are subject to provisions in accordance with IAS 37.

11. GUARANTEE COMMITMENTS

A financial guarantee is a contract that requires the issuer to make specific payments to reimburse the holder for a loss incurred due to the failure by a specified debtor to make a payment on the due date according to the original or amended terms and conditions of the debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently at the greater of:

- the value determined in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or
- the amount initially booked, less any amortisation recognised under IAS 18 “Revenue”.

9. Treatment of fixed assets (IAS 16, 36, 38 and 40)

The Oney Group applies the component method when accounting for fixed tangible and intangible assets. In accordance with the provisions of IAS 16, the basis for depreciation reflects any residual value of the fixed assets.

The fixed assets are depreciated according to their estimated useful life using either the straight-line method or the declining balance method. The principles adopted are as follows:

TANGIBLE FIXED ASSETS:

Buildings:	8 to 40 years
Fixtures, fittings and security systems:	6 2/3 years to 10 years
Other fixed assets:	3 to 5 years

INTANGIBLE FIXED ASSETS:

Purchased software is recorded under other intangible assets and is amortised over three years.

Fixed assets are subject to impairment testing whenever there is an indication of loss in value and at least once a year in the case of intangible assets. In the event of a loss in value, an impairment charge is recorded on the income statement under “Charges to depreciation, amortisation and provisions for impairment of tangible and intangible assets”; this may be reversed if the conditions that led to its recognition change.

Capital gains or losses on disposals of operating assets are recorded under “Net gains or losses on other assets”.

10. Impairment of fixed assets (IAS 36)

IAS 36 - Impairment of assets - defines the procedures that a company must apply to ensure that the net book value of its assets does not exceed the recoverable amount, i.e. the amount that would be recovered from their use or sale.

The recoverable value of an asset is defined as the higher of the asset’s net selling price and its value in use. The net selling price is the amount that may be obtained from the sale of an asset in a transaction carried out under normal conditions of competition between fully informed and consenting parties, less the costs of disposal. The value in use is the present value of the future cash flows expected to be derived from the continued use of an asset and its disposal at the end of its useful life.

Cash flows after tax are estimated on the basis of three-year business plans approved by Management. Beyond this period, cash flows are extrapolated by applying a constant growth rate over a period that corresponds to the estimated useful life of the tangible asset. For tests related to goodwill, net income flows are extrapolated over an additional period of six years with a terminal value calculated by discounting data for the ninth year to infinity.

COUNTRY	BANKING DISCOUNT RATE	NON-BANKING DISCOUNT RATE	GROWTH RATE TO INFINITY
FRANCE	9.19%	7.81%	2%
PORTUGAL	11.94%		2%
SPAIN	9.99%		2%
ITALY	10.09%	8.71%	2%
POLAND	10.32%	8.94%	2%
HUNGARY	12.42%		2%
ROMANIA	11.31%	9.93%	2%
RUSSIA	12.44%	11.06%	2%
UKRAINE	20.74%	19.36%	2%
CHINA	11.13%	9.75%	2%

Flows are discounted at the discount rate plus a risk premium specific to each country. The discount rate is determined on the basis of the rate of return observed on the equity market of the banking sector for credit institutions and the retail sector for companies providing business to banking partners.

The level of regulatory capital retained for the analysis is 9.25% for 2017.

The recoverable amount of tangible and intangible fixed assets is tested whenever there is an indication of loss in value on every reporting date.

This test is also carried out once a year (at year-end) for assets with an indefinite life, such as goodwill.

1.IDENTIFICATION OF CASH GENERATING UNITS (CGUS)

A cash generating unit is defined as the smallest group of assets generating cash inflows largely independent of the cash inflows generated by other assets or groups of assets. The Oney Group has divided all its activities into cash generating units. This division is made in keeping with the organisation of the Group. It is regularly reviewed to take account of events likely to affect the composition of a CGU.

2.ANALYSIS OF SENSITIVITY OF GOODWILL

For Oney Spain, Oney Portugal and Oney China (the only entities in the Group for which there is goodwill), an increase in the discount rate of 100 basis points would reduce the value by €25.2 million but would not bring about an impairment of these assets.

For Oney Spain, Oney Portugal and Oney China, a decrease in the growth rate to infinity of 100 basis points would reduce the value by €13.9 million but would not bring about an impairment of these assets.

For Oney Spain and Oney Portugal, a 50 basis point increase in the level of regulatory capital would reduce the value by €2.1 million but would not result in any depreciation of these assets.

11. Deferred taxes (IAS 12)

This standard requires that deferred taxes be accounted for on all temporary differences observed between the carrying amount of an asset or a liability and its tax base.

No deferred taxes are accounted for in respect of the following items:

- non-deductible goodwill,
- the initial recognition of an asset or a liability in a transaction that is not a business combination and which does not affect either accounting income or taxable income and
- temporary differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future.

The tax rates used for the measurement of deferred taxes are those anticipated as being applicable when the asset is realised or the liability is settled, insofar as these rates have been fully adopted or adopted to some extent as at the reporting date. The effect of any change in the tax rates is recognised through profit and loss, with the exception of changes relating to items recognised directly in equity.

Deferred tax assets and liabilities are offset at the level of each taxable entity. They are not discounted.

Tax losses and other temporary differences give rise to the recognition of a deferred tax asset if it is probable that they will be attributed to taxable income or when allocation to deferred tax liabilities is possible.

Two conditions are required for the application of this rule.

- The entity must have generated positive taxable income over the last two years (current year and prior year);
- An analysis of the tax plan for the next three years is required to demonstrate that the tax losses that may be carried forward and the deferred tax assets on temporary differences can be recovered within a short period of three years, because of current profits.

12. Provisions (IAS 37))

Provisions other than those related to credit risks and employee benefits represent liabilities, the term or amount of which are not precisely set. The recognition of a provision is dependent upon the Oney Group having an obligation with regard to a probable third party that will require an outflow of resources in favour of this third party without at least equivalent compensation anticipated from the latter. This obligation may be legal, regulatory or contractual. These provisions are estimated according to their nature and on the basis of the most probable assumptions.

The amount of this obligation is discounted to determine the amount of the provision, when this discounting represents a significant amount.

13. Employee benefits (revised IAS 19)

Employee benefits are grouped into four categories in accordance with revised IAS 19:

- short-term benefits such as salaries, social security contributions and bonuses payable in the twelve months following the end of the annual reporting period;
- long-term benefits (long-service awards, bonuses and remunerations payable twelve months or more after the end of the annual reporting period);

- termination benefits;
- post-employment benefits, themselves classified into two categories described below: defined benefit schemes and defined contribution schemes.

Post-employment benefits: commitment relating to retirement, early retirement and retirement benefits - defined benefit schemes

ONEY BANK contributes to the establishment of pensions for its staff according to the laws and practices applicable in each country.

In accordance with revised IAS 19 - Employee Benefits - the Group registers and books all benefits granted to employees. The Group recognises actuarial losses and gains in other comprehensive income (OCI).

14. Share-based payments (IFRS 2)

IFRS 2 - «Share-based payments» - requires that the value of transactions paid in shares or similar instruments be recognised in the company's profit and loss account and balance sheet. This standard, which applies to schemes introduced after 7 November 2002 and not yet vested as at 1 January 2005, relates to two scenarios:

- transactions for which the payment is based on shares and which are settled in equity instruments,
- transactions for which the payment is based on shares and which are settled in cash.

The valuation method applied to options is based on the following criteria:

- Determination of the underlying value of the option on the date the option is granted uncorrelated with any condition set out in the options scheme. This value is determined by applying the binomial model;
- The specific conditions are then taken into consideration by applying a coefficient of probability to the underlying value.

The underlying value of the option is the value of a call determined by applying the binomial model based on the following:

- Term of the option (determined by the option scheme);
- Strike price of the option;
- Interest rate (the rate applied is that of the 4-year French treasury bond);
- The share price at the time of allocation;
- The volatility of the market sector (when the underlying share is not listed).

The underlying value applied includes the impact of dividends paid during the vesting period.

Rights are accounted for as expenses under the heading «Personnel expenses». This expense item is offset by an entry recorded as a liability where the shares are acquired by the Group. The expense item is spread over the period during which the rights are definitively vested to the members of staff.

When the underlying value of the option has been overestimated, a reversal is booked through equity.

15. Minority shareholder put options

The Oney Group has granted put options to the minority shareholders of certain of the group's controlled subsidiaries. These buyback commitments are optional commitments (sales of put options). The strike price of these options was established according to a calculation formula agreed upon when the subsidiary was acquired or formed, based on that subsidiary's projected future business performance.

In accordance with the provisions set out in revised IAS 32, the Group records a liability with respect to the put options granted to minority shareholders in subsidiaries that it controls exclusively. This liability is recognised at the present value of the estimated strike price of the put options.

It is offset as a reduction of minority interests underlying the options and, for the balance, as a deduction from the Group's shareholders' equity.

The value of the liability in respect of the put option is adjusted at the end of each period depending on the change in the likeliest exercise price of the options.

16. Own shares

All treasury shares held by the Group are registered at their acquisition cost as a reduction in shareholders' equity. Profits or losses net of tax resulting from the potential disposal of these treasury shares are attributed directly to shareholders' equity, such that any capital gains or losses resulting from the disposal do not affect the net profit for the annual reporting period.

17. Insurance activities (IFRS 4)

The two companies (life and non-life) mainly provide creditor insurance, affinity insurance and death and disability insurance in France, Portugal, Spain, Poland and Italy.

The technical reserves on life insurance and non-life insurance contracts are calculated by an external actuary in accordance with the methods defined by the regulations; these comply with IFRS. Technical reserves also take account of a prudence factor in view of the scarce loss experience and the economic environment of the countries concerned. They take the form of budgeted expenses to cover reported claims being processed, claims incurred but not reported (IBNR) and provisions for liabilities that have not extinguished.

The provision for unearned premiums is intended to recognise, for all outstanding contracts, the portion of premiums written and premiums outstanding to be written relating to the period between the inventory date and the date of the next premium instalment or, failing that, the end of the contract.

The insurance companies must comply with the solvency ratio of Malta, where they are based. As a member of the EU, Malta follows the Solvency 2 regulations in force within Europe.

18. Related party transactions

The related parties and fellow entities mentioned in the notes are the parent company Auchan Holding and the subsidiaries of Auchan Holding. Only significant transactions are reported.

19. Income per share

The Oney Group presents basic earnings per share calculated based on income from operating activities. This information is also broken down from net income.

Basic earnings per share is calculated by dividing the Group share of net income for the annual reporting period by the weighted average number of shares outstanding during the annual reporting period.

The figure for the average number of shares outstanding during the annual reporting period is arrived at by adding the number of shares issued during the period to the number of shares outstanding at the beginning of the period.

Given the number of options still in play at 31/12/2017, the diluted earnings per share would not be different from the earnings per share.

20. Transfer of financial assets (amended IFRS 7)

The amendment to IFRS 7 sets out the information to be disclosed on:

- transferred financial assets that are not derecognised in their entirety;
- transferred financial assets that are derecognised in their entirety but in which the entity has a continuing involvement; and
- the seasonality of transfers of financial assets to highlight window dressing transactions (for derecognised assets).

NOTE 4 :
CASH IN HAND AND AT CENTRAL BANKS AND POST OFFICE BANKS

(EN MILLIERS D'EUROS)	31/12/2017	31/12/2016	CHANGE
Central bank	342,489	292,184	50,306
Cash dispensers – Financial spaces	9,231	8,931	301
Other	1,025	772	252
TOTAL	**352,746**	**301,887**	**50,859**

Since 1 October 2015, within the framework of the Basel III regulations and the Liquidity Coverage Ratio (LCR), the Oney Group has been building a portfolio of very high-quality assets via deposits in current accounts with central banks.

NOTE 5 :
DERIVATIVES

Transactions in financial futures pertaining to interest rates totalled €1.005 billion compared with €777 million at the end of 2016. The portfolio can be classified into a number of groups:

- Hedging derivatives

- mortisable fixed-rate payer swaps are used to hedge against risks associated with fixed-rate loan financing.
- Derivatives not qualifying for hedge accounting
  - Interest rate options (CAP - guaranteeing a maximum rate - and possibly FLOOR - guaranteeing a minimum rate) are used to hedge against increased variable-rate loan costs arising from a significant increase in interest rates.
  - Cross-currency swaps are used to hedge against risks associated with refinancing subsidiary companies outside the eurozone.

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

HEDGING AND TRADING DERIVATIVES (in thousands of euros)	31/12/2017		31/12/2016	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**710**	**1,938**	**41**	**5,180**
Fixed income instruments:				
Firm instruments	710	1,938	41	5,180
Conditional instruments				
FAIR VALUE HEDGING	**167**	**142**	**170**	**2**
Fixed income instruments:				
Firm instruments	167	142	170	2
Conditional instruments				
CASH FLOW HEDGING	**79**	**1,804**	**0**	**2,894**
Fixed income instruments:				
Firm instruments	79	1,804	0	2,894
Conditional instruments				
TOTAL	**956**	**3,884**	**211**	**8,075**

NOTE 6 :
LOANS AND RECEIVABLES - CREDIT INSTITUTIONS

LOANS AND RECEIVABLES (in thousands of euros)	31/12/2017	31/12/2016	CHANGE
Demand receivables - credit institutions:	**94 000**	**84 781**	**9 219**
Term receivables - credit institutions:	**43 955**	**39 659**	**4 296**
Principal	43 904	39 571	4 333
Related receivables	52	88	-37
Subordinated loans:	**0**	**0**	**0**
Principal	0	0	0
Related receivables	0	0	0

DUE DATES

(in thousands of euros)	< = 3 months	3 months < D < = 1 year	1 year < D < = 5 years	> 5 yaears	31/12/2017
Term receivables - credit institutions:	**43,305**	**650**			**43,955**
Principal	43,254	650			43,904
Related receivables	52				52
Subordinated loans:					
Principal					
Related receivables					

(in thousands of euros)	< = 3 months	3 months < D < = 1 year	1 year < D < = 5 years	> 5 yaears	31/12/2016
Term receivables - credit institutions:	**39,009**	**650**			**39,659**
Principal	38,921	650			39,571
Related receivables	88				88
Subordinated loans:					
Principal					
Related receivables					

NOTE 7 :
LOANS AND RECEIVABLES - CUSTOMERS

1. Due dates

LOANS AND RECEIVABLES (in thousands of euros)	< = 3 months	3 months < D < = 1 year	1 year < D < = 5 years	> 5 yaears	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 receivable	6,105				6,105
Impaired outstanding debt:	**56,549**	**106,827**	**265,337**	**64,142**	**492,855**
LOANS AND RECEIVABLES (in thousands of euros)	**< = 3 months**	**3 months < D < = 1 year**	**1 year < D < = 5 years**	**> 5 yaears**	**31/12/2016**
Customer current accounts					**0**
Overall gross outstanding debts:	**662,722**	**638,991**	**1,245,640**	**238,565**	**2,785,918**
Performing outstanding debt:	**577,830**	**530,409**	**972,354**	**128,184**	**2,208,777**
Performing outstanding debt	571,703	530,409	972,354	128,184	2,202,650
Related receivable	6,127				6,127
Impaired outstanding debt:	**84,892**	**108,582**	**273,286**	**110,381**	**577,141**

2. Impaired outstanding debt

(in thousands of euros)		31/12/2017	31/12/2016	CHANGE
Performing outstanding debt	+	2,332,804	2,202,651	130,154
Impaired outstanding debt	+	492,856	577,141	-84,285
Impairments	-	356,258	436,768	-80,510
Net outstanding debt:	=	**2,469,402**	**2,343,024**	**126,378**
Related receivables	+	6,105	6,127	-23
Outstanding debt at the end of the period:	=	**2,475,507**	**2,349,151**	**126,356**
Proportion of impaired outstanding debt/total debt:		17.40%	20.72%	-3.31%
Hedging rate of impaired outstanding debt:		**72.28%**	**75.68%**	**-3.39%**

3. Variation in impairment on outstanding customer debt

CHANGE IN IMPAIRMENT (in thousands of euros)	31/12/2017	31/12/2016
Impairment, start of period:	**436,768**	**512,538**
Changes in consolidation scope		
Increases	7,451	13,891
Reversals	84,290	85,750
Reversal of discount on debt in over-indebtedness proceedings	-3,427	-4,722
Other restatements and exchange differences	-244	811
Impairment, end of period:	**356,258**	**436,768**

(1) Reversals of discount are included in the interest margin in 2015.

4. Assets transferred but not derecognised or derecognised with continuing involvement

- Assets transferred but not derecognised comprise customer outstandings within FCT Oneycord sub-fund 1. At 31 December 2017, the amount of the relevant assets, net of associated liabilities, was €720 million, compared to €736 million at 31 December 2016, and they continue to be recognised on the group's balance sheet under "Loans and receivables - customers".
- The amount of assets derecognised with continuing involvement corresponds to disposals of outstanding debt in over-indebtedness proceedings, in respect of which collection continues to be handled by the Oney Group. As at 31 December 2017, the amount of outstandings de-recognised with continuing involvement was €4.6 million, compared to €8.6 million as at 31 December 2016.

NOTE 8 :
SECURITIES

1. Available-for-sale securities

These securities recorded in the "Available-for-sale financial assets" portfolio are variable-income securities representing a fraction of the capital of the companies that issued them.

(in thousands of euros)	% held	2017	2016
Visa Europe	< 1%		0
Visa Inc	< 1%	1,320	793
VISA pref shares	< 1%	1,493	1,284
Swift	< 1%	62	62
Fivory	< 1%	743	854
Phoceis	< 1%	0	186
Membership of the FGDR (Fonds de Garantie des Dépôts et de Résolution)	< 1%	1	5
Other	< 1%		
TOTAL		**3,619**	**3,185**

2. Holdings / joint ventures accounted for using the equity method

As at 31 December 2017, the Oney Group held an interest in an equity affiliate, Oney China.

(in thousands of euros)	2017	2016
As at 1 January	7,352	4,042
Capital increase		4,905
Disposal of securities		18
Dilution / accretion / other	(201)	(30)
Goodwill (including exchange rate effect)	(3,690)	(136)
Share of income	(1,144)	(1,412)
As at 31 December	**2,317**	**7,352**

Oney decided to impair the goodwill recognised in 2015 as at 31 December 2017, amid uncertain prospects for Oney China.

Significant joint ventures are presented in the table below.

31/12/2017	Equity value	Dividends paid	Share of net income
Oney China	2,317		(1,144)
31/12/2016	**Equity value**	**Dividends paid**	**Share of net income**
Oney China	7,352		(1,412)

Summary financial data on significant joint ventures is presented below:

INCOME STATEMENT:

31/12/2017	Revenue or NBI	Gross operating income	Taxes	Net income
Oney China	10,985	(2,334)	0	(1,144)
31/12/2016	**Revenue or NBI**	**Gross operating income**	**Taxes**	**Net income**
Oney China	10,124	(1,412)	0	(1,412)

BILAN

31/12/2017	Total assets	Of which cash	Total liabilities	Equity
Oney China	16,685	11,971	11,511	4,729
31/12/2016	**Total assets**	**Of which cash**	**Total liabilities**	**Equity**
Oney China	16,658	11,387	9,184	7,474

3. Partnerships

- Armoney EIG:

ARMONEY was created on 11 June 2010 in the form of an economic interest grouping (EIG) with a supervisory board and management board between Credit Mutuel Arkea and Oney Bank SA. Each member has one share with no nominal value. This partnership was formed in the context of SEPA and as part of the implementation of the payment services directive. Its aim is to facilitate and develop its members' economic activity in means of payment and electronic money. Its main establishment is situated at 118 avenue des Champs-Elysees, 75008 Paris.

NOTE 9 :
TANGIBLE AND INTANGIBLE FIXED ASSETS

INTANGIBLE FIXED ASSETS (in thousands of euros)	Goodwill	Other	TOTAL
Gross value 01/01/2017	26 443	38 037	64 480
Gross value 31/12/2017	**26 443**	**46 752**	**73 195**
Cumul. amort. & impairments 01/01/2017	0	24 824	24 824
Cumul amort. & impairments 31/12/2017	**0**	**29 264**	**24 824**
Net value 01/01/2017	26 443	13 213	39 656
Net value 31/12/2017	**26 443**	**17 488**	**43 931**

Goodwill consists of:

- goodwill in respect of Oney Portugal (dated 1 July 2000 initially amortised on the basis of a 20-year period until 31 December 2003 and dated 1 January 2005 following the purchase of further Oney Portugal shares held by Cofinoga). Its net value at 31 December 2016 was €18,394k;
- goodwill in respect of Oney Spain (formerly Accordfin) of €8,049k dated 3 July 2010 in connection with the exercise by Santander Consumer Finance of its put option on the 49% shareholding it held in Accordfin.

TANGIBLE FIXED ASSETS (in thousands of euros)	Land	Buildings	Office computer equipment and other	Fixtures and fittings	In progress	Other	TOTAL
Gross value 01.01.2017 :	**6,477**	**23,137**	**22,113**	**18,900**	**482**	**836**	**71,945**
Acquisitions for the period	0	0	2,682	1,167	12	53	3,913
Disposals and scrapping	0	0	1,558	721	0	7	2,286
Restatements / changes in scope	0	395	12	77	(483)	0	0
Change in exchange difference	0	0	39	7	1	(4)	42
Gross value 31/12/2017:	**6,477**	**23,531**	**23,288**	**19,430**	**12**	**877**	**73,615**
Cumul. deprec. and impairment 01/01/2017		**1,760**	**17,763**	**8,452**		**618**	**28,594**
Charges to depreciation		807	2,371	1,869	-	103	5,150
Disposals and scrapping		7	1,300	715	-	0	2,021
Restatements / changes in scope		(8)	8	0	-	0	0
Change in exchange difference		0	38	5	-	(1)	42
Cumul. deprec. and impairment 31/12/2017:		**2,552**	**18,881**	**9,612**	**-**	**720**	**31,764**
Net value 01.01.2017	**6,477**	**21,377**	**4,350**	**10,448**	**482**	**217**	**43,351**
Net value 31.12.2017	**6,477**	**20,980**	**4,407**	**9,818**	**12**	**157**	**41,850**

NOTE 10 : DEFERRED TAXES

This table explains the change in net deferred taxes (assets - liabilities)

(in thousands of euros)	01/01/2017	Changes recognised in profit or loss	Changes recognised in equity	Changes recognised in equity	31/12/2017
Non-deductible provisions	22,481	(1,188)		66	21,359
Tax-related provisions	(648)	(89)			(737)
Financial instruments	977	121	(394)		704
Other	14,964	(6,328)	(396)	(50)	8,190
TOTAL	**37,774**	**(7,484)**	**(791)**	**16**	**29,515**

The "Other" heading includes a deferred tax amount capitalised on a loss for €4.1 million at 31/12/2017.

The deferred tax amount incorporates a €1.5 million decrease for provisions that will reverse as of 1 January 2019 in keeping with the gradual lowering of the standard rate of corporate income tax up to 2022.

Due dates of non-capitalised deferred tax assets

AMOUNT	<1 YEAR	1< <5 YEARS	+ 5 YEARS
14,836		13,096	1,740

Non-capitalised deferred taxes concern entities in Italy, Spain, Romania and Ukraine.

These deferred taxes include a deferred tax on losses carried forward of €14.9 million that was not capitalised given the uncertainty of its future allocation.

NOTE 11 :
ACCRUAL ACCOUNTS AND OTHER ASSETS

(in thousands of euros)	31/12/2017	31/12/2016	CHANGE
Items in the course of collection	279,528	294,153	(14,625)
Prepaid expenses	8,113	6,489	1,624
Accrued income	8,274	5,785	2,489
Other accrual accounts	804	556	248
Other assets	69,590	56,288	13,302
TOTAL	**366,308**	**363,270**	**3,038**

Items in the course of collection correspond to debits on customer accounts.

NOTE 12 :
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

(in thousands of euros)	31/12/2017	31/12/2016	CHANGE
Amounts due to credit institutions:	**869,600**	**856,024**	**13,576**
Demand	7,220	8,036	(816)
Term	862,380	847,988	14,392
Amounts due to customers:	**1,123,626**	**518,022**	**605,604**
Demand	138,871	117,798	21,073
Term	984,754	400,224	584,531
Amounts due represented by a security:	**580,649**	**1,064,993**	**(484,344)**
Debenture loans	200,648	350,849	(150,201)
Other liabilities represented by a security (MT notes, negotiable certificates of deposit)	380,001	714,144	(334,143)
Subordinated debt:	**980**	**2,451**	**(1,471)**
TOTAL	**2,574,855**	**2,441,490**	**133,366**

Confirmed credit lines not used as at 31 December 2017 granted by banks amounted to €899 million, including €815 million maturing after more than one year.

BREAKDOWN OF DEBENTURE LOANS

Issuing company	Nominal interest rate	Effective interest rate	Issue date	Maturity	31/12 2017	31/12 2016	Listing market
Oney Bank SA	1.817%	1.817%	Décembre 2012	Novembre 2017		150,000	Luxembourg
Oney Bank SA	2%	2%	Avril 2013	Octobre 2018	150,000	150,000	Luxembourg
Oney Bank SA	E3M + 60bp	E3M + 60bp	Octobre 2016	Octobre 2020	50,000	50,000	Luxembourg
TOTAL					**200,000**	**350,000**	

The bond issues were subscribed for by Auchan Coordination Services, save for the last issue of €50 million.

Details of subordinated debts

This comprises one redeemable subordinated loan of:

- €0.980 million issued in December 2008 for a term of 10 years, underwritten by Santander Group.

Under the terms of the agreement, the borrower has the option of fully or partially redeeming the loan before the maturity date, subject to the prior approval of the Autorité de Contrôle Prudentiel (French prudential control and resolution authority) or the Spanish central bank.

Offsetting financial assets and financial liabilities

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

Financial instruments given / received as collateral

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

TLTRO II:

Oney Bank subscribed to the ECB's new series of targeted longer-term refinancing operations (TLTRO II) in June 2016 for €355 million at an adjustable rate of 0%, which can be reduced retroactively to -0.40% depending on how loan outstandings evolve at the end of January 2018.

Considering this rate as non-market and with reasonable assurance that it will qualify for the lower rate, Oney Bank recorded the proceeds related to the potential rate cut as a government grant (IAS 20). At 31/12/2017, Oney Bank therefore recognised a receivable of €5.7 million in the balance sheet and refinancing income of €1.4 million in the income statement.

NOTE 13 :

PROVISIONS FOR RISKS AND CHARGES

(in thousands of euros)	01/01 2017	Increases	Reversals	Capital / Exchange / Entry into scope	31/12 2017
Employee benefits	2,948	966	70	(336)	3,509
Provisions for tax inspections	0	0	0	0	0
Provisions for disputes	8,050	3,753	4,204	0	7,598
SUBTOTAL	**10,999**	**4,719**	**4,274**	**(336)**	**11,107**

NOTE 14 :
TECHNICAL RESERVES WITH INSURERS AND LIABILITIES TOWARDS REINSURERS

(in thousands of euros)	01/01 2017	Increases	Reversals	Reclassification /Capital	31/12 2017
Technical reserves - life	2,347				2,347
Technical reserves - non-life	12,959	9,252			22,212
TOTAL Technical Reserves	**15,307**	**9,252**			**24,558**

NOTE 15 :
OTHER LIABILITIES AND ACCRUAL ACCOUNTS

(in thousands of euros)	31/12/2017	31/12/2016	CHANGE
Trade payables	5,193	5,381	(189)
Personnel expenses	17,776	16,908	868
Duties and taxes	4,486	3,263	1,223
Cash back, shopping vouchers, gift and prepaid cards	60,971	26,449	34,522
Other	18,566	17,333	1,233
SUBTOTAL OTHER LIABILITIES	**106,991**	**69,335**	**37,657**
Items in the course of collection	14,270	39,345	(25,075)
Deferred income	43,715	43,962	(247)
Accrued expenses	79,567	67,296	12,271
Other	7,776	7,204	572
SUBTOTAL ACCRUED LIABILITIES AND DEFERRED INCOME	**145,328**	**157,806**	**(12,478)**
TOTAL OTHER LIABILITIES AND ACCRUAL ACCOUNTS	**252,319**	**227,141**	**25,178**

NOTE 16 :
SHAREHOLDERS' EQUITY - GROUP SHARE

1. Number of shares representing the share capital

	31/12/2017	31/12/2016
Start of period	1,445,771	1,451,034
Issue of new shares for cash	3,978	
Reduction of capital by cancellation of shares		(5,263)
END OF PERIOD	**1,449,749**	**1,445,771**

On 15 September 2017, Oney Bank SA's share capital was increased by €139,000 through the creation of 3,978 additional shares, increasing the share capital from €50,602,000 to €50,741,000.

At 31 December 2017, the share capital amounted to €50,741,000, made up of 1,449,749 fully paid-up ordinary shares, each with a nominal value of €35.

Subscription options have been granted and are reserved for employees and/or officers of the Company 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. Own shares

En 2017, dans le cadre des levées d'options, Oney Bank a procédé au rachat de 2 313 actions propres.

3. Legal reserve

Oney Bank SA's legal reserve amounted to €5,079,000 at 31 December 2017.

4. Reserves broken down by type

CURRENCY TRANSLATION RESERVE

(in thousands of euros)	31/12/2017	31/12/2016
China	14	178
Hungary	(791)	(801)
Poland	137	9
Roumania	3	8
Russia	(2,363)	(2,231)
Ukraine	(123)	(101)
United States	8	
TOTAL	**(3,123)**	**(2,939)**

CASH FLOW HEDGE RESERVE (EXCLUDING DEFERRED TAX)

(in thousands of euros)	31/12/2017	31/12/2016
Start of period	(2,717)	(2,406)
Change	1,146	(310)
END OF PERIOD	**(1,571)**	**(2,717)**

5 Change in shareholders' equity (Group share)

(in thousands of euros)	Capital	Premium	Treasury shares	Reserves	Unrealised gains and losses	Profit (loss) for the period	Exch. differ.	Total sharehol-ders' equity
2015 Closing Position	29,021	57,475	(1,911)	342,553	10,582	68,525	(4,377)	501,868
Movements								
Appropriation				68,525		(68,525)		0
Profit (loss) for the period						80,552		80,552
Capital increases	21,581	(1,736)		(21,766)				(1,920)
Unrealised gains and losses from cash flow hedges					(204)			(204)
Stock options			1,449	328				1,777
Translation reserve							891	891
Net actuarial gains or losses on retirement benefits					(99)			(99)
Auchan dividends				(12,026)				(12,026)
PUT Hungary								
Dividends Poland								
Corporate income tax credit payment								
Reserve from available for sale securities					(12,432)			(12,432)
Miscellaneous			(196)					(196)
2016 Closing Position	**50,602**	**55,739**	**(461)**	**377,420**	**(2,152)**	**80,552**	**(3,487)**	**558,212**
Movements								
Appropriation				80,552		(80,552)		0
Profit (loss) for the period						36,893		36,893
Capital increases	139	1,567						1,707
Unrealised gains and losses from cash flow hedges					751			751
Stocks options				0				0
Translation reserve							(362)	(362)
Net actuarial gains or losses on retirement benefits					127			127
Auchan dividends				(15,963)				(15,963)
PUT Hungary								
Dividends Poland				674				674
Corporate income tax credit payment				(3,068)				(3,068)
Reserve from available for sale securities					548			548
Exchange differences on fixed assets				(57)				(87)
Goodwill China				(149)				(149)
Miscellaneous				(38)				(38)
2017 Closing Position	**50,741**	**57,306**	**(461)**	**439,369**	**(726)**	**36,893**	**(3,848)**	**579,273**

6. Dividends paid over the last three annual reporting periods

DIVIDENDS PAID (in euros)	AMOUNT	DIVIDEND PER SHARE
Cash dividends paid in respect of financial year 2014	8,256,216	5.71€
Cash dividends paid in respect of financial year 2015	12,025,753	8.32€
Cash dividends paid in respect of financial year 2016	15,963,205	11.05€

NOTE 17 :
MINORITY INTERESTS

(in thousands of euros)	
Position at 31 December 2015	**2,725**
Profit (loss) for the period	1,723
Put option on Hungarian minority interests	(111)
Dividends Hungary	(1,392)
Dividends Poland	
Natural Security	
Other (including exchange differences)	548
Position at 31 December 2016	**3,492**
Profit (loss) for the period	1,230
Put option on Hungarian minority interests	252
Dividends Hungary	(1,374)
Dividends Poland	
Natural Security	
Other (including exchange differences)	(829)
Position at 31 December 2017	**2,772**

By way of reminder, the Group opted to recognise the liability related to the Hungarian put option in equity (minority interests).

As at 31 December 2017, the share of Hungarian minority interests amounted to €4,149,000 with a liability associated with the put option of €4,149,000.

Information on significant minority interests relates to Hungary. On the balance sheet, total outstanding loans net of impairment total €39.9 million and liabilities (excluding shareholders' equity) total €31.5 million. On the income statement, net banking income amounts to €10.2 million, the cost of risk is (€0.1 million) and net profit is €3.1 million.

NOTE 18 :
OFF-BALANCE SHEET COMMITMENTS

COMMITMENTS RECEIVED

COMMITMENTS RECEIVED (in thousands of euros)	31/12/2017	31/12/2016
Financing commitments	**1,350,447**	**1,106,193**
Received from credit institutions and customers		
Guarantee commitments	**8,112**	**6,381**
Received from credit institutions and customers		
Commitments in respect of securities	**9,364**	**11,348**
Securities to be received		
TOTAL	**1,367,923**	**1,123,922**

Commitments in respect of securities are valued in accordance with the agreements described in the contracts signed with partners and are discounted at each annual reporting date. These are call options that Oney Bank may choose to exercise.

COMMITMENTS GIVEN

COMMITMENTS GIVEN (in thousands of euros)	31/12/2017	31/12/2016
Financing commitments	**6,684,517**	**6,548,909**
To credit institutions and customers		
Guarantee commitments	**50,114**	**34,306**
To credit institutions and customers		
TOTAL	**6,734,631**	**6,583,215**

BREAKDOWN OF COMMITMENTS GIVEN TO CUSTOMERS BY GEOGRAPHICAL REGION

(in millions of euros)	31/12/2017		31/12/2016	
	Assets - 2 years	Global	Assets - 2 years	Global
FRANCE	2,097	5,152	2,039	5,152
EUROPE EXCL. FRANCE	1,511	1,532	1,375	1,397
REST OF THE WORLD	0	0		

Commitments to customers, including within the definition laid down by the French prudential control and resolution authority for the calculation of ratios, i.e. excluding customers that have been inactive for more than two years, totalled €3.608 billion.

NOTE 19 :
INTEREST INCOME AND EXPENSES

(in thousands of euros)	31/12/2017		31/12/2016	
	Expense	Income	Expense	Income
Transactions with credit institutions	5,925	462	4,802	1,406
Transactions with customers	6,167	240,581	2,821	230,919
Transactions involving financial instruments	5,188	333	9,961	13
TOTAL	**17,281**	**241,376**	**17,584**	**232,338**

NOTE 20 :
COMMISSION INCOME AND EXPENSES

(in thousands of euros)	31/12/2017		31/12/2016	
	Expense	Income	Expense	Income
Transactions with credit institutions	9,986	7,275	9,055	6,728
Insurance transactions	5,090	18,748	4,889	17,993
Insurance transactions	19	24,092	20	24,408
Financial services - including card fees	15,073	49,581	19,034	52,173
Other	5,262	23,923	5,399	20,131
TOTAL	**35,431**	**123,618**	**38,397**	**121,433**

NOTE 21 :
OTHER BANKING OPERATING INCOME AND EXPENSES

(in thousands of euros)	31/12/2017		31/12/2016	
	Expense	Income	Expense	Income
Insurance expenses and income	19,288	83,780	10,376	71,620
Operating expenses and income	1,173	46,044	2,532	39,253
TOTAL	**20,461**	**129,824**	**12,908**	**110,872**

NOTE 22 :
PERSONNEL EXPENSES

(in thousands of euros)	31/12/2017	31/12/2016
Wages and salaries	71,376	62,508
Social security contributions	35,272	33,199
Tax expenses	(798)	(453)
Employee profit(sharing and incentive schemes	10,575	9,285
TOTAL	**116,425**	**104,540**

NOTE 23 :
OTHER ADMINISTRATIVE EXPENSES

(in thousands of euros)	31/12/2017	31/12/2016
Taxes	5,237	4,050
Rentals	4,877	4,407
Interim compensation	20,113	14,493
Other	144,382	115,902
TOTAL	**174,610**	**138,852**

NOTE 24 :
COST OF RISK

Cost of risk	31/12/2017		31/12/2016	
	Expense	Income	Expense	Income
Impairment on transactions with customers	7,451	84,290	13,891	90,44
Impairment on other receivables and financial fixed assets	0	0	0	0
Losses on unrecoverable debt	157,087		154,213	
Collections on written-off receivables		21,868		20,350
TOTAL	**164,539**	**106,159**	**168,104**	**110,794**
	58,380		**57,310**	

NOTE 25 :
CORPORATE INCOME TAX

TAX EXPENSE

Tax expense	31/12/2017	31/12/2016
Taxes payable	7,284	19,119
Deferred tax liabilities	7,485	3,520
TOTAL	**14,769**	**22,639**

TAX ANALYSIS

	AMOUNT	2017 RATE	2016 RATE
Earnings before corporate income tax and associates	54,035		
Standard rate		34.43%	34.43%
Theoretical corporate income tax	18,604		
Permanent differences	416	0.77%	-5.41%
Unrecognised deferred taxes	-1,868	-3.46%	0.19%
Rate differential	-2,174	-4.02%	-2.68%
Tax credits	-6,055	-11.21%	-6.45%
Impact of rate changes at start of period	-		
Other	5,846	10.82%	1.94%
EFFECTIVE TOTAL	**14,769**		
EFFECTIVE RATE		**27.33%**	**21.29%**

NOTE 26 :
MISCELLANEOUS

Headcount

In December 2017, there were 2,548 "full time equivalent" employees at the consolidated companies (including all employees of jointly-controlled companies), compared with 2,522 at 31 December 2016 on a like-for-like basis.

Executive compensation

The 10 highest remunerations paid in 2017 to the managers of Oney Group entities came to €2.7 million.

Expenses relating to post-employment benefits totalled €0.1 million

NOTE 27 :
EMPLOYEE BENEFITS

According to the rules and practices in each country, Group employees enjoy long-term or post-employment benefits.

These additional benefits take the form of either defined contribution or defined benefit schemes.

Defined contribution schemes:

These schemes are characterised by regular contributions to external organisations that provide administrative and financial management. The contributions are recorded as expenses as they are incurred.

Defined benefit schemes:

For the principal plans, an actuarial valuation is performed annually by independent experts. These schemes relate to retirement benefits in France.

Actuarial assumptions	2017	2016
Discount rate as at 1 January	1.80%	2.50%
Discount rate as at 31 December	1.80%	1.80%
Expected rate of increase in salaries	2.00%	2.00%

The change in the current value of the obligation with respect to defined benefit schemes is as follows:

Change in € thousands	2017	2016
Current value of the obligation as at 1 January	3,767	3,276
Financial cost	73	88
Cost of services rendered during the period	363	275
Benefits paid		
Actuarial losses (gains)	(331)	55
Other	9	72
PRESENT VALUE OF THE OBLIGATION AS AT 31 DECEMBER	**3,880**	**3,767**

The change in the fair value of the assets of the defined benefit schemes is as follows:

Change in € thousands	2017	2016
Fair value of assets as at 1 January	1,653	1,646
Expected return on assets	30	30
Contributions paid		
Benefits paid		
Actuarial losses (gains)	13	(23)
FAIR VALUE OF ASSETS AS AT 31 JANUARY	**1,696**	**1,653**

The net provision recorded on the balance sheet has changed as follows:

Change in € thousands	2017	2016
Net liability as at 1 January	2,114	1,630
Expense recognised	406	333
Contributions paid		
Benefits paid by employer		
Actuarial losses (gains) recognised in Shareholders' equity	(335)	150
Restatement of financial liability		
NET LIABILITY AS AT 31 DECEMBER	**2,184**	**2,114**

The reconciliation of balance sheet data with the actuarial obligation of the defined benefit schemes is as follows:

Reconciliation of net liability	2017	2016
Present value of obligation	3,880	3,767
Fair value of assets	1,696	1,653
Net position	2,184	2,114
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**2,184**	**2,114**

Expenses recorded for defined benefit schemes are broken down as follows:

In € thousands	2017	2016
Cost of services rendered during the period	363	275
Financial cost	73	88
Expected return on assets in the scheme	(30)	(30)
EXPENSE RECOGNISED	**406**	**333**

SENSITIVITY TO ASSUMPTIONS:

A 50-basis point reduction in the discount rate would increase the value of the obligation by 8% (impact on other comprehensive income).

NOTE 28 :
SHARE-BASED PAYMENTS

Characteristics of an options plan issued by Oney Bank

- Options may not be exercised within four years of the date on which they are granted.
- They may be exercised over a period from 1 June to 15 July in the year when the plan expires.
- The exercise of options is conditional upon actual, continuous presence with the issuing company or one of its subsidiaries. Any contract suspension for any reason other than illness or maternity invalidates the right to options (as does any other condition specific to the issuing company).
- The exercise price takes the form of an ex-coupon price. In any event, options are deemed exercised following detachment of the coupon.
- The shares subscribed by option recipients are entered into the Oney Bank share register.

CHANGE IN THE NUMBER OF OPTIONS AND THE WEIGHTED AVERAGE PRICE FOR REPORTING PERIODS 2016 AND 2017

	2017		2016	
	Exercise price	Number of options	Exercise price	Number of options
Options at start of period		1,541		5,422
Options issued during period	428.99	6,591	405.75	1,173
Options exercised during period				5,054
Options cancelled or lost		1,845		
Options expired				
Options at end of period	6,287			1541
Options exercisable at end of period				

PARAMETERS USED TO CALCULATE THE FAIR VALUE OF OPTIONS

	2017	2016
Intrinsic value of options	**+€18.08**	**+€133.86**
Share price	**447.07**	**405.75**
Exercise price	**447.07**	**405.75**
Option term	**2 years**	**2 years**
Type of model	**binomial**	**binomial**

Volatility has been established based on an analysis examining the inherent price volatility of company shares relative to Oney Bank SA's activity over the four-year period preceding the grant date.

IMPACT ON THE INCOME STATEMENT

No impact in 2017.

NOTE 29 :
SECTOR INFORMATION

In accordance with IFRS 8, the information presented is based on internal reports used by the General Management for the strategic direction of the Oney Group, the assessment of performances and the allocation of resources to the identified operating sectors.

The operating sectors presented in the internal reports, corresponding to the businesses and geographical regions in which the Oney Group operates, are as follows:

- Level 1: business lines
  - Consumer Credit
  - Electronic Money, Insurance, Savings, Payment Methods
- Level 2: geographical sectors
  - France
  - Europe excl. France: Spain, Portugal, Italy and Malta
  - Rest of the world: Poland, Hungary, Russia, Romania and Ukraine

As part of the sector information by geographical region, the income and expenses and the assets and liabilities for the sector are broken down based on the place that accounts for these transactions.

LEVEL 1

(in thousands of euros)	CREDIT		OTHER		TOTAL	
	2017	2016	2017	2016	2017	2016
Sector income:						
External	411,995	417,492	83,930	71,738	495,925	489,229
Internal	0	0	0	0	0	0
Depreciation	9,056	7,140	533	508	9,589	7,650
Sector expenses	153,204	158,912	44,010	29,788	197,214	188,700
Provisions	(452)	(5,921)			(452)	(5,921)
Cost of risk	58,380	57,310			58,380	57,310
Sector profit	191,808	200,051	39,386	41,440	231,194	241,491
Non-sector expenses					178,302	136,577
Tax expenses					14,769	22,639
IFRS 5						
Net profit					**38,123**	**82,275**
Sector assets	3,272,827	3,107,725	95,445	74,931	3,368,271	3,182,657
Sector liabilities	4,750,813	3,989,043	128,331	111,515	4,879,144	4,100,558
Investments	57,664	54,529	1,674	2,035	59,339	56,565

LEVEL 2

(in thousands of euros)	FRANCE		EUROPE		REST OF THE WORLD		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
Sector income	255,487	268,796	192,739	174,323	47,700	46,109	495,925	489,229
Sector assets	2,530,070	2,387,026	746,921	703,357	91,281	92,274	3,368,271	3,182,657
Investments	53,000	50,292	5,358	5,331	981	942	59,339	56,565

NOTE 30 :
FAIR VALUE

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

- variable-rate assets or liabilities, for which changes in interest have no material impact on the fair value, because the rates of these instruments frequently adjust to the market rate;
- short-term assets and liabilities, for which we consider the redemption value to be close to the market value.

The accounting methods used are as follows:

Cash in hand and at bank, asset and liability accrual 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

For these financial assets where changes in interest have no material impact on 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 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 expected future flows on the financial instrument identified through the zero-coupon curve as at 31 December 2017.

Amounts due represented by a security

With regard to amounts due represented by a variable-rate security, where changes in interest have no material impact on fair value, the redemption value is close to the market value.

For amounts due represented by a fixed-rate security, the fair value of this liability as at 31 December 2017 corresponds to the discounting of 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 the fair value. Accordingly, the redemption value is close to the market value.

MARKET VALUE OF ASSETS AND LIABILITIES BASED ON MARKET DATA OR VALUATION TECHNIQUES: (THE DEFINITION IS GIVEN IN NOTE 3.9.1)

In thousands of euros	Market value		
	Level 1	Level 2	Level 3
Derivatives - assets		956	
Derivatives - liabilities		3,884	
Cash in hand and at bank and post office	352,746		
Loans and receivables - customers			2,242,226
Current tax assets			3,619
Other assets and accrual accounts			6,014
Amounts due to credit institutions			366,308
Amounts due to customers			869,600
Amounts due represented by securities			1,123,626
Subordinated debt			583,434
Current tax liabilities			980
Other liabilities and accrual accounts			11,975
Current tax debts			252,319

THE IMPACT OF THE CVA/DVA CALCULATION (IFRS 13) AMOUNTS TO €2.0K AS AT 31 DECEMBER 2017.

In thousands of euros	Market value		
	Level 1	Level 2	Level 3
Available-for-sale financial assets	2,813	805	0

MARKET VALUE OF OTHER ASSETS AND LIABILITIES

In thousands of euros	2017		2016	
	Market value	Carrying amount	Market value	Carrying amount
Cash in hand and at bank and post office	352,746	352,746	301,887	301,887
Loans and receivables - customers	2,242,226	2,475,532	2,299,725	2,349,151
Available-for-sale securities	3,619	3,619	3,185	3,185
Current tax assets	6,014	6,014	9,902	9,902
Other assets and accrual accounts	366,308	366,308	363,270	363,270
Amounts due to credit institutions	869,600	869,600	856,024	856,024

In thousands of euros	2017		2016	
	Market value	Carrying amount	Market value	Carrying amount
Amounts due to customers	1,123,626	1,123,626	518,022	518,022
Amounts due represented by securities	583,434	580,649	1,086,613	1,064,993
Subordinated debt	980	980	2,451	2,451
Current tax liabilities	11,975	11,975	15,464	15,464
Other liabilities and accrual accounts	252,319	252,319	227,141	227,141

NOTE 31 :
EXPOSURE AND RISK MANAGEMENT

During the normal course of its business, the Group is exposed to interest rate, exchange rate and credit risks. It uses derivatives to mitigate interest rate risks.

The Group has put in place a structure that manages 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 in its financing and interest rate derivative transactions. The Oney Group only enters into 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 may 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 financial returns from future fluctuations in interest rates. It therefore hedges all the interest rate risks relating to its outstanding fixed-rate loans.

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

EXPOSURE TO INTEREST RATE RISK

The table below broadly shows the interest rate risk on financial assets associated with customers. All financial liabilities are included.

In thousands of euros	2017	2016
Fixed rate financial assets	1,850	1,644
Fixed rate financial liabilities	1,749	1,237
Floating rate financial assets	1,121	1,135
Floating rate financial liabilities	829	1,213

The payment schedules for financial assets are shown in Notes 6 and 7 and the payment schedules for financial liabilities in Note 31.3.

Sensitivity analysis method used

ASSUMPTIONS APPLIED:

- Rate increases applying to variable-rate liabilities would be reflected in variable-rate assets three months later
- Rate decreases applying to variable-rate liabilities would be reflected in variable-rate assets three months later
- With the exception of the cash flow hedge reserve, there would be no equity exposure to interest rate risk
- Only some fixed-rate assets would be hedged using variable-rate liabilities

Fixed-rate assets and liabilities are scheduled by forecast due date and a variable-rate exposure gap calculated for a twelve-month period. The impacts on profit or loss have been calculated on the basis of upward and downward interest rate movements of 100 basis points.

With regard to the impact on equity, the financial instruments used to provide cash flow hedging have been valued individually on the basis of upward and downward movements of 100 basis points.

The impact of swaps on equity has been calculated 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

A 1% increase in interest rates for all currencies would generate a reduction of €3.54 million in the cost of financial debt based on the financial position at 31 December 2017.

A 1% decrease in interest rates for all currencies would generate an increase of €3.54 million in the cost of financial debt based on the financial position at 31 December 2017.

IMPACT ON EQUITY

A 1% increase in interest rates for all currencies would generate a €9 million increase in equity based on the financial position at 31 December 2017, compared with an increase of €5.87 million at 31 December 2016.

A 1% decrease in interest rates for all currencies would generate a €9.28 million decrease in equity based on the financial position at 31 December 2017, compared with a decrease of €6.06 million at 31 December 2016.

3. Interest rate hedges

CASH FLOW HEDGES

Interest rate transactions designated as cash flow hedges concern swaps in which the Oney Group is a fixed-rate payer and receives the floating rate. The purpose of these hedges is to fix the interest rate on part of the forecast floating-rate debt, and thus secure future financial income (between the subsequent 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.

AT 31/12/2017

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

AT 31/12/2016

Derivative financial liabilities (in thousands of euros)	Carrying amount	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1-5 years	+ 5 years
Interest rate swaps	2,894	2,877	409	499	756	1,213	0

HEDGING INSTRUMENTS

The table below shows the periods in which the Oney Group expects cash flows linked to derivatives financial instruments qualifying as cash flow hedges to have an impact.

AT 31/12/2017

Actifs financiers dérivés (en milliers d'euros)	Carrying amount	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1-5 years	+ 5 years
Interest rate swaps	167	167	167				
Foreign exchange swaps	710	133	(185)	183	(55)	190	
Interest rate options							
Passifs financiers dérivés (en milliers d'euros)	**Carrying amount**	**Contractual cash flow**					
		Total	**< 3 M**	**< 6 M**	**< 1 year**	**1-5 years**	**+ 5 years**
Interest rate swaps	142	122	122				
Foreign exchange swaps	1,938	3,520	1,253	727	754	787	
Interest rate options							

AT 31/12/2016

Actifs financiers dérivés (en milliers d'euros)	Carrying amount	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1-5 years	+ 5 years
Interest rate swaps	170	0					
Foreign exchange swaps	41	65	17	9	27	12	
Interest rate options							
Passifs financiers dérivés (en milliers d'euros)	**Carrying amount**	**Contractual cash flow**					
		Total	**< 3 M**	**< 6 M**	**< 1 year**	**1-5 years**	**+ 5 years**
Interest rate swaps	2	0					
Foreign exchange swaps	5,180	8,473	1,290	1,574	1,952	3,658	
Interest rate options							

The currencies of these transactions are EUR and HUF.

4. Liquidity risk

The Oney Group has adopted a cautious refinancing policy to limit its liquidity risk:

- Diversification of bank counterparties, guaranteeing a satisfactory distribution of financing in line with the recommendations of the French banking and financial regulation committee (CRBF).
- 100% coverage of the average refinancing requirement with resources drawn at more than one year and confirmed banking lines.

The Oney Group must comply with a single covenant in the context of the refinancing facilities extended by the Club Deal (€500 million confirmed syndicated credit line) and certain confirmed lines. Under this covenant it must comply with the following ratio: Total credit outstandings > Net financial debt (where net financial debt refers to amounts payable to credit institutions plus amounts payable in the form of securities minus the credit balances of bank accounts including cash accounts, central bank and postal accounts, investments and receivables from credit institutions, and the gross value of assets falling into the HQLA (High-Quality Liquid Assets) category held in accordance with Basel III liquidity requirements). This ratio was complied with at 31 December 2017.

EXPOSURE TO LIQUIDITY RISK

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

AT 31/12/2017

(in thousands of euros)	Carrying amount	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1-5 years	+ 5 years
Amounts due to credit institutions (deposits)	7,220	7,220	7,220				
Amounts due to credit institutions	862,380	869,237	132,501	32,010	120,723	584,002	0
Amounts due to customers - demand	138,871	138,871	138,871				
Amounts due 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
Amounts due represented by a security	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	22,085	6,047	
Tax liabilities	12,062	12,062	8,522	3,507		33	

AT 31/12/2016

(in thousands of euros)	Carrying amount	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1-5 years	+ 5 years
Amounts due to credit institutions (deposits)	8,036	8,036	8,036				
Amounts due to credit institutions	847,988	850,519	190,361	20,682	121,396	518,080	0
Amounts due to customers - demand	117,798	117,798	117,798				
Amounts due to customers - term	400,224	420,926	755	855	1,657	213,806	203,852
Debenture loans	350,849	359,601	37	36	155,803	203,725	0
Amounts due represented by a security	714,144	714,163	148,993	160,930	284,108	120,132	0
Subordinated debt	2,451	2,472	5	1,475	4	989	0
Trade payables	5,381	5,381	5,381				
Other liabilities	221,760	221,760	202,307	1,816	10,335	7,302	
Tax liabilities	15,506	15,506	13,807	1,680	0	20	

Les flux de trésorerie attendus correspondent aux flux de trésorerie contractuels.

Lignes de crédits long et moyen terme à l'origine, accordées et confirmées par les banques mais non utilisées au 31 décembre 2017 et au 31 décembre 2016 :

Amount in € thousands at 31/12/2017	< 1 year	1< <5 years	+5 years
899,350	84,350	815,000	
Amount in € thousands at 31/12/2016	**< 1 year**	**1< <5 years**	**+5 years**
855,000		855,000	

5. Foreign exchange risk

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

Cross-currency swap transactions hedge the foreign exchange risk on the share of refinancing attributable to the Hungarian subsidiary Oney Magyaroszag and the Russian subsidiary Oney Bank.

6. Management of customer credit risk

1. GENERAL ASPECTS

Credit risk mainly relates to consumer loans (personal loans, revolving facilities, etc.) granted to individuals.

The risk is spread over a large number of customers with limited individual commitments.

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

2. STRUCTURE OF THE RISK DIVISION

The Oney Group's credit risk is managed and monitored by the subsidiaries or partners' Risk departments, the Group Risk department and the Internal Audit department through Risk Committees.

For France, Spain and Portugal, risk is managed and monitored by the local Risk departments.

In the case of the 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 implemented and above all the performance achieved in terms of risk management.

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

The credit decision-making 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.

These systems include:

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

Compliance with the credit decisions based on the scores and rules, which are very seldom waived, ensures tight risk control. Exceptions and the persons qualified to make exceptions are defined by procedures and are checked retrospectively; these exceptions are designed to ensure personalised management of loan approvals for larger amounts or intended for targeted customer bases.

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 financial returns from future fluctuations in interest rates. It therefore hedges all the interest rate risks from its outstanding fixed-rate loans.

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

6. AGED BALANCE OF PAST DUE PAYMENTS

As soon as a past due payment occurs, impairment is recognised on the corresponding customer loans and receivables. Exceptionally, impairment is not recognised on over-indebtedness plans that are in default. These amounted to €1.6 million as at 31 December 2017.

7. RESTRUCTURED DEBTS

The outstanding amount of restructured or rearranged debts, whether decided internally or after submission to an over-indebtedness body, amounted to €148.6 million as at 31 December 2017. Impairment of €100.8 million was recognised in respect of these loans as at 31 December 2017.

8. MAXIMUM EXPOSURE

The maximum exposure to credit risk was €493 million as at 31 December 2017, compared to €577 million as at 31 December 2016. It comprises impaired loans and over-indebtedness plans with a past due payment. The reserve granted to customers is blocked once a past due payment is detected. As a result, the reserves related to these outstandings are not reversed in the risk database and no impairment provision is recognised in respect of them.

7. Insurance risk management

There are two main types of insurance risk:

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

The first of these refers to variances between the assumptions made at the point where 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. These 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 method insurance, the types of coverage offered are: fraudulent use, 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 principally relate to breakdowns.

For protection reinsurance in Italy, the reinsured types of cover offered are: temporary inability to work and loss of employment following an accident.

The products offered provide for limited or lump-sum amounts of one-off payments or monthly amounts for predefined periods.

The Company also reserves the right to adjust the amounts of premiums (except for reinsurance, where it is the insurer that retains the ability to do so). This provides protection against any excess costs and 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 the risk of concentration.

For the second type of risk, all financial institutions and investment instruments are subject to the approval of the Board prior to any investment of funds, and all counterparties must be rated at least "A-" by Standard & Poor's, unless explicitly decided otherwise by the Board of Directors. These ratings are reviewed regularly.

8. Exposure to sovereign risk

As at 31 December 2017, the Oney Group has no exposure to sovereign risk.

NOTE 32 :
RELATED PARTY TRANSACTIONS

AT 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 accrual accounts	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 accrual accounts	3,101			
Transactions with customers				6
Subordinated debt and related liabilities				
Other liabilities and accrual accounts		244		
Non-recurring income and expenditure			2,432	1,985
External services				436
OTHER RELATED COMPANIES				
Other assets and accrual accounts	1,141			
Transactions with customers	79	687,366	10,215	342
Subordinated debt and related liabilities				
Other liabilities and accrual accounts		2,133		
Operating income and expenses			7,746	13,521
External services			2,375	387
TOTAL	9,444	690,386	21,161	16,677

AT 31/12/2016

In thousands of euros	Assets	Liabilities	Expense	Income
PARENT COMPANY				
Transactions with customers				
Subordinated debts and related liabilities				
Other assets/liabilities and accrual accounts	8,719	735		
Operating income and expenses				
External services			1,575	

In thousands of euros	Assets	Liabilities	Expense	Income
JOINT PARENT				
Subordinated debt and related liabilities				
Transactions with credit institutions				
Operating income and expenses				
ASSOCIATED COMPANIES	**1,785**			
Other assets and accrual accounts				**18**
Transactions with customers				
Subordinated debt and related liabilities				
Other liabilities and accrual accounts				
Non-recurring income and expenditure				**1,788**
External services				**445**
OTHER RELATED COMPANIES				
Other assets and accrual accounts	**1,527**			
Transactions with customers		**993,025**	**13,654**	**564**
Subordinated debt and related liabilities				
Other liabilities and accrual accounts		**2,268**		
Operating income and expenses			**3,072**	**12,946**
External services			**2,980**	**(7)**
TOTAL	**12,030**	**996,028**	**21,281**	**15,754**

NOTE 33 :
PROPOSED ALLOCATION

The draft resolutions submitted to the shareholders at the General Meeting propose the payment of a dividend out of reserves and the allocation of income to the accumulated deficit.

NOTE 34 :
AUDITORS' FEES

AT 31/12/2017

In K€	PwC	KPMG	Others	Total fees
Certification	321	182	16	519
Other missions	166	48	45	260
TOTAL	**487**	**230**	**61**	**778**

AT 31/12/2016

In K€	PwC	KPMG	Others	Total fees
Certification	285	177	32	493
Other missions	227		36	263
TOTAL	**512**	**177**	**68**	**754**

NOTE 35:
DOCUMENTS ACCESSIBLE TO THE PUBLIC

In accordance with ANC regulation No. 2014-07, this document is available at http://www.oney.com. Any person who wishes 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 telephone: +33 (0)3 28 38 58 00

ONEY BANK

Report of the Statutory Auditors on the consolidated financial statements

(Year ended 31 December 2017)

PricewaterhouseCoopers Audit
63 Rue de Villiers
92 200 Neuilly-sur-Seine

KPMG S.A.
Registered office
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex

Report of the Statutory Auditors on the consolidated financial statements

(Year ended 31 December 2017)

To the Shareholders,
ONEY BANK
40, Avenue de Flandre
BP139
59964 Croix Cedex

Dear Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of ONEY BANK for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in section headed “Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements” of this report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2017 to the date of our report and in particular we did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) No 537/2014 or by the French Code of Ethics for Statutory Auditors.

Justification of our assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and of the forming of our above opinion. We do not express an opinion on items of these consolidated financial statements taken in isolation.

Key point No 1: Impairment in respect of credit risk

Risk identified

In the context of its business as a credit institution specialising in consumer credit, the Group sets aside impairment provisions to cover retail customer receivables for which there is a proven risk of non-recovery. As detailed in Note 3.8.3 to the consolidated financial statements, this impairment is calculated in accordance with statistical models which, based on historical recovery data on portfolios of uniform receivables of the same nature, determine the expected future cash flows from these receivables.

We consider that the valuation of these impairment allowances, which amount to €356.3 million as at 31 December 2017, constitute a key point in the audit of the consolidated financial statements by reason of the use of the statistical modelling, the pertinence of the valuations of which depends on the methodology applied and the quality of the historical data used.

Audit procedures implemented in response to this risk

In the context of the audit of the Group's consolidated financial statements, our work consisted in:

- Analysing the methodology used to determine the amount of the impairment allowances;
- Assessing the process for determining the impairment allowances, overseeing and validating the models put in place by the management, and the adjustments applied to the data calculated by these models;
- Testing the quality of the data used in the impairment models, by survey;
- Testing the arithmetic calculation of the impairment allowances, by sampling;
- Analysing the consistency of the rates of impairment derived from the models and checking to see that they were correctly applied in the Group's accounts as at 31 December 2017.

Key point No 2: Valuation of Goodwill

Risk identified

As at 31 December 2017, the carrying amount of the Group's goodwill stood at €26.4 million.

The recoverable amount is tested as soon as indications of loss of value appear. This test is also carried out once a year for assets with an indefinite useful life.

The recoverable value of an asset is defined in Note 3.10 to the consolidated financial statements as the higher of the selling price less selling costs and its value in use as determined by the estimated future cash flows discounted to their present value.

For the purposes of these impairment tests, the Group has divided all its activities into Cash Generating Units (CGUs).

Determining the recoverable value requires significant judgements by the management, notably as regards the establishment of forecasts and the setting of the financial parameters (DCF discount rate, growth rate and level of capital requirements).

We consider that the valuation of the recoverable value of goodwill items constitutes a key point in the audit, since the determination of the recoverable value is based on forecast future cash flows discounted to present value, which requires the use of assumptions and estimates.

Audit procedures implemented in response to this risk

In the context of the audit of the Group's consolidated financial statements, our work consisted in:

- Analysing the methods implemented by the management for determining the recoverable value of goodwill items;
- Assessing the elements forming the carrying amount of the CGUs or of the group of CGUs at the level at which the goodwill items are monitored by the Group and the consistency of these elements with those used in the future cash flow projections;
- Analysing the consistency of the future cash flow projections with the budgets and forecasts approved by the Board of Directors and with regard to the economic environments in which the Group operates;
- Assessing the reasonableness of the financial parameters used in the model (DCF discount rate, growth rate and level of capital requirements);
- Testing the arithmetic calculation by sampling;

Verifying the information relating to the group given in the group Management Report

We also carried out, in accordance with professional standards applicable in France, the specific verification required by the law of the information pertaining to the group presented in the group Management Report.

We have no comments to make as to its fair presentation and consistency with the consolidated financial statements.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of ONEY BANK by your General Meetings of 15 April 2013 as regards PricewaterhouseCoopers Audit and 29 May 1992 as regards KPMG S.A.

At 31 December 2017, PricewaterhouseCoopers Audit was in the fifth and KPMG S.A. was in the twenty-sixth year of their respective uninterrupted terms.

Responsibilities of the management and the persons forming the corporate governance regarding the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for implementing such internal control procedures as it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether deriving from fraud or from error.

In preparing the consolidated financial statements, it is incumbent upon management to assessing the company's ability to continue as a going concern, disclosing in the accounts, as applicable, the necessary information relating to the continuity of the business and applying the going concern accounting principle, unless it expects to liquidate the company or to cease operations.

It is incumbent upon the Audit Committee to monitor the process of preparing the financial information and the effectiveness of the internal control and risk management systems, as well as of the internal audit where applicable, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors with regard to the audit of the consolidated financial statements

Objective and approach of the audit

It is for us to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L.823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

A more detailed description of our responsibilities as Statutory Auditors regarding the audit of the consolidated financial statements can be found in the appendix to this report, of which it forms an integral part.

Report to the Audit Committee

We send a report to the Audit Committee presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the financial statements for the year and which therefore constitute the key points of the audit. These points are described in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

Neuilly-sur-Seine and Paris La Défense, 12 March 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG S.A.**
Alexandre Decrand	**Christophe Coquelin**

Detailed description of the responsibilities of the Statutory Auditors

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit.

Furthermore:

- he identifies and assesses the risks of material misstatements being contained in the consolidated financial statements, whether deriving from fraud or error, designs and implements audit procedures to address these risks, and obtains such evidence as he considers sufficient and appropriate on which to base his opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, misrepresentations or bypassing of internal controls;

- he takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;

- he assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by the management body, as well as the related information provided by management in the financial statements;

- he assesses the appropriateness of the management body's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast doubt on the company's ability to stay in business. This assessment is based on the audit evidence obtained up to the date of the audit report. However, subsequent circumstances or events could lead to the going concern assumption being called into question. If he reaches the conclusion that such significant uncertainty does exist, he draws the attention of readers of his report to the information provided in the financial statements regarding this uncertainty or, if this information is not provided or is not pertinent, he issues a qualified opinion or refuses to certify;

- he assesses the overall presentation of the financial statements and whether they give a true and fair view of the underlying transactions and events;

- concerning financial information on persons or entities included in the consolidation scope, he collects such evidence as he considers sufficient and appropriate in order to express an opinion on the consolidated financial statements. He is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on them.

• CREDITS •

Editorial:
Oney Communication Department

Photo credits:
SIPA Press, Timkat

Design and production:
ULTRAMEDIA