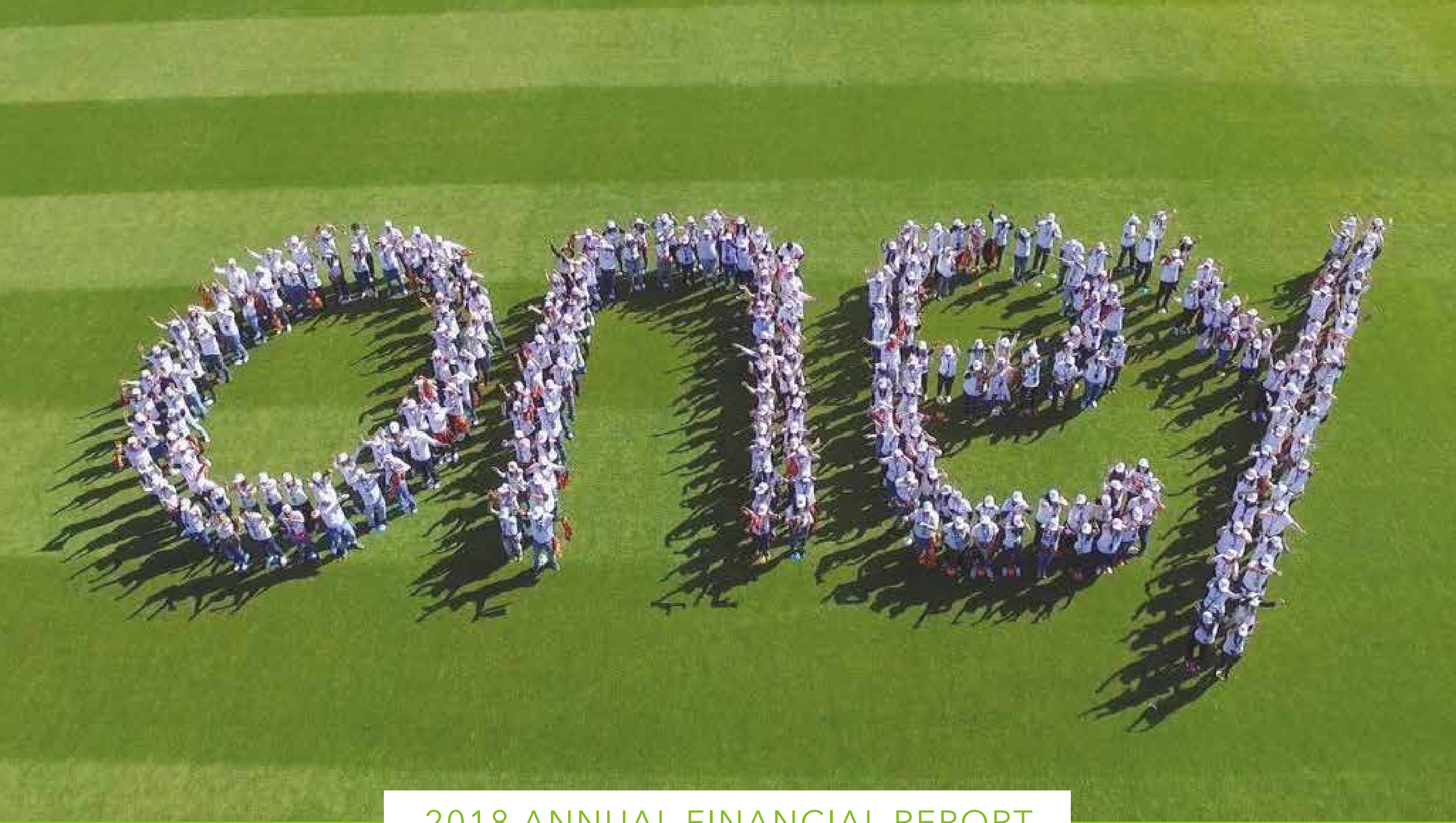

2018 ANNUAL FINANCIAL REPORT

(re)discover

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SUMMARY

2018 annual financial report

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

for the period ending 31 december 2018 pursuant to Article 3(2)(C) of the French Transparency Act (Loi Transparence)

Name

Jean-Pierre Viboud, Chief Executive Officer of Oney Bank

Statement

"I hereby declare that, to the best of my knowledge, the consolidated annual financial statements at

31 December 2018 have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profits or losses of the Company and of all companies included in its scope of consolidation, and that this management report accurately presents the Company's business development and results, its situation/position and that of all the companies included in the consolidation scope, as well as a description of the main risks and uncertainties they face."

Croix, 5 March 2019

JEAN-PIERRE VIBOUD
CEO
ONEY BANK

ONEY BANK
Public limited company (Société Anonyme)
with a Board of Directors
With a share capital of 50,741,215 euros
40 Avenue de Flandre 59170 CROIX
Lille Métropole trade and companies register B 546 380 197

MANAGEMENT REPORT ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the period ending 31 december 2018

A] The economic climate

The unemployment rate in the eurozone has continued to decline. In November 2018, it stood at 7.9% across the

19 countries in the eurozone. France was slightly above the eurozone average with an unemployment rate of 8.9%.

The International Monetary Fund (IMF) has lowered its growth forecasts for the global economy, citing weaker economic activity in the second half of 2018. IMF economists now anticipate global growth of 3.5% for 2019 and the Eurozone at 1.6%.

France's growth forecast is down slightly too, by 0.1 point in 2019 to 1.5%, a consequence of the "gilet jaunes" (yellow vests) social movement.

B] Key events and activity during the period

REFINANCING

- **S&P rating:** In March 2018, Standard & Poor's lowered the ONEY Group's long-term rating to BBB with a stable outlook. In September 2018, the outlook was changed to negative. The short-term rating was confirmed at A-2, as was the Bank's "core business" status with regard to Auchan Holding.

  On 12 February 2019, Auchan Holding and BPCE entered into exclusive negotiations for BPCE to take a 50.1% stake in Oney Bank.

  On 21 February 2019, following this announcement, S&P confirmed the Group's short-term rating at A-2 and its long-term rating at BBB with positive outlook.
- **Liquidity management:** To manage its liquidity risk, Oney Bank has confirmed bank LOCs of €1,150 million (including €323 million in use at 31 December 2018), €951 million of which has a residual maturity of more than a year.
  Oney Bank has access to the exceptional liquidity measures put in place by the European Central Bank (ECB) through the mobilisation of securities at REPO rate issued by "Oneycord Compartiment 1", a group-owned mutual securitisation fund. At 31/12/2018 Oney Bank had used €395 million of its €475.3 million drawdown capacity.
- **Refinancing structure:** Oney Bank maintains a diversified and balanced refinancing structure. As such, Oney Bank's refinancing structure at 31 December 2018 consists of debt represented by securities, bank debt (including the ECB's TLTRO-II), personal savings and financing from the parent company.

MAIN EVENTS AND ACTIVITY

In 2018, our digital transformation gathered speed. For our customers, with more online services and digital capabilities; then for our partners, with ever more innovative payment solutions and digital profiling possibilities, allowing a smoother and more secure shopping experience; and finally, for our employees, with investments in new workplace and customer relationship management tools.

By entering new countries and signing new partnerships, we have been getting closer and closer to our goal of becoming the European leader in instalment payment and digital profiling solutions.

Oney now has 7,6 million customers and 400 retail and e-commerce partners across 11 different countries (figures for continuing operations).

2018 was also the year in which we wrote a brand new CSR policy, fully integrated into our business development model, and which will guide our choices for the future. We are committed to playing our part in the necessary changes that society has to make. We want to work with all our employees - our Talents - and stakeholders to build a more humanist bank, one that is committed to encouraging and co-building new consumption patterns as well as rethinking our business to meet societal challenges both now and in the future.

- **EN ROUTE TO BECOMING THE EUROPEAN LEADER IN INSTALMENT PAYMENT SOLUTIONS**

With new countries and new partners, the creation of a multi-country platform and the signing of our first international contracts, 2018 has been a year of exciting growth for our Oney 3x 4x instalment payment solution.

At the end of 2018, this solution was available in France, Spain, Italy, Belgium and Portugal. 2019 will see other European countries offering the payment method too, responding to a need for retailers to adopt such a unique solution in their local markets. Oney successfully established 100 new partnerships in 2018, across all areas of commerce. Partnerships were also signed with Payment Service Providers such as PrestaShop, allowing retailers using the platform to easily install the Oney 3x4x payment solution.

With more than 400 retail and e-commerce partners, and over 2 million users, our ambition to become the European leader of payment by instalments is now becoming a reality.

- **RENEWAL OF HISTORICAL CONTRACTS**

2018 was also an opportunity to strengthen ties with our longstanding partners. Leroy Merlin, Norauto, Alinéa, Electro-Dépôt and Auchan confirmed their confidence in Oney by renewing their commercial contracts for many years to come, proof of the performance and competitiveness of our solutions. Other partners, like Showroomprivee, and Alltricks, have extended our relationship by signing international partnerships for the online instalment payment solution. These same partners have also conducted co-branded awareness campaigns, associating their image with that of Oney.

- **BELGIUM: THE 11TH ONEY COUNTRY**

Since 31 August 2018, Oney has been established in Belgium. As Oney's 11th country, Belgium is also the symbol of new international growth. Having previously been linked to the international development of the Auchan group, we are now entering countries independently, through our flagship product: instalment payment.

- **THE CUSTOMER RELATIONSHIP IS ENTERING A NEW ERA**

To deliver a memorable experience to our customers, we are reinventing the customer relationship by implementing SalesForce solutions at the heart of CRM. This major cross-business project, co-built with Oney teams, presents several key challenges, including a 360-degree customer vision, personalised products and relationships, and an omni-channel approach. But with a single focus: developing a 'customer-centric' approach, in order to create a personalised and seamless experience customers everywhere.

- **A NEW APPROACH IN POLAND**

Over the past few years, Polish teams have been working hard on overhauling their business development model. In 2018, we ended our local joint venture to bring this new model to life. Since mid-2018, Polish teams have been selling financing solutions based on a broker model, offering the product best suited to the customer's needs from a catalogue of solutions from partner credit companies. This allows for greater adaptability to the customer profile and greater autonomy for the Advisers. At the same time, we have prepared the launch of a new online direct credit solution, expected to be launched in the second quarter of the year.

- **BIOMETRIC PAYMENT IN ROMANIA**

In Romania, Oney and Auchan Retail have launched Well.come, a unique digital application that allows payment using biometric authentication and a QR code saved on the mobile app. A true innovation on the local market, Oney and Auchan are the first to implement this technology in stores.

- **A CSR POLICY FULLY INTEGRATED INTO OUR DEVELOPMENT MODEL**

The Oney Group's new CSR policy was drafted in 2018 based on collaborative work carried out after consultation with stakeholders (Talents, Partners, Customers, Society, etc.) The CSR policy has been designed to be fully integrated at the heart of Oney's business model and governance, to create a significant and positive impact. It aims to develop a banking model that generates shared value, and that continues to grow with respect for people, the planet and our shared future together. Oney is committed to taking action today to build a fairer, more human, and more sustainable world.

- **REINVENTING OUR WAYS OF WORKING**

From thinking collectively to developing individual autonomy, releasing energy, encouraging cross-business commitment and international cooperation, modernising premises and working tools... our teams have worked hard in 2018 to transform our ways of working together.

Oney's HR policy has received important recognition: France has been awarded the Top Employer label for the third year in a row, as well as the Happy Trainees label.

- **ONEYTRUST: THE BIRTH OF A NEW LEADER AND CURRENTLY NEGOTIATION WITH GLOBAL PAYMENT PROVIDERS**

2018 saw the launch of Oneytrust, a result of the merger between entities FIA-NET and Oney Tech. The merger brought together the know-how and expertise of two major French players in the fight against fraud. In 2018, Oneytrust strengthened its products and invested heavily in R&D to provide consumers with a unique and memorable experience: a smooth and secure shopping experience using advanced technologies such as data enrichment, face matching and artificial intelligence.

On the basis of this new offering, Oneytrust is currently in negotiation with two global payment providers, highlighting the relevance of our innovations and the interest of major organisations in our solutions.

- **ONEYDATA: LAUNCH OF THE INTERNATIONAL AUCHAN DATA SHARING PLATFORM**

In March 2018, Oney Data delivered a Data Sharing platform for Auchan International. The platform enables more than 170 Auchan suppliers, representing nearly 800 users, to access sales analyses in 11 countries. It is now available in five languages.

- **ONEYINSURANCE: LAUNCH OF VEHICLE DAMAGE INSURANCE IN ITALY**

In November, the Oneyinsurance team launched a new product in Italy: motor damage insurance. This offer was co-created with Passway, a leading player in the Italian car industry, to launch a car insurance package.

- **ONEY CHINA:**

Following the restructuring of Sun Art Retail in China, on 21 December 2018, the shareholders decided that operations at Oney China would cease.

GROUP RESULTS AND KEY FIGURES:

The key figures for ONEY BANK at 31 December 2018 are as follows:

- Net Banking Income of €432.0 million, up 3.8% compared to December 2017 (€416.3 million).
- A cost of risk of €64.4 million, up 10.3% compared to 31 December 2017 (€58.4 million).
- Net income of €52.6 million, up 38.0% compared to 31 December 2017 (€38.1 million).
- Overall gross balances for the bank of €2.8 billion, up 1.4% compared to December 2017.
- Net recruitment of 291,000 new customers across the 11 countries where the Bank currently operates (France, Portugal, Spain, Poland, Italy, Hungary, Russia, Malta, Romania, Ukraine and Belgium), bringing their number to 7,6 million.

EVENTS AFTER THE REPORTING PERIOD:

There are no events after the reporting period likely to have a significant impact on the 31 December 2018 consolidated financial statements.

C] Outlook for 2019

On 12 February 2019, BPCE and Auchan Holding began exclusive discussions for BPCE to take a 50.1% stake in Oney Bank.

D] Main risks facing ONEY Bank

LIQUIDITY RISK EXPOSURE:

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

- Diversification of financing methods and banking counterparties to ensure a satisfactory distribution of funding in accordance with the recommendations of the French Banking and Financial Regulation Committee (Comité de Réglementation Bancaire et Financière).
- 100% coverage of the average refinancing requirement with resources drawn at more than one year and confirmed bank lines.
- Oney Bank is required to comply with the Basel III Liquidity Coverage Ratio (LCR). As such, since 30 September 2015, it has continually held high-quality liquid assets (HQLA) enabling it to meet its 30-day net cash outflows in a stressed scenario. Since 1st January 2018, in accordance with the regulations in force, Oney Bank has complied with the minimum coverage of 100% of net cash outflows for a 30-day period.
- Oney Bank is required to comply with a single covenant to maintain the refinancing facilities provided as part of the Club Deal (confirmed syndicated loan facility of 500 million euros) and certain confirmed credit lines. The ratio is defined as follows: Total credit outstanding > Net financial debt, i.e. amounts owing to credit institutions plus debt in the form of securities, minus the credit balances in bank accounts (cash accounts, central banks and postal accounts), investments and receivables from credit institutions and the gross value of HQLAs.

INTEREST RATE RISK EXPOSURE:

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

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

CREDIT RISK EXPOSURE:

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

E] Equity management

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

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

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

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

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

Equity is broken down into two categories:

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

LEVEL OF PRUDENTIAL CAPITAL CALCULATED IN ACCORDANCE WITH THE REGULATIONS:

In millions of euros	31/12/2018	31/12/2017
Consolidated equity, group share	570.3	579.3
Distributable dividends	-15.8	-11.1
Cash flow hedge reserves	+0.8	+1.0
IRBA		-15.1
Intangible assets and goodwill	-52.2	-42.4
Deferred taxes related to tax losses	-6.9	-3.9
Deductions and adjustments related to the transition period	-2.7	3.7
TIER 1 CAPITAL	**493.6**	**511.5**
Subordinated debt (excluding additional deductions)		0.2
IRBA surpluses and adjustments related to the transition period	7.2	-0.2
TIER 2 CAPITAL	**7.2**	**0.0**

Regulatory capital at the end of December 2018 amounted to €500.9 million, compared to €511.5 million in December 2017.

In 2018, like in 2017, Oney Bank complied with these regulatory requirements.

CONSOLIDATED RATIOS

	BASEL 3 DECEMBER 2018	BASEL 3 DECEMBER 2017	BASEL 3 DECEMBER 2016	BASEL 3 DECEMBER 2015
Ratio / Tier 1 (CET 1)	15.9%	17.0%	16.3%	15.2%
Ratio / Tier 2	0.2%	0.0%	0.0%	0.0%
Basel solvency ratio	16.1%	17.0%	16.3%*	15.2%
Liquidity Ratio				368%
LCR	143.0%	100.5%	93.8%	91.5%

* The solvency ratio for 2018 is 16.1% after the dividend distribution planned for 2019, and 16.6% before the dividend distribution planned for 2019.

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

for the period ending 31 December 2018

A] Consolidated balance sheet (assets)

ASSETS (in €K)	EU IFRS 31/12/2018		EU IFRS 01/01/2018		EU IFRS 31/12/2017	
Cash accounts, central banks		400,841		352,746		352,746
Financial assets at fair value through profit or loss		3,199		2,813		
Financial assets held for trading	0		0	0		0
Other financial assets at fair value through profit or loss	3,199		2,813	0		0
Available-for-sale financial assets				0		3,619
Derivative hedging instruments		2,161		956		956
Financial assets measured at fair value through capital		1,177		806		
Debt instruments measured at fair value through reclassification of capital	0		0			
Equity instruments measured at fair value through equity that cannot be reclassified	1,177		806			
Financial assets measured at amortised cost		2,672,861		2,547,223		
Debt securities	0		0			
Loans and receivables - Credit institutions	187,550		137 956			137,956
Loans and receivables - Customers	2,485,311		2 409 268			2,475,532
Financial assets held to maturity		0		0		0
Investments in associates		3,459		2,317		2,317
Property, plant and equipment		39,671		41,850		41,850
Intangible assets		21,789		17,488		17,488
Goodwill		31,478		26,443		26,443
Deferred tax assets		49,462		51,380		51,380
Current tax assets		1,803		6,014		6,014
Other assets and accruals		364,207		366,308		366,308
Subscribed capital not paid		0		0		0
Non-current assets and disposal groups classified as held for sale (IFRS 5 in progress)						
TOTAL ASSETS	**3 592 109**		**3 416 344**		**3 460 830**	

OFF-BALANCE SHEET	31/12/2018		01/01/2018		31/12/2017	
COMMITMENTS GIVEN		**6,750,024**		**6,734,631**		**6,734,631**
Financing commitments		**6,701,742**		**6,684,517**		**6,684,517**
to credit institutions						
to customers	6,701,742		6,684,517		6,684,517	
Guarantees		**48,282**		**50,114**		**50,114**
to credit institutions	48,166		49 998		49,998	
to customers	177		117		117	

B] Consolidated balance sheet (liabilities)

LIABILITIES (in €K)	EU IFRS 31/12/2018		EU IFRS 01/01/2018		EU IFRS 31/12/2017	
Central bank deposits		0				
Financial liabilities at fair value through profit or loss		0				
Derivatives		1,312		3,884		3,884
Financial liabilities measured at amortised cost		2,708,971		2,574,855		2,574,855
Amounts owing to credit institutions	830,254		869,600		869,600	
Customer debts and deposits	1,221,641		1,123,626		1,123,626	
Debt securities	65,075		580,649		580,649	
Subordinated debt	0		980		980	
Provisions		12 907		11,107		11,107
Technical reserves of insurance contracts		37,853		24,558		24,558
Technical reserves	37,853		24 558		24 558	
Amounts owing to reinsurers	0		0		0	
Current tax liabilities		11,814		11,975		11,975
Deferred tax liabilities		89		92		92
Accruals and other liabilities		247,021		252,319		252,319
Total Liabilities		3,019,968		2,878,790		2,878,790
SHAREHOLDERS EQUITY (in €K)						
Shareholders equity, Group share		**570 343**		**534,782**		**579,273**
Subscribed capital and issue premiums	108,047		108,047		108,047	
Subscribed capital	50,741		50,741		50,741	
Issue premium	57,306		57,306		57,306	
Other equity						
Revaluation reserves	0		0		0	
Reserves	410,232		389 842		434,333	
Net profit	52,064		36 893		36,893	
Minority interests		1 798		2,772		2,772
Total equity		572 140		537,554		582,045
OFF-BALANCE SHEET	**3,592,109**		**3,416,344**		**3,460,830**	

OFF-BALANCE SHEET	31/12/2018		01/01/2018		31/12/2017	
COMMITMENTS RECEIVED		**1,295,569**		**1,367,923**		**1,367,923**
Financing commitments		**1,278,002**		**1,350,447**		**1,350,447**
received from credit institutions	827,000		899,350		899,350	
received from customers	451,002		451,097		451,097	
Guarantees		**6,288**		**8,112**		**8,112**
received from credit institutions	6,288		8,112		8,112	
received from customers	0		0		0	
Commitments on securities		**11,278**		**9,364**		**9,364**
securities receivable	11,278		9,364		9,364	

C] Consolidated income statement

FINANCIAL AND OPERATING INCOME AND EXPENSES (in €K)	EU IFRS 31/12/2018		EU IFRS 31/12/2017	
Interest and similar income		249,453		241,376
Of which interest and similar income on transactions with credit institutions	441		462	
Of which interest and similar income on customer transactions	248,616		240,581	
Of which interest on variable-income securities	396		333	
Interest and similar expenses		16,985		17,281
Of which interest and similar expenses on transactions with credit institutions	5,638		5,925	
Of which interest and similar expenses on customer transactions	6,617		6,167	
Of which interest and similar expenses on bonds and other fixed-income securities	4,730		5,188	
Net interest margin		**232,468**		**224,095**
Fee and commission income	122,107		123,618	
Fee and commission expenses	34,323		35,431	
Margin on commissions		**87,784**		**88,187**
Net gains or losses on available-for-sale financial assets				0
Net gains or losses on financial assets at fair value through profit or loss		385		
Return on equity measured in equity that cannot be reclassified (Dividends)		46		
Net gains or losses resulting from the derecognition of financial assets at amortised cost		0		
Net gains or losses on financial instruments at fair value through profit or loss		-4,637		-5,298
Gains on financial instruments	1,657		1,075	
Losses on financial instruments	6,295		6,373	
Net foreign exchange differences		-38		-68
Revenue from other activities		135,168		129,824
Expenses for other activities		19,220		20,461
NET BANKING INCOME (in €K)		**431,956**		**416,279**
General operating expenses		289,653		291,034
Of which personnel expenses	130,562		116,425	
Of which other administrative costs	159,091		174,610	
Depreciation, amortisation and impairment of intangible and tangible assets		13,418		9,137
Of which depreciation of fixed assets	11,756		9,589	
Of which provisions net of reversals	1,662		-452	
Of which provisions net of reversals for impairment	0			
GROSS OPERATING PROFIT		**128,885**		**116,108**
Cost of risk		64,370		58,380
OPERATING PROFIT		**64,515**		**57,728**
Share of net profit (loss) of associates		1,173		-4,684
Gains or losses on fixed assets		-9		-152
Change in value of goodwill		0		0

	EU IFRS 31/12/2018		EU IFRS 31/12/2017	
TOTAL PROFIT FROM OPERATIONS BEFORE TAX		**65,679**		**52,892**
Tax expense (income) on profits from operations		13,072		14,769
TOTAL PROFIT FROM OPERATIONS AFTER TAX				
Net income from discontinued or held-for-sale operations (IFRS 5 in progress)				0
TOTAL PROFIT		**52,607**		**38,123**
Net profit, Group share	52,064		36,893	
Minority interests	543		1,230	
Number of shares	1,449,749		1,449,749	
The Group's share of net profit per share	35.91		25.45	

D] Consolidated statement of comprehensive income

(in K€)	31/12/2018			31/12/2017		
	Before tax	Tax (Expense) income	Net d'im After tax pôt	Before tax	Tax (Expense) income	Net d'im After tax pôt
Profit for the period (excluding profit from discontinued and held-for-sale operations)	**65,679**	**(13,072)**	**52,607**	**52,892**	**(14,769)**	**38,123**
Items to be reclassified						
Foreign exchange rate differences from foreign operations	(1,417)		(1,417)	(513)		(513)
Change in the fair value of financial instruments (cash flow hedge)	368	(151)	217	1,146	(394)	751
Change in the fair value of available-for-sale securities				736	(188)	548
Other	231		231	(103)		(103)
Items that are unable to be reclassified to profit or loss						
Actuarial gains (losses) on defined benefit plans	543	(136)	408	335	(208)	127
Other comprehensive income for the period	**(275)**	**(286)**	**(561)**	**1,601**	**(791)**	**810**
Comprehensive income for the period	**65,404**	**(13,359)**	**52,045**	**54,493**	**(15,560)**	**38,933**
Attributable to:						
Owners of the Parent Company			51,939			37,900
Minority interests			106			1,034
Comprehensive income for the period			**52,045**			**38,933**

E] Cash flow statement

In thousands of euros		31/12/2018		31/12/2017	
Net profit (loss) before tax	**A**		**65,679**		**52,892**
Removal of non-monetary items:	**B**		-61,816		-61,996
Depreciation and amortisation of intangible and tangible assets		11,756		9,589	
Provisions net of reversals on customer receivables		-74,716		-76,839	
Provisions net of reversals on provisions for risks and charges		2,354		444	
Capital gains or losses		9		151	
Net income from discontinued operations					
Other movements		-1,219		4,659	
Income from operations excluding non-monetary items	**A+B**		**3,863**		**-9,105**
Increase in assets/decrease in liabilities (-)					
Decrease in assets/increase in liabilities (+)					
Cash flow from operations					
Loans and advances to customers	**C**	-5,899		-52,327	
Receivables/payables - credit institutions	**C**	-26,265		22,379	
Receivables/payables - customers (including corporate)	**C**	94,025		605,221	
Debt securities	**C**	76,055		-484,778	
Financial assets and liabilities	**C**	-3,706		-3,768	
Non-financial assets and liabilities	**C**	3,680		33,204	
Taxes paid	**C**	-6,351		-9,942	
Other movements	**C**	7		41	
Net cash flow from operating activities	**D=A+B+C**		**135,408**		**100,927**
Cash flow from investment activities					
Cash flow related to intangible and tangible investments		-13,924		-12,624	
Cash flow related to long-term investments and equity interests		0		0	
Other movements		0		112	
Changes to consolidation scope		-4,707		-986	
Net cash flow from investment activities	**E**		**-18,631**		**-13,497**
Cash flow from financing activities					
Dividends paid to shareholders		-11,397		-15,963	
Dividends paid to minority shareholders		-1,129		-1,374	
Capital increases		0		1,707	
Other		-622		-7,019	
Net cash flow from financing activities	**F**		**-13,148**		**-22,650**
Net cash flow from operating activities	**D**		135,408		100,927
Net cash flow from investment activities	**E**		-18,631		- 13,497
Net cash flow from financing activities	**F**		-13,148		- 22,650
Effects of exchange rate fluctuations			-386		180
Net increase/decrease in cash flow			**103,242**		**64,960**
Cash and cash equivalents, start of period			478,658		413,698
Cash and cash equivalents, end of period			581,900		478,658
Net increase/decrease in cash flow			**103,242**		**64,960**

F] Table of changes in shareholders' equity

	Capital and reserves							
	Group share					Minority interests		
In thousands of euros	**Capital**	**Premium**	**Reserves**	**Profit (loss)**	**Total**	**Reserves**	**Profit (loss)**	**Total**
Situation at 31 december 2016	**50,602**	**55,739**	**371,319**	**80,552**	**558,212**	**1,769**	**1,723**	**3,492**
Appropriation of 2016 income			80,552	-80,552	-	1,723	-1,723	-
Capital increase and rights issues	139	1,567			**1,707**			-
Impact of cash flow hedge			751		**751**			-
Translation adjustment			-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. Poland			674		**674**	-674		**-674**
Misc - Put option on Hungary minorities					-	252		**252**
Misc - Hungary dividends					-	-1,374		**-1,374**
Misc - Poland dividends					-			-
Misc - IFC Actuarial gains (losses) on retirement benefits			127		**127**			-
Misc - Available-for-sale securities			548		**548**			-
Misc - Other			-245		**-245**	-46		**-46**
Net profit (loss) as at 31 december 2017				36,893	**36,893**		1,230	**1,230**
Situation at 31 december 2017	**50,741**	**57,306**	**434,333**	**36,893**	**579,273**	**1,542**	**1,230**	**2,772**
Appropriation of 2017 income			36,893	- 36,893	-	1,230	-1,230	-
Capital increase and rights issues					-			-
Impact of cash flow hedge			217		**217**			-
Translation adjustment			-896		**-896**	-522		**-522**
Other					-			
Share ownership plan			-373		**373**			
Tax credit payment			1,058		**1,058**			
First application of IFRS 9*			- 44,167		**-44,167**	-324		**-324**
Auchan dividends			- 11,397		**-11,397**			
Poland					-			
Put option on Hungary minority interests			-6,015		**-6,015**	328		**328**
Hungary dividends					-	-1,129		**-1,129**
Poland dividends					-			
Actuarial gains (losses) on retire. bfits.			408		**408**			
Non-recyclable JV debt instruments through OCI**					-			
Other			170		**170**	129		**129**
Net profit (loss) as at 31 december 2018				52,064	**52,064**		543	**543**
Situation at 31 december 2018	**50,741**	**57,306**	**410,232**	**52,064**	**570,343**	**1,255**	**543**	**1,798**

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ending 31/12/2018

prepared in accordance with the IFRS accounting standards adopted by the European Union

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

NOTE 1:
SUMMARY OF THE GROUP

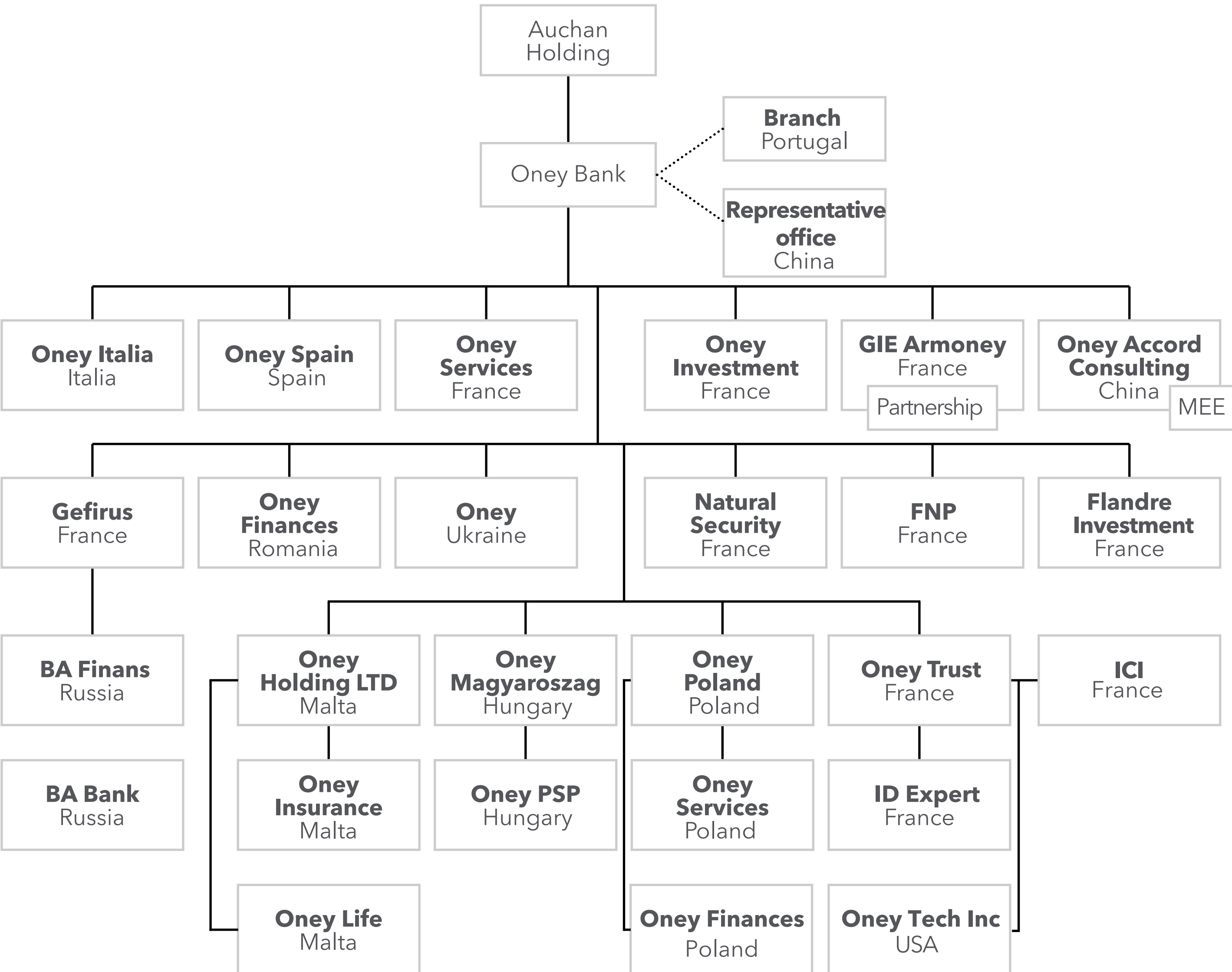
1. Legal presentation of the entity

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

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

It is 96.3% owned by Auchan Holding, a French Société Anonyme (public limited company) with a Board of Directors, and whose registered address is 40, Avenue de Flandre, Croix (59170), France.

2. Simplified organisation chart of the ONEY BANK group



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

1. Main events

- **S&P rating:**

In March 2018, Standard & Poor's has decreased the ONEY Group's long-term rating to BBB with a stable outlook. In September 2018, the outlook was changed to negative. The short-term rating was confirmed at A-2, as was the Bank's "core business" status with regard to Auchan Holding.

On 12 February 2019, Auchan Holding and BPCE entered into exclusive negotiations for BPCE to take a 50.1% stake in Oney Bank.

On 21 February 2019, following this announcement, S&P confirmed the Group's short-term rating at A-2 and its long-term rating at BBB with positive outlook.

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

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

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

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

The calculated impact of the first-time application of IFRS 9, based on the consolidated financial statements at 1st January 2018, shows a €66 million increase in provisions net of off-balance sheet outstandings recognised in consolidated shareholders' equity. The impact measurement is described in section 3.8.2.2 Main impacts of the first application of IFRS 9, Phase 2 "Impairment of Financial Assets".

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

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

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

A description of the standard is provided in Note 3.2.

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

2. Changes to the consolidation scope

- **Additions to the consolidation scope/Integration of new companies**

Acquisition of ICI, an affinity insurance specialist, in January 2018

- **Changes in percentage interest**

FIA-NET/ONEY Tech merger in the first half of 2018. The resulting company will be called ONEY Trust.

- **Removals from the consolidation scope**

No companies left the consolidation scope in 2018

3. Events after the reporting period

There are no events after the reporting period likely to have a significant impact on the 31 December 2018 consolidated financial statements.

4. Approval of the financial statements

The financial statements were approved by the Board of Directors on 5 March 2019 and will be submitted for the approval of the Ordinary Shareholders' Meeting scheduled for 23 April 2019.

NOTE 3:
RULES AND METHODS

1. 3.1 Statement of compliance

Pursuant to European regulation no. 1606/2002, the ONEY BANQUE ACCORD Group's consolidated financial statements for the period ending 31 December 2018 have been prepared in accordance with IAS/IFRS international accounting standards published by the IASB and IFRIC interpretations as adopted by the European Union (the "carve out" version, in which certain exemptions are made in the application of IAS 39 for macro-hedge accounting).

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

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

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

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

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

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

2. Comparability and changes in accounting policy

- **Comparability:**

The accounting policies used by the Oney Group for preparing its consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 December 2017 with the exception of new mandatory standards, amendments and interpretations that need to be applied.

- **Changes in accounting policy:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Use of estimates

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

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

- **Impairment of receivables:**

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

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

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

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

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

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

- A performing asset (stage 1) is an asset whose credit quality has not deteriorated significantly since initial recognition. The impairment amount is based on the expected credit losses at 12 months.
- The transition from a performing asset to an underperforming one (stage 2) is justified by a significant deterioration in credit quality since initial recognition. Significant deterioration is defined by the Oney Group as an ongoing situation of non-payment lasting less than 90 days or that has arisen in previous months. A return to the performing asset class occurs when the probability of default falls below a certain level compared to the original probability of default, resulting in a stricter observation period.

Oney justifies the use of this criterion for defining credit deterioration by the very significant proportion of past due payments in the management scores and the absence of a Basel rating for all entities in the group.

- Classification as a non-performing asset (stage 3) is justified by the default of the asset. Oney's concept of default requires at least one of the following three grounds to be met: the existence of one or more payments past due for at least three months, the existence of contentious proceedings, a situation whose characteristics - regardless of the existence of an unpaid debt - could lead to the conclusion that there is a proven risk (e.g. restructured loans with application of a discount in France on which an additional provision is recognised).

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

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

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

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

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

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

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

The definitive estimate of the impact was made during the transition to the new standard on 1st January 2018.

The calculated impact of the first-time application of IFRS 9, based on the consolidated financial statements at 31/12/2017, shows an increase in provisions, recognised in consolidated shareholders' equity. The main impacts of the first-time application are presented in note 3.8.2.2.

- **Provisions:**

Estimates may also be used to measure provisions.

The assessment of the amount of the potential financial impact incorporates Management's judgement.

- **Insurance technical reserves:**

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

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

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

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

  Expenses related to pensions/retirement and other future employee benefits are calculated based on assumptions drawn up by Management on discount rates, staff turnover rates and changes to salaries and social security contributions. If the actual figures differ from the assumptions used, the retirement benefits expense may increase or decrease in future financial years.

- **Deferred tax assets:**

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

- **Goodwill:**

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

FORMAT OF THE FINANCIAL STATEMENTS

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

The Cash Flow Statement was established using an analysis of cash flow based on consolidated pre-tax income and using the indirect method.

In addition, the corporate purpose of Oney Bank SA forms the basis for determining the scope of operations, investment transactions and financing.

Cash flow relating to the customer lending business and the liabilities refinancing this loan business have therefore been included in the scope of operations.

Finally, the definition of cash and cash equivalents used in this document corresponds to that recommended by ANC recommendation no. 2017-02, namely: cash accounts and central banks (assets and liabilities), accounts (assets and liabilities) and demand loans/borrowings to/from credit institutions as they appear in the Oney Group consolidated balance sheet for the periods under review.

4 Scope and method of consolidation

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

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

1. SCOPE

The scope of consolidation includes 25 companies (plus one representative office in China and a branch in Portugal) as at 31 December 2018:

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

The scope of consolidation on 31 December 2018 was as follows:

SUBSIDIARIES	% SHAREHOLDING	TYPE OF CONTROL	% CONTROL
Oney Espagne (Spain)	100%	Controlled	100%
ONEY Italia	100%	Controlled	100%
ONEY MAGYAROSZAG (Hungary)	60%	Controlled	100%
ONEY PSP (Hungary)	60%	Controlled	100%
GEFIRUS (France)	60%	Controlled	100%
BA Finans (Russia)	60%	Controlled	100%
ONEY BANK (Russia)	60%	Controlled	100%
ONEY Poland (Poland)	100%	Controlled	100%
ONEY Services (Poland)	100%	Controlled	100%
Oney Finances (Poland)	100%	Controlled	100%
ONEY FINANCES (Romania)	100%	Controlled	100%
ONEY ACCORD Business Consulting (China)	49%	Significant influence	49%
ONEY Services (formerly Oney Courtage - France)	100%	Controlled	100%
ONEY Holding Limited (Malta)	100%	Controlled	100%
ONEY Insurance (Malta)	100%	Controlled	100%
ONEY Life (Malta)	100%	Controlled	100%
ONEY UKRAINE (Ukraine)	100%	Controlled	100%
ONEY Investment (France)	100%	Controlled	100%
ONEY Trust (merger of FIA-NET and Oney Tech)	100%	Controlled	100%
ID Expert (France)	100%	Controlled	100%
ONEY Tech US (USA)	98%	Controlled	100%
FNP (France) (formerly Flash'n Pay)	100%	Controlled	100%
Flandre Investment (France)	100%	Controlled	100%
ICI (France)	100%	Controlled	100%
Natural Security (France)	48.33%	Controlled	100%
GIE Armoney (France)	50%	Joint	50%
AD HOC STRUCTURE	**% SHAREHOLDING**	**TYPE OF CONTROL**	**% CONTROL**
FCT Oneycord 1 (France)	100%	Controlled	100%

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

FCT Oneycord 1, which would ordinarily have begun to be amortised on 15 October 2012, was extended by three years, with amortisation beginning on 15 October 2015.

In 2015 and in previous years, Oney Bank SA carried out a restructuring (new prospectus and new rating) of FCT Oneycord 1. Its term has been extended to September 2019.

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

FCT Oneycord 1 is controlled.

For more details on this securitisation transaction and an indication of the carrying amount of the assets concerned and related liabilities, see Note 7.7 Assets transferred but not derecognised or derecognised with continuing involvement.

2. CONCEPTS OF CONTROL AND CONSOLIDATION METHODS

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

IFRS 10 supersedes IAS 27 and SIC-12 and establishes a single model for the assessment of control based on three cumulative criteria:

- (1) power over the relevant activities of the entity in question,
- (2) exposure or rights to variable returns from its involvement with the entity, and
- (3) the ability to exercise power to influence the amount of the returns.

IFRS 11 supersedes IAS 31 and SIC-13. It sets out the methods for exercising joint control through two types of arrangement: a joint operation and a joint venture.

In joint operations, the parties have rights to the assets, and obligations for the liabilities of the arrangement, and must account for the assets, liabilities, revenues and expenses related to their interest in the joint operation.

On the other hand, joint ventures, where parties share rights to the net assets of the arrangement, are no longer proportionately consolidated, but instead are accounted for using the equity method in accordance with IAS 28 as amended.

In accordance with international standards, all controlled, jointly controlled or significantly influenced entities are consolidated.

- **Controlled entities:**

  Control exists over an entity when the Oney group is exposed or entitled to the variable returns resulting from its involvement in the entity and when the power it holds over this entity allows it to affect these returns. To assess the concept of power, only substantive (voting or contractual) rights are examined. For rights to be considered substantive, their holder must have the practical ability to exercise them when decisions about the entity's relevant activities need to be made.

  Control of a subsidiary governed by voting rights is established when the voting rights held give Oney Bank the current ability to direct the subsidiary's relevant activities. Oney Bank generally controls the subsidiary when it holds, either directly or indirectly through subsidiaries, more than half of an entity's existing or potential voting rights, unless it can be clearly shown that these rights do not enable it to direct the relevant activities. Control can also exist when Oney Bank holds half or less than half of an entity's voting rights, including potential voting rights, but has the practical ability to unilaterally direct the relevant activities as a result of existing contractual arrangements, the relative significance of the voting rights held with respect to the dispersion of voting rights held by other investors, or other facts and circumstances.

- **Partnerships and Joint Ventures - Share of assets, liabilities, expenses and income:**

Joint control is exercised when there is a contractually agreed sharing of control over an economic activity. It exists when the strategic and financial decisions affecting the entity's activity require the unanimous consent of parties sharing control.

- **Entities under significant influence - Associates:**

Significant influence is the power to participate in a company's financial and operational policies without having control over them. Oney Bank is presumed to have significant influence when it holds, either directly or indirectly through subsidiaries, 20% or more of the voting rights in an entity.

3. CONSOLIDATING SPECIAL PURPOSE ENTITIES

Control of a structured entity is not assessed on the basis of the percentage of voting rights which - by their very nature - do not affect the entity's returns. The assessment of control not only takes into account contractual arrangements, but also the involvement and decisions of Oney Bank when the entity was formed, the agreements entered into at the time of it creation and the risks incurred by Oney Bank, the rights resulting from agreements that give the investor the power to direct the relevant activities, only when specific circumstances arise, and other facts and circumstances that indicate that the investor is capable of directing the relevant activities of the entity. Where a management mandate is in place, it should be determined whether the manager is acting as agent (delegated power) or principal (on its own behalf). As such, when decisions need to be made about the entity's relevant activities, the indicators to be analysed to define whether an entity is acting as agent or principal are the extent of the decision-making power delegated to the manager over the entity and the remuneration to which the contractual agreements give entitlement, but also the substantive rights that may affect the decision-making ability 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 translated into euros using the closing rate method. Under this method, all balance sheet items are converted at the exchange rate applicable at the date of that balance sheet.

Income statements are converted at the average exchange rate for the period.

In both the balance sheet and the income statement, the resulting translation adjustments attributable to the Group are recorded in its shareholders' equity under "Cumulative translation adjustment" (CTA), while the portion attributable to third parties is recognised under "Minority interests". In application of the option offered by IFRS 1, through a transfer to consolidated reserves, the Group reset to zero all translation adjustments attributable to the Group and to minority interests in the opening balance sheet of 1 January 2004.

Goodwill and fair value adjustments resulting from business combinations between entities with an activity whose functional currency is not the euro are treated as assets and liabilities of the subsidiary. They are expressed in the functional currency of the acquired entity then translated at the closing rate, with the exchange differences resulting from this translation recorded in the consolidated shareholders' equity.

In the event of the liquidation or sale of all or part of the interest held in a foreign company, the translation adjustment shown under shareholders' equity is reclassified to P/L for the proportionate share of the cumulative amount relating to the sold stake.

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

COUNTRY	CURRENCY	CLOSING RATE		AVERAGE ANNUAL RATE	
		Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
China	Yuan	0.126983	0.128133	0.128098	0.131085
Hungary	Forint	0.003115	0.003222	0.003136	0.003234
Poland	Zloty	0.232482	0.239406	0.234677	0.234947
Russia	Ruble	0.012545	0.014411	0.013507	0.015170
Romania	Lei	0.214431	0.214661	0.214864	0.218857
Ukraine	Hryvna	0.031511	0.029691	0.031148	0.033261

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

Goodwill arising from a business combination is measured as the excess of (a) over (b), i.e.

- **a) the total of:**
  i) the transferred consideration measured at fair value at the acquisition date;
  ii) the amount of the non-controlling interest in the company; and
  iii) in a business combination carried out in stages, the fair value at the acquisition date of the equity interest held by the acquirer in the acquired company.
- **b) the amount on the acquisition date of the net identifiable assets acquired and liabilities assumed, measured in accordance with IFRS 3 as revised.**

In the event that the acquisition is carried out using a derivative (call, put1, etc.), this derivative, in accordance with IFRS 9, undergoes a separate valuation and is recognised in the Oney Group's income statement 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 recorded as an asset for the acquiring company when it is positive, and is taken to profit or loss if it is negative.

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

In accordance with Revised IFRS 3 - Business Combinations, where evidence of impairment exists, and at least annually, positive goodwill is tested for impairment 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 non-controlling interests set out in Note 17.

7. 3.7 Non-current assets held for sale and discontinued operations (IFRS 5)

A non-current asset (or 'disposal group') is considered as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing 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 recorded 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:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- -is a subsidiary acquired exclusively with a view to 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, IFRS 7 and IFRS 9)

Financial assets and liabilities are accounted for in the annual consolidated financial statements in accordance with the provisions of IFRS 9 as adopted by the European Commission.

At the time of their initial recognition, financial assets and liabilities are measured at their fair value 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 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.

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 and loss or through equity). For financial assets (debt instruments), the classification is based on the analysis of two cumulative criteria:

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

The classification adopted by the Oney Group is detailed during the effective transition to the new standard on 1st 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 according to the general criteria of observability of inputs used in the measurement, in accordance with the principles laid down in 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 most 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

General principles of IFRS 9 stage 1 "Classification and Measurement"

General principles

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

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

- The **nature of the asset:** debt instrument, equity instrument or derivative instrument;
- The ***SPPI test*** (Solely Payment of Principal and Interests): the characteristics of the contractual cash flows of the financial asset.

- The **business model test:** the business model that the entity uses for its management of financial assets.

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

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

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

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

- Business model:

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

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

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

  The business model was analysed at the outset and the sale of loans for over-indebtedness does not call into question the business model for collecting contractual cash flows.

3.8.2.1.2 Effect of the first-time application of IFRS 9

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

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

The irrevocable option to recognise equity instruments at fair value through non-recyclable equity is chosen at transactional level (line by line) and is effective from the date of initial recognition. These securities are recorded on the trade date.

The initial fair value includes transaction costs.

In subsequent valuations, changes to fair value are recorded in non-recyclable equity. In the event of a sale, these variations are not reclassified to profit or loss, the profit or loss is recognised in equity.

Only dividends are recognised in profit or loss.

Main impacts of the first-time application of IFRS 9 stage 2 "Impairment of Financial Assets"

The definitive estimate of the impact was established on 1st January 2018, date of the effective transition to the new standard.

The calculated impact of the first-time application of IFRS 9 is based on the consolidated financial statements at 31/12/2017. The increase in provisions is recognised in consolidated shareholders' equity.

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

The €66.3 million net impact of the first-time application takes into account the implementation of the forward-looking approach for €16.3 million, and the reintegration of net outstanding loans in the balance sheet for €1.5 million.

This reintegration of net outstanding loans in the balance sheet is explained by the recognition of the interests of loans past due for more than 90 days previously recorded off-balance sheet for Spain, Portugal, Hungary and Russia.

The gross outstanding debt recognised at €42.5 million is impaired by €41 million.

3. FINANCIAL ASSETS MEASURED AT FAIR VALUE

The "financial assets measured at fair value" category includes financial instruments that are not classified as loans and receivables. Securities classified in this category are initially recorded at their acquisition price, including transaction costs.

IFRS 9 requires recognition at fair value through profit or loss, or at fair value through equity that cannot be reclassified (irrevocable option). Oney has chosen the following option:

- Non-consolidated securities whose economic activity is linked to that of the company are recognised at fair value through OCI that cannot be reclassified.
- Non-consolidated securities whose economic activity is unrelated to that of the company are recognised at fair value through profit and loss.

On the balance sheet date, financial assets are valued at market value and any changes to this value are recorded according to the option chosen, either in profit (loss) or in equity.

At the time of sale, these unrealised gains or losses previously recognised in shareholders' equity are recognised in the income statement. Income accrued or acquired on fixed-income securities is recorded in "net gains or losses on available-for-sale financial assets".

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

Objective evidence of impairment includes a long-term 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 default for debt securities.

For equity investments, the Oney Group uses quantitative criteria as evidence of potential impairment. These quantitative criteria are primarily 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 takes into consideration factors such as financial difficulties experienced by the issuer, short-term outlook, and so on.

In addition to these criteria, the Oney Group recognises an impairment loss in when there is a decline in value greater than 50% or observed for more than three years.

The impairment is recognised through a transfer to profit and loss of the amount of the cumulative loss in shareholders' equity, with the possibility that, for debt instruments, if the value of securities should subsequently improve, the loss previously transferred to profit and loss may be reversed when justified by the circumstances.

4. FINANCIAL LIABILITIES

The provisions contained in IAS 39 remain largely unchanged in IFRS 9: most of the financial liabilities will therefore continue to be measured at amortised cost (IFRS 9 §4.2.1) and at fair value through profit and loss for trading positions (IFRS 9 §4.2.1a).

IFRS 9 recognises two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss. Fair value changes in this portfolio are recognised in profit and loss at accounting end-periods. However, Oney does not use the fair value option for its financial liabilities.
- Other financial liabilities: this category covers all other financial liabilities. This portfolio is initially measured at fair value (including transaction income and costs) and is subsequently recognised at amortised cost using the effective interest rate method.

IFRS 9 includes the same option as in IAS 39, whereby entities may, at initial recognition, irrevocably decide to measure their financial liabilities at fair value through profit and loss as long as specific criteria are met (IFRS 9 §4.2.2).

5. BORROWING COSTS (IAS 23)

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

As such, the initial costs of setting up or restructuring the FCT (French (securitisation fund), whose primary purpose is to enable the use of securities under REPO arrangements with the European Central Bank, have been integrated at the effective interest rate of the financing obtained.

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

6. DISTINCTION BETWEEN DEBT AND 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 terms 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.

7. DERIVATIVES

The Group uses futures or options qualified as derivatives in application of IFRS 9, designed to hedge the Group's exposure to market risk (interest rate, foreign exchange). However, the derivatives used to hedge foreign exchange risk do not follow the definition of hedge accounting within the meaning of IFRS 9.

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 a change 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 to the variability of future cash flows of a financial asset or liability.

  The revaluation of derivatives is accounted for 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 effectiveness of macro-hedging relationships is justified through a quarterly comparison between the total amount refinanced indexed to the current and forecast Eonia rate and the hedge portfolio. 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 IFRS 9, 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 recorded as 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 to the value of the related derivatives.

Most of the derivatives used by the Group are eligible for hedge accounting. This means that:

- 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 to the value of the ineffective portion are taken to profit and loss.

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

- **Embedded derivatives:**

An embedded derivatives is a component of a hybrid instrument that also includes a non-derivative host contract. Its effect is that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative. The embedded derivative is a contract feature that modifies all or part of the contractual cash flows in response to a change in specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or index or other variable, provided in the case of a non-financial variable that the variable is not specific to one of the parties to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

The entire hybrid instrument is accounted for according to the rules applicable to financial assets as described above:

- separation is therefore prohibited
- fair value is a useless option

For embedded derivatives in financial liabilities, separation is mandatory if the derivative is not considered to be "closely related" to 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.

8. 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.

9. FINANCING COMMITMENTS

Financing commitments that are not considered to be derivatives under IFRS 9 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.

10. GUARANTEES GIVEN

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 following two values:

- the value determined in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or
- the amount initially recorded, 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:

- **Property, plant and equipment:**

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

- **Intangible 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 evidence 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 six-year period with a terminal value calculated by discounting data for the ninth year to infinity.

COUNTRY	France	Portugal	Spain	Italy	Poland	Hungary	Romania	Russia	Ukraine	China
Banking discount rate	7.63%	11.25%	9.13%	9.63%	8.60%	10.17%	10.17%	10.50%	15.13%	8.44%
"Non Banking" discount rate	6.37%			8.37%	7.34%		8.91%	9.24%	13.87%	7.18%
Growth rate to infinity	1 or 2%	1 or 2%	1 or	1 or 2%	1 or 2%	1 or 2%	1 or	1 or 2%	1 or 2%	1 or

Cash 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 10.75% for 2018.

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

This test is also performed at least once a year (at year-end) for assets with an indefinite life span such as goodwill.

- **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.

- **Goodwill sensitivity analysis**

For Oney Spain, Oney Portugal and ICI (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 €34.4 million but would not bring about an impairment of these assets.

For Oney Spain, Oney Portugal and ICI, a decrease in the growth rate to infinity of 100 basis points would reduce the value by €19.3 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 €3.8 million but would not result in any depreciation of these assets.

11. Deferred tax (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:

- (i) non-deductible goodwill,
- (ii) 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
- (iii) 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 at the reporting date. The effect of any change in 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.

1/ The entity must have generated positive taxable income over the past two years (current and previous year);

2/ 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, thanks to current profits.

12. Provisions (IAS 37)

Provisions, other than those related to credit risks and employee benefits, represent liabilities whose timing and amount are uncertain. 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 payable in the twelve months following the end of the annual reporting period, such as wages, social security contributions and bonuses;
- long-term benefits (long-service benefits, 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: pension commitments, 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 records all benefits granted to employees. The Group recognises the actuarial losses and gains in other comprehensive income (OCI).

14. Share-based payment (IFRS 2)

IFRS 2 - "Share-based payment" 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;
- 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 option 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);
- Share price at the time of allocation;
- 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 recognised in 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, and comply with IFRS. Technical reserves also take account of a prudence margin in view of the low loss experience and the economic climate of the countries concerned. They correspond to budgeted expenses to cover claims reported but not yet settled (RBNS), claims incurred but not yet reported (IBNR) and provisions for outstanding liabilities.

The provision for unearned premiums is designed to recognise, for all outstanding contracts, the portion of premiums written and premiums yet to be written for 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.Earnings per share

The Oney Group reports basic earnings per share based on the results from continuing operations. 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 average number of shares outstanding during the annual reporting period corresponds to the number of shares outstanding at the beginning of the year, adjusted by the number of shares issued during the year.

20. Transfer of financial assets (amended IFRS 7)

The amendment to IFRS 7 specifies 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
- transfers of financial assets that are not evenly distributed throughout the period, to highlight potential window dressing transactions (for derecognised assets).

NOTE 4:
CASH ACCOUNTS, CENTRAL BANKS

(in thousands of euros)	31/12/2018	31/12/2017	Variation
Central bank	389,270	342,489	46,781
Cash dispensers - Financial spaces	10,383	9,231	1,152
Other	1,187	1,025	162
Total	**400,841**	**352,746**	**48,095**

Since 1st 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 interest rate futures amounted to €590 million vs. €1,005 million at the end of 2017. The portfolio can be classified into a number of groups:

1. HEDGING DERIVATIVES

Fixed-rate amortising swaps are used to hedge against risks associated with the financing of fixed-rate loans;

2.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 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)	31/12/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**2,161**	**43**	**710**	**1,938**
Interest-rate derivatives:				
Fixed instruments				
Conditional instruments				
FAIR VALUE HEDGING	**0**		**167**	**142**
Interest-rate derivatives:				
Fixed instruments				
Conditional instruments				
CASH FLOW HEDGING	0	1,270	79	1,804
Interest-rate derivatives:				
Fixed instruments	0	1,270	79	1,804
Conditional instruments				
TOTAL	**2,161**	**1,312**	**956**	**3,884**

- **First-time application of IFRS 9 Stage 3 "hedge accounting":**

IFRS 9 introduces a new and improved model for hedge accounting, reconciling it with risk management. Oney will thus be able to use risk management data as a basis for hedge accounting.

The IFRS 9 standard relaxes the requirements for demonstrating hedge effectiveness, removing the current 80-125% rule and the possibility of a qualitative test for simple hedges.

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

- **Information e IFRS 9 Phase 3 "Hedge Accounting":**

CATEGORY	Type of instrument	Notional Amount	Change since 31/12/2017	Fair market value at 31/12/2018
Derivatives for trading (CCS)	Cross Currency Swap	33,207	3,301	2,161
Derivatives for hedging (IRS)	Interest Rate Swap	450,000	368	-1,312
TOTAL		**483,207**	**3,668**	**849**

NOTE 6:
LOANS AND RECEIVABLES - CREDIT INSTITUTIONS

LOANS AND RECEIVABLES (in thousands of euros)	31/12/2018	31/12/2017	Change
Demand loans - credit institutions:	**142,650**	**94,000**	**48,650**
Term loans - credit institutions:	**44,900**	**43,955**	**944**
Principal	44,890	43,904	987
Related receivables	9	52	-42
Subordinated loans:	0	0	0
Principal	0	0	0
Related receivables	0	0	0

MATURITY DATES

(in thousands of euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	31/12/2018
Term loans - credit institutions:	**44,900**	**0**			**44,900**
Principal	44,890	0			44,890
Related receivables	9				9
Subordinated loans:					
Principal					
Related receivables					

(en milliers d'euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	31/12/2018
Term loans - credit institutions:	**43,305**	**650**			**43,955**
Principal	43,254	650			43,904
Related receivables	52				52
Subordinated loans:					
Principal					
Related receivables					

NOTE 7:
LOANS AND RECEIVABLES - CUSTOMERS

1. General principles of IFRS 9 stage 1 "Classification and Measurement"

1. GENERAL PRINCIPLES

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

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

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

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

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

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

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

Business model:

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

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

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

The business model was analysed at the outset and the sale of loans for over-indebtedness does not call into question the business model for collecting contractual cash flows.

2. Maturity dates

LOANS AND RECEIVABLES (in thousands of euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	31/12/2018
Customer current accounts	**0**				**0**
Overall gross outstanding debts:	**541,342**	**725,214**	**1,395,093**	**210,446**	**2,872,094**
Performing outstanding debts (stage 1) subject to a 12-month ECL	479,558	578,059	1,069,477	129,769	2,256,862
Non-performing outstanding debt (stage 2) subject to an ECL at maturity	25,936	51,730	112833	21665	212,164
Impaired outstanding debt (stage 3) subject to an ECL at maturity	35,848	95,425	212,783	59,012	403,069

LOANS AND RECEIVABLES (in thousands of euros)	< = 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	31/12/2017
Customer current accounts	**25**				**25**
Overall gross outstanding debts:	**685,417**	**640,187**	**1,312,758**	**193,402**	**2,831,764**
Performing outstanding debt:	**628,868**	**533,360**	**1,047,421**	**129,260**	**2,338,909**
Performing outstanding debt	622,763	533,360	1,047,421	129,260	2,332,804
Related receivables	6,11				6,105
Impaired outstanding debt:	**56,549**	**106,827**	**265,337**	**64,142**	**492,855**

3. Impaired outstanding debt

(in thousands of euros)		31/12/2018	01/01/2018	31/12/2017	Change
Performing outstanding debt (1) IAS 39				2,338,909	
Impaired outstanding debt IAS 39				492,856	
Gross outstanding debt		**2,872,094**	**2,874,286**	**2,831,764**	**40,330**
Stage 1 performing outstanding debt subject to a 12-month ECL	+	2,256,862	2,203,303		
Stage 2 non-performing outstanding debt subject to an ECL at maturity	+	212,164	185,326		
Stage 3 impaired outstanding debt subject to an ECL at maturity	+	403,069	485,657		
Impairments	-	**386,783**	**464,959**	**356,258**	**30,525**
Outstanding debt at end of period:	=	**2,485,311**	**2,409,327**	**2,475,507**	**9,804**
Percentage of Stage 3 outstanding debt/total debt:		14.0%	16.9%		
Hedging rate of total outstanding debt:		13.5%	16.2%		
Percentage of impaired outstanding debt/total debt:				17.4%	
Hedging rate of impaired outstanding debt :				**72.3%**	

(1) Of which related receivables

4. Transfer of outstanding debts

(in thousands of euros)	Performing or non-performing assets				Impaired assets (Stage 3)		Total		
	Assets subject to a 12-month ECL (Stage 1)		Assets subject to an ECL at maturity (Stage 2)						
	Gross book value	Correction of value for losses	Gross book value	Correction of value for losses	Gross book value	Correction of value for losses	Gross book value (a)	Correction of value for losses (b)	Net book value (a) - (b)
At 1st January 2018	2,202,606	40,510	185,301	41,778	486,379	382,672	2,874,286	464,959	**2,409,327**
Transfers of outstanding assets from one stage to another									
Transfers to Stage 1 (12-month ECL)	149,840	**26,981**	**-148,615**	**-26,227**	**-1,224**	**-753**	**0**	**0**	
Transfers to Stage 2 (ECL at maturity)	-320,000	-7,590	380,168	39,087	-60,168	-31,496	0	0	
Transfers to Stage 3 (Impaired ECL at maturity)	-19,368	-355	-147,192	-54,741	166,560	55,096	0	0	
Total transfer	**-189,528**	**19,035**	**84,361**	**-41,882**	**105,167**	**22,846**	**0**	**0**	**0**
Changes in gross book values and value adjustments for losses									
New production: purchasing, granting, origination, etc.	2,087,486	41,266	9,285	2,380	28	16	2,096,799	43,661	
Derecognition: transfer, repayment, expiry, etc.	-1,835,023	-37,484	-63,478	-13,295	-120,894	-89,160	-2,019,395	-139,938	
Impact on ECL exposures transferred between stages during the period	-1,870	-23,340	1,616	57,795	1,928	36,280	1,674	70,735	
Change to a loss	30	29	2	2	-64,394	-45,941	-64,362	-45,910	
Changes in cash flows that do not result in derecognition	-2,075	-1,366	-4,694	-2,402	-3,515	-2,348	-10,283	-6,116	
Evolution of credit risk parameters over the period		26		-19		-68	0	-61	
Changes in the model/ methodology		0		0		0	0	0	
Changes to the consolidation scope	0	0	0	0	0	0	0	0	
Other	-4,764	-74	-230	-20	-1,631	-453	-6,625	-548	
Total changes	**243,784**	**-20,944**	**-57,499**	**44,442**	**-188,478**	**-101,674**	**-2,192**	**-78,176**	
At 31 December 2018	**2,256,862**	**38,602**	**212,164**	**44,338**	**403,069**	**303,844**	**2,872,094**	**386,783**	**2,485,311**

5. Changes to impairment of outstanding customer debt

CHANGES TO IMPAIRMENT (in thousands of euros)	at 01/01/2018 at 31/12/2018	from 01/01/2017 to 31/12/2017
Impairment, start of period:	**356,258**	**436,768**
Changes to consolidation scope		
First-time application of IFRS 9	108,786	
Increases	40,432	7,451
Reversals	115,147	84,290
Reversal of discount on debt in over-indebtedness proceedings	-2,753	-3,427
Other reclassifications + translation adjustments	-792	-244
Impairment, end of period:	**386,784**	**356,258**

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

- Assets transferred but not derecognised include customer outstandings within FCT Oneycord sub-fund 1.

At 31 December 2018, the amount of the relevant assets, net of associated liabilities, was €737 million, compared to €720 million at 31 December 2017, and continue to be recognised on the group's balance sheet under "Loans and Receivables - Customers".

- The amount of derecognised assets with ongoing involvement corresponds to disposals of outstanding debt in over-indebtedness proceedings for which debt collection continues to be carried out by the Oney Group. At 31 December 2018, the amount of derecognised outstanding debt with continued involvement amounted to €2.4 million compared to €4.6 million at 31 December 2017.

NOTE 8: SECURITIES

1. Securities measured at fair value through profit or loss or OCI

These securities, recorded in the portfolio under "Financial assets measured at fair value through equity" or "Financial assets at fair value through profit or loss", are variable-income securities representing a fraction of the capital of the companies that issued them.

(in thousands of euros)	Fair value	% held	2018	2017
Visa Inc	through profit or loss	< 1%	1,111	1,320
VISA pref shares	through profit or loss	< 1%	2,087	1,493
Swift	through OCI	< 1%	62	62
Fivory	through OCI	< 1%	743	743
FDGR Membership (Fonds de Garantie des Dépôts et de Résolution)	through OCI	< 1%	364	1
Other	through OCI	< 1%	8	
Total			**4,376**	**3,619**

2. Equity investments/associates

(in thousands of euros)	2018	2017
At 1st January	2,317	7,352
Capital increase		
Disposal of securities		
Dilution/accretion/other	-31	-201
Goodwill (including currency effect		-3,690
Share of income	1,173	-1,144
At 31 December	**3,459**	**2,317**

On 31 December 2017, Oney decided to write down all the goodwill recognised in 2015, given the uncertain outlook for Oney China.

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 Arkéa 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 purpose is to facilitate and develop the economic activity of its members in the field of payment methods and services, and electronic banking. Its main establishment is located at 118 Avenue des Champs-Elysees, 75008 Paris.
  The General Assembly has decided to terminate the activity of the Armoney EIG. Its dissolution will take effect from 31 December 2018, and the liquidation of the company will be recorded before the end of the first quarter of 2019. The operations covered by the EIG will be contractually secured with Arkéa until 2020.

NOTE 9:
TANGIBLE AND INTANGIBLE FIXED ASSETS

INTANGIBLE ASSETS (in thousands of euros)	Goodwill	Other	TOTAL
Gross value 01/01/2018	26,443	46,752	73,195
Gross value 31/12/2018	**31,478**	**56,799**	**88,277**
Cumul. Deprec. & Impairment. 01/01/2018	0	29,264	24,824
Cumul. Deprec. & Impairment. 31/12/2018	**0**	**35,010**	**35,010**
Net value 01/01/2018	26,443	17,488	43,931
Net value 31/12/2018	**31,478**	**21,789**	**53,267**

Goodwill consists of:

- goodwill in relation to Oney Portugal (dated 1st July 2000, initially amortised on a 20-year basis until 31 December 2003 and dated 1st January 2005 following the purchase of further Oney Portugal shares held by Cofinoga). Its net worth is €18,394,000;
- goodwill in relation to Oney Spain (formerly Accordfin) amounting to €8,049K dated 3 July 2010 in connection with the exercise by Santander Consumer Finance of its put option over the 49% shareholding it held in Accordfin.
- goodwill of €5,035K in relation to ICI.

PROPERTY, PLANT AND EQUIPMENT (in thousands of euros)	Land	Building	Office, computer equipment and other	Fixtures and fittings	In progress	Other	TOTAL
Gross value 01/01/2018:	**6,477**	**23,531**	**23,288**	**19,430**	**12**	**877**	**73,615**
Acquisitions for the period	0	0	1,984	722	235	177	3,119
Disposals and scrapping	0	0	152	10	0	2	164
Restatements/changes to consolidation scope	0	0	15	4	0	0	19
Change to the cumulative translation adjustment	0	0	-72	-5	-3	-3	-83
Gross value 31/12/2018:	**6,477**	**23,531**	**25,063**	**20,141**	**245**	**1,049**	**76,505**
Cumulative Depreciation & Impairment 01/01/2018:		2,552	18,881	9,612		720	31,764
Charges to depreciation		792	2,450	1,951		91	5,284
Disposals and scrapping		0	154	10		0	164
Restatements/changes to consolidation scope		0	9	4		0	13
Change to the cumulative translation adjustment		0	-57	-3		-2	-63
Cumulative Depreciation & Impairment 31/12/2018:		**3,343**	**21,129**	**11,553**	**-**	**809**	**36,834**
Net value 01/01/2018:	6,477	20,980	4,407	9,818	12	157	41,850
Net value 31/12/2018:	**6,48**	**20,188**	**3,934**	**8,588**	**245**	**240**	**39,671**

NOTE 10:
DEFERRED TAXES

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

(in thousands of euros)	01/01/2018	Changes recognised in profit or loss	Changes recognised in equity	Cumulative translation adjustment/ Reclassification	31/12/2018
Non-deductible provisions	21,359	-3,018	21,774	-2,678	37,437
Tax-related provisions	-737	493			-244
Financial instruments	704	-299	-118		287
Other	8,190	1,196	-136	2,644	11,894
TOTAL:	**29,515**	**-1,628**	**21,520**	**-34**	**49,374**

The "Other" section includes a €6.9 million deferred tax asset activated on a loss on 31/12/2018.

The deferred tax asset includes a €1.0 million decrease for provisions relating to the discounting effect that will reverse from 1st January 2019 in line with the gradual reduction in the standard rate of corporation tax up until 2022.

MATURITY DATES OF ALL DEFERRED TAXES ON NON-CAPITALISED TAX LOSS CARRY-FORWARDS OF FOREIGN SUBSIDIARIES

Amount	<1 year	1< <5 years	+ 5 years
12,905	0	12,540	365

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

These deferred tax amounts include a €12.9 million deferred tax on carry-forwards which has not been capitalised due to the uncertainty of its future allocation.

NOTE 11:
ACCRUALS AND OTHER ASSETS

(in thousands of euros)	31/12/2018	31/12/2017	Change
Uncleared transactions	261,334	279,528	-18,194
Prepaid expenses	8,512	8,113	399
Accrued income	10,322	8,274	2,048
Other accrual accounts ..	3213	804	2,410
Other assets	80,825	69,590	11,235
TOTAL	**364,207**	**366,308**	**-2,101**

Uncleared transactions correspond to debits on customer accounts.

NOTE 12:
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

(in thousands of euros)	31/12/2018	31/12/2017	Change
Amounts owing to credit institutions:	**830,254**	**869,600**	**-39,346**
Demand	5,490	7,220	-1,730
Term	824,764	862,380	-37,616
Customer debts and deposits:	**1,221,641**	**1,123,626**	**98,015**
Demand	154,770	138,871	15,899
Term	1,066,871	984,754	82,117
Debt securities:	**657,075**	**580,649**	**76,426**
Debenture loans	100,000	200,648	-100,648
Other debt represented by a security (MT notes, negotiable certificates of deposit)	557,075	380,001	177,075
Subordinated debt:	**0**	**980**	**-980**
TOTAL	**2,708,971**	**2,574,855**	**134,115**

At 31 December 2018, the amount of unused confirmed credit lines granted by banking institutions was 827 million euros, including 779 million euros maturing after more than a year.

BREAKDOWN OF DEBENTURE LOANS

Borrowing company	Nominal interest rate	Effective interest rate	Date of issue	Maturity	31/12/2018	31/12/2017	Listing market
Oney Bank SA	2 %	2 %	April 2013	October 2018		150,000	Luxembourg
Oney Bank SA	E3M + 60bp	E3M + 60bp	October 2016	October 2020	50,000	50,000	Luxembourg
Oney Bank SA	E3M + 60bp	E3M + 60bp	February 2018	October 2020	50,000		Luxembourg
TOTAL					**100,000**	**200,000**	

1. Offsetting financial assets and liabilities

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

2. Financial instruments given/received as collateral

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

3. TLTRO II

In June 2016, Oney Bank subscribed to TLTRO II for an amount of €355 million at an adjustable rate of 0%, which was retroactively reduced to -0.40% in line with fluctuations to our loan production between January 2016 and January 2018.

Since this rate is considered off-market, and having been given reasonable assurance of qualifying for the lower rate, Oney Bank recognised the proceeds from the potential rate decrease as a public subsidy (IAS 20). At 31/12/2018, Oney Bank recorded a receivable of €5.7 million on the balance sheet and €1.4 million of refinancing income in the income statement.

NOTE 13:
PROVISIONS FOR RISKS AND CHARGES

(in thousands of euros)	01/01/2018	Increases	Reversals	Capital / Currency / Entry into scope	31/12/2018
Employee benefits	3,509	772	79	-551	3,650
Provisions for tax inspections	0	0	0	0	0
Provisions for disputes	7,598	5,520	3,858	-3	9,257
SUB-TOTAL	**11,107**	**6,292**	**3,937**	**-554**	**12,907**

NOTE 14:
TECHNICAL RESERVES WITH INSURERS AND LIABILITIES TOWARDS REINSURERS

(in thousands of euros)	01/01/2018	Increases	Reversals	Reclassification /Capital	31/12/2018
Technical reserves - Life	2,347	1,098			3,444
Technical reserves - Non-life	22,212	12,197			34,409
Total Technical Reserves	**24,558**	**13,295**	**0**	**0**	**37,853**

NOTE 15:
OTHER LIABILITIES AND ACCRUALS

(in thousands of euros)	31/12/2018	31/12/2017	Change
Trade payables	6,750	5,193	1,557
Personnel costs	18,094	17,776	318
Duties and taxes	5,195	4,486	709
Cash back, shopping vouchers, gift cards and prepaid cards	33,457	60,971	-27,514
Other	27,483	18,566	8,917
Sub Total OTHER LIABILITIES	**90,979**	**106,991**	**-16,013**
Uncleared transactions	35,469	14,270	21,199
Prepaid income	36,957	43,715	-6,758
Accrued expenses	76,731	79,567	-2,837
Other	6,886	7,776	-890
SUBTOTAL ACCRUED LIABILITIES AND DEFERRED INCOME	**156,043**	**145,328**	**10,715**
TOTAL OTHER LIABILITIES AND ACCRUAL ACCOUNTS	**247,021**	**252,319**	**-5,298**

NOTE 16:
SHAREHOLDERS EQUITY, GROUP SHARE

1. Number of shares representing the share capital

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

On 31 June 2018, Oney Bank's share capital came to €50,741K, made up of 1,449,749 ordinary fully paid-up shares with a nominal value of €35.

Subscription options have been granted and are reserved for the Company's employees and/or corporate officers and/or employees of subsidiaries in which at least 10% of the capital or voting rights are held directly or indirectly by the Company. 1802 options have been granted.

16.2 Own shares

In 2018, as part of the exercise of options, Oney Bank purchased 368 treasury shares.

3. Legal reserve

Oney Bank SA's legal reserve amounted to €5,079K on 31 December 2018.

4. Reserves broken down by type

TRANSLATION RESERVE

(in thousands of euros)	31/12/2018	31/12/2017
China	-6	14
Hungary	-1,011	-791
Poland	75	137
Romania	4	3
Russia	-2,595	-2,363
Ukraine	-106	-123
United States	11	8
TOTAL	**-4,004**	**-3,115**

CASH FLOW HEDGE RESERVE (EXCLUDING DEFERRED TAX)

(in thousands of euros)	31/12/2018	31/12/2017
Start of period	-1,571	-2,717
Change	368	1,146
End of period	**-1,203**	**-1,571**

5. Change in shareholders' equity (Group share)

(in thousands of euros)	Capital	Premium	Treasury shares	Reserves	Unrealised gains and losses	Profit/loss for the financial year	Cumulative translation adjustment	Total equity
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 increase	139	1,567						1,707
Net unrealised cash flow hedge gains and losses					751			751
Stock options			992	-992				0
Translation reserve							-362	-362
Net actuarial gains or losses on retirement benefits					127			127
Auchan dividends				-15,963				-15,963
Hungary put option								
Poland dividends				674				674
Corporate income tax credit payment				-3,068				-3,068
Reserve from available-for-sale securities					548			548
CTA on fixed assets				-57				-57
Goodwill China				-149				-149
Misc.				-38				-38
2017 Closing Position	**50,741**	**57,306**	**-1,454**	**440,361**	**-726**	**36,893**	**-3,848**	**579,273**
Movements								
Appropriation								
Profit (loss) for the period				36,893		-36,893		0
Capital increase						52,064		52,064
Net unrealised cash flow hedge gains and losses					217			217
Share ownership plans			670	-1,043				-373
Translation reserve							-896	-896
Net actuarial gains or losses on retirement benefits					408			408
Auchan dividends				-11,397				-11,397
Hungary put option				-6,015				-6,015
Poland dividends								
Corporate income tax credit payment				1,058				1,058
FTA IFRS 9				-44,167				-44,167
CTA on fixed assets				146				146
Other				24				24
2018 Closing Position	**50,741**	**57,306**	**-784**	**415,864**	**-101**	**52,064**	**-4,744**	**570,343**

6. Dividends paid over the last three annual reporting periods

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

NOTE 17:
MINORITY INTERESTS

(in thousands of euros)	
Situation at 31 December 2016	**3,492**
Profit (loss) for the period	1,230
Put option on Hungary minority interests	252
Hungary dividends	-1,374
Poland dividends	
Natural Security	
Other (including CTA	-829
Situation at 31 December 2017	**2,772**
Profit (loss) for the period	543
Put option on Hungary minority interests	328
Hungary dividends	-1,129
Poland dividends	
FTA IFRS 9	-324
Other (including CTA	-393
Situation at 31 December 2018	**1,798**

Note that the Group opted to recognise of liability related to the Hungarian put option in equity (minority interests) and Group share.

At 31 December 2018, the share of Hungarian minority interests amounted to €3,815K with a €9,830K liability associated with the put option.

Information regarding significant minority interest relates to Hungary. On the balance sheet, total outstanding loans net of impairment total €41.3 million and liabilities (excluding shareholders' equity) amount to €29.8 million. On the income statement, net banking income amounts to €10.0 million, while the cost of risk is €0.4 million and net profit is €2.3 million.

NOTE 18:
OFF-BALANCE SHEET LIABILITIES

COMMITMENTS RECEIVED

COMMITMENTS RECEIVED (in thousands of euros)	31/12/2018	31/12/2017
Financing commitments	**1,278,002**	**1,350,447**
Received from credit institutions and customers		
Guarantees	**6,288**	**8,112**
Received from credit institutions and customers		
Securities commitments	**11,278**	**9,364**
Securities to be received		
TOTAL	**1,295,569**	**1,367,923**

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

COMMITMENTS GIVEN

	31/12/2018	31/12/2017
Financing commitments	**6,701,742**	**6,684,517**
To credit institutions and customers		
Guarantees	**48,266**	**50,114**
To credit institutions and customers		
TOTAL	**6,750,008**	**6,734,631**

BREAKDOWN OF COMMITMENTS GIVEN TO CUSTOMERS BY GEOGRAPHICAL AREA

COMMITMENTS GIVEN (in thousands of euros)	31/12/2018		31/12/2017	
	Assets - 2 years	Global	Assets - 2 years	Global
France	2,060	5,116	2,097	5,152
Europe outside France	1,556	1,585	1,511	1,532
Rest of the world	1	1	0	0

Commitments to customers, including within the definition laid down by the French Prudential Supervision and Resolution Authority for the calculation of ratios, i.e. excluding customers that have been inactive for more than two years, totalled €3,618 billion.

NOTE 19:
INTEREST INCOME AND EXPENSES

(in thousands of euros)	31/12/2018		31/12/2017	
	Expense	Income	Expense	Income
Transactions with credit institutions	5,638	441	5,925	462
Transactions with customers	6,617	248,616	6,167	240,581
Transactions involving financial instruments	4,730	396	5,188	333
Total	**16,985**	**249,453**	**17,281**	**241,376**

NOTE 20:
COMMISSION INCOME AND EXPENSES

(in thousands of euros)	31/12/2018		31/12/2017	
	Expense	Income	Expense	Income
Transactions with credit institutions	6,505	6,888	9,986	7,275
Insurance transactions	3,086	19,995	5,090	18,748
Transactions with customers	13	22,871	19	24,092
Financial services - including card fees	17,368	48,307	15,073	49,581
Other	7,350	24,046	5,262	23,923
TOTAL	**34,323**	**122,107**	**35,431**	**123,618**

NOTE 21:
OTHER BANKING OPERATING INCOME AND EXPENSES

(in thousands of euros)	31/12/2018		31/12/2017	
	Expense	Income	Expense	Income
Insurance Expenses and Income	17,110	86,367	19,288	83,780
Operating Expenses and Income	2,110	48,802	1,173	46,044
TOTAL	**19,220**	**135,168**	**20,461**	**129,824**

NOTE 22:
PERSONNEL COSTS

(in thousands of euros)	31/12/2018	31/12/2017
Wages and salaries	84,137	71,376
Social security contributions	38,827	35,272
Tax expenses	-1282	-798
Employee profit-sharing and incentive schemes	8,881	10,575
TOTAL	**130,562**	**116,425**

NOTE 23:
OTHER ADMINISTRATIVE COSTS

(in thousands of euros)	31/12/2018	31/12/2017
Taxes	4,384	5,237
Rentals	4,375	4,877
Remuneration of interim staff	21,501	20,113
Other	128,831	144,382
TOTAL	**159,091**	**174,610**

NOTE 24:
COST OF RISK

COÛT DU RISQUE	31/12/2018		31/12/2017	
	Expense	Income	Expense	Income
Impairment on customer transactions	40,432	115,147	7,451	84,290
Stage 1 performing outstanding debt (subject to a 12-month ECL	3,547	8,235		
Stage 2 non-performing outstanding debt (subject to an ECL at maturity	20,746	62,870		
Stage 3 impaired outstanding debt (subject to an ECL at maturity	16,138	44,042		
Impairment on other receivables and financial fixed assets	0	0	0	0
Losses on unrecoverable debt	159,171		157,087	
Collections on written-off receivables		20,085		21,868
TOTAL	**199,603**	**135,233**	**164,539**	**106,159**
	64,370		**58,380**	

NOTE 25:
CORPORATION TAX

TAX EXPENSES

Tax expense	31/12/2018	31/12/2017
Taxes payable	11,446	7,284
Deferred tax liabilities	1,627	7,485
TOTAL	**13,072**	**14,769**

TAX ANALYSIS

	Amount	2018 rate	2017 rate
Earnings before corporation tax and associates	65,679		
Standard rate		34.43%	34.43%
Theoretical corporation tax	22,613		
Permanent differences	1,417	2.16%	0.77%
Unrecognised deferred taxes	507	0.77%	-3.46%
Rate differential	-3,526	-5.37%	-4.02%
Tax credits	-7,290	-11.10%	-11.21%
Impact of rate changes at start of period	47		
Other	-696	-1.06%	10.82%
EFFECTIVE TOTAL	**13,072**		
EFFECTIVE RATE		**19.90%**	**27.33%**

NOTE 26:
MISC

1. Workforce

In December 2018, the full-time equivalent workforce across the Group's consolidated companies came to 2,633 employees (including 100% of the workforce of jointly controlled companies), compared to 2,548 on 31 December 2017, on a like-for-like basis.

2. Executive remuneration

The ten highest remunerations paid in 2018 to managers of Oney Group entities amounted to € 3.1 million.

Expenses relating to post-employment benefits totalled €0.2 million.

NOTE 27:
EMPLOYEE BENEFITS

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

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

1. 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.

2. Defined benefit schemes:

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

ACTUARIAL ASSUMPTIONS	2018	2017
Discount rate at 1st January	1.80%	1.80%
Discount rate at 31 December	1.80%	1.80%
Expected rate of salary increase	2.00%	2.00%

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

CHANGE IN €K	2018	2017
Current value of the obligation as at 1st January	3,880	3,767
Financial cost	74	73
Cost of services rendered during the period	378	363
Benefits paid		
Actuarial losses (gains)	-533	-331
Other		9
Current value of the obligation as at 31 December	**3,799**	**3,880**

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

CHANGE IN €K	2018	2017
Fair value of assets at 1st January	1,696	1,653
Expected return on assets	31	30
Contributions paid		
Benefits paid		
Actuarial losses (gains)	10	13
Fair value of assets as at 31 December	**1,737**	**1,696**

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

CHANGE IN €K	2018	2017
Net liabilities as at 1st January	2,184	2,114
Expense recognised	422	406
Contributions paid		
Benefits paid by employer		
Actuarial losses (gains) recognised in shareholders' equity	-543	-335
Restatement of financial liabilities		
Net liabilities as at 31 December	**2,062**	**2,184**

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

RECONCILIATION OF NET LIABILITIES	2018	2017
Present value of the obligation	3,799	3,880
Fair value of assets	1,737	1,696
Net position	2,062	2,184
Net liability recognised in the balance sheet	**2,062**	**2,184**

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

IN €K	2018	2017
Cost of services rendered during the period	378	363
Financial cost	74	73
Expected return on assets in the scheme	-31	-30
Expense recognised	**422**	**406**

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

1. Features 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 are exercisable over a period from 1 June to 30 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 2017 AND 2018

	2018		2017	
	Exercise price	Number of options	Exercise price	Number of options
Carried forward at the beginning of the year		6,287		1,541
Options issued during the year	458.21/ 428.99	6,162	428.99	6,591
Options exercised during the year				
Options cancelled or lost		1,000		1,845
Options expired				
Options at the end of the year		11,449		6,287
Options exercisable at the end of the year				

PARAMETERS FOR CALCULATING THE FAIR VALUE OF OPTIONS

	2018	2017
Intrinsic value of options	+30.43€ / +10.51€	+18.08€
Share price	459.42 / 468.72	447.07
Exercise price	428.99 / 458.21	447.07
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.

NOTE 29:
SECTOR-SPECIFIC INFORMATION

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

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

- Level 1: business lines
  - Consumer credit
  - Electronic banking, Insurance, Savings, Payment methods

- Level 2: geographic areas
  - France
  - Europe outside France: Spain, Portugal, Italy and Malta
  - Rest of the world: Poland, Hungary, Russia, Romania and Ukraine

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

LEVEL 1

(in thousands of euros)	CREDIT		OTHER		TOTAL	
	2018	2017	2018	2017	2018	2017
Sector income:						
External	422,349	411,995	86,500	83,930	508,849	495,925
Internal	0	0	0	0	0	0
Depreciation	11,216	9,056	540	533	11,756	9,589
Sector expenses	161,112	153,204	45,170	44,010	206,283	197,214
Provisions	1,662	-452			1,662	-452
Cost of risk	64,370	58,380			64,370	58,380
Sector profit	183,989	191,808	40,790	39,386	224,779	231,194
Non-sector expenses					159,101	178,302
Tax expenses					13,072	14,769
Net profit					**52,605**	**38,123**
Sector assets	3,356,777	3,272,827	120,033	95,445	3,476,810	3,368,271
Sector liabilities	4,946,465	4,750,813	130,800	128,331	5,077,265	4,879,144
Investments	60,232	57,664	1,228	1,674	61,460	59,339

LEVEL 2

(in thousands of euros)	FRANCE		EUROPE		REST OF THE WORLD		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Sector income	**256,543**	**255,487**	**203,447**	**192,739**	**48,860**	**47,700**	**508,849**	**495,925**
Sector assets ……	2,573,529	2,530,070	819,260	746,921	84,021	91,281	3,476,810	3,368,271
Investments	53,759	53,000	6,135	5,358	1,567	981	61,460	59,339

NOTE 30:
FAIR VALUE

Assets and liabilities are recognised and measured in accordance with IFRS 9. In certain circumstances, market values are very close to the carrying amounts. This is the case for:

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

1. The accounting methods used are as follows:

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

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

2. Variable-rate loans and receivables - customers

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

3. Fixed-rate loans and receivables - customers

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

4. Financial instruments

The Oney Group values its financial instruments using a standard method by discounting anticipated future cash flows of the financial instrument identified through the zero-coupon curve as at 31 December 2018.

5. Debt securities

For debts represented by a floating-rate security, for which changes in interest have no material impact on the fair value, the redemption value is close to the market value.

For debts represented by a fixed-rate security, the fair value of this debt at 31 December 2018 corresponds to the discounting of cash flows from the liability with a EURO rate curve.

6. Receivables and payables - credit institutions

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

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

In thousands of euros	Market value		
	Level 1	Level 2	Level 3
Derivatives - assets		2,161	
Derivatives - liabilities		1,312	
Cash in hand and at bank and post office	400,841		
Loans and receivables - customers			2,441,124
Current tax assets			1,803
Other assets and accruals			364,207
Amounts owing to credit institutions			830,254
Amounts owing to customers			1,221,641
Amounts owing represented by securities			657,075
Subordinated debt			0
Current tax liabilities			11,814
Other liabilities and accruals			247,021

THE IMPACT OF THE CVA/DVA CALCULATION (IFRS 13) AMOUNTS TO €1.0K AS OF 31 DECEMBER 2018.

In thousands of euros	Market value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss*	1,112		2,087
Financial assets at fair value through capital		1,177	0

*VISA preference shares are classified as Level 3 market value because they are discounted to take account of the risk of illiquidity and legal risks.

MARKET VALUE OF OTHER ASSETS AND LIABILITIES

In thousands of euros	2018		2017	
	Market value	Book value	Market value	Book value
Cash in hand and at bank and post office	400,841	400,841	352,746	352,746
Loans and receivables - customers	2,441,124	2,485,311	2,242,226	2,475,532
Available-for-sale securities			3,619	3,619
Other financial assets at fair value through profit or loss	3,199	3,199		
Equity instruments measured at fair value through equity that cannot be reclassified	1,177	1177		
Current tax assets	1,803	1,803	6,014	6,014
Other assets and accruals	364,207	364,207	366,308	366,308
Amounts owing to credit institutions	830,254	830,254	869,600	869,600
Amounts owing to customers	1,221,641	1,221,641	1,123,626	1,123,626
Amounts owing represented by securities	657,075	657,075	583,434	580,649
Subordinated debt	0	0	980	980
Current tax liabilities	11,814	11,814	11,975	11,975
Other liabilities and accruals	247,021	247,021	252,319	252,319

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, and uses derivatives to mitigate interest rate risks.

The Group has set up a structure to manage market risks centrally.

1. Counterparty risk on derivatives

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

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

2. Interest rate risk

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

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

EXPOSURE TO INTEREST RATE RISK

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

In millions of euros	12/2018	12/2017
Fixed rate financial assets	1,893	1,850
Fixed rate financial liabilities	1,517	1,749
Floating rate financial assets	1,187	1,121
Floating rate financial liabilities	1,193	829

The maturity dates for financial assets are shown in notes 6 and 7, and those of financial liabilities in note 31.3.

3. Sensitivity analysis method used

ASSUMPTIONS APPLIED:

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

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

For equity impacts, the financial instruments used for cash flow hedging have been valued individually on the basis of upward or downward movements of 100bp.

The impact of swaps on equity is determined on the basis of the difference between the marked-to-market value on the balance sheet date and the new post-adjustment value.

4. Sensitivity analysis

IMPACT ON THE INCOME STATEMENT

Based on the Group's financial position on 31 December 2018, a 1% increase in interest rates across all currencies would generate a €1.22 million reduction in the cost of financial debt.

Based on the Group's financial position on 31 December 2018, a 1% decrease in interest rates across all currencies would generate a €1.22 million increase in the cost of financial debt.

IMPACT ON EQUITY

Based on the Group's financial position on 31 December 2018, a 1% increase in interest rates across all currencies would generate a €3.6 million equity increase, compared with €9 million as at 31 December 2017.

Based on the Group's financial position on 31 December 2018, a 1% decrease in interest rates across all currencies would generate a €3.6 million equity reduction, compared with €9.3 million as at 31 December 2017.

5. Interest rate hedges

CASH FLOW HEDGES

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

AT 31/12/2018

Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Swaps de taux d'intérêts	1,270	1,266	369	305	554	39	0

AT 31/12/2017

Derivative financial liabilities (in thousands of euros)	Valeur comptable	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Swaps de taux d'intérêts	1,725	1,806	414	453	581	358	0

HEDGING INSTRUMENTS

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

AT 31/12/2018

Derivative financial assets (in thousands of euros)	Book value	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Interest rate swaps	1	1	1				
Currency swaps	2,160	508	267	-178	367	51	
Interest rate options							

Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Interest rate swaps							
Currency swaps	43	244	102	28	56	57	
Interest rate options							

AT 31/12/2017

Derivative financial assets (in thousands of euros)	Book value	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Interest rate swaps	167	167	167				
Currency swaps	710	133	-185	183	-55	190	
Interest rate options							

Derivative financial liabilities (in thousands of euros)	Book value	Contractual cash flow					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Interest rate swaps	142	122	122				
Currency swaps	1,938	3,520	1,253	727	754	787	
Interest rate options							

The currencies of these transactions are the Euro and the HUF.

6. Liquidity risk

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

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

The Oney Group is required to comply with a single covenant to maintain the refinancing facilities provided as part of the Club Deal (confirmed syndicated loan facility of 500 million euros) and certain confirmed credit lines. The ratio is defined as follows: Total credit outstanding > Net financial debt (where net financial debt refers to amounts owing to credit institutions plus debt in the form of securities, minus the credit balances in bank accounts - including cash accounts and central bank or post office accounts -, investments and receivables from credit institutions and the gross value of HQLAs held in accordance with Basel III liquidity requirements). This ratio was complied with at 31 December 2018.

EXPOSURE TO LIQUIDITY RISK

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

AT 31/12/2018

(in thousands of euros)	Book value	Flux de trésorerie attendus					
		Total	< 3 M	< 6 M	< 1 year	1 à 5 years	+ 5 years
Amounts owing to credit institutions (deposits)	5,490	5,490	5,490				
Amounts owing to credit institutions	824,764	823,478	185,148	53,530	51,777	533,023	0
Amounts owing to customers - demand	154,770	154,770	154,770				0
Amounts owing to customers - term	1,066,871	1,080,564	335,731	235,983	161,281	347,569	0
Debenture loans	100,000	100,694	72	77	155	100,390	0
Debt securities	557,075	559,652	40,098	121	127,250	392,183	
Subordinated debt	0	0					
Trade payables	6,750	6,750	6,750				
Other liabilities	240,272	240,272	217,525	3,106	8,136	11,506	
Tax liabilities	11,903	11,903	11,856			48	

AT 31/12/2017

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

Expected cash flows correspond to the contractual cash flows.

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

Amount in €K at 31/12/2018	< 1 year	1< <5 years	+5 years
827,000	48,000	779,000	

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

7. Foreign Exchange Risk

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

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

8. Management of Customer Credit Risk

1. OVERVIEW

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

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

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

2. STRUCTURE OF THE RISK DIVISION

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

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

For other countries, (Poland, Hungary and Russia), the partner is responsible for managing credit risk, since its is the partner's processes and information systems that are determine loan approval, risk monitoring and debt collection.

In all cases, risk is monitored by the Group Risk department.

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

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

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

They include:

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

Adhering to credit decisions based on these aforementioned scores and rules, which are very seldom waived, ensures tight control over credit risk. 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 its financial returns against future fluctuations in interest rates. It therefore hedges all interest rate risks relating to its outstanding fixed-rate loans.

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

6. DEBT RESTRUCTURING

The amount of outstanding debt that has been restructured or rearranged, whether decided internally or after referral to an over-indebtedness commission, amounted to €122.5 million at 31 December 2018. Impairment of €83.7 million was recognised in respect of these loans at 31 December 2018.

9. Insurance risk management

There are two main types of insurance risk:

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

The first of these refers to the differences in assumptions made at the time when the risk is insured and the reality of subsequent claims in terms of frequency, timing and severity.

For borrower insurance, the types of coverage offered are: death, accidental death, permanent total disability, temporary inability to work and redundancy. The products are offered on the basis of regular premium payments, with claim payouts capped at the amount of outstanding credit owed by the policyholder at the date of the claim.

For payment 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 mainly 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 on offer provide for the limited or lump-sum payment of single or monthly compensation for predefined periods.

The Company also reserves the right to adjust premium amounts (except for reinsurance, where the insurer retains the ability to do so). This provides protection against any excess costs and to makes it possible to adapt to the current economic climate. The insurance companies operate under "group" contracts. The diversity of the policyholder portfolio and the individual amounts allocated to each insurance product eliminate concentration risk.

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

10. Exposure to sovereign risk

As at 31 December 2018, the Oney Group has no exposure to sovereign risk.

NOTE 32:
RELATED PARTY TRANSACTIONS

AT 31/12/2018

In thousands of euros	Assets	Liabilities	Expense	Income
PARENT COMPANY				
Transactions with customers			113	
Subordinated debts and related liabilities				
Other assets/liabilities and accruals		856		
Operating income and expenses				3,700
External services			1,755	
JOINT PARENT	4,212			
Subordinated debt and related liabilities				
Transactions with credit institutions				
Operating income and expenses				
ASSOCIATED COMPANIES				
Other assets and accruals				
Transactions with customers				
Subordinated debts and related liabilities				
Other liabilities and accruals	3,587	3		
Non-recurring income and expenditure			2,389	1,312
External services				578

In thousands of euros	Assets	Liabilities	Expense	Income
OTHER RELATED COMPANIES				
Other assets and accruals	2,623			
Transactions with customers		701,880	7,225	217
Subordinated debts and related liabilities				
Other liabilities and accruals		3,961		
Operating income and expenses			8,546	14,005
External services			1,096	379
TOTAL	**10,422**	**706,700**	**21,123**	**20,192**

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

NOTE 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:
STATUTORY AUDITORS' REPORT

AT 31/12/2018 :

In €K	PWC statutory auditors	KPMG statutory auditors	Total fees
Auditing fees	183	150	333
Fees for non-audit services	56	36	93
Required by regulations	52	36	89
Other	4		4
TOTAL	**239**	**187**	**426**

Non-audit services include:

- firstly, fees relating to work required by law, including authorisation to grant free shares and share subscription rights, changes in legal form, capital reductions, the protection of customer assets, verification of the information included in the non-financial performance statement as well as certificates required by the regulations;
- and secondly, any other certificates established at the request of the company.

NOTE 35:
DOCUMENTS AVAILABLE TO THE PUBLIC

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

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

STATUTORY AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the period starting 1st january 2018 to 31 december 2018

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

KPMG S.A.
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Statutory auditors' report on the consolidated financial statements

(Year ended December 31, 2018)

To General Assembly
ONEY BANK S.A.
40, Avenue de Flandre
BP139
59964 Croix Cedex

Opinion

In accordance with the assignment entrusted to us by your shareholders' meetings, we have audited the joined consolidated financial statements of ONEY BANK S.A. for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the year ended and of the financial position and assets and liabilities, at the end of the year, of the group of persons and entities included in the consolidation, in accordance with IFRS as adopted by the European Union.

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

Rationale of the opinion

Audit framework

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

Our responsibilities under these standards are set out in the section "Responsibilities of the statutory auditors for the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from 1 January 2018 to the date of issue of our report, and in particular we did not provide services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the Code of Ethics of the Audit Profession.

Observation

Without qualifying the opinion expressed above, we draw your attention to the changes in accounting policies relating to the application as from 1 January 2018 of the new IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Customer Contracts" set out in Note 2 "Significant events and main changes in scope", in Note 3 "Rules and methods", as well as in the other notes to the financial statements presenting figures relating to the impact of this change.

Justification of the assessments - Key audit points

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit issues relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the year, as well as the responses we have provided to those risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on individual items in these consolidated financial statements.

Key point of audit 1: Impact of the first application of IFRS 9

Identified risk

The application of IFRS 9 "Financial Instruments" as of 1 January 2018 has introduced significant changes in the rules for classifying and measuring financial assets and for impairment, resulting in financial and operational impacts.

As indicated in notes 3.2, 3.8.2 and 7 to the consolidated financial statements, the classification of a financial asset in accordance with IFRS 9 results from its nature, the management model and the characteristics of the contractual flows (known as "SPPI"). In light of these criteria, financial instruments in inventory in January 1, 2018 were analysed in order to classify and measure them in accordance with the terms of this new standard.

In addition, and as detailed in notes 3.2, 3.3, 3.8.2 and 7 of the consolidated financial statements, IFRS 9 replaces the proven loss model in IAS 39 with a single prospective impairment model based on expected losses. In accordance with the standard, the Oney Bank Group classifies assets into three phases ("categories"): performing assets, underperforming assets and non-performing assets.

These elements have been incorporated into the provisioning models developed by the Oney Bank Group for each type of loan portfolio to determine the amount of expected credit losses to be recognised in the Oney Bank Group's consolidated financial statements.

Given the scope of this standard, the complexity of its implementation and the importance of accounting estimates for the impairment component, we considered that the first-time application of IFRS 9 on 1 January 2018 was a key point of our audit in 2018.

Audit procedures implemented in response to this risk

With regard to first-time application impacts, our main work consisted of:

- - obtaining documentation on management models;
- - obtaining the group standard relating to the depreciation method;
- - the assessment of the compliance with IFRS9 of the impairment methodology developed by the group;
- For the three main countries, our work consisted of:
- - the verification, on the basis of samples of contracts, of the quality of the analyses carried out (in particular on the characteristics of contractual flows) leading to the classification of contracts in the new categories provided for by the standard;
- - a review of the operating procedures used to determine impairment losses;
- - the performance, on a test basis, of an analysis of the conformity of the depreciation calculation methods with the principles adopted by the group;
- - the assessment of the segmentation of loan portfolios into homogeneous groups;
- - the sample control of the breakdown of the outstanding amounts between the different phases ("levels").

Key point of audit 2: Impairment of credit risk

Risk identified

Through its activity as a credit institution specialising in consumer credit, the Oney Bank group makes provisions to cover receivables from retail customers for which there is a risk of non-recovery. As stated in the key audit point "Impacts of the first-time application of IFRS 9 - Financial Instruments", IFRS 9 replaces the proven loss model in IAS 39 with a single prospective impairment model based on expected losses. In accordance with the standard, the Oney Bank group classifies assets into three phases ("level"): performing assets, underperforming assets and non-performing assets.

As specified in Note 3.3 to the consolidated financial statements, these items have been included in the provisioning models developed by the Oney Bank Group for each type of loan portfolio in order to determine the amount of expected credit losses to be recognised in the consolidated financial statements of the Oney Bank Group.

We considered that the assessment of these impairments, which amounted to €386.8 million at 31 December 2018, was a key point of the audit of the consolidated financial statements because the latter was based on the use of a wide range of information, including historical data on default probability and exposure at the time of default, observed losses, as well as cyclical and structural adjustments.

Audit procedures implemented in response to this risk

As part of our audit of the Group's consolidated financial statements, our work consisted in assessing the adequacy of the models implemented by the bank with the IFRS accounting standards adopted in the European Union and in assessing the quality of the data used to determine the amount of impairment losses on receivables from retail customers. We have:

- Reviewed the methodology used to determine the amount of impairment losses;
- Appreciated the process of determining impairment, monitoring and validating the models implemented by management, and the adjustments applied to the data calculated by these models;
- Tested on a sample basis the breakdown of outstandings between the various phases ("levels");
- Tested on a sample basis the quality of the data used in depreciation models;
- Tested by sampling the arithmetic accuracy of the calculations made to determine depreciation;
- Analysed the consistency of the depreciation rates derived from the models and verified their correct application in the Group's financial statements at 31 December 2018.

Key point 3 of the audit: Valuation of Goodwill

Identified risk

Audit procedures implemented in response to this risk

As part of our audit of the Group's consolidated financial statements, our work consisted in assessing the adequacy of the models implemented by the bank with the IFRS accounting standards adopted in the European Union and in assessing the quality of the data used to determine the amount of impairment losses on receivables from retail customers. We have:

- Reviewed the methodology used to determine the amount of impairment losses;
- Appreciated the process of determining impairment, monitoring and validating the models implemented by management, and the adjustments applied to the data calculated by these models;
- Tested on a sample basis the breakdown of outstandings between the various phases ("levels");
- Tested on a sample basis the quality of the data used in depreciation models;
- Tested by sampling the arithmetic accuracy of the calculations made to determine depreciation;
- Analysed the consistency of the depreciation rates derived from the models and verified their correct application in the Group's financial statements at 31 December 2018.

Oney Bank has goodwill in its consolidated balance sheet at 31 December 2018 for a net book value of €31.5 million.

An impairment loss is recognized when the recoverable amount of goodwill, determined as part of the annual impairment test or a one-time test performed upon the occurrence of an impairment indicator, is less than its carrying amount.

As explained in Note 3.10 to the consolidated financial statements, the determination of recoverable amount is based on discounted future cash flow calculations and requires significant management judgment, including the preparation of forecasts and the choice of financial parameters (discount and growth rates, level of capital requirements).

In this context, we considered the assessment of the recoverable amount of goodwill as a key point of the audit, due to the uncertainties inherent in certain items, in particular the probability of the forecasts used to assess the recoverable amount being realized and the high sensitivity of the models to financial parameters.

Audit procedures implemented in response to this risk

As part of our audit of the Group's consolidated financial statements, our work consisted of a critical examination of the methods used by management to determine the recoverable amount of goodwill. Our work consisted of:

- Assess the components of the carrying amount of the cash-generating units (CGUs) or group of CGUs at which goodwill is monitored by Oney Bank and the consistency of these components with those used in future cash flow projections;
- Assess the consistency of future cash flow projections with the 2019 budget approved by the Board of Directors;
- Assess the consistency of future cash flow projections with the economic environments in which the Group operates;
- Assess the reasonableness of the financial parameters used in the model (discount rate, growth rate, level of capital requirement).
- Test by sampling the arithmetical accuracy of the calculations made by management.

Specific checks

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by law and regulations of the information relating to the Group given in the Board of Directors' management report.

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

We certify that the consolidated statement of non-financial performance provided for in Article L. 225-102-1 of the French Commercial Code is included in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements and must be the subject of a report by an independent third-party body.

Appointment of auditors

We were appointed auditors of ONEY BANK by your general meeting of 15 April 2013 for PricewaterhouseCoopers Audit and 29 May 1992 for KPMG S.A..

As at 31 December 2018, PricewaterhouseCoopers Audit was in the 6th year of its engagement without interruption and KPMG S.A. in the 27th year, including, in the case of KPMG S.A., the 16th year since the company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with corporate governance with respect to the consolidated financial statements

It is management's responsibility to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted by the European Union and to establish such internal control as it considers necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in the consolidated financial statements, where applicable, the necessary going concern information and for applying the going concern accounting policy, unless it is intended to liquidate the Company or discontinue its business.

The audit committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

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

Responsibilities of the statutory auditors in connection with the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards of practice will consistently identify any material misstatement. Misstatements may result from fraud or error and are considered material when it can reasonably be expected that they could, individually or in aggregate, influence the economic decisions that users of the accounts make based on them.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission of certification of the accounts does not consist in guaranteeing the viability or quality of the management of your company.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit.

In addition:

- The auditor identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, defines and performs audit procedures to address those risks, and obtains information that it considers sufficient and appropriate to form an opinion. The risk of not detecting a material misstatement due to fraud is higher than that of a material misstatement due to error, as fraud may involve collusion, falsification, wilful misrepresentation, misrepresentation or circumvention of internal control;

- he obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;

- he assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the information relating to them provided in the consolidated financial statements;

- he assesses the appropriateness of management's application of the going concern accounting policy and, depending on the information collected, whether or not there is a material uncertainty related to events or circumstances that could affect the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, it being recalled, however, that subsequent circumstances or events could jeopardize the continuity of operations. If he concludes that a material uncertainty exists,het draws the attention of the readers of its report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not provided or is not relevant, he issues a qualified certification or a refusal to certify;

- he assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in a way that gives a true and fair view;

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

Report to the Audit Committee

We provide the audit committee with a report that includes the scope of the audit work and the work program implemented, as well as the conclusions arising from our work. We also bring to its attention, as the case may be, the significant weaknesses in internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of material misstatement that we consider being the most significant for the audit of the consolidated financial statements for the year and which therefore constitute the key audit issues, which we are required to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics of the auditing profession. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Made in Neuilly-sur-Seine and Paris La Défense, on March 8th , 2019

Statuaty Auditors

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

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• CREDITS •

Editorial:
Oney Communications Department

Design and production:
ULTRAMEDIA

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