ALD

Limited liability company with a board of directors (*société anonyme à conseil d'administration*)
with a share capital of €606,155,460

Registered Office:

Tour Société Générale « Chassagne », 15-17 Cours Valmy, 92800 Puteaux

417 689 395 Nanterre Trade and Companies Register

REGISTRATION DOCUMENT (DOCUMENT DE BASE)

In accordance with its General Regulations (Règlement Général) and, in particular Article 212-23 thereof, the *Autorité des marchés financiers* (the "AMF") registered this Registration Document on 11 May 2017 under number I. 17-042. This document may not be used in the context of any securities offering unless completed by a Securities Note in respect of which the AMF has granted a visa. The Registration Document has been prepared by the issuer, and its signatories therefore assume responsibility for its contents.

This registration was granted after the AMF had verified that the document is complete and comprehensible and that the information it contains is coherent, in accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code. It does not imply that the AMF has verified the accounting and financial information presented herein.

Copies of this Registration Document may be obtained free of charge at the ALD's registered office at Tour Société Générale « Chassagne », 15-17 Cours Valmy, 92800 Puteaux, as well as on the website of ALD, (**www.aldautomotive.com**) and on the website of the AMF (www.amf-france.org).

NOTE

In this Registration Document:

- the terms "**Company**" and "**ALD**" refer to ALD;
- the terms "**Group**" and "**ALD Group**" refers to ALD and its consolidated subsidiaries, branches and equity interests, collectively.
- where reference is made to the Group's fleet, the number of vehicles included within the fleet is equal to the number of contracts with customers relating to those vehicles, with one vehicle being equal to one customer contract.
- unless otherwise indicated, fleet figures as at 31 December 2015 include the MKB acquisition which was signed in 2015 and consummated and consolidated in 2016 (see Section 7.2.2.1 - "Acquisitions").

The Group's geographic segments for the purposes of its financial reporting are referred to in this document as (i) Western Europe, (ii) Northern Europe (referred to as "**Nordics**" in the financial accounts), (iii) Central and Eastern Europe (referred to as "**Continental & Eastern Europe**" in the financial accounts) and (iv) South America, Africa & Asia (referred to as "**LatAm, Africa, Asia & Rest of the World**" in the financial accounts). There is no difference in perimeter between the geographic segments as defined in this Registration Document and in the financial accounts.

This Registration Document describes the Group as it exists as at the date of this Registration Document.

Forward-looking Statements

This Registration Document contains "forward-looking statements" regarding the prospects and growth strategies of the Group. Forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "aims", "intends", "should", "could", "anticipates", "estimates", "plans", "assumes", "consider", "envisage", "think", "wish" and "might", or, if applicable, the negative form thereof, other variations thereon or comparable expressions or formulations. Forward-looking statements have no historically factual basis and should not be interpreted as a guarantee of future performance and the Group's actual financial condition, results of operations and cash flows and the developments in the industry where the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this Registration Document. The forward-looking statements contained in this Registration Document are based on data, assumptions, and estimates that the Group considers reasonable. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. Forward-looking statements appear in a number of chapters of this Registration Document and include statements relating to the Group's intentions, estimates and targets with respect to its markets, strategies, growth, results of operations, financial situation and liquidity. The Group's forward-looking statements speak only as of the date of this Registration Document. Absent any applicable legal or regulatory requirements, the Group expressly disclaims any obligation to update any forward-looking statements contained in this Registration Document to reflect any change in its expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Registration Document is based. For a discussion of risks that may affect the occurrence or achievement of such forward-looking statements, see Chapter 4 "Risk Factors" of this Registration Document. In addition, new risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements.

Information on the Market and Competitive Environment

This Registration Document contains information, in particular in Chapter 6 "Business overview", about the Group's markets and its competitive position, including information about the size of such markets. In addition to estimates made by the Group, the facts on which the Group bases its statements are taken primarily from studies, estimates, research, information and statistics of independent third parties and professional organisations and figures published by the Group's competitors, suppliers and customers, as well as the Company's own experience and knowledge of conditions and trends in the markets in which the Group operates.

In addition, given the rapidly evolving and dynamic market in which the Group operates, some information may prove to be incorrect or outdated. As a result, the Group's activities may evolve differently from the projections included in this Registration Document. The Group undertakes no obligation to publish any updates to the market information contained herein except in connection with any legal or regulatory obligation that are applicable to it.

IFRS and Non-IFRS Financial Measures

This Registration Document includes the Group’s consolidated financial statements established under IFRS as adopted by the European Union (“**IFRS**”) for the years ended 31 December 2016, 31 December 2015 and 31 December 2014.

This Registration Document also includes certain unaudited measures of the Group's performance that are not required by, or presented in accordance with IFRS, including (as defined in Section 9.2.3 "Non-IFRS measures and Key Performance indicators (KPIs)"): Earning Assets, Cost to Income Ratio, Return on Equity, Return on Average Earning Assets, Cost of Risk to Average Earning Assets Ratio, Fleet on Balance Sheet and Effective Tax Rate. The Group presents these measures because it believes them to be important supplemental measures of performance and cash flow that are commonly used by securities analysts, investors and other interested parties in the evaluation of companies in the Group's industry and that such measures can prove helpful in enhancing the visibility of underlying trends in the Group's operating performance. However, these measures have limitations as analytical tools and they should not be treated as substitute measures for those stated under IFRS and they may not be comparable to similarly titled measures used by other companies. See Chapter 9 "Operating and Financial Review" and Chapter 10 "Liquidity and Capital Resources" of this Registration Document for a discussion of these financial measures and certain reconciliations to comparable IFRS measures.

Risk Factors

Investors should carefully consider the risk factors in Chapter 4 "Risk Factors" of this Registration Document. The occurrence of all or any of these risks, separately or in combination, could have a material adverse effect on the Group's business, reputation, financial condition, results of operations or prospects. Furthermore, additional risks that have not yet been identified or that are not considered material by the Group as of the date of this Registration Document could produce material adverse effects.

Rounding

Certain figures (including data expressed in thousands or millions) and percentages contained in this Registration Document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform to the total percentage given.

Websites and Hyperlinks

References to any website or the content of any hyperlink contained in this Registration Document do not form a part of this Registration Document.

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CHAPTER 1. PERSONS RESPONSIBLE

1.1 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Michael Masterson, Chief Executive Officer of ALD.

1.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I have obtained from the statutory auditors a letter of completion of their work (*lettre de fin de travaux*) in which they state that they have verified the information relating to the financial position and the financial statements presented in this Registration Document, and that they have read this Registration Document in its entirety.

11 May 2017

Mr. Michael Masterson

Chief Executive Officer of ALD

1.3 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr. Gilles Momper, Chief Financial Officer of ALD.
Tour Société Générale « Chassagne », 15-17 Cours Valmy, 92800 Puteaux

+33 (0)1 57 29 36 75

CHAPTER 2. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

2.1 STATUTORY AUDITORS

ERNST & YOUNG et Autres
1-2 Place des Saisons
Paris La Défense 1
92400 Courbevoie

Represented by Mr Vincent Roty and Mr Micha Missakian.

ERNST & YOUNG et Autres is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

ERNST & YOUNG et Autres was appointed by decision of the general shareholders' meeting of the Company of 7 November 2001, and renewed by decision of the general shareholders' meeting of the Company of 29 June 2016, for a term of six years to end at the general shareholders' meeting to be convened to approve the financial statements for the year ending 31 December 2021.

DELOITTE & ASSOCIES
185, Avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

Represented by Mr Jean-Marc Mickeler.

DELOITTE & ASSOCIES is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

DELOITTE & ASSOCIES was appointed by decision of the general shareholders' meeting of the Company of 3 June 2013, for a term of six years to end at the general shareholders' meeting to be convened to approve the financial statements for the year ending 31 December 2018.

2.2 ALTERNATE STATUTORY AUDITORS

AUDITEX
1-2 Place des Saisons
Paris La Défense 1
92400 Courbevoie

Represented by Mr Christian Scholer.

AUDITEX is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

AUDITEX was appointed by decision of the general shareholders' meeting of the Company of 3 June 2013, and renewed by decision of the general shareholders' meeting of the Company of

29 June 2016, for a term of six years to end at the general shareholders' meeting to be convened to approve the financial statements for the year ending 31 December 2021.

BEAS
195 Avenue Charles de Gaulle
92200 Neuilly-sur-Seine

Represented by Ms Mireille Berthelot.

BEAS was appointed by decision of the general shareholders' meeting of the Company of 3 June 2013, for a term of six years to end at the general shareholders' meeting to be convened to approve the financial statements for the year ending 31 December 2018.

CHAPTER 3. SELECTED FINANCIAL INFORMATION

The selected financial information presented below is derived from the audited consolidated financial statements of the Group as of and for the years ended 31 December 2016, 2015 and 2014 and the unaudited interim condensed consolidated financial statements of the Group as of and for the three months ending 31 March 2017 (which include 31 March 2016 data as a comparative).

The annual consolidated financial statements have been prepared in accordance with IFRS and have been audited by Ernst & Young et Autres and Deloitte & Associés, the Company's statutory auditors. The statutory auditors' reports relating to these consolidated financial statements can be found in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document. The three month consolidated financial statements have been prepared in accordance with IAS 34 and have been subject to a limited review by Ernst & Young et Autres and Deloitte & Associés, the Company's statutory auditors. The statutory auditors' review report relating to these consolidated financial statements can be found in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

The information in this Chapter should be read together with the information contained in Chapter 9 "Operating and financial review", Chapter 10 "Liquidity and Capital Resources" and Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

The following table summarises the Group's audited results for the years ended 31 December 2016, 2015 and 2014 and unaudited results for the three-months ended 31 March 2017 and 2016.

	Quarter ending 31 March		**Year ending 31 December**			**Change**		
	2017	**2016**	**2016**	**2015**	**2014**	**Q1 2017/2016**	**2016/2015**	**2015/2014**
				(€ millions)				
Leasing contract revenues	976.7	821.0	3,520.7	3,211.5	3,015.4	19.0%	9.6%	6.5%
Leasing contract costs - depreciation	(748.3)	(662.4)	(2,795.8)	(2,552.2)	(2,379.1)	13.0%	9.5%	7.3%
Leasing contract costs - financing	(67.7)	(50.9)	(205.9)	(229.8)	(257.0)	33.0%	(10.4%)	(10.6%)
Unrealised gains/losses on financial instruments	(31.8)	13.9	(4.9)	2.1	1.8	(328.8%)	(333.3%)	16.7%
Leasing Contract Margin	**128.8**	**121.6**	**514.1**	**431.6**	**381.1**	**5.9%**	**19.1%**	**13.3%**
Services revenues	442.0	397.4	1,667.0	1,574.6	1,514.7	11.2%	5.9%	4.0%
Cost of services revenues	(290.2)	(267.7)	(1,138.4)	(1,040.6)	(1,069.3)	8.4%	9.4%	(2.7%)
Services margin	**151.8**	**129.6**	**528.6**	**534.0**	**445.4**	**17.1%**	**(1.0%)**	**19.9%**
Proceeds of cars sold	634.3	537.6	2,377.7	2,045.5	1,786.4	18.0%	16.2%	14.5%
Cost of cars sold	(586.5)	(485.5)	(2,176.2)	(1,838.3)	(1,633.3)	20.8%	18.4%	12.6%
Car sales result	**47.8**	**52.0**	**201.5**	**207.2**	**153.1**	**(8.1%)**	**(2.8%)**	**35.3%**
GROSS OPERATING INCOME	**328.4**	**303.3**	**1,244.2**	**1,172.8**	**979.7**	**8.3%**	**6.1%**	**19.7%**
Staff expenses	(90.6)	(79.5)	(342.5)	(306.3)	(279.6)	14.0%	11.8%	9.5%
General & administrative expenses	(48.1)	(46.1)	(189.0)	(169.4))	(156.1)*	4.3%	11.6%	8.5%
Depreciation and amortisation	(5.9)	(4.0)	(21.5)	(16.1)	(13.0)	47.5%	33.5%	23.8%
Total operating expenses	**(144.5)**	**(129.6)**	**(553.1)**	**(491.8)**	**(448.7)**	**11.5%**	**12.5%**	**9.6%**
Impairment charges on receivables	(5.3)	(4.3)	(23.8)	(20.9)	(18.4)	23.3%	13.9%	13.6%
Non-recurring (expenses)	-	-	(2.0)	(57.0)	0.0	-	(96.5)%	-
OPERATING RESULT	**178.5**	**169.4**	**665.3**	**603.1**	**512.6**	**5.4%**	**10.3%**	**17.7%**
Share of profits from associates and jointly controlled entities	0.5	0.2	0.7	0.9	0.6	150.0%	(22,2)%	50.0%
Profit before tax	**179.0**	**169.6**	**666.1**	**604.0**	**513.2**	**5.5%**	**10.3%**	**17.7%**
Income tax expense	(34.2)	(37.4)	(150.4)	(174.7)	(135.7)	(8.6%)	(13.9)%	28.7%

	Quarter ending 31 March		Year ending 31 December			Change		
	2017	2016	2016	2015	2014	Q1 2017/2016	2016/2015	2015/2014
Net income	144.8	132.3	515.7	429.3	377.5	9.4%	20.1%	13.7%
Non-controlling interests	1.2	1.3	4.0	5.0	2.0	(7.7%)	(20.0%)	150.0%
Net income attributable to Owners of the Company	**143.6**	**130.9**	**511.7**	**424.3**	**375.5**	**9.7%**	**20.6%**	**13.0%**

The following table summarises financial information about the Group's assets as at each of the dates indicated.

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
			(€ millions)			
Rental fleet	14,573.6	14,075.0	11,674.6	10,300.9	20.6%	13.3%
Other property and equipment	81.3	75.3	46.4	39.8	62.1%	16.8%
Goodwill	424.7	424.4	191.7	178.4	121.4%	7.4%
Other intangible assets	30.6	29.0	19.9	16.9	45.6%	17.8%
Investments in associates and jointly controlled entities	6.4	6.0	5.6	4.9	6.4%	14.2%
Derivative financial instruments	6.8	68.9	65.0	85.1	6.1%	(23.7)%
Deferred tax assets	121.3	123.6	123.6	109.1	0.0%	13.3%
Other non-current financial assets	927.4	980.2	1,072.6	1,146.7	(8.6)%	(6.5)%
Non-current assets	**16,172.1**	**15,782.4**	**13,199.4**	**11,881.9**	**19.6%**	**11.1%**
Inventories	206.0	209.5	173.9	161.8	20.4%	7.5%
Receivables from clients and financial institutions	1,333.7	1,270.4	1,089.2	972.2	16.6%	12.0%
Corporate income tax receivable	77.8	113.3	128.4	71.6	(11.8)%	79.3%
Other receivables and prepayments	708.3	670.8	503.3	522.8	33.3%	(3.7)%
Derivative financial instruments	15.0	9.4	64.4	15.0	(85.5)%	330.2%
Other current financial assets	286.3	288.4	237.6	243.9	21.4%	(2.6)%
Cash and cash equivalents	185.4	164.6	330.9	266.5	(50.3)%	24.2%
Current assets	**2,812.6**	**2,726.2**	**2,527.7**	**2,253.8**	**7.9%**	**12.2%**
Total assets	**18,984.7**	**18,508.6**	**15,727.1**	**14,135.7**	**17.7%**	**11.3%**

The following table summarises financial information about the Group's equity and liabilities as at each of the dates indicated.

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
			(€ millions)			
Share capital	606.2	606.1	606.1	550.0	0.0%	10.2%
Share premium	375.1	375.1	475.1	0.0	(21.0)%	-%
Retained earnings and other revenues	1,851.1	1,484.9	1,224.6	956.5	21.3%	28.0%
Net Income	143.6	511.7	424.3	375.3	20.6%	13.1%
Equity attributable to owners of the parent	2,976.0	2,977.6	2,730.1	1,881.8	9.1%	45.1%
Non-controlling interests	35.9	34.9	32.2	27.6	8.4%	16.7%
Total equity	**3,011.8**	**3,012.6**	**2,762.3**	**1,909.6**	**9.1%**	**44.7%**
Borrowings from financial institutions	7,486.1	7,665.6	5,656.4	6,328.6	35.5%	(10.6)%
Bonds and notes issued	1,149.6	1,916.7	1,956.2	2,023.3	(2.0)%	(3.3)%
Derivative financial instruments	37.5	47.6	25.8	88.0	84.5%	(70.7)%
Deferred tax liabilities	214.5	206.3	179.6	161.9	14.9%	10.9%
Retirement benefit obligations and long term benefits	19.9	19.5	17.2	17.5	13.4%	(1.7)%

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
			(€ millions)			
Provisions	109.0	100.0	87.1	101.3	14.9%	(14.0)%
Non-current liabilities	**9,016.6**	**9,955.8**	**7,922.3**	**8,720.6**	**25.7%**	**(9.2)%**
Borrowings from financial institutions	2,906.7	2,284.8	2,110.9	1,497.1	8.2%	41.0%
Bonds and notes issued	1,766.6	999.6	1,015.5	390.8	(1.6)%	159.9%
Trade and other payables	2,033.5	1,985.6	1,637.4	1,417.5	21.3%	15.5%
Derivative financial instruments	3.2	4.4	0.7	2.5	528.6%	(72.0)%
Corporate income tax liabilities	92.0	123.4	128.4	80.7	(3.9)%	59.1%
Provisions	154.2	142.3	149.6	116.8	(4.9)%	28.1%
Current liabilities	**6,956.2**	**5,540.2**	**5,042.5**	**3,505.5**	**9.9%**	**43.8%**
Total liabilities	**15,972.9**	**15,496.0**	**12,964.8**	**12,226.1**	**19.5%**	**6.0%**
Total equity and liabilities	**18,984.7**	**18,508.6**	**15,727.1**	**14,135.7**	**17.7%**	**11.3%**

The following table summarises the Group's KPIs as of and for the years ended 31 December 2016, 2015 and 2014 and for the three-months ended 31 March 2017 and 2016.

	Quarter ending/as at 31 March		Year ended/as at 31 December				Change	
	2017	2016	2016	2015	2014	Q1 2017/2016	2016/2015	2015/2014
				(€ millions, except percentages, bps and fleet numbers)				
Cost to Income Ratio[(1)]	44.0%	42.7%	**44.5%**	**41.9%**	**45.8%**	**3.0%**	6.2%	**(8.5)%**
Total operating expenses	(144.5)	(129.6)	(553.1)	(491.8)	(448.7)	11.5%	12.5%	9.6%
Gross operating income	328.4	303.3	1,244.2	1,172.8	979.7	8.3%	6.1%	19.7%
Return on Average Equity[(2)]	**19.3%**	**18.8%**	**17.9%**	**18.4%**	**21.9%**	**2.7%**	**(2.2)%**	**(16.4)%**
Net Income attributable to owners of the company[(3)]	143.6	130.9	511.7	424.3	375.5	9.7%	20.6%	13.0%
Average shareholder's equity	2,977	2,787	2,853.9	2,306.1	1,715.2	6.8%	23.8%	34.5%
Earning Assets	**15,106**	**12,425**	**14,588**	**12,163**	**10,707**	**21.6%**	19.9%	**13.6%**
Rental fleet at net book value	14,574	11,936	14,075	11,675	10,301	22.1%	20.6%	13.3%
Finance lease receivables	532	489	513	489	406	8.8%	4.9%	20.4%
Return on Average Earning Assets[(4)]	**3.9%**	**4.3%**	**3.8%**	**3.7%**	**3.6%**	**(9.3%)**	**2.7%**	**2.8%**
Net Income attributable to owners of the company[(3)]	143.6	130.9	511.7	424.3	375.5	9.7%	20.6%	13.0%
Average Earning Assets	14,847	12,294	13,375	11,435	10.305	20.8%	17.0%	11.0%
Cost of Risk to Average Earning Assets Ratio[(5)] (*in bps*)	**14**	**14**	**18**	**18**	**18**	**1.5%**	**0.0%**	**0.0%**
Impairment charges on receivables	(5.3)	(4.3)	23.8	20.9	18.4	23.3%	13.9%	13.6%
Average Earning Assets	14,847	12,294	13,375	11,435	10,305	20.8%	17.0%	11.0%
Total Fleet (*in thousands of vehicles*)	**1,407**	**1,221**	**1,376**	**1,207**	**1,107**	**15.2%**	**14.0%**	**9.0%**
Fleet on Balance Sheet (*in thousands of vehicles*)	**1,070**	**904**	**1,046**	**895**	**814**	**18.4%**	**16.9%**	**10.0%**
Effective Tax Rate	**19.1%**	**22.1%**	**22.6%**	**28.9%**	**26.4%**	**(13.6%)**	**(21.8)%**	**9.1%**
Tax expense at effective rate	34.2	37.4	(150.4)	(174.7)	(135.7)	(8.6%)	(13.9)%	28.7%
Profit before tax	179.0	169.6	666.1	604.0	513.2	5.5%	10.3%	17.7%

(1) "Cost to Income Ratio" means total operating expenses divided by Gross operating Income.

(2) "Return on Average Equity" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of shareholders' equity (before minority interests) at the beginning and end of the period.

(3) "Net Income attributable to owners of the company" represents profit before tax, adjusted for income tax expenses and net income attributable to non-controlling interests, equal the proportion of the Group's net income recognised in relation to Société Générale's equity interests.

(4) "Return on Average Earning Assets" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of Earning Assets at the beginning and end of the period.

(5) "Cost of Risk to Average Earning Assets Ratio" means for any period, the impairment charges on receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

(6) Compound annual growth rate.

CHAPTER 4. RISK FACTORS

*An investment in the shares of ALD, is subject to risks. Prospective investors should consider all of the information set forth in this registration document (the "**Registration Document**"), including the following risk factors, before deciding whether to invest in ALD's shares. The risks below are not the only risks facing the Group. Additional risks that are not known at the date hereof, or that the Group currently considers immaterial based on the information available to it, may have a material adverse effect on the Group, its business, financial condition, results of operations or growth prospects as well as on the market price of ALD's shares once listed on the regulated market of Euronext in Paris ("**Euronext Paris**").*

This Registration Document also contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Registration Document.

4.1 RISKS RELATED TO THE GROUP'S INDUSTRY AND BUSINESS

4.1.1 The Group may suffer from adverse developments in the general economic environment in Europe and the other regions in which it operates.

The Group's business, financial condition, results of operations and prospects are sensitive to general business and economic conditions in the markets in which it operates. A downturn in economic conditions resulting in fluctuations in the availability or cost of funding, high unemployment rates, exchange rate fluctuations, a downturn in the automotive industry due to reduced consumer and corporate spending including as to new and used car sales markets, increased bankruptcy filings or a decline in the strength of national and local economies in which it operates, changes in tax policies on employee benefits and other factors that negatively affect corporate balance sheets and consumer spending could decrease demand for vehicle leasing, fleet management and driver mobility services and increase payment delinquency and credit losses in its operations.

For example, if weaknesses in the economies where the Group operates negatively affects prices in the used car sale markets, as was the case following the financial crisis of 2008-2009, the Group may suffer losses from increased prospective depreciation charges and on the resale of these vehicles at lease termination.

In addition, business and economic conditions that negatively affect corporate balance sheets and customer behaviour related to its businesses could lead to a decrease in demand for its vehicle leases. For a number of businesses, running a vehicle fleet is often one of the business expense categories targeted for cost reduction. Since the onset of the global economic crisis in 2008, many businesses have had to reduce operating costs and implement cost control measures and this has included reductions in corporate travel and related corporate expenses, including modification of car policies. In addition, the conditions in the economies in which the Group operates may result in increased rates of customer defaults, delinquencies and impairments to its receivables, particularly if the rate of economic activity were to decrease or slow down.

The Group is particularly vulnerable to economic developments in Europe (including the UK), where 94.7% of the Group's total fleet is located as at 31 December 2016 and 96.6% of the Group's Gross operating income for the year ended 31 December 2016 has been generated. The economies of European countries in which the Group operates have experienced average growth rates of, 1.6% and 1.4% in the three years ending 31 December 2016, according to the IMF (Source: International Monetary Fund, World Economic Outlook Database). Any future economic downturns in Europe, including as a result of the UK's vote in a referendum on 23 June 2016 to leave the European Union or populist electoral outcomes in Europe, could lead to adverse consequences for the Group.

In addition, while the emerging economies in which the Group operates in South America, Africa and Asia have experienced growths of 0.3%, (1.3)% and (2.0)% (South America), 3.6%, 3.4% and 2.1% (Africa) and 5.5%, 5.3% and 5.2% (Asia), respectively, in the three years ending 31 December 2016 according to the IMF, there is a risk that emerging markets growth will weaken in the coming years. These economies represent 5.3% of the Group's fleet as at 31 December 2016.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.2 The Group may suffer from adverse developments in the automotive industry, the vehicle leasing and fleet management industry and the other market sectors directly related to its business.

General developments in the automotive industry are important for the Group, due to their effects on the terms and conditions for purchasing, servicing and using personal vehicles.

The Group is dependent on developments in personal transport trends, which are subject to a variety of factors that it cannot influence. These include, for example, the evolution of oil prices and renewable energy prices and infrastructure, the expansion of public transport infrastructure, improvements in traffic flow, the increasing availability of car-sharing and other mobility services, urban policies adversely affecting personal car use, change of policies affecting diesel vehicles in Europe or other markets in which the Group operates, the imposition of carbon taxes and other regulatory measures to address climate change, pollution or other negative impacts of mass transport. The negative development of these factors may affect the use of cars and therefore the business of the Group.

In addition, the Group is highly dependent on being able to purchase popular vehicle models on competitive terms. The factors mentioned above also influence both the purchase prices of vehicles and the potential profits that can be generated when vehicles are sold at the end of the lease. In addition, the difference between the price the Group pays to acquire a vehicle and its estimated residual value impacts the price it charges for its leases.

Additionally, prices for petroleum-based products, which include petrol, diesel and tyres, have recently experienced major volatility, declining significantly in 2015 and most of 2016 and increasing in the fourth quarter of 2016. If oil prices were to continue to recover and return to higher levels, automotive travel patterns might be adversely affected in many ways. For example, limitations in fuel supplies or significant increases in fuel prices could significantly discourage customers from using vehicles, which could negatively impact the demand for leased vehicles and the mileage contracted in relation thereto, as well as the demand for used cars, and have an adverse effect on the Group's business and results of operations.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.3 The Group may be unable to compete successfully or competition may increase in the businesses in which it operates.

The Group operates in a highly competitive industry characterised by consolidation in a number of its core markets, particularly in the more mature European markets, such as in France with the acquisition of General Electric Capital Fleet Services by Arval in November 2015. As a result, there is an increasing importance put on the scale of fleet management and driver mobility service providers.

The Group's principal competitors are, at the global level, bank affiliates, car manufacturer captives and international independent operators. In addition, in certain markets, the Group may be in competition with local players.

The Group believes that price, together with quality of service and strength of customer relationships, is a key competitive factor in the large corporate vehicle leasing and management markets. The Group's competitors, some of whom are part of larger automotive manufacturing firms or banks that may have access to substantial funding at a low cost, may seek to compete aggressively on the basis of pricing. Further, increases in price tendering processes may further increase the prevalence and intensity of price competition in the future. As a result, the Group may be required by customers to match competitors' downward pricing either to maintain or gain market share, which may adversely affect the Group's margins. If the Group does not match or remain within a reasonable competitive distance from its competitors' pricing, it may lose customers and/or business volume.

In addition, the Group’s positioning is dependent on its ability to meet customers’ expectations. The Group's ability to meet the expectations of its customers depends on its ability to continuously improve its existing range of products and services and to develop new products, services, systems and software that meet the evolving needs of its customers. The Group must improve and successfully market its existing product range in order to compete successfully in the future, which it may fail to do. In an environment of changing market conditions and customer requirements, the Group must continuously develop new product and service ideas, whose introduction and penetration in its primary European markets can result in upfront investment costs in technology and people to support the development and marketing of the products. For example, the Group's efforts to adapt its model to new mobility habits may not succeed if such habits do not develop as expected.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.4 The Group may not be able to dispose of its used vehicles at desirable prices, and it faces risks related to the residual value of its vehicles in connection with such disposals.

The Group generally retains the residual value risk on the vehicles it leases and sells the vehicles that are returned by customers at the end of their leasing contracts (96.1% of the Group's leasing contract portfolio as at 31 December 2016 was under operating leases), and generates profit or losses on the sale of such vehicles. Gross operating income derived from Car Sales Results totalled €201.5 million, €207.2 million and €153.1 million for the years ended 31 December 2016, 2015 and 2014, respectively.

The Group is exposed to potential losses in a given reporting period caused by (i) the resale of vehicles associated with leases terminated in the reporting period where the used car resale price is lower than its net book value (defined as acquisition costs less depreciation charges applied during the lease term so as to depreciate the value of the vehicle to its residual value as estimated at lease inception) and (ii) additional depreciation booked if the expected residual values of its vehicles decline below the contractual residual value. On a generally semi-annual basis, the Group reviews the residual values recorded for each vehicle at the expected lease termination date and, where it considers that there may be a shortfall in the rate of recognition of depreciation costs, it records additional depreciation prospectively over the remaining term of the contract to offset the anticipated shortfall.

The ability to market used vehicles and the level of the resulting sales proceeds and the risk that such sales proceeds are less than the residual values of such vehicles estimated at the inception of a lease is mainly affected by external factors, which are outside the Group’s control. These external factors include, among others, changes in economic conditions, consumer confidence, government policies, tax regulations relating to vehicles, consumer preferences, new vehicle pricing, new vehicle sales, new vehicle brand images or marketing programs, the actual or perceived quality, safety or reliability of vehicles, the mix of used vehicle supply, the closure of manufacturers, the levels of current used vehicle values, exchange rates as well as vehicle recalls and regulatory investigations, such as those in 2015 and 2016 related to diesel-car manufacturers. As of 31 December 2016, diesel engine vehicles constituted 80% of the Group's fleet and 93% of the Group's fleet in France.

For example, the onset of the global economic crisis in 2008 caused a decrease in the Group's sales proceeds from previously leased vehicles, resulting in negative car sales margins as well as additional depreciation recorded during the years 2008-2010 (with a negative Car Sales Results of €(149) million in 2009 and €(43) million in 2010. Losses reduced significantly in 2011 and 2012 (€(5.2) million and €(2.3) million respectively and since 2013, market prices have recovered and, combined with the Group's more pro-active residual value management setting from 2008 onwards, this has contributed to a growth in Car Sales Results in each of the years since 2013.

There can be no assurance that market prices for used vehicles will not decline in future periods, and that the adjustments the Group makes to its depreciation costs during the life of the leasing contract reflect the full decline of the residual value of the leased vehicle based on the actual sales proceeds from such vehicle. As a result, if the Group's adjustments to depreciation costs are less than the full decline of the residual value of the vehicle, the used car resale price will be lower than its net book value, and thus will generate a loss on resale activity. As of 31 December 2016, while the Group has recorded additional depreciation on its balance sheet in order to provide for potential future decreases in residual value, this additional depreciation may not be sufficient to cover all of any actual future decreases in residual value.

The residual value of the Group’s vehicles is set locally as the expertise in used car markets is local, and is then reviewed and approved centrally on a generally semi-annual basis. Therefore, any adverse change in prevailing market prices in one of the 41 countries in which the Group has a fleet can have an adverse effect on the prices it is able to generate from its used vehicle sales and the profitability of those sales in the relevant market.

For additional information on the Group's management of its residual value risk, see Section 4.5.1.1 "Residual value risk management ".

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.5 The Group is exposed to the risk that its customers may default on lease and/or fleet management contracts or that the credit quality of its customers may deteriorate.

Credit risk, which is the risk of loss arising from the failure of the Group's customers or contractual counterparties to fulfil their financial obligations under the terms of a contract with the Group, may have a significant effect on the Group's business, financial condition, cash flows, results of operations and prospects. This includes the risk of a default on lease payments and accounts receivable due to the Group.

The Group's credit risk is heavily dependent upon its client concentration, the geographic and industry segmentation of its credit exposures, the nature of its credit exposures and the quality of its portfolio of leased vehicles, as well as economic factors that may influence the ability of customers to make scheduled payments, including business failures, corporate debt levels and debt service burdens and economic health of its customers. For instance, as a result of the negative effects on some of these factors during the global economic crisis in 2008-2009, the Group briefly experienced moderately higher default rates with its corporate and small and medium-sized enterprises. Since 2011, the cost of risk [1] has remained below 25 bps. Customers' defaults generally result in a higher rate of impairment on receivables.

As at 31 December 2016, the Group's receivables from clients and financial institutions were €1,270.4 million, of which €63.3 million were past due for more than 90 days. At this same date, the Group had €85.8 million in allowances for impairment.

While the Group generally has the ability to recover and resell leased vehicles following a customer default, the resale value of the recovered vehicles may not be adequate to cover its loss as a result of a default. The Group may also not be able to resell the relevant vehicle at all. Although the Group estimates impairment charges in its audited consolidated financial statements for possible losses on its existing debtors based on its past experience and general economic conditions, there can be no assurance that its impairment charges will be sufficient

[1] Cost of risk in bps is calculated as a percentage of Average Erning Assets (as defined in Chapter 9)

to cover actual losses resulting from customer defaults, particularly if the rate of customer default increases significantly.

For its corporate counterparties, the Group assesses and monitors the probability of default of individual counterparties using internal rating models that combine statistical and analytical methods with in-house judgment, which are benchmarked when possible by comparison with externally available data. Although its local credit acceptance policies, which are reviewed on a regular basis, take into account market conditions, an increase in credit risk, in particular jurisdictions or relative to specific client segments, could increase the Group's provisions for credit losses. The Group has also implemented procedures to manage its credit risk exposure, including contacting delinquent customers for payment, arranging for the repossession of vehicles under defaulted contracts and selling repossessed vehicles. However, there can be no assurance that its origination procedures, monitoring of credit risk, payment servicing activities, maintenance of customer account records or repossession policies are or will be sufficient to address the credit risk inherent in its business or the credit risk inherent in its B2C segment as the Group's business model evolves, as corporate models may not be adequate in predicting and managing consumer credit risk. As at 31 December 2016, 62% of the Group's rated customers were rated BBB or higher.

For additional information on the Group's management of its credit risk, see Section 4.5.1.2 "Credit risk management ".

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.6 The Group's business relies on contractual relationships with key customers and partners, including car manufacturers and banks.

The Group has a diversified portfolio of clients, composed of a number of significant corporate customer accounts in its vehicle leasing and fleet management businesses. As at 31 December 2016, the Group's Key International Accounts (as defined in Section 6.4.3.1 "Key Corporate Customers") and its ten, twenty and 100 largest customers (by fleet in contracts) accounted for 32%, 6%, 9% and 20% of its fleet in contracts, respectively, with the largest customer accounting for 0.8% of its fleet in contracts.

The Group's leasing contracts may be terminated by its counterparties early. Although early termination charges typically apply on the early termination of a leasing contract, there can be no assurance that a customer will not default on such payment and that such charges will be sufficient to cover the Group's losses. These agreements typically have a duration of, on average, 43 months and may be terminated in certain situations.

In addition, the Group has significant partnerships for the distribution of its products, both with car manufacturers and banks. Distribution partnerships with car manufacturers and banks represented 29% of the Group's fleet as at 31 December 2016. No partnership with a car manufacturer or bank accounted for more than 8% of the Group's total fleet as at 31 December 2016. Agreements with car manufacturer and bank partners are generally entered into on a country by country basis and typically have an initial term of 3 years, are automatically renewed from year to year and may be terminated in certain situations (including upon notice).

There is a risk that car manufacturers will internalise their fleet management and this increases competition and the risk that the Group's largest partners will terminate or not renew their agreements. For example, PSA’s recent agreement to acquire Opel, a car manufacturer with which the Group has partnership agreements accounting for 3% of the Group's fleet as at 31 December 2016, could result in such partnership agreements not being renewed in the future if Opel were to decide to internalise the management of its fleet with the Group over time. If any of the Group's partnerships or Key International Accounts were to be terminated, not renewed, entered into with or transferred to a competitor or renewed on less advantageous terms, this may materially and adversely affect the Group’s business.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.7 The Group relies on third-party suppliers to acquire and service its fleet, and it may suffer from adverse developments affecting any of their businesses or from deterioration in its relationships with any of them.

The Group purchases the vehicles it leases to its customers from car manufacturers and dealers. The Group depends on these manufacturers and dealers for the supply of attractive vehicle models on competitive terms, in sufficient quantities, with satisfactory quality and on a timeline compatible with its business model. There is no assurance that the Group will be in a position to negotiate purchase conditions relative to its competitors that allows for it to remain competitive or to renew at favourable terms or at all these agreements. In addition, the relationships may deteriorate. As at 31 December 2016, the Group's top three suppliers were Ford, Renault and Volkswagen, which represent 15%, 13% and 11% of the Group's vehicles on balance sheet by brand.

The Group has entered into framework agreements with a number of dealers, oil companies, garages, tyre fitters, short term rental companies, insurance companies, and other essential service providers in order to complement its full-service offering and provide its customers with competitively priced vehicle parts, maintenance and repair services. In particular, the framework agreements allow the Group to benefit from substantial discounts, and in some cases they entitle the Group to bonus payments. The Group works with car manufacturer networks for car delivery, maintenance and repair and specialised networks for short term rental, tyres, body repairs, spare parts and glasses. The Group believes that it has obtained competitive commercial terms in its framework agreements, such as direct discounts on prices, special hourly rates, as well as bonuses based on the achievement of certain volume levels or market shares and of other mainly yearly targets. There is no assurance that such framework agreements will not be terminated or that they will be renewed under favourable terms or at all. If the Group's relationships with any of these significant suppliers or service providers were to deteriorate, or if their business were to be adversely affected by external events or become insolvent, this could have an adverse impact on the Group's business.

The Group is additionally dependent on strategic considerations of the manufacturers or dealers it transacts with, or changes in market conditions in the automobile industry. Its business relies in part on relationships with dealers that are willing to sell it new vehicles at little or no mark-up on the wholesale price and the Group may not be able to acquire new vehicles on such favourable terms in the future. In addition, if any of the large manufacturers that supply it with cars were to merge with another large manufacturer, the Group may not be able to find another manufacturer or dealer to meet its supply needs on competitive terms. In addition, if any of the car manufacturers that supply the Group with vehicles were to become insolvent, the Group could be required to satisfy warranty claims that its leasing customer may have had against such supplier.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.8 The Group's pricing structure and assumptions regarding the future maintenance and repair costs of the vehicles in its fleet over the term of the lease may prove to be inaccurate, which could result in reduced margin or losses.

Substantially all of the Group's lease and maintenance services are provided under contractual arrangements with its customers. The pricing structure of these contracts is based on certain assumptions regarding the scope and costs services, maintenance expense over the life of the contract, residual values, productivity and the mix of fixed and variable costs, many of which are derived from historical data and trends. At the same time, the prices of supplies needed to service its vehicles may fluctuate. In addition, actual maintenance costs incurred over the life of the lease period may exceed the costs forecast at inception of such leasing contracts. In particular, this risk of greater than forecast expenses may materialise if prices or labour costs in the Group’s network of selected workshop and tyre fitters increase. In addition, the Group may incur additional costs in certain circumstances (excess mileage, etc.). As most of the Group's leases are on a fixed-fee basis, the Group should not be able to pass on the increased prices to its existing customers, which may in turn result in reduced margin or losses on the relevant leasing contracts. The Group may not be able to recover the unbudgeted costs.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.9 The Group's vehicles and their components or equipment may become subject to recalls by their manufacturers or by the government, which would negatively impact its business.

The Group's business could be negatively impacted if any parts, components or equipment from one of its suppliers suffers from broad-based quality control issues or becomes the subject of a product recall. As a provider of leased vehicles, the Group may be required to participate in a product recall by retrieving recalled cars from customers and declining to lease these cars until it has taken all of the steps described in the recall. If a large number of vehicles were subject to simultaneous recalls, the Group may not be able to lease those vehicles to its customers for a significant period of time, and it may be unable to obtain adequate replacement parts or vehicles from another supplier in a timely manner. The Group may also be civilly liable to purchasers of such vehicles upon their resale by the Group at lease termination. As a lessor of vehicles, the Group does not guarantee or take responsibility for the performance of vehicles it leases, which is the responsibility of the manufacturer. However, the Group normally takes responsibility for ensuring the provision of "mobility" over the period of the contract, *e.g.* by providing replacement cars while vehicles are in a workshop in the case of a maintenance activity or in the case of accidents, which is budgeted for in the Group's lease contracts. Matters outside the normal course of business such as technical issues resulting in recalls are not budgeted for, but the Group is generally able to recharge associated costs to the respective manufacturers and provide replacement vehicles on a best effort basis. In the event of a manufacturer failing to accept responsibility for costs associated with a recall, there would be no legal obligation for the Group to take on such costs and this would have to be negotiated on a case by case basis with customers. Although the Group's fleet is highly diversified, with no maker constituting more than 15% of the total fleet, these recalls, depending on their severity, could materially affect the Group's fleet utilisation rate and revenues, damage its customer relations and brand image, and reduce the residual value of the vehicles involved, in particular if they damage these vehicles' brand image or the car manufacturer's reputation (for additional information on the residual value risk, see section 4.1.4).

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.10 The Group's success is dependent on the expertise and leadership of certain personnel in key positions.

The Group's success is dependent on its personnel in key positions, in particular on Mr. Michael Masterson, ALD's chief executive officer, Mr. Gilles Momper, ALD's Chief Financial Officer, Mr. Tim Albertsen, ALD's Deputy Chief Executive Officer, Mr. Gilles Bellemere, ALD's Deputy Chief Executive Officer, and Mr. John Saffrett, ALD's Chief Operating Officer. The Group is also dependent on the services of the other members of ALD's Board of Directors, its operating board and its executive staff. As part of the additional compensation of its employees, the Group benefits from the long-term incentive program developed at the level of Société Générale, which supports the Group's efforts to retain and motivate certain categories of employees, and in particular key executives and strategic talents. In addition, the Group is committed to the professional development of its senior executives by offering them internal and external training courses to develop their leadership skills. However, there is no guarantee that the Group will be able to retain key personnel or to recruit appropriate successors.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.11 The Group may not be able to recruit and retain qualified and motivated staff.

The Group's future success depends on its ability to recruit and retain highly qualified and motivated staff. In particular, as its operating business expands and new staff is recruited, the Group is dependent on having a sufficient number of suitable staff who are able to perform the required work to a satisfactory standard. If, for instance, there is higher staff turnover and therefore a loss of know-how, this could affect the quality of service in its businesses.

Currently, the Group relies, and will continue to rely after the IPO, on Société Générale and its employees for the provision, through various service level agreements, of certain services, such as IT, Group General Secretarial, Corporate Resources, Group Finance, Internal Group Communications, Credit Risk Management and Group Human Resources. Some Group employees are currently employed under Société Générale contracts. If employees of Société Générale were to cease to be available to the Group, or if Société Générale were to retain

Group's employees, it could be time-consuming and expensive for the Group to replace them with suitably experienced employees.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.12 The Group may not be able to maintain its recent growth rates or successfully manage its future growth.

The Group has grown steadily over recent years. The Group has experienced an average of 7.8% year-on-year growth since 2005 in terms of the number of vehicles it has under contract in both of its main product lines. The Group may not be able to maintain its aforementioned growth rates or be able to continue to generate future growth.

As the Group's operations grow, it will need to continue to improve and upgrade its systems and infrastructure to deal with their greater scale and complexity. Such expansion will require the Group to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that it will be able to commit sufficient resources, that the Group will be able to adapt to growth following the commitment of such resources or that its revenue and profit will increase as a result.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.13 The Group may be unable to successfully expand its business to the B2C market.

As part of its strategy, the Group intends on expanding its B2C segment with the development of private leases, access to myALD offered to retail customers and other retail offerings in development. There are a number of obstacles to successfully expanding the Group's business in the B2C market, including adapting to retail customers, building appropriate distribution networks, responding adequately to consumer regulations, which should increasingly apply to the Group, and anticipating trends and consumer habits.

The Group faces strong pricing competition in the B2C sector from diverse competitors including financial services companies, bank affiliates and car manufacturer captives. The competitive factors in the B2C market may prevent the Group from gaining sufficient market share.

The materialisation of any of the risks described above could, in the medium to long term, have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.14 The Group may not successfully integrate recent and future acquisitions.

While the Group has in the past grown its business organically, it has historically sought and effected opportunistic acquisitions of companies or contract portfolios that it believed would be of incremental benefit to its organic growth. For example, on 3 May 2016, the Group acquired the Parcours group, which operates in France, Spain, Belgium, Luxembourg and Portugal. The Group may, however, be unable to successfully integrate this acquisition or any future acquisitions or contract portfolios. In particular, the Group’s acquisition strategy involves a number of risks and uncertainties, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed;
- integration of new companies could lead to substantial costs, as well as to delays or other financial and operational difficulties;
- the realisation of the expected financial and operational synergies may take more time than foreseen or fail to occur, either in whole or in part;
- there could be difficulties or unexpected issues arising from the Group’s evaluation of internal control over financial reporting of the acquired businesses;
- expected profits from future or completed acquisitions could fail to materialise within the time periods and to the levels expected, or at all; and
- the Group's assumptions related to goodwill from acquisitions could be incorrect, leading to potential future impairments.

In addition, the Group may acquire liabilities in connection with any such transaction that may not be sufficiently covered by contractual indemnities. The costs and liabilities associated with known risks may be greater than expected, and the Group may assume unforeseen contingent risks or latent liabilities that become apparent only after the acquisition is completed.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.15 The Group's broad geographical presence exposes it to significant complexities that increase the risks associated with its business and the Group may incur substantial costs.

The Group's strategy of internationalisation, whereby management is organised at the country level, involves various risks including market-specific, legal, regulatory, fraud, financial and personnel risks. These include possible incorrect assessments of market, legal and regulatory conditions in the countries in question, changes to national legal frameworks, the costs associated with the establishment of an effective business organisation and the need to find qualified management personnel and suitable employees. The Group's significant international presence exposes it to increased complexity that increases the risks associated with its business, particularly in newer markets and emerging economies, including but not limited to:

- the potential for differing legal and regulatory requirements, including consumer protection, data protection, labour, intellectual property, tax and trade law, as well as tariffs, export quotas, customs duties or other trade restrictions;

- the potential for unexpected changes in legal, political, regulatory or economic conditions in the countries in which it provides services or from which it derives products or services;
- exposure to liabilities under various anti-corruption and anti-money laundering laws; and
- the need to effectively adjust its customer targeting to local markets, and adapting its product offering as well as its logistics, payment, fulfilment and customer care practices to take account of local tastes and practices.

A key aspect of the Group's strategic growth is the expansion of its business in emerging economies. The Group may not be able to successfully continue to expand its position in these markets and future expansion might be limited, among other things, by the availability and costs of financing for such expansion. In addition, such costs may be higher than anticipated.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.16 The Group's insurance coverage may be insufficient to cover, and it may be unable to completely insure, at appropriate terms or prices, certain risks related to its vehicles, operations and potential liability to its customers.

The Group is exposed to the risk of MTPL (as defined in Section 4.5.2.3 "Motor vehicle liability"), Own Damage (as defined in Section 4.5.2.3 "Own Damage – vehicles owned by the Group"), passenger indemnity or legal protection in relation to its vehicles. The Group selectively retains some of these risks through fronting insurers, which are insurance companies that issue their policy to the Group's subsidiaries and are re-insured by the Group's own reinsurance company, ALD Re DAC ("**ALD Re**"). ALD Re reinsures more than 300,000 contracts within the Group as at 31 December 2016, with any excess over €500,000 on a third party liability claim and selected property damage per event being re-insured with a third-party reinsurer.

MTPL risk arises as a result of potential claims for personal injury, death and property damage related to events where the driver of the Group's vehicle is at fault. For MTPL risks, insurance is compulsory and the Group either retains this risk through insurance from fronting insurers re-insured by ALD Re or externalises the insurance coverage with a local insurance provider. Passenger indemnity and legal protection risks are either retained internally through ALD Re or insured externally with local providers.

Own damage risk arises if a customer damages or loses one of the Group's vehicles or if the vehicle is damaged through naturally occurring events such as hail or flood. Because the value of a vehicle is generally relatively high, it may cost the Group a significant amount to repair or replace a damaged or lost vehicle. This Own Damage risk can either be retained or transferred to external insurers. The risk may be retained where the Group believes it is justified by the fleet size, the fleet risk profile and local market conditions, by "self-insuring" the Own Damage risk on the Group's vehicles, or, alternatively, by retaining the risk through

ALD Re. Where the Group decides not to retain Own Damage risk, this risk is placed externally through local insurance companies.

Although the Group believes that the amount and nature of the coverage it obtains and which is put in place are adequate in light of the risks involved, pursuing claims against the Group's insurers may prove costly and time-consuming and the Group may suffer from insufficient insurance coverage at appropriate terms or prices for its vehicles and its operations, including with respect to limitations as to insured damages, caps and deductibles. In addition, in the case of financial shocks or other events in which its insurers were to become insolvent, any inability of the Group's insurance carriers to pay otherwise insured claims would have an adverse effect on its financial condition.

In addition, a failure of ALD Re to meet its regulatory requirement may also result in the Group deciding to inject significant amounts of new capital into its insurance subsidiary which could adversely affect the Group's liquidity position, results of operations and financial position. Additional regulatory developments regarding solvency requirements, including changes to the "Solvency II" regime, may adversely affect ALD Re and the Group's fronting insurance companies and result in increased costs of insurance for the Group.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.17 The Group is dependent on the smooth functioning of its software systems, websites and mobile applications, and on its ability to continue to adapt them to future technological developments.

The Group's ability to provide reliable services, competitive pricing and accurate and timely reporting for its customers depends on the efficient operation and user-friendly design of its back-office platform, proprietary software, websites and mobile applications as well as services provided by third-party providers. The Group is dependent on Société Générale for its information technology infrastructure as Société Générale provides network connectivity and security environment support under the terms of a services agreement. If Société Générale were to terminate the provision of these services or were unable to continue to provide such services or were to default in the provision of such services, the Group could be materially affected.

The Group's business may be impaired if it is unable to maintain and improve the responsiveness, functionality and features of its information technology and systems, which could result in a loss of customer data or other adverse consequences. In particular, the Group's digitalisation strategy and development of websites, mobile applications and other proprietary technology entails significant technical and business risks, in particular data handling and privacy.

Additionally, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or upgrade the Group's websites and mobile applications. Its competitors may use new technologies more effectively, may develop more appealing and popular websites and mobile applications, or may adapt more quickly than the Group does to evolving industry trends or changing market requirements.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.18 Any disruption to, or third-party attack on, the Group's information technology systems could adversely impact its business.

The Group relies upon the proper functioning of its information technology platform, and particularly its back-office platform. The Group is dependent upon the proper functioning of its technology platform in all aspects of its operations, including transaction processing, fleet management and payment processing. The Group predominantly uses its own software solutions for the execution of major tasks in business management, among others, for the purposes of cost management, analysis of damage assessment and administration of leasing contracts. The faultless operation and further development of these software systems are essential for the efficient conduct of its operations.

System malfunctions and faults in the computer systems, hardware and software, including server failures or possible attacks from the outside, for instance, attacks originating from criminal hackers or computer viruses, can cause considerable problems in operating processes and, in serious cases, even bring them to a standstill. Any system malfunction, unauthorised usage, or cybersecurity attack that results in the publication of the Group's trade secrets or other confidential business and client information could negatively affect the Group's competitive position or the value of its investments in its products or its research and development efforts, and expose it to legal liability.

In particular, as part of its day-to-day operations, the Group gathers and stores bank details from its corporate and private customers, and, as the Group develops its B2C activities, it will increasingly gather and store personal information. Despite the implementation of security measures, the technology or systems that it interfaces with, including the Internet and related systems, may be vulnerable to physical break-ins, hackers, improper employee or contractor access, computer viruses, programming errors, or similar problems. Any of these might result in confidential or sensitive personal information of its customers being revealed to unauthorised persons.

If third parties are able to penetrate the Group's network security or otherwise misappropriate its customers' personal, credit card or fuel card information, or if the Group gives third parties improper access to its customers' personal, credit card or fuel card information, it could be subject to reputational harm and liability. This liability could include claims for unauthorised purchases with credit card information, impersonation or other similar fraud claims as well as for other misuses of personal information, including unauthorised marketing purposes, and any of these claims could result in litigation. In addition, regulators in Europe and other countries where the Group operates have been investigating various Internet companies regarding their use of personal information. The Group could incur additional expenses if new regulations regarding the use of personal information are introduced or if government agencies require changes to its privacy practices, as a result of which its privacy practices might not comply with the regulations in force in the respective jurisdiction.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.1.19 The Group may not be able to adequately protect its intellectual property rights or may be accused of infringing the intellectual property rights of third parties.

Société Générale holds most of the ALD-related trademarks portfolio, including ALD, the ALD Automotive and ALD Autoleasing, Tem, ALD Carmarket, ALD Bluefleet, Axus, Let's drive together and the ALD Autoleasing SecondDrive trademarks in the countries where they are registered. A trademark assignment agreement of ALD-related trademarks exclusively used by ALD and which do not incorporate any of the Société Générale's branding codes and a trademark license agreement of all others ALD-related trademarks have been concluded between ALD and Société Générale so as to regulate ALD's use of these trademarks after the contemplated listing of shares of ALD on Euronext Paris. However, the trademark license agreement provides for Société Générale's right to terminate the agreement in the event of a reduction of Société Générale's holding in the Group below 50% and of insolvency, winding-up or dissolution of the Group, with an interim period to follow for the use the licensed trademarks for 18 months.

The Group relies on copyright, trademark, patent and trade secret laws to protect its intellectual property, such as domain names, software, and mobile applications. The complexity of international copyright, trademark, patent and trade secret law creates a risk that efforts to protect such rights will prove inadequate. It is also possible that third parties may develop similar intellectual property independently. The Group or Société Générale may be unable to prevent third parties from acquiring intellectual property rights (including, for instance, domain names) that are similar to, infringe upon or otherwise decrease the value of its proprietary rights (including the trademarks) that are licensed to the Group or Société Générale. The failure by the Group or by Société Générale to adequately protect the intellectual property crucial to them could lead to a loss of customers to competitors and a corresponding loss in revenue. Furthermore, the Group may be unable to enforce its rights against Société Générale for damages resulting from third-party violations of Société Générale's intellectual property rights on which the Group depends.

At the same time, there is a risk that third parties may assert claims against the Group based on their patents and other intellectual property rights. The Group may have to pay substantial damages if it infringes third-party patents or other intellectual property rights. The Group may have to obtain a license if it is determined that the offering of its services infringes on another person's intellectual property, and it may be forced to change its goals, operations or strategies based on infringement or potential infringement of third-party intellectual property. Even if infringement claims against the Group are without merit, defending these types of lawsuits may take significant time, may be expensive and may divert management attention from other business concerns.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.2 FINANCING RISKS

4.2.1 The Group may incur risks relating to its financing arrangements, including bank and bond financing and securitisation programs.

As at 31 March 2017, the Group's total borrowings amounted to €13,309 million. The Group issued bank financing, bonds and securitisations for a total amount of €10,393 million, €1,529 million and €1,387 million, respectively. Subject to certain conditions, the Group and its subsidiaries may also incur or guarantee new borrowings.

As at 31 March 2017, 73% of the Group's funding was provided by Société Générale on an arm's length basis and 27% was raised from external sources. Société Générale has committed to continue to provide the majority of the Group's funding following the contemplated listing of the Company's shares on Euronext Paris, as long as the Company requests it. The Group intends to maintain its issuance program in the capital markets in the future. In the event of liquidity stress on the market, Société Générale has committed in the near term to provide the Group with liquidity support in order to enable the Group to pursue its operations. If in the future the Group no longer benefits from debt funding provided by Société Générale on the same terms or costs as it has benefited historically or from bank financing supported by guarantees or collateral provided by Société Générale, this could have a material adverse effect on the Group's business.

The Group's level of indebtedness and its financing policy for the future may affect its financing capacity as well as the related financial costs. The Group may be required to devote a significant portion of its cash flow to service its debt, which may result in a reduction of funds available to finance its operations, capital expenditures, organic growth initiatives or acquisitions. In particular, the Group's financial expenses may increase in the event of a material increase in interest rates, particularly in relation to the unhedged portion of its debt, which could also affect the competitiveness of its pricing. In addition, a downturn in economic conditions that results in tightening of credit markets could also affect the Group's liquidity and access to funding, hence increasing its cost of financing.

Despite the fact that a large majority of the Group's indebtedness is provided by Société Générale, and Société Générale has committed to continue to provide a majority of the Group's funding, the Group may be at a disadvantage compared to competitors that do not have a similar level of indebtedness.

Furthermore, the Group's ability to meet its obligations, or to pay interest on its loans or to refinance or repay its loans in accordance with the terms of its debt agreements will depend on the Group's future operating performance, which may be affected by a number of factors (general economic conditions, conditions in the debt market, legal and regulatory changes, etc.), some of which are beyond the Group's control.

If at any time the Group has insufficient cash to service its debt and, despite the fact that a large majority of the Group's indebtedness is provided by Société Générale and Société Générale has committed to continue to provide a majority of the Group's funding, the Group may be forced to reduce or delay acquisitions or capital expenditures, sell assets, refinance its debt or seek additional funding. The Group may not be able to refinance its debt or obtain additional financing on acceptable terms.

Non-compliance by the Group with its financial covenants, in particular under its credit facilities and its securitisation programmes, may result in early termination by the lenders of the agreements entered into with the Group and the early repayment of any amounts of principal or interest that are due. Certain of the Group's financing arrangements and its securitisation programme also contain provisions under which the Group’s creditors could demand full or partial early repayment of borrowings, particularly in the event of the sale, transfer or disposal of assets or an unpermitted change of control or legal status of the Group. These restrictions may impact the Group’s ability to respond to competitive pressures, downturns in its markets or, in general, overall economic conditions. In such cases, the Group may not be in a position to refinance its indebtedness under similar terms, which may have a material adverse effect on its financial condition or results of operations. In addition, if the Group companies do not comply with their obligations as established by the relevant credit institutions or the investors, such programs could be terminated.

In relation to securitisation, the quality of the receivables assigned has an impact on the cost and amount of the financing obtained, which could affect the Group’s financial condition if the quality of its receivables deteriorates.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.2.2 A mismatch between the maturities and interest rates applicable to the Group's assets and liabilities could negatively affect the results of its operations.

The rate the Group charges its customers to lease a vehicle contains a component for financing the leased car, including an interest payment. The interest rate it uses to calculate the interest payments is based on its cost of debt plus an internal margin, being a major component of Leasing Contract Margin. The Leasing Contract Margin accounted for 41%, 37% and 39% of the Group's Gross operating income during the years ended 31 December 2016, 2015 and 2014, respectively. The Group's cost of debt depends, among other things, on prevailing interest rates and the term of the respective financing agreement. The Group's policy consists of financing the underlying assets with fixed rate loans as leasing contracts are priced at fixed rates, in order to minimise any mismatch between assets and liabilities. Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity's forecast fixed rate position. The Group's Central Treasury monitors the interest rate risks exposure and advises subsidiaries to implement the adequate hedging operations. If the interest rate on the Group's liabilities were to be higher than the interest rate it charges to its customers for leasing its assets and the hedging operations entered into turned out to be insufficient, the Group could incur a loss, which could negatively affect its results from its leasing business. The risk that a maturity mismatch would lead to a decreased pricing competitiveness, reduced margins or even losses on leasing contracts increases in an environment of rising interest rates. Given the historically low interest rate environment, increasing interest rates cannot be excluded in the future.

For additional information on the Group's management of its interest rate risk, see Section 4.5.1.6 "Structural risk management".

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.2.3 The Group may be exposed to liquidity risk.

Liquidity risk is the risk that the Group will have insufficient liquidity to finance new vehicle purchases for leasing contracts and meet its obligations as they fall due, which mainly comprises debt financing.

Although management believes that the Group's exposure to liquidity risks is limited, as its policy consists of financing the underlying asset with the same duration as the corresponding leasing contract, a residual liquidity gap could exist. Due to the Group's ongoing funding needs and its financing of fleet growth mainly through indebtedness, it is exposed to liquidity risk in the event of prolonged closure of debt or credit markets or limited credit availability. In order to diversify external funding sources since 2013, the Group has raised external funding through asset-backed securitisation programs and its current EMTN Program. However, it might not be able to proceed with issuances under these programs in the event of a contraction of debt capital markets. There can be no assurance that the Group's current financing arrangements will provide it with sufficient liquidity under various market and economic scenarios.

For additional information on the Group's management of its liquidity risk, see Section 4.5.1.6 "Structural risk management".

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.2.4 A downgrade or a potential downgrade in the Group’s credit or financial strength ratings could have a material adverse effect on the Group’s ability to raise additional capital and have a material adverse effect on the Group’s results

Credit ratings represent the opinions of rating agencies regarding an entity’s ability to repay its indebtedness. The Group has a rating of BBB (Stable outlook) from S&P dated 3 May 2017.

Rating agencies review the ability of companies to meet their obligations based on various factors, and assign ratings stating their current opinion in that regard. While most of the factors are specific to the rated company, some relate to general economic conditions, intercompany dependencies and other circumstances outside the rated company’s control. Such factors might also include a downgrade of the sovereign credit rating of countries in which the Group operates as rating agencies typically take into account the credit rating of the relevant sovereign in assessing the credit and financial strength ratings of corporate issuers (even if the sovereign does not have an ownership interest in the relevant issuer). Société Générale's credit rating, as majority shareholder, is likely also be taken into consideration since it provides the Group with funding.

A ratings downgrade could reduce public confidence in the Group and its operating subsidiaries and thereby reduce demand for its products. A downgrade in the Group’s or its operating subsidiaries’ credit ratings could also (a) make it more difficult or more costly to access additional debt and equity capital, including hybrid capital, or to redeem and replace such capital (b) increase collateral requirements, give rise to additional payments, or afford termination rights, to counterparties under derivative contracts or other agreements, and (c) impair, or cause the termination of, the Group's relationships with creditors, distributors, trading counterparties, each of which may have a material adverse effect on the Group's business, revenues, results and financial condition.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.2.5 The Group is exposed to exchange rate fluctuations.

The Group's functional currency and its reporting currency for its consolidated financial statements is the euro. However, because of its presence in 41 countries, many of which are outside the Eurozone, the Group has substantial assets, liabilities, revenues and costs denominated in currencies other than the euro. In particular, its Gross operating income outside the Eurozone represented €355 million in 2016. The global nature of its operations therefore exposes it to some exchange rate volatility as a result of potential mismatches between the currencies in which cash inflows and outflows are denominated and as a result of the translation effect on its reported earnings.

In addition, the Group may access the international capital markets by borrowing in a variety of available currencies, which subjects it to risks inherent in borrowing funds in currencies other than the currency in which the corresponding business is transacted. Although the Group seeks to minimise such risks by buying foreign currency spot contracts and selling currency forward contracts at the same time, there is no guarantee that these measures will be effectively implemented or that they will be available to it going forward, in which case fluctuations in exchange rates could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is also subject to translation risk, which is the risk associated with consolidating the financial statements of subsidiaries that conduct business in currencies other than the euro or have a functional currency other than the euro. As at 31 March 2017, 18% of the Group's equity capital was denominated in currencies other than the euro. As the Group does not hedge its equity positions, fluctuations in the value of the euro relative to currencies in which it conducts its operations will affect its consolidated financial statements as a result of translation exposure and may adversely affect its financial condition and results of operations. Fluctuations in exchange rates could also significantly affect the comparability of its results of operations between periods.

For additional information on the Group's management of its foreign exchange risk, see Section 4.5.1.6 "Structural risk management".

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3 REGULATORY, LEGAL AND TAX RISKS

4.3.1 The Group may be adversely affected by the general regulatory environment and its evolution.

ALD is not, as a result of its business, a regulated entity. However, the Group is subject to a variety of laws and regulations in the countries where it operates and to the issuance of new laws and regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official in each of the jurisdictions in which it operates or may operate in the future. In particular, the UK's vote in a referendum on 23 June 2016 to leave the European Union and future decisions regarding the conditions of the UK's withdrawal could result in changes to the regulatory framework applicable to the Group's operations in the UK. Considering that the Group's Gross operating income in the UK amounted to €103.8 million in 2016, *i.e.* 8.3 % of the Group's Gross operating income, those changes have the potential to materially alter its business practices, financial condition and results of operations.

As an example, legal requirements relating to environmental protection, which are growing in importance in the EU, can, when combined with widespread public debate, result in changes in mobility patterns. A change in the mobility patterns of the general population could result in reduced demand for vehicle leasing products offered by the Group. Additionally, restrictions on new vehicle registration and more stringent requirements for vehicle inspections could directly increase the costs of its operations and reduce demand for its services and products.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.2 The Group's risk management policies and procedures may be ineffective or may fail.

The Group's business activities expose it to a wide variety of risks, including asset risk (including residual value risk), credit risk, liquidity risk, interest rate risk, currency risk, motor insurance risk, operational risk, reputational risk and legal and compliance risk, among others. For many of these risks the Group has established risk management policies that follow, or are themselves, Société Générale policies, some of which are set by or require approval from regulatory bodies. However, its strategies and procedures for managing such risks may prove insufficient or fail. Some of the Group's methods for managing risk are based on observations of historical market behaviour and it applies statistical techniques to such observations to arrive at quantifications of its risk exposures. However, these methods may not comply with regulations or accurately quantify its risk exposures, especially in situations for which it does not have historical precedent. Failures or breaches of internal controls and procedures may also adversely impact the Group's reputation, which may in turn have an adverse effect on its business.

The Group is subject to the various anti-money laundering, sanctions and anti-corruption laws in force in Europe and other countries where it operates. While it has implemented a group-wide compliance program to address compliance risks and continuously work to improve the effectiveness and efficiency of this program, this program may not be adequate under the laws to which it is subject. For example, employees of the Group are currently subject to criminal proceedings in Italy for corruption matters.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.3 The Group may be found to have failed to comply with laws and regulations to which it is subject, including, but not limited to, labour law, consumer protection laws, consumer loan regulations, regulations governing the sale of goods and services, privacy and data protection laws, e-commerce and competition laws, and future regulation may impose additional requirements and other obligations on its business.

The Group's business is currently subject to a variety of laws and regulations in the various jurisdictions in which it operates, including labour laws notably in relation to working time (particularly in France where the Group had approximately 1,300 employees as at 31 December 2016, consumer protection laws (particularly in the UK, where the Group has approximately 40,000 consumer contracts), regulations governing the sale of goods and services, privacy and data protection laws, regulations governing e-commerce and competition laws. These laws and regulations are evolving at a rapid pace and can differ, or be subject to differing interpretation, from jurisdiction to jurisdiction.

The Group cannot guarantee that its practices have complied or will comply fully with all applicable laws and regulations. Any failure, or perceived failure, by the Group to comply with any of these laws or regulations could result in damage to its reputation or a decrease in results.

Pursuant to consumer protection laws the Group is subject to various information obligations which, if violated, grant consumers the right to withdraw from agreements or may allow for other contractual adjustments which could be detrimental to the Group. For example, in 2014, in relation to the failure to provide certain mandatory information in its statements to customers along with other leasing and financial services companies in the UK, during which period clients were not liable to interest or default charges as result of such failure to provide the required information, the Group refunded to customers a global amount of €13.4 million on account of such interest or default charges. In addition, data protection is a sensitive and politically charged issue in Europe, and any actual or alleged failure by the Group to comply with applicable laws or regulations could have a material adverse effect on its reputation and popularity with existing and potential customers and could result in the imposition of fines or other penalties. This risk is particularly pertinent in the Group's case as its customers share a variety of their personal data with the Group.

The Group is also subject to competition law and from time to time is engaged in competition proceedings, including one such proceeding in Italy brought by Italian anti-trust authorities against all members of the Italian long term leasing association, for which the Group recorded a provision of €9.8 million in 2016 which was released in the Group's results for the three months ending 31 March 2017. In April 2017 the Italian Competition Authority found that no breach of European anti-trust law was deemed to exist (for additional information on the provisions, see Note 28 of the Notes to the Group's consolidated financial statements; for additional information on the proceedings, see Section 20.5 "Legal and Arbitration Proceedings").

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.4 Standard clauses used in the Group's leasing contracts and in its contracts with its customers and third-party suppliers and service providers may be invalid, and it thus may not be able to enforce such clauses or the contracts in which such clauses are found.

As each of its vehicles is leased under a separate contract, the Group has a large number of customer contracts. In addition, the Group maintains contractual relationships with numerous manufacturers, dealers and service providers. The efficient management of such a large number of contracts is only possible on the basis of standardised terms and conditions.

Standardised terms under the laws of all jurisdictions where the Group operates have to comply with statutory law on general terms and conditions, which means they are subject to rigid fairness control by the courts regarding their content and the way they, or legal concepts described in them, are presented to the other contractual party by the person using them. The standard is even stricter if they are used in regards to retail customers, a segment the Group plans on expanding through B2C services. Due to the frequent changes to applicable legal frameworks, particularly with regard to court decisions relating to general terms and conditions, the Group may not be able to fully protect itself against the risk that a court could invalidate such standardised contractual terms or declare them unenforceable, even if prepared with legal advice, which could impact a significant number of its agreements.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.5 The Group may be subject to litigation or administrative proceedings that could disrupt and harm its business.

If the Group violates any applicable law or regulation, governmental authorities may take legal action against it, the members of its governing bodies or its employees. An unfavourable ruling may result in damage claims by third parties or other adverse legal consequences, including severe criminal and civil sanctions, injunctions against future conduct, profit disgorgements, occupational and employment restrictions or prohibitions, reputational damage, the loss of business licenses or permits or other restrictions. In addition to monetary and nonmonetary sanctions, monitors could be appointed to review future business practices in order to ensure compliance with applicable laws and the Group may otherwise be required to modify its business practices and its compliance program. Regardless of the outcome, potential litigation or administrative proceedings can be costly and may also damage the Group's reputation and have a material adverse impact on its ability to compete for business. In particular, the Group is involved in anti-trust proceedings in Italy, which relates to the provision of fleet information to a car leasing trade association by the Group and the other major players in car leasing in Italy, for which it established provisions in 2016 totalling €9.8 million which was released in the Group's results for the three months ending 31 March 2017. However, the Italian Competition Authority adopted its final decision on 13 April 2017 and found that in light of the facts assessed and the evidences collected in the course of the investigation, no breach of European anti-trust law was deemed to exist (for additional information on the provisions, see Note 28 of the Notes to the Group's consolidated financial statements. For additional information on the proceedings, see Section 20.5 "Legal and

Arbitration Proceedings"). The Group is also involved in tax proceedings: in India, relating to the tax treatment of depreciation on vehicles owned by the Group as well as to which of the goods or services taxes should be applied to the Group's operating leases and for which it has established provisions as at 31 December 2016 totalling €18.3 million, and in Brazil, relating to road taxes and amounts claimable in respect of taxes on services, for which it has established provisions as at 31 December 2016 totalling €8.7 million. The Group is also involved in tax proceedings in relation to the acquisition of Parcours for which it has incurred, as at the date of this Registration Document, €4.7 million in tax adjustments and penalties, all of which were provisioned in the 2016 accounts and for which the Group should be partly covered by a vendor guarantee and purchase price adjustment (for additional information see Section 20.5 "Legal and Arbitration Proceedings"). Finally, two employees of the Group are involved in criminal proceedings in Italy relating to allegations of violating anti-corruption rules in relation to a tender with a public administrative body, the Group has been acquitted of the criminal charges but the Group could be held liable in damages (for additional information see Section 20.5 "Legal and Arbitration Proceedings").

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.6 Changes in financial accounting standards on lease accounting may adversely affect the Group's business, financial condition, cash flows and results of operations.

In May 2013, the International Accounting Standards Board ("**IASB**") and the Financial Accounting Standards Board ("**FASB**") issued a joint draft on leases. However, the two bodies did not reach an agreement on a joint final standard, and therefore produced separate standards. Under both of the new standards released by IASB in January 2016 and FASB in February 2016 (both of which take effect in 2019), companies will be required to adopt a "right-of-use" approach in accounting for their leasing contracts. Under this approach, a lessee is seen as acquiring a right to use an asset under a leasing contract, and paying for that right in the form of lease instalments. Lessees will be required to state their rights and obligations arising from leasing contracts on their balance sheets. Lease assets and liabilities will need to be recorded at the net present value of the future lease payments. There are no changes proposed to the accounting applied by lessors. As a result of these changes, a lessee would recognise assets and liabilities for leases of more than twelve months. In addition, the new standard released by FASB retains a dual model for income statement purposes, requiring leases to be classified by lessees as either operating or finance leases. Under the FASB standard, operating leases will result in straight-line expensing while finance leases will result in a front loaded treatment.

The Group's customers who report their financial statements under IFRS will have to recognise obligations under operating leases from the Group on their balance sheet as a result of the new standards. This will effectively reduce the difference in accounting treatment between operating and financial leases and may decrease the attractiveness to customers of its product portfolio relative to certain alternatives, such as the direct purchase of vehicles. Should any changes to the current rules adversely affect the benefits of operating leases for the Group's customers or itself, increase the prevalence of finance leases in its industry, decrease the prevalence of vehicle leasing generally or alter certain reporting requirements for its business, it could have a material adverse effect on its business, financial condition and results of operations.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.7 Adverse developments in tax laws and regulations may adversely affect demand for the Group's services and could increase its tax burden.

Implementation of new tax regulations, changes in tax regulation, in particular with respect to leasing transactions, company cars, vehicle fuels and motor vehicle emissions, could directly impact the behaviour of the Group's customers, thus reducing demand for vehicle leasing and management services. In particular, tax laws may be amended in the future so as to prohibit the Group's customers from writing off as an operating expense their lease instalments related to vehicles used for business purposes. In addition, in Italy, tax benefits are currently offered to encourage the purchase of new tangible assets, which allow the purchaser to benefit from a 40% increase in the depreciation claimable against income taxes. In addition, any changes to the benefit-in-kind rules relating to car policies, including changes driven by policy decisions to penalise higher CO_2 emissions could adversely affect the tax consequences of leased vehicles for the Group's customers.

In addition, changes in tax laws could increase the Group's tax burden or otherwise affect the Group's results, including any changes relating to schemes subsidising investments in equipment. The Group's ability to use tax loss carry-forwards and other deferred tax assets, which amounted to €14.1 million as at 31 December 2016, and, thus, the recoverability of deferred tax assets accounted for in the Group's audited consolidated financial statements depend on the national tax legislation of the countries where the Group is subject to taxation.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

4.3.8 Pending and future tax audits could lead to additional tax liabilities.

The Group is subject to audits by various tax authorities. Certain aspects of its operations expose the Group to particular tax risks in connection with such audits.

Ongoing and future tax audits may have a detrimental impact on the amount of tax loss carry-forwards and other deferred tax assets and related recognised deferred tax assets. Deferred tax assets are recognised if the Group believes that sufficient future taxable profit is available. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. If management considers it probable that all or a portion of a deferred tax asset cannot be realised, a corresponding valuation allowance is taken into account. In addition, the uncertainty regarding the tax environment in some countries in which the Group operates in could limit its ability to enforce its rights. Future interpretations and developments of tax regimes may thus affect its tax liability, including to the extent that such interpretations and developments increase the risk of the Group being subjected to tax audits.

The Group also faces several tax risks in connection with the services and products it offers to its customers, in particular relating to the accounting treatment of the vehicles it leases to customers. Furthermore, the tax treatment of the services and products it offers to its customers might raise complex issues with regard to indirect taxes. In the case of sales of vehicles to foreign jurisdictions, the relevant tax authorities might challenge its assessment of applicable export and import taxes. While the Group is of the strong opinion that its tax practices comply with all applicable rules and regulations, it nevertheless cannot rule out with certainty that tax authorities might challenge its treatment.

In particular, the Group is involved in tax proceedings in India, for which it has established provisions as at 31 December 2016 totalling €18.3 million and in Brazil for which it has established provisions as at 31 December 2016 totalling €8.7 million. The Group is also involved in tax proceedings related to its acquisition of Parcours for which it has incurred, as at the date of this Registration Document, €4.7 million in tax adjustments and penalties, all of which were provisioned in the 2016 accounts, and for which the Group should be covered by a vendor guarantee and purchase price adjustment with respect to which proceedings have been initiated against the vendor, and also certain tax proceedings in Spain.

If the tax authorities were to successfully challenge any of the tax practices described above, or its tax treatment of any other aspect of its business, the Group may be required to make additional tax and interest payments, which could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.

4.4 RISKS ASSOCIATED WITH THE GROUP'S SHAREHOLDER STRUCTURE

4.4.1 Société Générale can continue to exercise significant influence over the Group, and the interests of Société Générale may conflict with the interests of the other shareholders of the Company.

Société Générale has committed to remaining the Group's controlling shareholder following the contemplated listing of the Company’s shares on Euronext Paris.The interests of Société Générale (and any affiliated companies) could therefore conflict with the interests of the other shareholders. The size of its stake means that Société Générale will likely be in a position to pass resolutions at its general shareholders' meeting regardless of how other shareholders vote.

French company law requires the approval of at least a half of the share capital present or represented at the time a vote is taken to pass resolutions on certain matters submitted to ordinary shareholders' meeting, including resolutions electing the members of the Board of Directors, the approval of the annual accounts, the allocation of profit and, as such, the Company's dividend policy. French company law requires the approval of at least two-third of the share capital present or represented at the time a vote is taken to pass resolutions on certain matters submitted to extraordinary shareholders’ meeting, such as modifying of the share capital, changing the corporate purpose, mergers, spin-offs and conversions to a different form of legal entity. As a consequence, Société Générale will be able to pass with its own votes resolutions which require a qualified majority of votes cast or of the share capital represented. Société Générale will also be able to block resolutions at the general shareholders' meeting, including resolutions requiring a qualified majority of votes cast or share capital represented.

The mere potential for Société Générale to exert influence and especially actual voting at the general shareholders' meeting or the exertion of influence in any other way that conflicts with the interests of its other shareholders may have a significant adverse impact on the Company's share price and may, in turn, make it more difficult for the Group to raise further capital or only allow the Group to do so on unfavourable terms. Even if Société Générale does not participate in a future capital increase, it could become more difficult for the Group to raise new capital.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

4.4.2 The Group relies on Société Générale in many aspects of its business and its organisation and has historically shared certain services and benefitted from advantages that might no longer be available to the Group as a listed company.

Prior to the contemplated listing of the Company on Euronext Paris, the Company has been a wholly owned subsidiary of Société Générale, and the Group has historically relied on Société Générale in many aspects of its business, particularly in relation to funding. Following the contemplated listing of the Company, Société Générale will continue to be its majority shareholder.

The Group has entered into various agreements with Société Générale under which Société Générale or certain of its subsidiaries provides certain services to the Group (see Section 6.6 – "Relationship with Société Générale"). Following the contemplated listing of the Company on Euronext Paris, the Group will continue to rely on a substantial number of services from the Société Générale group that are required to conduct its business operations and Société Générale has committed to continue to provide these services. As such, the Group expects to continue to benefit from funding, IT infrastructure, administrative, compliance, credit risk management, legal, IP, insurance and other services currently provided by Société Générale. However, after the Group's agreements with Société Générale expire, or if they are terminated pursuant to the notice periods provided in the agreements (generally ranging from one month to three months), the Group may not be able to replace all of these services or obtain them at appropriate prices and terms, particularly in relation to funding.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

4.5 RISK MANAGEMENT & INSURANCE

4.5.1 Risk Management

The Group's risk management policies and procedures are set up in compliance with and fully integrated into Société Générale's risk management architecture. They differ depending on the type of risk addressed. The Group applies the Société Générale group policies for each of these risks, except for risks specific to the business of the Group, such as residual value.

4.5.1.1 *Residual value risk management*

The residual value risk management is governed by central policies which set up the residual value setting procedure and review process completed by the fleet revaluation process.

The residual value setting procedure defines the processes, roles and responsibilities involved in the determination of residual values that will be used as a basis for producing vehicle lease quotations. Residual value setting is performed by local subsidiaries under the supervision of the Country Manager as the used car market conditions and pricing varies in each subsidiary, from mark to market. The Country Operations Manager has the responsibility of ensuring that a written documented approach to the setting of residual values exists, that the process includes a clear audit trail and that the method takes account of market factors and inflation. Where this approach differs materially from the standard approach established by central policies, the approval of ALD's Finance Director is required. A Technical Residual Value Review Committee is established by the Group at least twice yearly for each subsidiary. For larger subsidiaries, these reviews are held on a quarterly basis. Based on these reviews, the residual values set are validated by the ALD Technical Pricing Department prior to being updated in the quotation system. The results of the residual value setting process are reviewed, approved by the Country Operations Manager and controlled centrally by a Group dedicated team under the supervision of the ALD Technical Pricing Manager with the latter informing ALD's CFO in case of irregularities.

Residual value calculations are based on the identification of specific vehicle segments based on size and type of vehicle, statistical models, local vehicle price trade guides, the Group's own used car sales experience for each vehicle segment and country specific factors (such as inflation, market sector adjustments, life cycle etc.).

The fleet revaluation process defines the responsibilities, methods and controls needed to measure the residual value risk on the Group's running fleet. This process must be synchronised with the residual value review process. If any substantial risk is found, mandatory financial actions planned by the Group must be enforced. Residual values existing for the active fleet are subjected to twice yearly revaluation reviews for those subsidiaries having more than 5,000 vehicles and yearly under this threshold. Based on this revaluation, it is possible to determine the extent to which residual values set for the active fleet vary with the current expected market values based on the most recent revaluation exercise. The Country General Manager is responsible for managing the revaluation process in accordance with the methodology approved by ALD and set out in the relevant central policies. The Finance Director has to validate all figures in the fleet revaluation databases, fleet file and used car sales files. Finally, it is the responsibility of the Country Operations Manager to use the fleet revaluation result analysis to set residual values. At the group level, the Technical Pricing Department of ALD is responsible for checking that the revaluation is done in accordance with the requirements. The ALD Pricing Analyst oversees the planning, assisting of subsidiaries and presenting of the results of the fleet revaluation for approval to the Pricing Manager and CFO. Where there is an overall loss on the portfolio in a given year, an additional depreciation provision has to be booked in accordance with ALD's accounting standards.

For this revaluation process, the total differences between residual values set and expected market values arrived at from the revaluation exercise are considered. In accordance with IAS 8, no profit is recognised when there is an expected gain on residual values compared to the current expected market value realisation. When there is an expected overall loss on residual values for the subsidiary fleet portfolio as a whole, these potential future car sales losses are recognised equally from the date of the revaluation to the end of each vehicle lease contract.

4.5.1.2 *Credit risk management*

All the Group entities are required to comply with risk procedures issued centrally which define the way credit decisions are made, as well as outlining the roles and responsibilities of all actors involved in the credit vetting process. Société Générale's risk department is closely associated with the monitoring of the Group's risks and the process of updating the Group's procedures with meetings held twice a month and risk committees meetings held every quarter.

The decision making process is governed by the Société Générale credit authority structure: the application of the credit authorities' mechanism (the "**Credit Authorities**") requires full compliance with the Société Générale group risk management policy principles. The Credit Authorities differ depending on the exclusive or shared nature of the client: "**Exclusive Clients**" are not already clients of Société Générale as opposed to "**Shared Clients**". For Exclusive Clients, General Credit Authorities (as defined hereafter) are allocated based on exposure. These "**General Credit Authorities**" represent the threshold below which the subsidiary has the ability to approve an exposure on a client or group regardless of the opinion of Société Générale's Corporate Risk Department. Above such thresholds, a concurrent opinion from Société Générale's Corporate Risk Department is required to approve the transaction. Shared clients are managed by a Primary Client Responsibility Unit ("**PCRU**") a unit, which can be either at the subsidiary or Société Générale's level, primarily in charge of defining the business and risk strategy as well as reviewing the consolidated exposure of its portfolio of clients. For such clients, the Group has been granted an Exception Credit Authority (as defined hereafter) per entity. This "**Exception Credit Authority**" represents the maximum amount per transaction below which an entity of the Group may authorise transactions on its corporate shared clients belonging to a PCRU. Each use of an Exception Credit Authority must be notified to the PCRU within 48 hours maximum by the entity of the Group in order to be able to re-utilise it for new transactions. If the PCRU refuses the transaction, the Exception Credit Authority is cancelled automatically. The Exception Credit Authority granted to the Group is cancelled for some Société Générale clients for risk or commercial reasons. For these clients all subsidiaries of the Group have to send their credit request to the PCRU whatever the amount of the requested credit limit.

Through coordination with the risk department of the Group, regular risk committee sessions are undertaken by the Group in order to review all potential risk issues and to ensure the credit risk procedures are properly applied. All standard risk indicators (arrears, default, cost of risk) are also reported and monitored centrally. In particular, entities with fleets of over 500 units have to establish scorecards for control, warnings and global piloting purposes: these scorecards are drawn up automatically based on listed items and a calculation method established by central policies and are reported on a quarterly basis to the risk department of the Group. All the Group entities apply the same process locally.

Debt collection remains by nature under the direct responsibility of the Group's subsidiaries with dedicated teams in charge of recovering unpaid invoices in compliance with local regulations and market practices. Local processes need, however, to be compliant with the corporate policies and guidelines distributed to the whole network. In particular, key central policies requires that all entities of the Société Générale group rate all their corporate counterparties according to internal rating models. In addition, entities of the Group which are not located in so-called SUIG (sovereign upper investment grade) countries are required to provide regular monthly reporting on country risk in a format set up by central policies and consistent with Société Générale guidelines. Central monitoring of all ageing balances is performed on a monthly basis as part of the regular risk reviews. When significant irregularities are reported, the Group general management deals directly with the relevant subsidiary and specific action plans are considered and set up under the supervision of the Country Manager, if necessary. The most sensitive subsidiaries are subject to a close follow-up.

Cost of risk has historically remained very low due to the strong customer base, the products proposed by the Group, a strong risk assessment process and a diversified customer portfolio. The development of the Group's partnerships leads the Group to accept customers with riskier profiles (SMEs and very small businesses): this requires the setting up of a new risk approach with dedicated teams put together, new scoring tools and the strengthening of guarantee requirements.

4.5.1.3 *Maintenance risk and maintenance accounting*

Maintenance risk is monitored and mitigated through the maintenance price setting process, which is done locally using local historical statistics, under the supervision of the Group.

A global review of the maintenance costs is undertaken for each country on a regular basis, which includes specific testing of actual expenditure compared to that assumed in the pricing model. Necessary adjustments are then made to the costs and maintenance frequency to determine new maintenance tables going forward used in the quotation systems.

Maintenance and tyre costs are typically higher in the latter part of a contract's life. In order to match income with costs, maintenance and tyre income is recognised in line with a statistically determined maintenance ‘cost curve’; this curve is developed from actual historical maintenance expenditure records. It is reviewed periodically and adjusted as required.

As a result of application of this policy, maintenance revenues invoiced are deferred to future periods where costs will arise, which results in the establishment of a deferred maintenance revenue reserve. This reserve is gradually released to profit and loss account over the remaining contract lives of the vehicles.

Maintenance profit or loss on the contract will be recognised during the life of the contract to minimise any exceptional end of contract profit or loss. The monthly profit and loss result will be the difference between the expected revenues as plotted in line with the cost curve and actual costs.

In addition each month, an estimate is made of actual maintenance and tyre costs incurred but not yet received at the month end and an accrual for these costs is made.

4.5.1.4 *Operational risk management*

Operational risk corresponds to the risk of loss resulting from the inadequacy or failure of internal processes, systems or people, and also losses as a consequence of external events. Within the Group, this definition includes legal risk as well as corporate image risk (unlike the Basel II concept of operational risk) but excludes strategic risk. An operational loss is an unexpected charge, which will be recorded in the results that come from the management of the Group's business.

Central policies at the Société Générale level govern the Group's operational risk management system. This operational risk management system is based on taking preventive measures and on maintaining a robust internal control organisation based on permanent supervision rules and periodical audits.

In order to ensure a consistent operational risk management, a strict classification of the types of operational risk events has been chosen by the Société Générale group. Operational risk events are classified into 8 groups: 1) commercial disputes, 2) disputes with authorities, 3) errors in risk evaluation/pricing, 4) execution errors, 5) fraud (and other criminal activities), 6) rogue trading, 7) loss of operating environment/capability and 8) systems interruptions.

Operational risk correspondents are designated in each Group entity. They collect data on identified operational risks and report these to the Group's Secretary General in accordance with Société Générale group rules. The Group maintains a database of the reported operational losses which are analysed into the above-mentioned pre-determined categories and contains details of how the losses arose and to which activity it relates. Action plans are developed to ensure that controls in the particular area giving rise to the loss are strengthened so as to mitigate the future risks.

All Subsidiaries perform quarterly permanent supervision controls to verify correct application of procedures and operational controls. In addition, a self-assessment of risks and controls is performed in each entity periodically. The purpose is to identify and evaluate the main operational risks, to assess the controls in place and to determine action plans to address any identified areas of weakness.

4.5.1.5 *Treasury risk management*

The Group treasury risk management policy consists of matching, as far as possible, assets and liabilities in terms of maturities, interest rate and foreign currency exposures. The Group procedures defining the risk sensitivity measurement and tolerance are applied across the the Group and allow a close monitoring of the treasury risk.

These risks are monitored at each subsidiary level by the Group's Central Treasury, which reports on a quarterly basis to the management team of the Group through the Asset and Liabilities Management Committee. This committee is informed about all relevant developments with regard to the Group's treasury risk profile and decides any action to mitigate the risks when necessary.

4.5.1.6 *Structural risk management (interest rate, foreign exchange and liquidity risk)*

All the Group divisions and subsidiaries must ensure compliance with Société Générale's structural risk requirements and complete a specific risk report.

The structural risk department of Société Générale's Finance Group Department is responsible for managing and supervising the Société Générale group's structural risk exposure and for coordination with the Société Générale group's Treasuries and Central Funding Departments (in the case of entities of the Société Générale group which are not engaged in retail banking or which do not match systematically all individual transactions with customers).

The management of structural risk is principally the responsibility of the heads of entities concerned. Each entity concerned must appoint a "**Structural Risk Supervisor**", responsible for first-level controls of structural risks: this person measures risks at regular intervals, reports on risks, makes proposals for appropriate coverage and ensures the proper implementation of decisions taken. The Group's Central Treasury is responsible for compliance with these principles in each of the entities of the Group. The Group's Central Treasury monitors compliance with structural interest rate, foreign exchange and liquidity risk limits, based on the information transmitted to them by the consolidated subsidiaries within their scope.

Each year the ALM Department of the Société Générale group establishes structural risk group limits for each subsidiary and alerts thresholds regarding liquidity gaps, sensitivity to interest rates and the foreign exchange position. The Group has established procedures and systems for ensuring that notified limits are respected. The structural positions and risk are assessed and reported at corresponding limits on a quarterly basis. A formal report on structural risk is then sent periodically to the Finance Department and to the structural risk department of Société Générale's Finance Group Department.

The Group's policy prohibits the use of derivatives except where approved in writing by the Group Treasury Centre in Luxembourg.

(i) Interest rate risk management

The Group's policy consists of financing the underlying assets with fixed rate loans as lease contracts are priced in fixed rate, in order to avoid any mismatch between assets and liabilities.

Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity's fixed-rate forecasted position. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity. The sensitivity is defined as the variation in the net present value of the future residual fixed-rate positions (surplus or deficit) for a 1% parallel increase in the yield curve.

The Group's Central Treasury monitors the interest rate risks exposure and advises subsidiaries to implement the adequate hedging operations. In order to mitigate losses by way of interest rate risk, monthly reporting measuring the interest risk exposure is produced by each entity to be reviewed and consolidated by the Group's Treasury Department.

The following table shows the impact on the Company's results and net capital following decrease or increase in interest rates as at 31 December 2016.

	Impact on profit before tax
Impact of a variation of + 1.0 % of the interest rate	€9.9 million
Impact of a variation of – 1.0 % of the interest rate	(€11.8 million)

(ii) Liquidity risk management

The Group's exposure to liquidity risks is limited as the group policy consists in financing the underlying asset with the same duration as the corresponding lease contract. Any residual liquidity gaps are measured on a monthly basis, under the supervision of the Group's Central Treasury, by reviewing whether a run off of the existing leased assets would match with the remaining liabilities.

The measured liquidity position is then reviewed and consolidated at a group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group's Central Treasury.

The Group is mainly funded through the Société Générale group (72% of the Group's funding as at 31 December 2016).

The remaining funding (28% as at 31 December 2016) is through local external banks or third parties.

Since 2013, in order to diversify external funding sources, the Group has raised external funding through asset backed securitisation programs in several European countries. These transactions involve the sale of future lease receivables and related residual value receivables to a special purpose company. Debt securities are issued by this special purpose company and sold to external investors.

(iii) Foreign exchange risk management

The Group's policy is to have loans in the same currency and duration as underlying contracts. If the currency of the funding is different from the currency of the underlying contract, and if the payments under the contract are not indexed to the currency of the funding, the arising foreign exchange exposure is hedged (e.g. in India and Brazil) through derivatives such as cross currency swaps.

The Group's limited foreign exchange risk is managed in order to ensure that shareholders' equity is safeguarded against fluctuations in the currencies in which it operates.

To achieve this goal, the Group quantifies its exposure to structural exchange rate risks for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The risk sensitivity is measured by quantifying the impact of a variation of 10% of the exchange rate (hard currencies against local currency) and a threshold is defined for each subsidiary. The Group's Central Treasury is responsible for monitoring structural exchange rate positions and manages the risk of any exposure of the shareholders' equity to exchange rate fluctuations.

Currency risk related to the equity invested in foreign currencies is not hedged at a group level, as the risk exposure has not been considered as being significant. The impact on consolidated equity of a 1% change in each non-Euro currency exchange rate in which the Group holds assets is approximately €4.4 million.

4.5.1.7 *Compliance risk management*

Compliance risk corresponds to any dysfunction or anomaly showing non-compliance of an external rule or internal rule that is likely to place the Group into a situation of judicial, administrative or criminal sanction risk situation and/or to cause reputational damages. Some operational risks may fall in the scope of compliance risk as defined by central policies, depending on the nature and potential impact of the concerned events.

The Group has implemented a compliance monitoring system, in application of central policies at the Société Générale level, in order to minimise the impact of the risks to which it is exposed. Each subsidiary has a dedicated compliance officer, who enforces the policies implemented by the Group, in cooperation with Société Générale (a "**Compliance Officer**").

Central policies define the role of each Compliance Officer, notably in relation to the fight against money laundering and terrorist financing, the fight against corruption and the enforcement of measures which ensure compliance with high ethical standards.

The Group complies with Directive 2005/60/EC, the third European Directive on the fight against money laundering and terrorist financing. Relevant documentation is collected by the subsidiaries to ensure the reliability and adequate knowledge of their counterparties. Decisions are based on an assessment of the money laundering and terrorist financing risk as well as on the corruption risk and reputation risk attached to each transaction and rely on the principle of double validation: sensitive cases are validated by the Group or at Société Générale level.

The fight against corruption is one of the major features of the compliance monitoring system and the Group complies with the UK Bribery Act 2010. The anti-corruption policy defines the measures to be taken by each subsidiary to ensure the absence of involvement in any corruption scheme, including through intermediaries or suppliers. This policy is completed by the Issuer's Code of Ethics, which is communicated to all employees.

4.5.2 Insurance

4.5.2.1 *Introduction*

In the ordinary course of business, the Group is exposed to three principal categories of risks that may be subject to insurance policies: (i) damage to property (vehicles owned by the

Group) ("**Own Damage**" or "**Casco**"), (ii) motor third party liability ("**MTPL**" or "**TPL**"), and (iii) risks related to its business (excluding its fleet).

The Group's insurance strategy is carried out in conjunction with dedicated personnel located in each country where the Group is present and who deals with the local specifics of insurance as it relates to that country.

As a general matter, the Group can either retain the insurance risk with respect to its fleet or transfer it to external insurers. If the Group chooses to retain this risk, it can do so through the local entity "self-insuring" the risk or alternatively by retaining the risk through ALD Re. In the latter case, the Group's affiliates purchase insurance through selected external fronting insurers (including AXA, AIG and Sogessur) which are then reinsured by ALD Re, the Group's wholly owned reinsurance subsidiary. Should the Group decide not to retain the risks internally or through ALD Re, then normally the risk is placed through external local insurance companies.

ALD Re reinsures the MTPL risk for more than 300,000 vehicles within the Group and the Own Damage risk for approximately 100,000 vehicles within the Group as at 31 December 2016. MTPL on a standalone basis represents 66% of the insurance coverage provided by ALD Re, MTPL combined with Own Damage risk insurance represents 30% and other insurance 4%. The compound annual growth rate of ALD Re's overall penetration rate[2] was 14% from 2011 to 2016. ALD Re limits its exposure to €500,000 per event for MTPL and selected Own Damage through limiting the exposure that is reinsured to this amount, or where this reinsurance is not limited through buying retro-cession cover with third-party reinsurers. The vast majority of the Group's insurance costs relate to fronting insurers reinsured by ALD Re and, for the year ended 31 December 2016, the premiums received by ALD Re from such fronting insurers amounted to €125 million. For the year ended 31 December 2015, the premiums paid by ALD Re to reinsurance providers to provide retrocession cover in excess of €500,000 amounted to approximately €1 million.

	Total on-balance sheet fleet ('000)	1,046 cars			Insurance margin(1)
	TPL		Casco		
Insured via ALD	**45%**	**472**	**44%**	**464**	
ALD Re	28%	297	9%	93	€139m
Risk retained by subsidiary	-	-	27%	285	
Insurance brokerage	17%	174	8%	86	

Note: Data as of 31/12/2016
(1) Contribution of insurance to ALD's 2016 services margin, including TPL, Casco and other insurance covers

The Group's insurance policies are set out below, broken down by risk.

2 Computed as total fleet covered over total on-balance sheet fleet.

4.5.2.2 *Own Damage – vehicles owned by the Group*

Own Damage risk is either retained by the local entity, insured through fronting insurers which are then reinsured by ALD Re or transferred to external insurers.

In some of the larger European countries in which the Group operates, the Group's local entity does not externally insure the property damage risk to its owned vehicles but instead retains this risk for its own account. In these countries, the local entity seeks to mitigate this risk through charging the client a service fee under which the client is entitled to have a damaged vehicle repaired or a stolen vehicle replaced. In such circumstances, the local entity considers that the fee charged to the client will be greater than or equal to actual costs of damages and theft.

4.5.2.3 *Motor vehicle liability*

(i) Motor third-party liability

For MTPL risk, the Group either retains this risk through insurance from fronting insurers re-insured by ALD Re or externalises the insurance coverage with a local insurance provider.

In countries in which the Group operates, it is generally compulsory under local laws to purchase insurance covering risks related to motor liability against bodily injury and accidental death or property damage caused by its customers to third parties and resulting from the use of its owned vehicles. In general it is considered an offence under local laws if these vehicles circulate on public roads without being covered by MTPL insurance. Indeed, internal Group procedures provide that every car should be covered by a MTPL cover during the entire duration of the contract.

(ii) Passenger indemnity

Passenger insurance and passenger property insurance are either retained by the local entity, insured through fronting insurers which are then reinsured by ALD Re or transferred to external insurers.

Passenger insurance and passenger property insurance are in virtually all countries not mandatory but internal procedures provide that they can be recommended for those countries where MTPL does not cover property damage and bodily injury related to the driver in case of an accident caused by the latter.

(iii) Legal protection

Legal protection is either retained by the local entity, insured through fronting insurers which are then reinsured by ALD Re or transferred to external insurers.

For countries where legal protection follows the same regulations as MTPL, internal procedures require that the same norms and standards as for MTPL be established. In some countries third party liability insurance and legal protection cannot be insured with the same insurance company.

4.5.2.4 *Risks related to the Group's business (excluding its fleet)*

In order to manage other risks related to the Group's business, or to comply with applicable laws, the Group has purchased and implemented other insurance programs, including a general liability insurance program, an environmental liability insurance program and an employer's practice liability insurance program related to employment practices

These insurance programs have generally been purchased from non-affiliated insurance companies for amounts deemed by the Group as reasonable given its risk profile, and secured terms and conditions considered by the Group as reasonable.

In addition, some subsidiaries of the Group use the Société Générale Worldwide Insurance Program to cover additional risks such as theft and damages to valuables, fraud, embezzlement and malicious acts (including cyber criminality), third party liability, professional indemnity, directors and officers liability and business interruption and terrorism and political violence.

4.5.2.5 *ALD Re*

ALD Re is a wholly-owned subsidiary of ALD based in Dublin, Ireland. ALD Re was launched in October 2005 and began accepting reinsurance in January 2006. It currently employs 20 staff members and operates in 24 countries, primarily within the European Economic Area. Through its reinsurance of different lines of insurance (such as MTPL, Motor Own Damage, Legal Protection), it covered more than 300,000 vehicles for 23 entities within the Group in 2015 and the profit after tax for the year ended 31 December 2016 was €24.5 million.

ALD Re currently operates as a reinsurance entity only and does not provide direct insurance coverage to the entities or individuals insured. It is regulated by the Central Bank of Ireland ("**CBI**") and categorised as a medium-low impact undertaking.

ALD Re strictly monitors its global risks, including underwriting, market, credit and operational risk, via a strong corporate governance structure, a clearly defined risk appetite and a well developed risk monitoring process.

In addition, in order to minimise the financial impact of a single event, ALD Re only provides reinsurance protection for claims up to €500,000 per event for MTPL and selected motor Own Damage. Over the last 5 years, ALD Re had an average 64% loss ratio and never went above a 100% loss ratio over the last 10 years. In countries where reinsurance protection is provided above that level, ALD Re buys retro-cession coverage from third party insurers to limit its risk to the above stated per event limit. This reinsurance strategy is reviewed at least annually by the Board of Directors of ALD Re.

(i) Regulatory Compliance

The Group is subject to the Directive 2016/97/EC of 20 January 2016 on insurance distribution (IDD) which will replace Directive 2002/92/EC of 9 December 2002 on insurance mediation (IMD) as of 23 February 2018. IDD seeks to enhance the current regulation applicable to insurance intermediaries only with a particular focus on practices for selling insurance products and to promote a level playing field between participants in insurance sales in order to improve consumer protection, market integration and competition. IDD will widen the scope from insurance intermediaries by adding all sellers of insurance products, including insurance manufacturers that sell directly to customers and market participants who sell insurance on an ancillary basis (subject to the proportionality principle). IDD is aimed at minimum harmonization and therefore does not preclude EU member states from maintaining or introducing more stringent provisions, provided that these are consistent with IDD.

As for all European based insurance and reinsurance undertakings, ALD Re is subject to the Solvency II Directive which came into effect from 1 January 2016. Solvency II is a sophisticated and rigorous risk based approach to assessing the solvency needs of (re)insurance companies including the requirement that companies complete an Own Risk and Solvency Assessment ("**ORSA**") process, an internal assessment process of risks and solvency needs under normal and severe stress scenarios, in a continuous and prospective way. On 30 November 2016, the Board of ALD Re approved its 2016 ORSA and therefore completed its ORSA process for 2016.

ALD Re has a dedicated Chief Risk Officer who oversees the review and updating of a suite of risk and governance policies to ensure they are in line with Solvency II principles and with the CBI's guidelines. Furthermore, ALD Re has appointed a representative from KPMG as its Head of Actuarial Function who will be responsible for specific tasks required of the Actuarial Function under the Solvency II framework and the CBI guidelines.

For further information see Section 6.7.4 "Solvency II Directive".

(ii) Governance systems

ALD Re has implemented a comprehensive governance structure which comprises its Board of Directors, two sub-committees of the Board, being the Audit Committee and the Risk Committee and an executive management team.

As a demonstration of its commitment to promoting sound and effective risk management as required by the Solvency II Directive, ALD Re has adopted a suite of governance and risk policies to support ALD Re's business and risk strategy, risk profile, objectives, values, risk management practices, and long-term interests. Risk policies would cover operational areas such as underwriting, retrocession, investments, reserving, capital management, operational risk and asset/liability matching. Governance policies would include documented policies on remuneration, outsourcing, ethics, fraud, whistle-blowing, internal controls and compliance. All policies are reviewed on an annual basis by the appropriate Board sub-committee (Audit or Risk) and if required are submitted to the Board for approval. Each policy is assigned a specific owner who is responsible for ensuring and monitoring compliance with the policy on an ongoing basis.

(iii) Internal control and risk management

ALD Re has a Board approved Internal Control Policy which outlines the processes adopted by ALD Re to ensure that there is an effective and suitable internal control system in place.

The Board of ALD Re has also adopted a Risk Management policy which describes the guiding principles for managing risk at ALD Re and for the implementation of the risk management system. The purpose of the policy is to outline the responsibilities and processes for ensuring that all material risks facing ALD Re are identified, evaluated and effectively managed within an acceptable time scale. ALD Re's policy is to ensure that its activities and the activities of its outsourced service providers are conducted in accordance with, and within the tolerance limits set out in the ALD Re risk appetite statement and the various risk policies of the company.

(iv) "Prudent person" principle

ALD Re's investment risk policy incorporates the prudent person principle in accordance with the Solvency II Directive. It provides that ALD Re's strategic objective, in relation to its investment risk policy, is based on the Board-approved risk appetite statement in accordance with which ALD Re seeks to preserve principal value and increase the value of investments while covering its technical reserve requirements, its solvency requirements and meeting its ongoing cash flow needs. In relation to its excess funds, the Group's objective is to produce efficient return for the shareholder.

The Board has deemed it appropriate to engage an external investment management service provider in order to assist in achieving its investment strategy. Société Générale BT (as defined in Section 6.6.2 "Funding") has been selected as investment manager, and a written Service Level Agreement ("**SLA**") is in place between ALD Re and the investment management service provider. This SLA specifies the nature of delegated authorities with respect to ALD Re's investment portfolio.

(v) ALD Re's Financial Situation

ALD Re's consolidated balance sheet reached €268.6 million in 2016 compared to €240.60 million in 2015.

The table below sets out selected information from ALD Re's consolidated balance sheet for the last three years.

ALD Re CONSOLIDATED BALANCE SHEET (in € million)	**2016**	**2015**	**2014**
ASSETS			
Financial Investments	213.5	199.3	174.0
Reinsurance Debtors	46.2	33.8	31.2
Other Assets	8.8	7.5	6.6
Total Assets	**268.6**	**240.6**	**211.8**
EQUITY AND LIABILITIES			
Total equity	114.6	110.1	80.9
Provisions	137.4	121.4	118.5
Current liabilities	153.3	130.4	130.7
Total liabilities	154.0	130.5	130.9

ALD Re **CONSOLIDATED BALANCE SHEET** **(in € million)**	**2016**	**2015**	**2014**
Total Equity and Liabilities	**268.6**	**240.6**	**211.8**

Ratios

SCR has been calculated per the table below.

Regulatory SCR	**2016 € M**
Solvency Capital Required (SCR)	54
Available own funds	125.4
SII SCR Ratio	232%
SII SCR Ratio required	100%

For 2016, ALD Re recorded a Solvency II SCR ratio of 232% under the Solvency II Directive standard formula, compared to the 100% ratio required. In 2015 and 2014, different methodologies were applied to measure solvency and so cannot be directly compared.

CHAPTER 5. INFORMATION ABOUT THE COMPANY

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 Legal and Commercial Name

The corporate name of the Company is ALD.

5.1.2 Place of Registration and Registration Number

The Company is registered with the Nanterre Trade and Companies Register under number 417 689 395.

5.1.3 Date of Incorporation and Duration

5.1.3.1 *Date of Incorporation of the Company*

The Company was incorporated on 19 February 1998.

5.1.3.2 *Duration*

The Company's duration is 99 years from the date of its registration with the Trade and Companies Register subject to early dissolution or extension.

5.1.4 Registered Office, Legal Form and Applicable Legislation

5.1.4.1 *Registered Office and Country of Incorporation*

The Company's registered office is located at Tour Société Générale « Chassagne », 15-17 Cours Valmy, 92800 Puteaux and its telephone number is +33 (0)1 56 76 18 00.

5.1.4.2 *Legal Form and Applicable Legislation*

As of the date of this Registration Document, the Company is a limited liability company with a Board of Directors (*société anonyme à conseil d'administration*) governed by French law, including, in particular, Book II of the French Commercial Code and its Bylaws.

5.1.4.3 *Fiscal year*

The Company has a fiscal year of twelve months, beginning on 1 January and ending on 31 December of each year.

5.1.5 History and development

The Company was incorporated in 1998 under its former legal name "Lysophan". In October 2001, the former legal name was replaced by "ALD International". Key milestones for the Group include the acquisition by Société Générale, its parent company, of Deutsche Bank's European car leasing interests in 2001 and Hertz Lease Europe in 2003, thereby consolidating the Group's leading market position in almost all of its key European markets (Source: Fleet Europe June 2016 - Leasing presence country by country).

From 2004 to 2008, the Group established multiple subsidiaries in Central and Eastern Europe and South America, Africa and Asia. In 2009, the Group continued to expand its network in China through a joint venture with Baosteel, the leading steel producer in China. The Group is present in all the BRIC (Brazil, Russia, India, China) countries and has developed in additional countries in Latin America such as Mexico, Chile and Peru and, as such, has a strong position in non-Western European markets.

In April 2009, the Group entered into a global strategic co-operation alliance with Wheels, a specialist and leader in vehicle fleet management for large corporate customers in North America. In 2012, the Group entered into a similar alliance with Fleet Partners, which extended its coverage in the Asia Pacific region. In 2014, another strategic alliance was signed with ABSA (South African-based company Absa Vehicle Management Solutions), which extended its coverage to South Africa. In 2016, the Group expanded its strategic partnerships in the Latam region (in Argentina with Autocorp and Central America with Arrend). These alliances have expanded the Group's global presence which directly or through its alliances covers, as at 31 December 2016, 54 countries.

In addition to its regional partners, the Group also has partnerships with 10 car manufacturers and 23 banks. Through these and other indirect and direct distribution channels, the Group offers its Full Service Leasing and Fleet Management services.

In May 2016, the Group acquired Parcours Group, representing a total fleet of 63,700 vehicles (including 57,600 in France) as at 3 May 2016. Parcours, the most recent significant acquisition by the Group, was acquired, among other reasons, in order to strengthen the Group's position with SMEs and very small companies in France, Belgium, Luxembourg and Spain and to leverage Parcours' network of local hubs offering maintenance, repair and consulting into a platform for private leases and mobility services, providing an eventual option for future B2C activities to be brought together under the Parcours brand. The Group expects this acquisition to generate cost savings for Parcours' activities relating to cost of funding and overhead optimization.

5.2 INVESTMENTS

5.2.1 Historical Investments

The Group's investments in tangible and intangible assets (other than acquisitions and investments in fleet) during the fiscal years ended 31 December 2014, 2015 and 2016 totalled €36.2 million, €35.1 million, and €48.8 million, respectively. Acquisitions and investments in fleet consisted principally of the acquisitions discussed below and the Group's investments in its fleet discussed in Section 6.4.6 "Fleet" and 10.4.1.1 "Rental Fleet".

In 2015, Axus Finland OY, a subsidiary of ALD, acquired Easy KM, representing 8,000 vehicles in Finland. The Group also acquired Sogelease (1,836 vehicles) in Bulgaria in 2015.

In May 2016, Temsys SA, a subsidiary of ALD, acquired Parcours Group, representing a total fleet of 63,700 vehicles (including 57,600 in France). For additional information on the Parcours Group acquisition, please see 7.2.2.1 "Acquisitions".

In 2016, ALD Automotive Magyarorszag Kft, a subsidiary of ALD, acquired MKB-Eurolizing Autopark Zrt. MKB-Eurolizing Autopark Zrt is a car operating lease player in Hungary, with a portfolio of 7,700 vehicles, and also in Bulgaria through MKB-Autopark Eood, a fully owned subsidiary with a portfolio of 1,700 vehicles.

All acquisitions made by the Group during this period were paid for in cash from its own internal cash resources. Investments in the fleet were funded by debt as discussed in Section 9.1.2.6 "Source and Cost of Funding".

5.2.2 Ongoing Investments

During the fiscal year ending 31 December 2017, investments in tangible and intangible assets are expected to remain in line with previous investments in the fleet and the Group's acquisition strategy (see Section 6.3.2 "Strategy").

The Group is currently involved in discussions for the acquisition of a medium size leasing company in Europe. As of the date of this Registration Document, no definitive agreement has been reached.

5.2.3 Future Investments

The Group plans to continue making appropriate investments for its business. As of the date of this Registration Document, the Group has no plans to make any investments in tangible or intangible assets that are different in kind or for a significant amount.

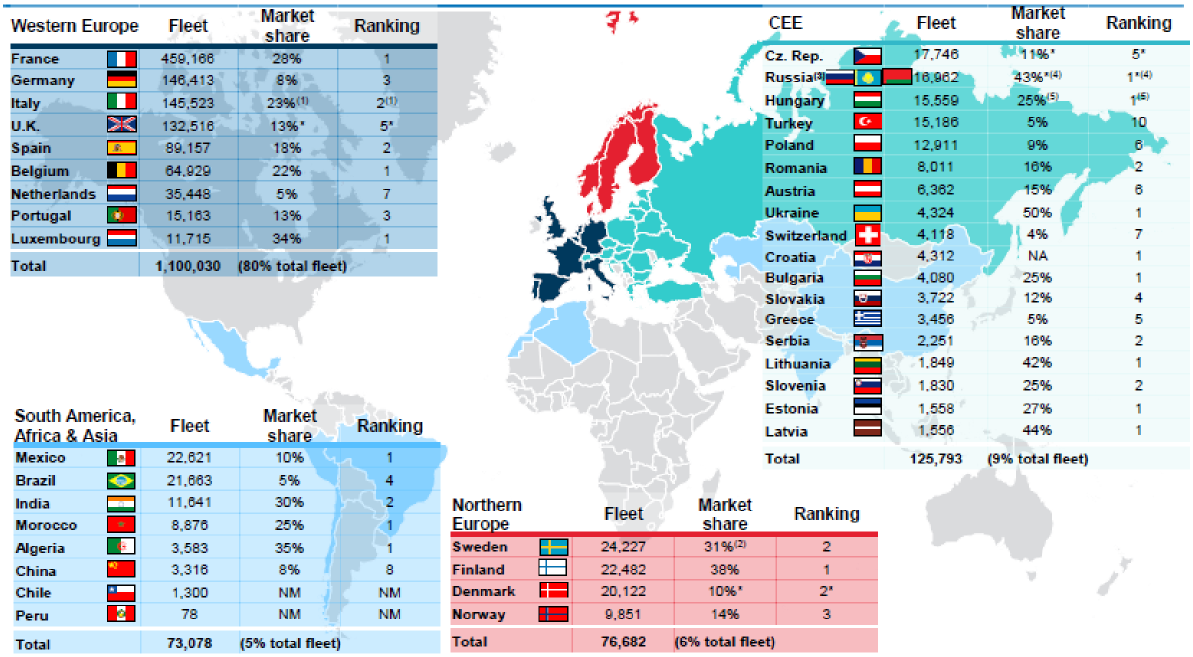
CHAPTER 6. BUSINESS OVERVIEW

6.1 OVERVIEW

ALD is the parent company of the Group and is a wholly-owned subsidiary of Société Générale. The Group operates across the value chain in driver mobility services and is a leading international provider of full service vehicle leasing and fleet management services to corporate customers and, more recently, it has also expanded its offer to private individuals.

The Group is ranked number one in Europe, with a market share of approximately 13%, and number three globally in the full service leasing segment[3] based on its total number of full service vehicle leasing and fleet management vehicles under contracts as at 31 December 2015 (Source: Fleet Europe; public filings; Company estimates for Italy)[4]. As at 31 December 2016, the Group managed a total of 1.376 million vehicles in full service leasing and fleet management of various makes and models in 41 countries in which the Group has a direct presence, giving the Group the widest geographical coverage in the full service leasing and fleet management market (Source: Fleet Europe). As at 31 December 2016, 27% of the Group's on-balance sheet fleet was located in France, 13% in Italy, 12% in the UK, 24% in the rest of Western Europe, 11% in Central and Eastern Europe, 7% in Northern Europe and the remaining 6% is located in South America, Africa and Asia. The Group employed 5,922 people globally as at 31 December 2016. In addition to its direct presence in 41 countries, the Group has entered into alliances with major providers of full service vehicle leasing and fleet management in several regions, covering 13 countries, including the United States.

Breakdown of vehicles, market share and ranking by country – FSL & FM



Western Europe	Fleet	Market share	Ranking
France	459,166	28%	1
Germany	146,413	8%	3
Italy	145,523	23%(1)	2(1)
U.K.	132,516	13%*	5*
Spain	89,157	18%	2
Belgium	64,929	22%	1
Netherlands	35,448	5%	7
Portugal	15,163	13%	3
Luxembourg	11,715	34%	1
Total	1,100,030	(80% total fleet)	

CEE	Fleet	Market share	Ranking
Cz. Rep.	17,746	11%*	5*
Russia(3)	16,962	43%*(4)	1*(4)
Hungary	15,559	25%(5)	1(5)
Turkey	15,186	5%	10
Poland	12,911	9%	6
Romania	8,011	16%	2
Austria	6,362	15%	6
Ukraine	4,324	50%	1
Switzerland	4,118	4%	7
Croatia	4,312	NA	1
Bulgaria	4,080	25%	1
Slovakia	3,722	12%	4
Greece	3,456	5%	5
Serbia	2,251	16%	2
Lithuania	1,849	42%	1
Slovenia	1,830	25%	2
Estonia	1,558	27%	1
Latvia	1,556	44%	1
Total	125,793	(9% total fleet)	

South America, Africa & Asia	Fleet	Market share	Ranking
Mexico	22,621	10%	1
Brazil	21,663	5%	4
India	11,641	30%	2
Morocco	8,876	25%	1
Algeria	3,583	35%	1
China	3,316	8%	8
Chile	1,300	NM	NM
Peru	78	NM	NM
Total	73,078	(5% total fleet)	

Northern Europe	Fleet	Market share	Ranking
Sweden	24,227	31%(2)	2
Finland	22,482	38%	1
Denmark	20,122	10%*	2*
Norway	9,851	14%	3
Total	76,682	(6% total fleet)	

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3 Full-service leasing segment includes only operating lease providers and excludes pure finance lease providers with no additional service offering.

4 Including Parcours and MKB.

Source:	Company information and local industry associations/publications	(2)	Among players with more than 1,000 vehicles
Note:	Fleet data as of 31/12/2016 ; Market share and ranking as of 31/12/2015 except for France, Germany, Italy, U.K., Spain and Belgium as of 31/12/2016	(3)	Including Kazakhstan and Belarus
		(4)	Russia only
		(5)	As of 30/06/2016
(1)	In terms of new registrations	*	Full Service Leasing only

The Group's Full Service Leasing (as defined in Section 6.4.2 "Product Offerings") product offering, which represented 76% of the Group's fleet by number of vehicles as of 31 December 2016, offers clients the usage of a vehicle for a regular monthly lease payment covering financing, depreciation of the vehicle and the cost of various services provided relating to the use of the vehicle. The Group's Fleet Management (as defined in Section 6.4.2 "Product Offerings") product offering, which represented 24% of the Group's fleet by volume, provides outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays a monthly fee for the cost of various services relating to the use of the vehicle.

The Group's client base comes from numerous sectors of the economy and across various client types, including Key International Accounts (representing 37% of the Group's fleet by volume as of 31 December 2016), Other Corporate Accounts (representing 33% of the Group's fleet by volume as of 31 December 2016), SMEs (representing 25% of the Group's fleet by volume as of 31 December 2016) and, in selected countries, retail clients and private individuals (representing 5% of the Group's on-balance sheet fleet by volume as of 31 December 2016). The Group has developed a wide and diversified customer base through varied distribution channels, both direct and indirect, with its car manufacturers and banking networks representing 29% of the Group's fleet as of 31 December 2016.

In 2016, the Group generated consolidated Gross operating income of €1,244.2 million, compared to €1,172.8 million in 2015. The three principal components of the Group's Gross operating income are its Services Margin, Leasing Contract Margin, and Car Sales Results. In 2016, the Group's Services Margin amounted to €528.6 million, its Leasing Contract Margin to €514.1 million and Car Sales Results to €201.5 million, compared to €534 million, €431.6 million and €207.2 million, respectively, in 2015. The Group generated Net Income attributable to owners of the company of €511.7 million in 2016, compared to €424.3 million in 2015.

The Group's strengths are centred on its position as a global leader in providing high-quality and innovative driver mobility solutions, with a proven track record of effective management, profitable growth and a strong risk management culture.

6.2 CAR FLEET LEASING MARKET AND COMPETITIVE ENVIRONMENT

6.2.1 Markets

The Group is positioned in two main markets for the leasing of cars:

- The Group's core market is the corporate Full Service Leasing and Fleet Management market.

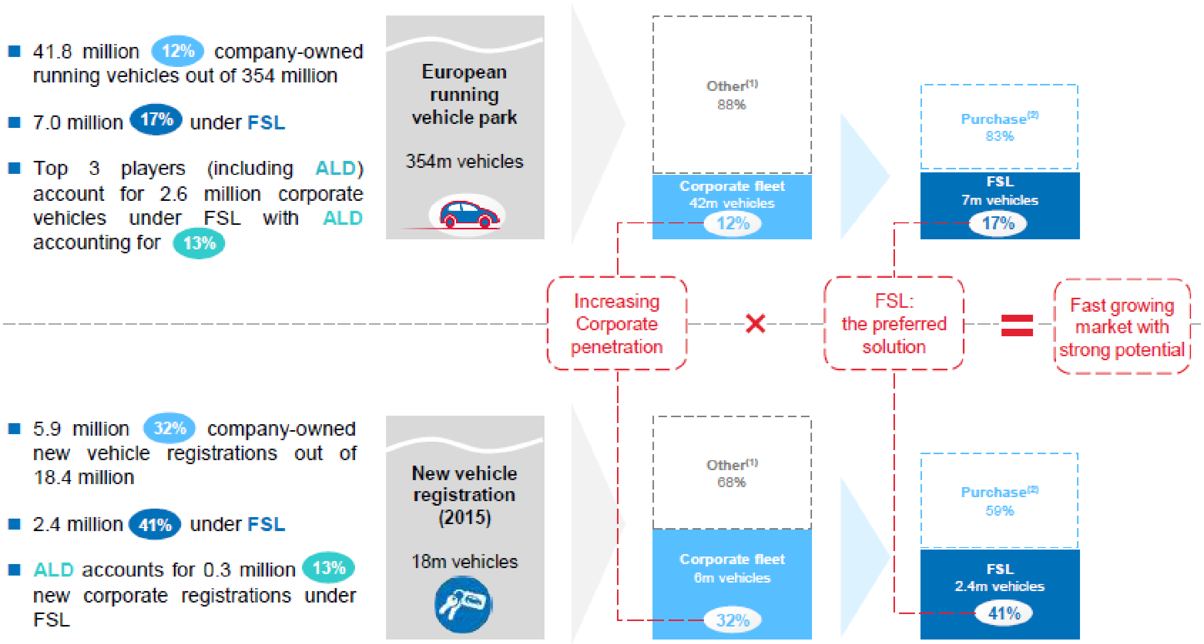
The Group primarily provides Full Service Leasing and Fleet Management services to corporate customers. The Group is ranked number three globally and number one in Europe in terms of fleet in the full service leasing segment as at 31 December 2016.

- The Group is also present in the developing B2C segment.

  The Group is developing B2C leasing solutions for private customers. The Group intends to develop its B2C operations in Europe through direct distribution as well as through its White Label partnerships (as defined below), through which, as of 31 December 2016, the Group manages approximately 55,000 vehicles for the retail segment.

6.2.1.1 *Corporate Full Service Leasing and Fleet Management market overview*

(i) Overview of the market in which the Company operates and current penetration



Source: Frost & Sullivan as of 31/12/2015

(1) Including direct B2C retail, rental car companies and dealers

(2) Including all types of financing (cash, loan, financial lease, etc)

Europe: France, Germany, Italy, UK, Ireland, Spain, Belgium, Netherlands, Finland, Russia, Czech Republic, Hungary, Sweden, Denmark, Turkey, Portugal, Poland, Luxembourg, Romania, Austria, Norway, Ukraine, Switzerland, Greece, Slovakia, Croatia

In Europe, there are collectively around 354 million running vehicles (meaning total vehicles in use across Europe irrespective of their owner or use), of which approximately 12% (41.8 million) are corporate vehicles. Approximately 17% (7.0 million) of these 41.8 million vehicles are under Full Service Leasing, of which the top 3 players provide 37% of the vehicles, including 12% provided by the Group, as of 31 December 2015 (Source: Frost & Sullivan, Fleet Europe).

For the year ended 31 December 2015, in Europe there were collectively around 18.4 million new registrations, of which approximately 32% (5.9 million) were corporate vehicles (Source:

Frost & Sullivan, Fleet Europe). Approximately 41% (2.4 million) of these 5.9 million vehicles are under Full Service Leasing, of which the Group provides c.6% of the vehicles as of 31 December 2015 (Source: Frost & Sullivan, Fleet Europe).

The penetration levels for full service leasing within corporate new vehicle registrations has been increasing among countries in Europe, as evidenced by some countries featuring relatively high-levels of penetration, such as the UK, with penetration of approximately 52% for corporate new registrations in 2014 (Source: White Clark Group), while other countries feature a relatively low level of penetration, such as Spain, with penetration of approximately 15% for corporate new registrations in 2014 (Source: Asociación Española de Renting de Vehículos). Those countries with lower levels of penetration generally provide greater opportunity for growth in full-service leasing. The European market is more profitable than the North American market mainly due to the difference in the type of product being sold, that is, operational leases with higher margins in Europe compared to lower margin financial leases in North America.

The Group also offers fleet leasing solutions in emerging markets and other developed economies outside Europe, primarily through the development of its Key International Accounts. When entering new markets, Key International Accounts allow for the early launch of operations.

(ii) Basics of full service leasing and fleet management

Full service leasing

Full service leasing offers clients the right to use a vehicle whose legal title and ownership rights remain with the leasing company. Under a full-service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance). This aggregate lease payment provides predictability for the client, who can anticipate stable payment flows.

Full service leasing also allows customers to potentially free up their capital. Under a full service lease, the client enjoys full usage of the vehicle, while not directly owning the vehicles, therefore not having to use its resources to invest in the acquisition of vehicles, or be responsible for the resale of the vehicle.

A full service lease contract also usually consists of various fleet management services. As such, the administration of the client's fleet is significantly simplified: the client delegates the management of its fleet and thus does not require the internal operating structure necessary to manage the relationship with drivers, suppliers and manufacturers or to remarket the vehicle. Finally, under a full service lease contract, drivers may be subject to increased controls by the service provider in comparison with the outright purchase of a fleet. However, such tighter controls have the advantage of improving efficiency, controlling costs and allowing the client to focus on its core competencies.

Financial and operating leases

The two major forms of full-service leases are operating and financial leases (see Note 2.5 of the Group's consolidated financial statements for the year ending 31 December 2016). The major difference between operating and financial leases lies in the economic ownership of the vehicle. Under a financial lease, the economic risk of ownership is borne by the customer and the vehicle is usually carried on the customer's balance sheet.

Under an operating lease, the economic risk of ownership is borne by the leasing company and the vehicle is carried on the leasing company's balance sheet.

Product offerings

Full-service lease contracts typically offer a variety of services tailored to the specific needs of customers, generally on a fixed-payment model

Under the fixed-payment model, customers pay fixed monthly amounts for the services they use. Customers are not provided with a breakdown of the actual costs of the services and the leasing company absorbs both positive and negative variances from the contracted costs. No settlement of the difference between actual and fixed costs occurs at the end of the contract.

Under a typical full-service lease, vehicles are chosen by the customer' together with the desired associated services. Typical services available under a full-service lease include the following:

- Designing a car policy and vehicle selection – the customer can choose the type of car, the model and options they wish to include in their car policy.
- Financing – the customer can choose the financing option most suited to its business. The vehicle financing costs form part of the lease rental costs.
- Insurance – Third party liability, theft, passenger and material damage insurance can be provided.
- Maintenance and Tyres – the leasing company provides maintenance and tyre replacement services for both routine and emergency situations through its network of selected workshops and tyre fitters.
- Driver Support and Breakdown Assistance – examples include a customer support telephone line to support drivers in case of emergency, breakdown or for any other need.
- Replacement Vehicles – the leasing company may arrange for provision of a replacement vehicle in case of routine maintenance or accident repairs.
- Other –tailor-made customer services, such as telematics.

Fleet Management

Fleet management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various fleet management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

(iii) Growth trends & drivers

The global leasing and fleet management market has grown steadily after the financial crisis. In Europe, the market has expanded at a faster rate since 2013 than real GDP in Europe. In the European full service leasing market, vehicles under full service leasing increased from 2013 to 2016 at an compound annual growth rate of 4.1%, compared to a 1.5% compound annual growth rate in real GDP over the same period (Source: Frost & Sullivan, IMF).

European corporate leasing and fleet management market size (€bn)

Source: Frost & Sullivan as of 31/12/2015
(1) Growth vectors not captured in historical European FSL market growth
Note: Running vehicles volume including Passenger Cars (PC) and Light Commercial Vehicle (LCV)
Note 2: "Europe" is defined as France, Germany, Italy, UK, Ireland, Spain, Belgium, Netherlands, Finland, Russia, Czech Republic, Hungary, Sweden, Denmark, Turkey, Portugal, Poland, Luxembourg, Romania, Austria, Norway, Ukraine, Switzerland, Greece, Slovakia, Croatia

The growth of the leasing and fleet management market has been driven by several factors. Firstly, the rising volume of fleets has increased the importance and potential for fleet management solutions.

There has also been a steady rise in client acceptance of the product, as corporates have the potential to improve leverage and save costs by outsourcing non-core activities, thereby realising efficiencies.

Digitalisation and technology is also supporting the growth of the industry. In particular, the use of advanced global reporting, telematics and other technology-based customer solutions provides more value added offerings to clients. Such specialist technology solutions require niche expertise and scale to amortise costs of development and are therefore less easily implemented in-house by customers, as compared to traditional fleet management service providers. Development of new mobility solutions, such as car sharing / autonomous driving and connected cars, are expected by the Group to provide opportunities to the leasing industry to expand its range of services to both corporate and private customers.

Finally, the Group believes that there is potential for growth even in mature markets, particularly with SMEs, as well as in emerging economies. The growth in mature markets is expected to come from the further extension of indirect channels to target SMEs, where penetration is lower and there is a trend towards outsourcing of fleet management activities. Emerging economies have a lower penetration of operating leases than in mature markets and so there is strong growth potential as the car markets in those economies grow and more international companies look to outsource their fleet management activities.

(iv) Selected Group geographies

The Group is a global player with a direct presence in 41 countries spread over 4 continents. In addition, strategic alliances with market leading local players in a further 13 countries allows it to offer a coordinated service to its international customers in additional geographies.

The following table details the market characteristics in selected Group geographies.

	Rankings by fleet size at dates indicated below	**Fleet leasing market size at 31 December 2016**	**Group's Market Share CAGR (2012-2016)**	**Group's fleet CAGR (2012-2016)**
France	1. ALD (459,000)(1) 2. RCI (335,000) 3. Arval (303,000)(2) 4. Credipar (224,000) 5. LeasePlan (105,000) (Source: SNLVD) Note: Data as of 31 December 2016 (1) Including Parcours. (2) Including GE Fleet.	1.655 million	11%	11%
Italy[5]	1. Leasys (45,000) 2. ALD (44,000) 3. Arval(1) (43,000) 4. LeasePlan (32,000) 5. Athlon (17,000) (Source: Dataforce) Note: Data as of 31 December 2016 (1) Including GE Fleet	0.227 million	18%	8.9%
UK	1. Lex AutoLease (333,000)	1.565	14%	12.7%

5 Rankings and fleet size for Italy based on number of new registrations in the year ending 31 December 2015.

	Rankings by fleet size at dates indicated below	Fleet leasing market size at 31 December 2016	Group's Market Share CAGR (2012-2016)	Group's fleet CAGR (2012-2016)
	2. LeasePlan (166,000) 3. Arval (157,000)(1) 4. Alphabet (147,000) 5.ALD (126,000) (Source: FleetNews,) Note: Data as at end October 2016, except for ALD as at end December 2016 (1) Including GE Fleet	million		
Spain	1. LeasePlan (90,000) 2. ALD(1) (89,000) 3. Arval (87,000) (2) 4. Alphabet (41,000) 5. Santander (38,000) (Source: AER) Note: Fleet data as of end October 2016, except for ALD as at end December 2016 (1) Including Parcours' fleet of 3,489 vehicles at end 2015 (2) Including GE Fleet	0.448 million	15%	15%
Germany	1.Volskwagen leasing (1,138,000) 2. Deutsche Leasing (154,000) 3. ALD (146,000) 4. Alphabet (143,000) 5. Athlon (122,000) (Source: Autoflotte) Note: Fleet data as of end August 2016, except for ALD at end December 2016 (1) Including GE Fleet (2) Including Daimler Fleet Management	1.993 million	5%	5%
Belgium	1. ALD (56,000)(1) 2. Arval (53,000)(2) 3. LeasePlan (51,000) 4. Autolease KBC (48,000) 5. Alphabet (47,000) (Source: Renta) Note: Data as of end 2016, except said otherwise (1) Including Parcours' fleet of 1,385 vehicles at end 2015 (2) Including GE Fleet	362 million	5%	5%

6.2.1.2 *B2C leasing market overview*

The Group believes that the private customers leasing market in Europe is an attractive and largely untapped market by industry peers. Non-corporate registrations account for approximately 68% of all newly registered vehicles in 2015 in Europe (including private and small business, with up to 20 vehicles per customer) (Source: Frost & Sullivan). Non-corporate registrations account for 88% of running vehicles (Source: Frost & Sullivan).

Growth drivers

A number of growth drivers are developing in the B2C market, including a cultural shift from "car ownership" towards "car usership" and more demand for flexible use and availability of cars, increasing urbanisation and a generation more favourable to car leasing, linked to the increased cost of ownership, the reduction in kilometres driven per capita and the reduction in number of driving licenses; increasing connectivity (such as smartphones and cars) and open data; new transport alternatives and a collaborative economy; and increases in environmental regulation and awareness.

6.2.2 Competition

6.2.2.1 *Competitive landscape*

On a global scale, the fleet leasing market remains relatively fragmented, with very few players having a global coverage (such as the ALD Group, LeasePlan and Arval). Companies have traditionally focused on their home market and region (such as Sumitomo and Orix in South East Asia and American leasing entities largely in North America, such as Element, ARI and Wheels). There are few global operators with the size of the Group, which manages 1.376 million vehicles across 41 countries as at 31 December 2016. The Group has built a global network, largely as a result of its ability to roll out its model in new markets, its international client base and strong culture of partnerships to penetrate new markets. In addition, players that are only present in the United States, where leases are mainly finance leases, generally lack the expertise to underwrite business in geographies where business is primarily composed of operating leases, as in Europe.

6.2.2.2 *Type of competitors*

Across the Group's areas of operation and products and service markets, it competes with other international fleet management companies, including both vertically integrated companies offering Full Service Leasing, as well as finance or management-only fleet management companies. The Group's key competitors are Leaseplan, Arval, Alphabet and Athlon, which are international multi-brand leasing companies operating in the same geographies as the Group. In certain of the Group's geographic markets, it also competes with strong local players offering Full Service Leases.

The Group also faces competition in specific areas of the vehicle leasing value chain. It competes with the captive finance subsidiaries of large automobile manufacturers in the financing area of the value chain. The Group also competes with third-party service providers that occupy the part of the value chain involving fleet consulting, bidding solutions and procurement.

Competitors in the global leasing services market generally fall into three broad categories based on their ownership structure, namely bank affiliates, car manufacturers' captives and independent operators. The ownership structure of a given competitor is often a key driver in the nature of its operations.

(i) Bank affiliates

Bank affiliates include entities that are part of a larger financial group, mostly subsidiaries of banks, such as Arval. In many cases, vehicle leasing started as an extension of conventional banking products to satisfy the needs of corporate customers, but now many banks have developed semi-autonomous leasing units within their corporate structure.

These bank affiliates generally leverage the parent bank's distribution network among others, which serves as an important and cost effective sales channel within a diversified distribution chain for their own leasing products. Bank affiliates also generally have access to cost-effective financing from their parents and/or affiliates.

Bank affiliates are often local or regional players without an international footprint.

(ii) Car manufacturers' captives

Car manufacturers' captives include entities that are owned by car manufacturers and generally focus on increasing sales of their own vehicle brands. These entities benefit from brand synergies and access to the dealership network of their manufacturer parent or affiliate, but the growth of the business is tied to the underlying demand for the manufacturer's specific vehicle brands.

The importance of captive operating lease and fleet management companies, such as Volkswagen Leasing, RCI, PSA Finance and FCA, is increasing as their parent companies seek to present themselves as all-round providers of mobility solutions who are able to capture a greater share of the market for acquiring and operating vehicles, rather than solely car manufacturers.

Given the funding advantages enjoyed by leasing businesses owned by financial institutions, the majority of larger car manufacturers have also established specific financial services subsidiaries to oversee their leasing businesses and, in some cases, to simultaneously assist in raising funds for their manufacturing businesses.

(iii) Independent operators

Independent operators include entities that are not directly related to either parent banking institutions or car manufacturers. Securing external financing on attractive terms is the key challenge faced by such entities. These entities do not benefit from parent company funding.

(iv) Regional players

Regional players represent players that are only present in one country or a small number of countries.

6.2.2.3 *Rankings*

The following table sets out information about the Group's global position by fleet size (including managed non-funded fleet and excluding strategic alliances) with respect to the Group's key competitors as at 31 December 2015, the most recent date for which information is available.

Company Name*	Primary product	Total Fleet Size ('000) Global	Total Fleet Size ('000) Europe	Independent/ Captive	Headquarters	Number of Countries
Element Fleet	Operating /Finance leases	1,707	N/A	Independent	Canada	5
LeasePlan	Operating leases	1,558	1,154	Independent	Netherlands	31
ORIX	Finance leases	1,356	N/A	Independent	Japan	16
VW Leasing	Finance leases	1,279	1,231	OEM captive	Germany	16
ALD(1)	Operating leases	1,271	1,202	Bank affiliate	France	41
ARI	Finance leases	1,145	40	Independent	US	12
Arval(2)	Operating leases	952	917	Bank affiliate	France	27
RCI	Finance leases	696	635	OEM captive	France	28
Sumitomo Mitsui Auto Leasing	Operating leases	605	N/A	Bank affiliate	Japan	5
Alphabet	Operating leases	602	602	OEM captive	Germany	18
Century Tokyo Leasing	Finance leases	570	N/A	Independent	Japan	1
PSA	Finance leases	411	411	OEM captive	France	14
Athlon(3)	Operating leases	347	347	OEM captive	Germany	14
Wheels	Finance leases	318	N/A	Independent	US	2
Lex	Operating	291	291	Bank affiliate	UK	1

Company Name*	Primary product	Total Fleet Size ('000) Global	Total Fleet Size ('000) Europe	Independent/ Captive	Headquarters	Number of Countries
	leases					
Donlen	Finance leases	164	N/A	Independent	US	1
Deutsche Leasing	Operating leases	154	154	Bank affiliate	Germany	1
SG Fleet(4)	Operating leases	136	13	Regional	Australia	3
FCA	Finance leases	125	125	OEM Captive	Italy	13
Sixt Leasing	Operating leases	103	103	Regional	Germany	5
Eclipx	Operating leases	92	N/A	Regional	Australian	2

Source: Fleet Europe as of 31/12/2015; public filings.
*Multi-brand Full Service Leasing players in bold font.
(1) Including Parcours' (63,700) and MKB's (9,400) fleet.
(2) Including GE Fleet
(3) Including Daimler Fleet Management
(4) Including Motiva Vehicle Contracts and Fleet Hire

6.2.2.4 *Consolidation trends in the sector*

In recent years, as scale benefits make it more difficult for smaller players to offer competitive services, large players such as the ALD Group, Element and Arval have utilised their strong financial positions to capitalise on a consolidation trend in the sector, strategically making acquisitions to strengthen their market positions across various countries and therefore contributing to the market consolidation. The wave of acquisition activity among leasing companies in recent years includes Arval's acquisition of Commerzbank Autolease (2010), Alphabet's acquisition of ING Car lease (2012), LeasePlan's acquisitions of BBVA Renting/AutoRenting (2012), Element's acquisition of PHH (2014), GE's sale of its entire fleet leasing operations to Element Financial and Arval (2015), the ALD Group's acquisition of Parcours Group and, most recently, Daimler's acquisition of Athlon (2016). Regional players and other players holding small leasing portfolios, such as dealers, have also been acquired by, or had their portfolios acquired by, larger players over the past several years.

6.2.2.5 *Key Development Factors*

Consolidation in the fleet management, driver mobility and vehicle leasing industry has resulted in an increase in concentration at the national and regional levels. In the absence of acquisitions of significant size, it would be difficult for the smaller players to increase scale at the national and/or regional levels.

The Group also believes that the following additional obstacles exist for leasing companies that wish to enter the market.

(i) Geographical footprint

Large, multinational customers demand broad international coverage and a one-stop-shop approach for their leasing requirements in all regions in which they operate. Serving a large, multinational corporate customer requires substantial investment, time and scale.

(ii) Technology

Information technology has become increasingly important as a means of driving efficiency and providing customer services and products. Information technology is of particular importance as scale and coverage capabilities are critical to the success of leasing companies.

(iii) Economies of scale

Large fleet leasing players can spread their fixed costs, including infrastructure and information technology costs, across their large book of leased assets. This scale provides a cost advantage to an established fleet leasing player when pricing a new contract, as well as the benefit of lower unit costs through bulk contract efficiencies. A fleet leasing company needs a high volume of leased vehicles to amortise its investment in infrastructure and information technology costs to make its business model efficient. At the central level, players such as the Group can negotiate volume bonus discounts with car manufacturers, fuel suppliers and other global service providers to enhance profitability through the scale of its operations.

(iv) Capital and funding

Fleet leasing is a capital and funding intensive business and requires continuous access to different funding sources at attractive terms in order to maintain adequate margins. Without a successful track record and sufficient scale of operations, it could be difficult for a new entrant to obtain cost-effective and flexible funding to finance vehicle purchases at competitive levels.

(v) Maintenance and repair supplier network

An established and comprehensive supplier network is required for a company to generate procurement value and provide high quality customer services, such as maintenance and repair shops and tyre fitters. It is difficult for smaller players to achieve a global network with sufficient scale.

(vi) Expertise

Industrial knowhow and expertise is also critical to compete effectively in the car leasing industry and to cover a wide geographical footprint.

(vii) Distribution networks

Established distribution networks are also key to distributing leasing products to a broad range of customer segments, including SMEs and the B2C segment.

6.3 COMPETITIVE STRENGTHS AND STRATEGY

6.3.1 Competitive Strengths

The Group's strengths are centred on its position as a global leader in providing high-quality and innovative driver mobility solutions, with a proven track record of effective management, profitable growth and a strong risk management culture.

6.3.1.1 *A global leader in Fleet Management services*

Market leader and benefits of scale

The benefits of scale in the car leasing industry generally reinforce the Group's competitive position, including by providing the Group with a competitive purchasing position given its significant orders placed across most blue-chip vehicle manufacturers and with providers of parts and services. The Group's purchasing power allows it to improve margin and be more competitive on prices. As of 31 December 2016, 386,837 vehicles in the Group's fleet (or 37% of its Full Service Leasing fleet as at 31 December 2016) were from its top 3 suppliers. The Group also leverages its size to cement expertise in international tenders, which have been increasing in recent years. In addition, back-office and fleet management costs are distributed over a large number of vehicles under management, leading to lower costs, which is especially beneficial for SMEs due to the high cost of running small fleets internally. The Group's scale also allows for diversification across geographies, with 807 international clients across 41 countries as of 31 December 2016, and car brands, with no brand accounting for more than 15% of the Group's total fleet. Finally, the Group's scale also enables it to invest in the research and development and IT platforms for new and disruptive fleet management technologies, services and products offering.

Global footprint and top position in core markets

With a direct presence in 41 countries, the Group is ranked number three globally and number one in Europe in the full service leasing segment by number of contracts under management as at 31 December 2015, with 1.271 million full service vehicle leasing and fleet management service contracts (Source: Fleet Europe) as at 31 December 2015[6]. This strong geographical positioning provides the Group with high customer visibility, which helps to ensure that it is involved in significant global tenders for its services.

The Group is directly present in 41 countries as at 31 December 2016 and has the largest global footprint amongst its peers in terms of numbers of countries in which the Group is directly present. As a result, the Group is able to provide broad coverage for its Key International Accounts. The Group serves its top ten clients across 38 different countries, and of the top ten clients' fleet, 80.6% of the fleet is located in Western Europe, 1.1% of the fleet is located in Northern Europe, 10.1% of the fleet is located in Central and Eastern Europe and 8.2% of the fleet is located in South America, Asia and Africa.

In addition to the breadth of its offering, the Group is also in the top three positions in 26 countries by fleet size (or, in the case of Italy, by number of new registrations). For example,

[6] Including Parcours and MKB.

in Western Europe the Group is #1 in France (with a market share of 28% as of 31 December 2016), #2 in Italy (with a market share of 23% as of 31 December 2016)[7], #1 in Belgium (with a market share of 22% as of 31 December 2016) and #2 in Spain (with a market share of 19% as of 31 December 2016) (Source: Fleet Europe). The Group is also #5 in the UK (with a market share of 13% as of 31 December 2015)[8] and #3 in Germany (with a market share of 8% as of 31 December 2016) (Source: Local industry associations; Company information).

In addition to a strong direct presence in 41 countries, the Group also provides its clients with access to preferred alliance partners in 13 countries (see Section 6.4.7 "Global Alliances").

Market reach through multi-channel distribution

The Group's multi-channel distribution model supports market reach and further develops opportunities, particularly with its market leading position in manufacturer and bank partnerships.

The Group 's direct sales channel enables access to both international and local corporate accounts and, of 807 Key International Accounts as of 31 December 2016, 218 use the Group in more than 10 countries and 46 use the Group in more than 20 countries. The direct sales channel accounted for 72% of contracts as of 31 December 2016 and for 55% of annual fleet growth for the year ended 31 December 2016.

The Group's indirect sale channels consist of distribution partnerships with car manufacturers and banks (see 6.4.4.2 "Indirect distribution channels"). Through its partnerships with car manufacturers, the Group provides to car manufacturer customers (mainly SMEs) lease financing and associated services as a White Label solution. Through its partnerships with banks, the Group provides to bank customers (also mainly SMEs) lease financing or fleet management solutions either for fees or in the form of a joint venture that allows for the sharing of risks and reward. The Group also believes itself to be well-placed to capture clients from the B2C segments through these partnerships.

Development through value-creative acquisitions

The Group has a proven track record in M&A and is well positioned to play a leading role in any further sector consolidation. The Group has developed through a number of value-creative acquisitions over the last 15 years, with efficient integration, including DB Leasing (2001), Hertz Leasing (2003), Autosystem (2005), AlfA Otomobil (2005, 2008), FordLease (2005), LocatRent SPA (2007), EasyKM (2014) and, more recently, MKB (2016) and Parcours (2016). Overall, these acquisitions have contributed approximately to 1.5% of the Group's growth. The Group is currently involved in discussions for the acquisition of a medium size leasing company in Europe. As of the date of this Registration Document, no definitive agreement has been reached.

7 In terms of new registrations.

8 Full Service Leasing only

6.3.1.2 *Long standing high-growth trajectory driven by increasing demand for outsourced fleet solutions*

Strong fleet leasing sector fundamentals

The increased reliance on full service leasing is underscored by the fact that, in the years 2013-2015, the European fleet leasing market has grown at 4.4% per annum, versus GDP growth of 1.5% per annum. The Group is notably positioned on the operating lease market, a bigger and faster growing market than finance lease, leading to continued fleet growth potential (Source: Frost & Sullivan, IMF).

The Group also expects increased penetration of the fleet leasing market over the medium term. In 2015, 32% of new vehicles were registered by corporates, of which 41% were under Full Service Leasing. In the running vehicles market, 12% consisted of corporate registered vehicles, of which only 17% were under Full Service Leasing (Source: Frost & Sullivan, IMF).

In the medium term, the corporate full service lease market is expected by the Group to continue to grow at a faster rate than GDP and the corporate fleet market

The ALD Group's sustained historical fleet growth

From 2005 to 2016, the Group's fleet under management had a compound annual growth rate of 7.8% (from 601,000 in 2005 to 1.376 million in 2016), as compared to 7.1% for Arval[9] and 2.7% for LeasePlan over the same period (Source: public filings). On average, the top 3 European players have grown at 5.1% per annum between 2006 and 2016. From 2011 to 2016, the Group's compound annual growth rate for its fleet has been 8.4%.

The Group's positioning with partnering banks and car manufacturers has supported growth, particularly in the SME segment. The Group's partnerships fleet has had a compound annual growth rate of 25.3% per annum over the last 6 years. The Group's car manufacturer partnership fleet has had a compound annual growth rate of 23.6% per annum over the last 6 years, contributing to 40% of the Group's total fleet growth over the same period. The Group's bank partnership fleet has had a compound annual growth rate of 31% per annum over the last 6 years, contributing to 18% of the Group's total fleet growth over the same period.

The Group has also demonstrated in the past an ability to enter new countries thanks to a scalable IT infrastructure and quick launch of operations with international clients, and has begun operations in 25 new countries since 2002. The Group has a track record of significant development in emerging and high-growth markets, and currently expects to launch operations in a new country in Latin America in July 2017, which would give the Group a direct presence in 42 countries.

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[9] Including GE Fleet acquisition.

Examples of openings		Entity Creation	Break Even Year	Fleet at Break-Even Year ('000)	2016 Fleet ('000)	Current Market Positioning(1)		2010-2016 Fleet CAGR
						Ranking	Market Share	
	Russia	2004	Year 4	6	17	1	43%	+11%
	Romania	2005	Year 4	5	8	2	16%	+5%
	India	2005	Year 5	6	12	2	30%	+11%
	Brazil	2005	Year 5	10	22	4	5%	+14%
	Algeria	2007	Year 2	1	4	1	35%	+17%
	Serbia	2007	Year 4	2	2	2	16%	+10%
	Mexico	2007	Year 5	9	23	1	10%	+35%
	Kazakhstan	2014	Ramp-up phase	-	0.3	-	-	-
	Chile	2015	Ramp-up phase	-	1.3	-	-	-
	Peru	2016	Ramp-up phase	-	0.1	-	-	-

Note: Data as of 31/12
(1) Group estimates as of 31/12/2015
Break even year refers to the year that net income reached break even point.

The share of the Group's fleet in emerging markets has grown from 6% in 2006 to 14% in 2016. The Group's fleet has grown at a compound annual growth rate of 6.8 % in Western Europe, 5.2 % in Northern Europe, 17.7% in the CEE region and by 36.4% in South America, Africa and Asia from 2005 to 2016.

Finally, the Group aims to maintain long-term customer relationships through its quality of service. The Group is frequently recognised for its high quality of services as evidenced by strong levels of customer satisfaction and industry awards, including Best Customer Service of the Year in the category Renting in France for 2017 and in Spain for 2017 as awarded by Viséo Customer Insights, Leasing Company of the year as awarded by Automotion and Link2Fleet Luxembourg as well as Rental Company of the year as awarded by Automotion in Luxembourg for 2016, Best Leasing Company in the Netherlands for 2017 as awarded by Conclusr Research and Super Achievers Award in the category Best Vehicle Leasing & Fleet Management in India for 2016 as awarded by Indira Group of Institutes.

Strong growth potential in the B2C segment

The Group already manages approximately 55,000 vehicles for retail customers in 8 countries, mostly in the UK and mostly resulting from its existing partnerships. Management believes that the B2C segment represents a significant opportunity for the Group as a number of positive growth drivers are developing, including a shift from "car ownership" towards "car usership", the recognition of advantages for consumers of the leasing model as it becomes more prevalent and the opportunity for direct marketing to consumers through digitalisation and internet solutions.

The Group believes it is well-positioned to benefit from B2C opportunities because it has expertise over the lease contract life-cycle, which combines automotive services and financial expertise and because it has the potential to leverage its existing distribution partnerships, as well as to develop new partnerships in the B2C segment with insurance companies, brokers, municipalities and other players, such as technology companies. In particular, the Group has the potential to benefit from: in the B2B2C market, its partnerships with banks and car manufacturers, as well as Société Générale's retail branches, websites and strong brands; in the B2C market, strengthened visibility which is expected to result from the contemplated offering of the Company’s shares and their listing on Euronext Paris, its web and external portals as well as the development of stores and dedicated areas in shopping centres; and, in the B2B2E market, employees of the Group’s corporate customers who are not eligible for a corporate plan but could be marketed to directly at a lower cost by the Group.

The Group expects approximately more than 150,000 vehicles for its retail customers by 2019 and 1 million by 2025.

6.3.1.3 *Innovative mobility solutions*

At the forefront of the evolving landscape in mobility solutions

The Group believes that social trends are contributing to higher demand for outsourced mobility solutions, which offer significant growth opportunities for the Group beyond 2020. The Group is currently addressing a broad spectrum of new mobility opportunities, including shared or leased mobility solutions, electric cars and connected cars by the 2020s and autonomous mobility and the convergence of corporate and retail needs by the 2030s.

Differentiation through innovation

The Group has a solid track record of differentiation through digital innovation. Its focus on innovation, scale and IT capabilities has enabled the Group to further develop and roll out effective technology-enabled services, including telematics, myALD, e-commerce platforms and mobility cards (see Section 6.4.9 "Innovation"). The Group has been able to enlarge the scope of its services to address its customers' new mobility demands through the development of user services.

The Group believes that fleet leasing services companies are set to be at the centre of the evolving mobility solutions landscape, given that they are able to provide:

- Scale and scope and a wide range of Fleet Management services;
- balance sheet exposure and expertise in managing residual value;
- IT capabilities and tools;
- multi-brand vehicles offering; and
- retail distribution channels.

6.3.1.4 *Corporate Structure, management and governance*

International and highly experienced top management

The Group has a top management that benefits from strong experience and international exposure. The members of the management team have on average approximately 20 years of sector experience and 10 years of experience with the Group and hail from the UK, France and Denmark (see Section 14.1.3 "Executive Committee" for additional detail on the management team). The Group's management team has a strong track record in developing international client relationships and partnerships, of entering and growing in new markets via both green-field development and M&A and of managing the company through times of economic crisis.

Efficient organization with centralized functions and empowered local management

The Group's experienced and capable team of 5,922 employees, excluding the external IT workforce, as at 31 December 2016 operate with a central organization and supervision through an operating board composed of heads of key regions and countries and reporting lines for its 7 largest countries and 7 regional hubs (namely, the BeNeLux Hub, Nordics Hub, Northern Eastern Europe Hub, Southern Eastern Europe Hub, Central Europe Hub, Mediterranean Hub and LatAm Hub). Regional hubs are used for small and medium size countries, which helps to drive efficiencies, increase productivity and lower cost to income ratios in such countries, while still allowing for close supervision and risk management by the operating board. Local management is incentivised based on both local and global performance indicators.

Benefits from being part of the Société Générale group

ALD has historically operated as a quasi-independent entity despite its ties with its sole shareholder, Société Générale. Société Générale has committed to remaining the Group's controlling shareholder following the contemplated listing of the Company's shares on Euronext Paris. The benefits of being part of the Société Générale group include funding benefits, the ability to sell through Société Générale's retail network and arm's length credit and operational risk management, IT, legal and tax services provided to the Group by Société Générale.

Following the contemplated listing of the Company on Euronext Paris, the Group will continue to rely on a substantial number of services from the Société Générale group that are required to conduct its business operations and Société Générale has committed to continue these services.

6.3.1.5 *An efficient operating model translating into strong financials*

Track record of profitable growth

The Group had Gross operating income growth from €659 million in 2011 to €1,244 million in 2016 (13.6% compound annual growth rate), as well as a significant increase in on balance sheet fleet with 8.7% compound annual growth over the same period. The Group's net income over the period has grown from €183 million in 2011 to €512 million in 2016.

The Group's Gross operating income growth from 2011 to 2016 has been across all three of its income sources (Services Margin, Leasing Contract Margin and Car Sales Result) and is the result in part of on balance sheet fleet compound annual growth of 8.7%, a decrease in cost of lease services per car of 4.2%, stronger demand for services, a stable interest spread and a favourable used car resale market.

The Group has a strong focus on cost control and operational efficiency, evidenced by its number of vehicles per full time employee (232 in 2016, compared to 226 in 2015), by a strong and steady decrease in cost of revenues per car of 19% since 2011 and by an industry leading cost-income ratio of 44.5% in 2016 (down from 45.8% in 2014), compared to peers' average of 55.8%, despite being present in more countries and investing actively in new technology. IT development has been an increasing source of operating expenses and a substantial amount of IT expenses in recent years have been allocated to digital innovation projects. In addition, automation has allowed productivity gains: in particular, in the UK where 99% of operations are now processed via automated tools with a gain of productivity[10] of 3% since inception, *i.e.* 2011[11], compared with 95% in Spain, with a gain of productivity of 18% since 2011, 70% in Germany, with a productivity gain of 22% since 2014 and 21% in France, with a gain of productivity of 3% since 2012. The Group's average of cost-income ratios from 2011-2016 was 48.3%.

As a result of its various advantages coupled with a low cost of risk that is typical of the industry, the Group has developed a profitable business with a compound annual growth rate in profits before tax of 13.9% from 2014 to 2016, 6 consecutive years of net income growth, with a compound annual growth rate from 2011 to 2016 of 22.9%, including 2016, and a Return on Average Earning Assets above peers from 2014 to 2016.

Across all geographies, the Group benefits from a sustainably robust margin profile, and the Group's profit before taxes in 2016 is distributed, geographically as follows: Western Europe accounting for 73.2%, Northern Europe accounting for 13.9%, Central and Eastern Europe accounting for 11.9% and South America, Africa and Asia accounting for 0.7%.

Robust Balance Sheet allowing for investment in growth initiatives

The Group has a strong capital position, with an equity to assets ratio of 16.1% at 31 December 2016. Shareholders equity in 2015 was strengthened through a capital increase, which allows additional financial flexibility for growth. With a Return on Equity[12] of 17.9%, the Group has a higher Return on Equity than its peers, despite its conservative capital position.

6.3.1.6 *Resilient performance underpinned by efficient and strong risk management culture*

Strong customer credit quality with limited credit losses

The Group has a track record of low cost of credit risk, amounting to approximately 18 bps as a percentage of Earning Assets on average from 2014 to 2016. This results in part from the fact that 96.1% of the Group's Full Service Leasing contracts are operational leasing contracts, where the Group retains vehicle ownership during the whole life of the contracts, which significantly decreases cost of risk in comparison to other types of financing solutions.

The Group also benefits from strict and selective risk credit underwriting, as a result of its developed models of credit risk assessment and clear risk assessment guidance. In general, the

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10 Cumulative annual gross rate

11 Productivity computed as number of authorisation processed per full-time employee per year.

12 As defined in Section 9.2.3.

Group aims to maintain a high quality customer portfolio, and, as at 31 December 2016, 62% of the Group's rated customers were rated BBB or higher.

The Group's diversified end-markets and client exposure also foster stability, as only 4 customers lease more than 10,000 cars and the top 10 customers represents 7.9% of the Full Service Leasing fleet as at 31 December 2016.

Pro-active approach to residual value risk management

The Group's Car Sales Results for 2011 and 2012 showed small losses but since 2013 have been positive (€201.5 million, €207.2 million, €153.1 million, €98.1 million, €(2.3) million and €(5.2) million for the years ended 31 December 2016, 2015, 2014, 2013, 2012 and 2011), supported in part by the Group's local knowledge of second hand car markets, and development of its in-house electronic platform allowing a more efficient and quicker process, with more than 50% of re-sale activity online (versus 4% in 2009).

The Group's pro-active management of residual values includes a consistent control mechanism applied throughout all its units. Fleet revaluation is performed locally and reviewed and approved centrally, and the Group has additional depreciation related to potential stress for changes in the local used car markets already booked as at 31 December 2016. In addition, as at 31 December 2016, no car brand represents more than 15% of its fleet and outside France, no country accounts for more than 13%, meaning the Group is less susceptible to resale price decreases in specific car brands or regions.

Stable funding sources and prudent asset-liability management

The Group is not constrained by regulatory liquidity requirements, while still benefitting from Société Générale's funding support on an arm's length basis. For the year ended 31 December 2016, Société Générale contributed to 72% of the Group's funding. Société Générale has committed to continue to provide the majority of the Group's funding following the contemplated listing of the Company's shares on Euronext Paris, as long as the Company requests it. The Group has already demonstrated its ability to successfully fund itself externally. The Group is rated BBB by S&P, with a stable long term perspective.

The Group's policy is to match its assets and liabilities in duration, currency and rate, helping to reduce exposures to fluctuations in interest or foreign exchange rates. In addition, subsidiaries are subject to structural risks limits, which are followed closely by local management and the Group's Central Treasury team.

6.3.2 Strategy

In order to grow its position as a global leader in providing high-quality and innovative driver mobility solutions, the Group is focused on five strategic pillars: (1) be a global leader with a top 3 position in all geographies, (2) differentiate by customised services and reference quality, (3) be at the forefront of innovation through vision, innovation & technologies, (4) attract and empower the best people with a global perspective, and (5) maximize and sustain shareholder value.

Be a global leader with a Top 3 position in most geographies

The Group strives to maintain and expand its market-leading position in most of the geographies in which it operates through a combination of organic growth and targeted acquisitions. The Group's demonstrated ability to grow through partnerships, profitable green-field developments and value-accretive acquisitions places it in a strong position to evaluate future opportunities in a consolidating industry. In pursuing this strategic growth, the Group further leverages the benefits of scale and a global footprint in the car leasing industry. The Group expects its organic growth to be supported by growth in emerging economies, further penetration in mature markets, the development of innovative products and expansion of its partnerships, including to new partners such as insurance companies and other players.

Differentiate through customised services and reference quality

The Group's strategy to differentiate itself from competitors by the quality and breadth of its services includes a product offering that allows for a varied revenue stream and customisable service packages. In addition, the Group is increasingly diversifying its services, including into the B2C segment, to serve new mobility demands.

A key pillar of this strategy is to provide reference quality in the industry, and the Group is frequently recognised for its high quality of services as evidenced by strong levels of customer satisfaction.

Be at the forefront of innovation through vision, innovation & technologies

The Group pursues value-added positioning through innovative mobility solutions and technology-enabled services. This focus on innovation, scale and IT capabilities have enabled the Group to develop and roll out effective technology-enabled services, and the Group continues to develop new services. In particular, the Group strives to be at the centre of the evolving mobility solutions landscape, driven by long-term social trends resulting in higher demand for outsourced mobility solutions and online services.

Attract & empower the best people with global perspectives

The Group aims to empower its global team of almost 6,000 employees through a de-centralised organisation structure relying on distinct management teams and reporting lines, including regional hubs for fast-growing countries. This is reinforced by an international management team, particularly the executive committee, which has significant industry experience.

Maximise and sustain shareholder value

The Group pursues sustainably high profitability through a combination of predictable revenue streams, cost control, operational efficiency and management of risk. This has contributed to 6 consecutive years of net income growth and an industry-leading cost-to-income ratio.

At the same time, the Group pursues its growth and acquisitions with a focus on maintaining both its strong capital position and a Return on Equity equal to or better than its peers: as with the Parcours acquisition, the Group evaluates growth opportunities with an eye to ensuring both value creation for shareholders and retaining financial flexibility for future growth. The Group believes that the Parcours acquisition will be accretive to Return on Equity for ALD France after 3 years.

6.4 BUSINESS OPERATIONS

6.4.1 Business model

ALD Group is a full service leasing and fleet management group with a fleet of 1.376 million vehicles operating with a direct presence in 41 countries. In addition, the Group has alliances in 13 countries as at 31 December 2016. The Group is active on the whole value chain of the car leasing industry and focuses on providing full service leasing solutions encompassing a broad scope of services which, contributing to revenue diversification, can also be provided on a standalone basis.

The Group benefits from a diversified revenue and profit base composed of three principal components: the Services Margin, the Leasing Contract Margin and the Car Sales Result.

Under its primary product offering, Full Service Leasing, the Group purchases vehicles with a view to leasing them to customers for a period generally of 36-48 months and earns a spread, or Leasing Contract Margin, equal to the difference between, on the one hand, the leasing contract revenues it receives from customers, comprised of a component to reflect the expected depreciation of the leased vehicle and a component related to the interest for funding the vehicle over the lease period, and, on the other hand, the leasing contract costs, which are comprised of the costs for the expected depreciation of the leased vehicle and the costs of funds the Group incurs to purchase the corresponding vehicles. The Leasing Contract Margin on the contracts it enters into under its Full Service Leasing and Fleet Management products amounted to €514.1 million, and contributed to approximately 41% of its Gross operating income, for the fiscal year ended 31 December 2016.

The Group also generates profits, referred to as the Services Margin, through the wide range of services that it offers under both its Full Service Leasing and Fleet Management products, such as maintenance and repairs, insurance, tyres and replacement vehicles. The Services Margin on the contracts it enters into under its Full Service Leasing and Fleet Management products amounted to €528.6 million, and contributed to approximately 42% of its Gross operating income, for the fiscal year ended 31 December 2016.

Finally, the Group generates profits from the resale of its vehicles at the termination of a lease contract, referred to as the Car Sales Result. The Group remarkets and sells used cars at the end of their lease term via several channels, including selling them to used car dealers, directly to users of vehicles, through auctions and directly to external buyers through its own retail sites (such as Qigo) or through its online car sales platform dedicated to professionals, ALD Carmarket. The ALD Carmarket website, an online auctioning and direct sales platform, is increasingly becoming an important channel through which the Group remarkets its own used cars and sells them. The Group can also remarket used cars which are not under an operating lease contract on behalf of its customers and partners and deducts a fee from the proceeds of the sale.

The following chart sets out the distribution of the Group's three principal sources of consolidated Gross operating income for the three months ended 31 March 2017 and 2016 and the three years ended 31 December 2016:

	Three months ended 31 March		Year ended 31 December		
	2017	2016	2016	2015	2014
	(€ millions)	*(€ millions)*	*(€ millions)*	*(€ millions)*	*(€ millions)*
Leasing Contract Margin	128.8	121.6	514.1	431.6	381.1
Services Margin	151.8	129.6	528.6	534.0	445.4
Car Sales Results	47.8	52.0	201.5	207.2	153.1

The following table sets out the detailed components of the Group's consolidated Services Margin for the fiscal year ended 31 December 2016:

	Year ended 31 December
	2016
	(€ millions)
Services Margin	
Maintenance and Tyres	300.3
Insurance	139.2
Management fee	37.1
Replacement cars	89.5
Other	(37.6)
Services Margin	**528.6**

6.4.2 Product Offerings

The Group provides financing and management services through two principal product offerings. These two offerings are the Group's B2B services, Full Service Leasing and Fleet Management, which together accounted for 100% of the Group's Gross operating income for the fiscal year ended 31 December 2016:

- The Group's full service leasing service ("**Full Service Leasing**") offers clients the usage of a vehicle for a regular monthly lease payment covering financing, depreciation of the vehicle and the cost of various management services provided relating to the use of the vehicle. In this structure, the Group is the owner of the vehicle other than for finance leases. Full service vehicle leasing contracts comprise 76% of the Group's fleet as at 31 December 2016.

- The Group's fleet management service ("**Fleet Management**") consists in outsourcing contracts under which the vehicle is not owned by the Group, but is managed by the Group on behalf of the customer and for which the client pays fees for the cost of various management services provided by the Group relating to managing the services and the re-billing services required for the vehicles. Fleet Management comprises 24% of the Group's fleet as at 31 December 2016.

Overall, the Group's offering covers the entire mobility service value chain from the beginning to the end: starting from the selection of the new vehicle by the customer, its registration and delivery, together with its financing, continuing during the life of the contract with the provision of all the services required by or facilitating the use of a vehicle (maintenance and tires, insurance, fuel and mobility services such as vehicle replacement in case of a breakdown as well as reporting, optimisation and telematics) and ending with the remarketing of the used car for the purpose of its resale.

The following table shows a breakdown of fleet under management (in number of vehicles) by product offering for each of the three years ending 31 December 2016:

	31 December 2016		**31 December 2015**		**31 December 2014**	
Full Service Leasing	1,045,963	76%	894,545	74%	813,814	73%
Fleet Management	329,621	24%	312,292	26%	293,452	27%
Total	**1,375,584**	**100%**	**1,206,837**	**100%**	**1,107,266**	**100%**

The following table shows a breakdown of fleet under management (in number of vehicles) by type of customer for each of the three years ending 31 December 2016:

	31 December 2016		**31 December 2015**		**31 December 2014**	
Key International Accounts	437,408	32%	413,437	34%	402,090	36%
Other Corporate Accounts	530,009	38%	458,276	38%	431,713	39%
SMEs	353,463	26%	335,124	28%	273,463	25%
Private Lease	54,705	4%	N/A	N/A	N/A	
Total	**1,375,584**	**100%**	**1,206,837**	**100%**	**1,107,266**	**100%**

The following tables show a breakdown of product offerings (in number of vehicles) by geographies of customer for the years ending 31 December 2016 and 2015:

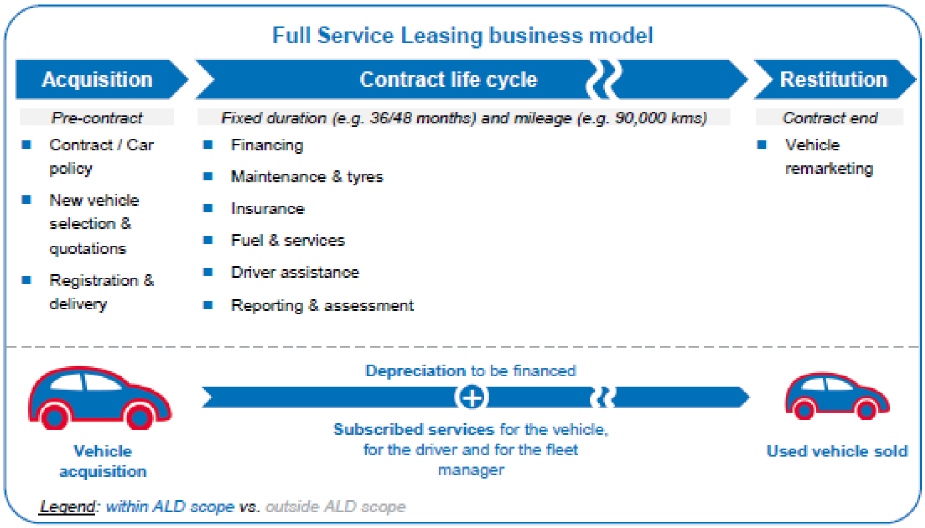
	As at 31 December 2016		
	Full Service Leasing	**Fleet Management**	**Total**
Western Europe	797,109	302,922	1,100,031
Central and Eastern Europe	119,130	6,663	125,793
Northern Europe	67,956	8,726	76,682
South America, Africa and Asia	61,767	11,311	73,078
Total Fleet	**1,045,962**	**329,622**	**1,375,584**
%	**76.0%**	**24.0%**	**100%**

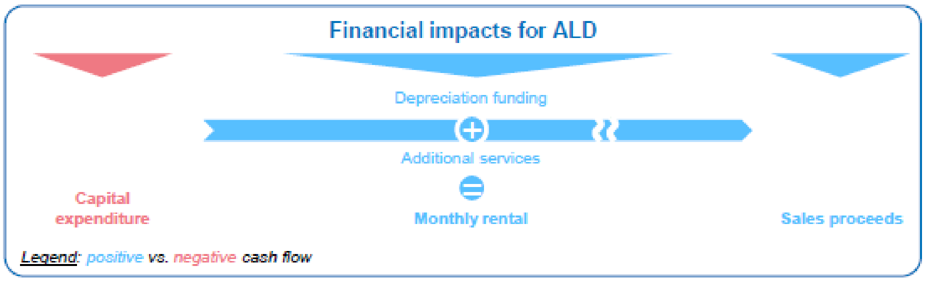
	As at 31 December 2015		
	Full Service Leasing	**Fleet Management**	**Total**
Western Europe	663,299	284,256	947,555
Central and Eastern Europe	108,630	7,179	115,809
Northern Europe	65,580	9,591	75,171
South America, Africa and Asia	57,036	11,266	68,302
Total Fleet	**894,545**	**312,292**	**1,206,837**
%	**74.1%**	**25.9%**	**100%**

6.4.2.1 *Full Service Leasing*

Full Service Leasing, which represents 76% of the Group's fleet (1,046,000 vehicles), as at 31 December 2016, offers clients the usage of a vehicle whose legal title and ownership rights remain with the Group, except under finance leases. While the Group is active in both forms of leasing, the majority of its leases are classified as operating leases, with 96.1% of the Group's Full Service Leases classified as operating leases as at 31 December 2016. The Group's Full Service Leases are typically for a duration of 36-48 months.

The Group's leasing service offers a variety of services tailored to the specific needs of its customers, including new vehicle selection, financing, maintenance and tyres, driver support and breakdown assistance, replacement vehicles, and fleet reporting, fuel cards and other tailor-made customer services. In addition, the Group provides insurance services, which the customer can elect. The Group provides clients with MTPL, material damage, theft and passenger insurance. See Section 4.5 "Risk Management & Insurance" for additional information.





6.4.2.2 *Fleet Management*

Fleet Management is the Group's other product offering, making up 24% of the Group's fleet (330,000 vehicles) as at 31 December 2016. Under a Fleet Management contract, the client, who remains the owner of the vehicle, outsources the management of its fleet to the Group by way of an outsourcing contract. The Group offers its assistance in the optimisation of the fleet management and procurement process, with the aim of achieving measurable quality and cost optimisation for customers. The Group estimates that through the use of its services, its fleet management clients can benefit from considerable saving in annual fleet management costs. Fleet Management clients represent approximately 10% of the Group's Key International Accounts (as defined below). Significant Fleet Management clients of the Group include La Poste in France (representing 53,400 as at 31 December 2016) and Ford in Germany (representing 21,600 contracts as at 31 December 2016).

The scope of services offered under such outsourcing arrangements is equivalent to the Full Service Leasing range of services including insurance, routine repairs and emergencies, maintenance and tyres, driver support breakdown assistance, replacement vehicles and fine management. These services include arranging for vehicle delivery and administration of the title and registration process, as well as tax and insurance requirements, ensuring maintenance of the vehicle, pursuing warranty claims, providing fleet policy analysis and recommendations, benchmarking and providing vehicle recommendations.

Through its range of services and specially negotiated rates, the Group provides solutions to clients to identify and control their costs by streamlining and simplifying the fleet management process. The Group offers two fleet management solutions: (1) a flat rate plan for services provided or (2) a plan where the Group handles vehicle bill processing for the client as well as providing a flat rate for services.

6.4.3 Customers

As at 31 December 2016, the Group has over 100,000 customers and a diversified client base with 37% of its contracts[13] entered into with Key International Accounts (as defined below), 33% with Other Corporate Accounts through direct distribution (as defined below), 25% with SMEs through indirect distribution and 5% with B2C – Private Leases mostly through direct distribution.

The concentration of the Group's top 10 customers remained limited to 82,213 contracts, or 6.0% of the total fleet as of 31 December 2016 compared to 6.7% of the total fleet as of 31 December 2015.

The Group's leasing contracts have an average length of 43 months. Therefore, on 1 January each year, 28% of contracts (ie. 12/43) would be expected to run off during the course of the year. Assuming these run-off evenly, on average 14% of contracts would run-off during the year, and therefore the Company estimates that 86% of its fleet is contracted for on 1 January each year. The key factors to successful customer retention for the Group is the strength of the relationship, which depends both on maintaining excellent service delivery as well as sustaining high levels of customer satisfaction. In addition, for international customers, succeeding in tender processes is essential to retaining or obtaining contracts.

13 One contract is equal to one vehicle.

The following table shows a breakdown of fleet under management by type of customer for each of the three years ending 31 December 2016:

	31 December 2016		31 December 2015		31 December 2014	
Key International Accounts	437,408	32%	413,437	34%	402,090	36%
Other Corporate Accounts	530,009	38%	458,276	38%	431,713	39%
SMEs	353,463	26%	335,124	28%	273,463	25%
Private Lease	54,705	4%	N/A	N/A	N/A	
Total	**1,375,584**	**100%**	**1,206,837**	**100%**	**1,107,266**	**100%**

6.4.3.1 *Key Corporate Customers*

Key International Accounts are large international clients with a fleet potential of over 500 vehicles, whether managed by the Group or not, that are present in more than one country, subject to change in line with management strategy or client potential ("**Key International Accounts**"). These clients are served by the Group's local operating companies based on a coordinated international framework. When entering new markets, Key International Accounts allow for early launch of operations.

As of 31 December 2016, the Group managed approximately 437,000 vehicles, compared to 364,000 in 2011, for 807 Key International Accounts, which such vehicles represented 37% of its fleet under contract.

The following table shows the company's top 10 Key International Accounts by fleet size as at 31 December 2016.

Customer	Fleet size - thousands	Number of countries covered	Start year	Tenure of relationship
Client 1	12	15	2000	17 years
Client 2	11	15	2000	17 years
Client 3	11	17	2000	17 years
Client 4	10	3	1993	24 years
Client 5	7	28	1996	21 years
Client 6	7	32	1997	20 years
Client 7	7	35	1993	24 years
Client 8	6	25	1995	22 years
Client 9	6	23	2010	7 years
Client 10	5	3	2005	12 years
Total	**82.2**			

Within the top 10 customers above, which represents 6% of the Group's total fleet, 9 have been clients of the Group for more than 10 years.

The following table shows growth of Key International Accounts in selected countries.

Country	Total fleet growth 2015/2016	Key International Accounts' fleet growth 2015/2016
Algeria	+16%	+27%
Austria	+11%	+11%
Brazil	(2%)	+10%
Croatia	+33%	+35%
Estonia	+21%	+27%
Mexico	+10%	+11%
Poland	+17%	+30%
Spain	+10%	+12%

As of 31 December 2016, Key International Accounts are based on average in 13 countries and up to 35 for the largest Key International Accounts. 218 customers use the Group in more than 10 countries, and 46 customers use the Group in more than 20 countries.

6.4.3.2 *Other Corporate Customers*

Other corporate accounts are either corporate or public entities who receive dedicated sales and account management by the Group's local operating companies through the Group's direct distribution networks ("**Other Corporate Accounts**"). These clients are either present in one country or require a fully local solution.

The Group's Other Corporate Accounts has remained constant between 2014 and 2016 at approximately and 33% share of its total fleet. Other Corporate Accounts recorded a 16% annual growth rate in 2016 and generated 43% of the Group's annual growth with 71,731 additional vehicles as compared to 2015.

6.4.3.3 *Partnership customers*

Other customers include clients of partners such as banks and car manufacturers, and consist mainly of SMEs and private lease clients.

SMEs

The Group leverages its strong partnerships with car manufacturers and banking networks to address mostly small and medium-sized companies. Through White Labelling (as defined below), whereby a white label product is provided by the Group and packaged and sold by other companies under various brand names **("White Labelling")**, dealers affiliated with the Group's car manufacturer partners and banking partners can offer a full service lease product to their clients under the brand of the car manufacturer or bank, with the Full Service Leasing product operated by the Group. These agreements offer the Group a complementary channel to reach small and medium-sized enterprises. The Group is a global leader in White Labelling, working in 23 markets with 23 different car brands and 16 markets with 23 banking brands. The Group manages or leases 353,463 vehicles for SMEs as at 31 December 2016.

B2C – Private Lease

The Group aims to become a leader in the B2C segment and is targeting more than 150,000 vehicles in the retail segment by 2019 and 1 million by 2025.

The Group aims to access this new client base in a cost-effective manner by leveraging existing distribution partnerships with car manufacturers and banks, and through a new online platform. The Group intends to continue to develop these new channels, including through (i) B2B2C, through car manufacturers, banks and insurance companies, (ii) B2C via the Group's web portal and external web portals and (iii) B2B2E, to the employees of the Group's corporate customers.

The Group manages or leases approximately 55 thousand vehicles as at 31 December 2016 for the retail segment, as a result of recently agreed partnerships in this segment. Moreover, the Group has the expertise to offer private leases, as the Group's full-service leasing model is well suited to manage the life-cycle of private lease contracts. Management believes that the Group's flexible offers are particularly adapted to retail customers' needs, as the Group's different offerings allow for *à-la-carte* services and contract modifications in terms of duration, mileage and other options.

In addition, the Group has developed innovative products specific to the B2C segment, such as Ricaricar, Choice and Car-2-Car (see Section 6.4.9 "Innovation"). Finally, the Group also provides innovative tools adapted to the B2C segment, such as web-quoters, internet and mobile apps and the Telematics data collection system.

6.4.4 Distribution Channels

The Group has developed a diversified customer base through varied distribution channels, both direct and indirect. The table below presents for each of the three years ended 31 December 2016 the breakdown of total fleet by distribution channel.

	31 December 2016	**31 December 2015**	**31 December 2014**
Direct sales channel	982,910	871,437	832,898
Indirect sales channel	392,674	335,400	274,368
Total	**1,375,584**	**1,206,837**	**1,107,266**

6.4.4.1 *Direct Distribution Channels*

Direct channels enable access to predominantly large corporate accounts (72% of contracts or 982,910 contracts) as at 31 December 2016, accounting for 43% of the Group's annual fleet growth (growth excluding Parcours acquisition). Of these contracts, 44% are with Key International Accounts and 54 % are with Other Corporate Accounts.

Direct sales are made in person through the Group's internal sales teams based in individual countries with support from ALD's central team which is responsible for managing relationships with Key International Account. In particular, Key International Accounts are managed centrally through dedicated staff that coordinate activity between clients and the various countries concerned.

6.4.4.2 *Indirect Distribution Channels*

The Group's main indirect distribution channels are through partnerships with car manufacturers and banking networks. Car manufacturers and banking networks represent, as of 31 December 2016, 28% of the total Group fleet under contract (393,000 vehicles), compared to 17% in 2013. Of the total fleet growth between 2015 and 2016, 34% (56,274) vehicles) has been sourced through indirect sales channels (57% of total fleet growth has been sourced through indirect sales channels over the last five years).

Partnership contracts entered into by the Group can either be sourced using the partner's brand or using the Group brand. They can be funded by the Group, by the partner or by both. Finally, the partnership contracts are either based on fee remuneration or on a joint venture basis, which allows for sharing risks and rewards with partners.

- *Car manufacturer partnerships*

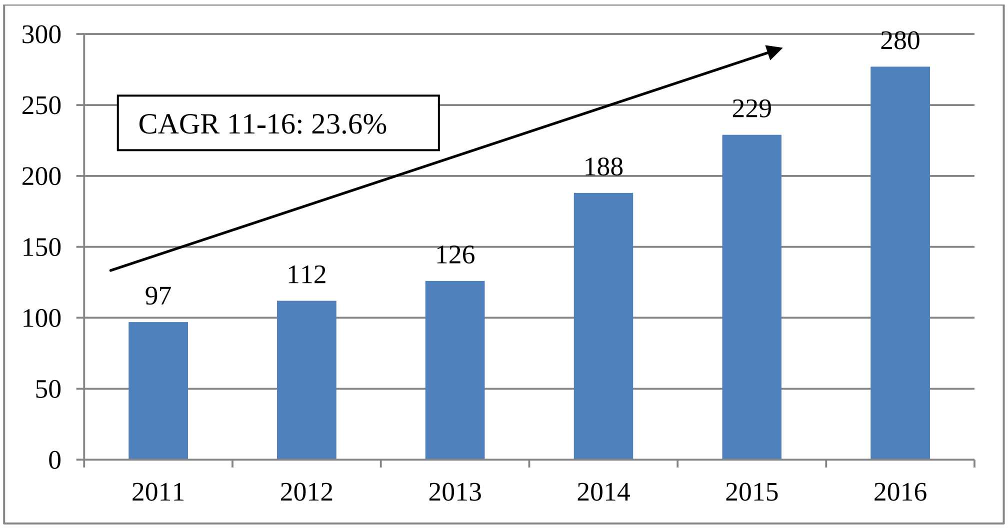
  The Group has an international White Label cooperation network with 10 car manufacturers representing 23 different brands in total across 23 countries.

  The Group's fleet through car manufacturer partnerships has increased by 22% in 2016 compared to 2015, representing 20% of the Group's total fleet and which accounted for 50% of annual fleet growth. There are currently 280 thousand contracts operating under the car manufacturer partnership distribution networks and more than 90 operational car manufacturer partners (including funded fleet and Fleet Management**).** No agreement is greater than 4% of the Group's total fleet and no partnership agreements with a single brand across countries are greater than 8% of the Group's total fleet. The Group is a privileged partner for many of the major car manufacturers and is a global leader and pioneer in this segment.

  Through White Labelling, dealers for the below manufacturers can offer a full service lease or fleet management product to their clients which are offered under their brand with the delivery provided by the Group. The Group and its subsidiaries enter into marketing agreements with car manufacturers which are master agreements governing the relationships between the Group, dealers and customers. Car manufacturers take on the sales and marketing of the full service leasing and/or fleet management products and grant the Group a license to use their brand while the Group undertakes to provide these products under that brand. Most of these agreements provide that, while the Group is the legal contracting party with the client, pursuant to the White Labelling mechanism, the products have to be marketed and delivered to customers in such a way that the customer always regards himself as a customer of the car manufacturer. The car manufacturer and its dealers generally act as intermediaries for the purpose of the procurement of the full service leasing and fleet management services, with the Group paying a commission to the car manufacturer for its brokerage services as well as purchasing the car from the dealer. These car manufacturer partnerships are generally concluded for a term of 3 years.

These partnerships are generally mutually advantageous as the car manufacturers do not have to invest in fleet management systems while the Group benefits from the car manufacturers' dealers distribution channels, notably to address fleets of 1-10 vehicles. Car manufacturers partnerships have contributed 40% of the total fleet growth over the last 5 years.

The following chart sets out the Group's fleet through partnerships with major car manufacturers since 2011 (in thousands).



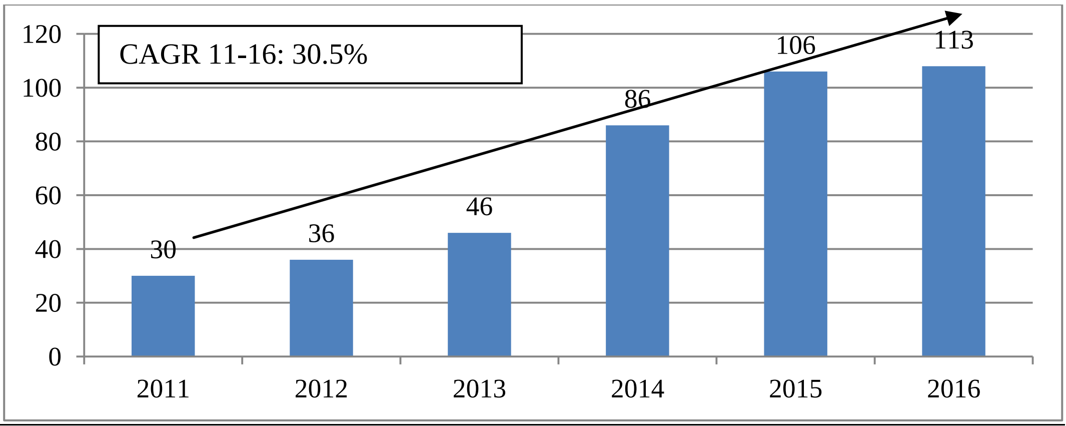
Note: Car manufacturer partnerships – Fleet (in '000)

- *Bank partnerships*

As at 31 December 2016, the Group has signed bank partnerships in 16 different countries with 23 different partners.

At the end of 2016, the Group had 113 thousand active contracts in its fleet sourced through banking partnerships. The Group's active fleet through bank partnerships has increased by 3.1% in 2016 compared to 2015, representing 8.2% of the Group's total active fleet, and accounted for 7% of total annual fleet growth (excluding the Parcours acquisition). In 2016, 73% of banking partnerships were for fleet funded by the Group, with the remaining 27% for Fleet Management.

The following chart sets out the Group's fleet through partnerships with major banks since 2011 (in thousands).



Note: Bank partnerships – Fleet (in '000)

In addition to Société Générale, the Group counts 23 major banks as its partners in White Labelling in 16 countries. As at 31 December 2016, Société Générale represents 43% of the Group's banking partnership contracts, including KB, BRD, and Credit du Nord. Nordea represents 22%, three other banks represent 31% and the remaining 17 banks represent 4%. Through White Labelling, banking partners can offer a full service lease or fleet management product to their clients which are offered under their brand with the delivery provided by the Group. Under these partnerships, the bank offers the full service lease or fleet management products to their clients and then introduces interested clients to the Group. The bank is generally only responsible for establishing contact between the Group and potential clients. In doing so, the banks acts as an intermediary, and does not enter into a contract with the client. The Group has the right to refuse clients presented to it by the bank and if it accepts the client, the Group assumes the commercial and legal relationship. In exchange for this service, the Group pays a commission to the bank based on the revenue this service generates for the Group. These bank partnerships generally have durations ranging from 1 year to 3 years, with automatic renewal.

One successful example of the Group's partnerships is its joint venture in the Nordic region since 2006 with Nordea, a Swedish banking group, which represents a fleet of approximately 24,200 vehicles as at 31 December 2016. This joint venture is arranged in terms of the Group's and Nordea's respective fleet shareholding on an 80:20 basis in Denmark, Finland, Sweden and Norway, and on a 75:25 basis in Estonia, Latvia and Lithuania. Under the joint venture agreement, credit assessment and risk lie with the Group, the branding is Nordea's and the business introduced by Nordea to the joint venture is remunerated by the joint venture in the form of a commission. Under this model, the Group performs all of the back office functions, including finance, accounting, remarketing, insurance, claims handling and HR, for which it charges an administration fee to the joint venture.

The Group is continuously looking for new profitable partnerships with banks. Recently, on 6 April 2017, the Group announced its partnership with Credit du Nord, to make available to the bank’s clients a new long-term vehicle leasing offering.

Banks partnerships have contributed 18% of the total fleet growth over the last 5 years.

- *Other partnerships*

In addition to the partnerships with bank and car manufacturers, the Group's first retail store partnership opened in 2016 with an objective to further develop the indirect sale concept. The Group is developing new partnerships with municipalities, utilities, telecom operators and others including a new electric car-sharing and long-term rental partnership with Enel in Italy, announced in May 2017.

6.4.5 Regions

The Group's wide geographical coverage makes it one of the largest players in the full operational leasing and fleet management industry in Europe and in the world. Management believes that the Group's broad geographical footprint generates significant benefits of scale in the industry and reinforces the Group's competitive position. Today, the Group has the broadest global coverage on the car leasing market in terms of number of countries where it is present, with a direct presence in 41 countries over 4 continents. Moreover, the Group has formed strategic alliances in 13 countries, including with Wheels. Inc. in North America, Fleet Partners in Australia and New Zealand, ABSA in South Africa and Johnson & Perrot in Ireland.

The following tables show a breakdown of product offerings by number of vehicles and geographies of customer for the years ending 31 December 2016 and 2015:

	As at 31 December 2016		
	Full Service Leasing	**Fleet Management**	**Total**
Western Europe	797,109	302,922	1,100,031
Central and Eastern Europe	119,130	6,663	125,793
Northern Europe	67,956	8,726	76,682
South America, Africa and Asia	61,767	11,311	73,078
Total Fleet	**1,045,962**	**329,621**	**1,375,584**
%	**76.0%**	**24.0%**	**100%**

	As at 31 December 2015		
	Full Service Leasing	**Fleet Management**	**Total**
Western Europe	663,299	284,256	947,555
Central and Eastern Europe	108,630	7,179	115,809
Northern Europe	65,580	9,591	75,171
South America, Africa and Asia	57,036	11,266	68,302

	As at 31 December 2016		
	Full Service Leasing	Fleet Management	Total
Total Fleet	**894,545**	**312,292**	**1,206,837**
%	**74.1%**	**25.9%**	**100%**

6.4.5.1 *Western Europe*

As at 31 December 2016, Western Europe represented 1,100,030 vehicles comprising 80% of the Group's total fleet. The Group's Western Europe fleet grew by 16.1% in 2016. The Group's Western Europe operations are located in France, Italy, UK, Germany, Spain, Belgium, Netherlands, Portugal and Luxembourg.

- France

  As at 31 December 2016, France represented 459,166 vehicles, comprising 33% of the Group's total fleet size. ALD France is based in Clichy and has extensive coverage across the country with seven regional agencies and sixteen sales offices. The company is the largest vehicle management company in France with a market share of 28% as at 31 December 2016 (Source: Syndicat National des Loueurs de Voitures en Longue Durée "**SNLVLD**"). As at 31 December 2016, Full Service Leasing accounted for 278,286 vehicles and Fleet Management accounted for 180,880 vehicles, as compared to 204,902 and 158,703, respectively, as at 31 December 2015. ALD France has increased its sales and operations coverage regionally in France, notably through the acquisition of Parcours, which has a more regional footprint with SME customers.

  For the year ending 31 December 2016, Gross operating income in France was €248.1 million, as compared to €202.5 million for the year ending 31 December 2015.

- Italy

  As at 31 December 2016, Italy represented 145,523 vehicles, comprising 11% of the Group's total fleet size. ALD Italy has its headquarters in Rome and is the third largest car leasing company in Italy with a market share of 19%[14] as at 31 December 2016 (Source: Company estimate). As at 31 December 2016, Full Service Leasing accounted for 138,441 vehicles and Fleet Management accounted for 7,082 vehicles, as compared to 119,924 and 5,559, respectively, as at 31 December 2015.

  For the year ending 31 December 2016, Gross operating income in Italy was €169.6 million, as compared to €143.3 million for the year ending 31 December 2015.

[14] In terms of new registrations.

- United Kingdom

  As at 31 December 2016, the UK represented 132,516 vehicles, comprising close to 10% of the Group's total fleet size. ALD UK has its headquarters in Bristol and also has offices in Northampton and Milton Keynes. It is the fifth largest car lease company in the UK with a market share of approximately 8% as at 31 December 2016 (Source: Fleet News 2016). As at 31 December 2016, Full Service Leasing accounted for 125,634 vehicles and Fleet Management accounted for 6,882 vehicles, as compared to 113,822 and 9,183, respectively, as at 31 December 2015.

  For the year ending 31 December 2016, Gross operating income in the UK was €103.8 million, as compared to €117.5 million for the year ending 31 December 2015.

- Rest of Western Europe

  As at 31 December 2016, the rest of Western Europe represented 362,825 vehicles, comprising close to 26% of the Group's total fleet size. The Group's operations in the rest of Western Europe are located in Germany, Spain, Belgium, Netherlands, Portugal and Luxembourg. The Group's fleet in these countries grew by 8.2% in 2016. As at 31 December 2016, Full Service Leasing accounted for 254,748 vehicles and Fleet Management accounted for 108,077 vehicles, as compared to 224,651 and 110,811, respectively, as at 31 December 2015.

  For the year ending 31 December 2016, Gross operating income in the rest of Western Europe was €392 million, as compared to €379.4 million for the year ending 31 December 2015.

6.4.5.2 *Northern Europe*

As at 31 December 2016, Northern Europe represented 76,682 vehicles, comprising 6% of the Group's total fleet. The Group's Northern Europe operations are located in Denmark, Finland, Norway and Sweden. The Group's fleet in Northern Europe grew by 2% in 2016. As at 31 December 2016, Full Service Leasing accounted for 67,956 vehicles and Fleet Management accounted for 8,726 vehicles, as compared to 65,580 and 9,591, respectively, as at 31 December 2015.

For the year ending 31 December 2016, Gross operating income in Northern Europe was €150.4 million, as compared to €161.8 million for the year ending 31 December 2015.

6.4.5.3 *Central and Eastern Europe*

As at 31 December 2016, Central and Eastern Europe represented 125,793 vehicles, comprising approximately 9% of the Group's total fleet. The Group's operations in this region are located in Austria, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Kazakhstan, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania, Russia, Serbia, Switzerland, Turkey and Ukraine. The Group's fleet in Central and Eastern Europe grew by 8.6% in 2016. As at 31 December 2016, Full Service Leasing accounted for 119,130 vehicles and Fleet Management accounted for 6,663 vehicles, as compared to 108,631 and 7,179, respectively, as at 31 December 2015.

Country	Entity Creation	Break Even Year[15]	Fleet at Break Even Year ('000)	2016 Fleet ('000)	Current Market Positioning(1)		2010-2016 Fleet CAGR
					Ranking	Market Share	
Russia	2004	Year 4	6.1[1]	17.0	1	43%	+10.7%
Romania	2005	Year 4	5.1	8.0	2	16%	+4.7%
Serbia	2007	Year 4	1.8	2.3	2	16%	+9.6%

Note: Data as of 31/12
(1) ALD market estimates as of 31/12/2015

For the year ending 31 December 2016, Gross operating income in Central and Eastern Europe was €140.7 million, as compared to €135 million for the year ending 31 December 2015.

6.4.5.4 *South America, Africa and Asia*

South America, Africa and Asia represented 73,078 vehicles as at 31 December 2016, comprising 5% of the Group's total fleet. The Group's fleet in these regions grew by 7% in 2016. The Group's South America, Africa and Asia operations are located in Algeria, Brazil, Chile, China, India, Mexico, Morocco and Peru. As at 31 December 2016, Full Service Leasing accounted for 61,767 vehicles and Fleet Management accounted for 11,311 vehicles, as compared to 57,035 and 11,266 respectively, as at 31 December 2015.

Country	Entity Creation	Break Even Year[16]	Fleet at Break-Even Year ('000)	2016 Fleet('000)	Current Market Positioning(1)		2010-2016 Fleet CAGR
					Ranking	Market Share	
India	2005	Year 5	6.2	11.6	2	30%	+11.2%
Brazil	2005	Year 5	10.0	21.7	4	5%	+13.7%
Algeria	2007	Year 2	0.9	3.6	1	35%	+16.9%
Mexico	2007	Year 5	8.8	22.6	1	10%	+35.4%

For the year ending 31 December 2016, Gross operating income in South America, Africa and Asia was €40.0 million, as compared to €33 million for the year ending 31 December 2015.

15 In terms of net income.

16 In terms of net income.

6.4.6 Fleet

6.4.6.1 *New registrations*

The following table shows the Group's new registrations for the three years ending 31 December 2016.

	2016	2015	2014
Western Europe	289,055	228,077	202,759
Northern Europe	16,839	26,057	19,603
Central and Eastern Europe	39,497	32,089	31,990
South America, Africa and Asia	18,359	18,612	17,397
Total	**363,750**	**304,835**	**271,749**

6.4.6.2 *Geographical breakdown*

The Group and its international alliances managed approximately 1.376 million vehicles in 41 countries as at 31 December 2016.

The following table sets out the geographic distribution of the Group's total fleet as at each of the dates indicated, excluding partners. Geographic distribution is based on the location of the the Group legal entity to which the assets are assigned:

	As at 31 December		
	2016	2015	2014
		(vehicles)	
Western Europe	1,100,031	947, 555	880,480
Central and Eastern Europe	125,793	115,810	96,615
Northern Europe	76,682	75,171	70.206
South America, Africa and Asia	73,078	68,301	59,965
Total Fleet	**1,375,584**	**1,206,837**	**1,107,266**

6.4.6.3 *Car Manufacturer Providers*

The Group's fleet portfolio comprises a variety of vehicle brands, which establishes the Group as a manufacturer-independent fleet and vehicle management company.

As of 31 December 2016, the Group's portfolio included the brands of all major car manufacturer groups operating in the geographies of our businesses. By number of cars, Ford, Renault and Volkswagen made up the largest share of the Group's on balance sheet vehicle portfolio as at 31 December 2016, with 149,943 vehicles (2015: 136,025 vehicles), 131,302 vehicles (2015: 112,196 vehicles) and 105,592 vehicles (2015: 99,354 vehicles), respectively.

The following table sets forth the distribution of vehicles in the fleet under management by vehicle brand as at 31 December 2016.

Vehicle Brand	Distribution of owned vehicles in the fleet under management by vehicle brand at 31/12/16 (%)
Ford	15%
Renault	13%
Volkswagen	11%
Peugeot	8%
Opel-Vauxhall	7%
Citroen	7%
BMW	5%
Audi	4%
Fiat	4%
Mercedes Benz	3%
Skoda	3%
Volvo	3%
Nissan	2%
KIA	2%
Hyundai	2%
Toyota	2%
Chevrolet	1%
Others	8%

The vast majority of the Group's vehicles are purchased from manufacturer authorised dealers. However, the Group works with manufacturers to negotiate volume related bonuses based on vehicles purchased over defined periods with bonuses applicable to various purchase thresholds.

The Group's fleet typically comprises popular and well maintained light vehicles, which facilitates the disposal process at the end of the lease contracts at attractive prices

6.4.7 Global Alliances

In addition to a strong direct presence in 41 countries, the Group also provides its clients with access to 13 countries through long-standing alliances, including with Wheels in the US, Puerto Rico and Canada (started in 2009), Fleet Partners in Australia and New-Zealand (started in 2017), ABSA in South Africa (started in 2016), Arrend Leasing in Guatemala, Nicaragua, Honduras, Salvador and Costa Rica (started in 2016), AutoCorp in Argentina (started in 2016) and Johnson & Perrot in Ireland (started in 2003). These alliances allow the Group and its partners to jointly develop international cross-border business opportunities and providing full service leasing, fleet management and other related services to clients in multiple countries. These partnerships offer global account management, consolidated global reporting and dedicated consulting support, which allow the Group to provide harmonised fleet service and reporting to meet the needs of its international customers.

In particular, under these global alliances, the Group and the partner undertake to refer to each other requests from international clients that concern the provision of services in the other party's geographic focus. The parties generally commit to liaise with each other to prepare answers for tenders, in case of such referral, and, more generally, to exchange information necessary for global responses for tender and the management of customer accounts. Each party is, however, responsible for making its own credit assessment of its potential clients and for defining its service levels locally. Each party is also entitled to retain all the revenues generated from the provision of services. Finally, these global alliances have durations ranging from a 3 year term to an unlimited duration cancellable by each party without cause with six month notice.

The Wheels global alliance provides for a closer cooperation than other alliances. Under the Wheels global alliance, the Group and Wheels undertake to cooperate on an exclusive basis and not compete in the other party's geographic focus, to submit joint answers to international clients requiring the provision of services in the area of geographic focus by both parties and to jointly develop and offer to international clients certain combined services. The Wheels global alliance also has an established system of governance for the collaboration. It provides for standardised service levels and the carrying out of joint projects with a budget and sharing of costs and expenses. Finally, it regulates the use by the partners of their respective brands (notably through co-branding).

6.4.8 Other Service Providers

The Group's value proposition to customers is enhanced through its network of suppliers. In addition to decades of experience working with major vehicle manufacturers, the Group also has strong relationships with dealers, oil companies, garages, tyre dealers, short term rental companies (which provide pre-delivery vehicles), insurance companies, and other essential service providers that enable it to deliver tailor-made solutions to its customers at attractive prices.

The Group has entered into framework agreements with a number of these suppliers in order to complement its full service offering and provide its customers with competitively priced vehicle parts, maintenance and repair services. The Group works with car manufacturer networks for car delivery, maintenance and repair and specialised networks for short term rental, tyres, body repairs, spare parts and glasses.

The Group has obtained attractive commercial terms in each of its framework agreements, such as direct discounts on prices, special hourly rates, as well as bonuses based on the achievement of certain volume levels or market shares and of other mainly yearly targets. Annual volume targets are negotiated with international suppliers in coordination with local subsidiaries, which obtain the benefit from additional volume rebates on top of that which they negotiate locally. Local procurement departments are in charge of the selection of the suppliers, based on quality, cost and efficiency and look to improve as much as possible the total cost of ownership for fleet managers and services for drivers with innovative solutions. On top of local agreements, the Group subsidiaries benefit from international suppliers' agreements negotiated by the central procurement team. On an annual basis, the Group acquires approximately 364,000 cars (314,000 in 2015), 1,250,000 tyres, 5,300,000 days of external short term rental, and 700 million litres of fuel. In 2016, the Group spent €6.7 billion on cars and €1.1 billion on services.

6.4.9 Innovation

The mobility environment is evolving rapidly with the emergence of new players, new solutions and breakthrough technologies. Recent trends are towards "use and rent" instead of ownership, and the driver becoming the decision maker, replacing the historical car owner. The Group foresees a twofold future model of global mobility with (a) the car becoming the nexus point of the global mobility ecosystem and (b) the disappearance of the frontier between corporate and retail customers. The Group anticipates this evolution occurring in two principal steps in the next decades: the 2020s is expected to see electric and intelligent cars become the norm in the mobility environment and the 2030s is expected to be the decade of the autonomous car with the development of a multi-player ecosystem and the convergence between corporate and retail needs.

In light of these trends, both short and long-term, the Group is positioning itself to be at the centre of the development of new mobility solutions. The Group's focus is on flexibility in its product offering, in order to meet all the mobility requirements of the customer.

Adapting to the digital era

A unique global platform

The Group has developed web, smartphone and tablet accessible tools, including a dedicated tool for retail clients with the development of a single platform for car leasing, selling, renting and sharing. MyALD is a digital ecosystem built in France and it had over 240,000 registered users (drivers and fleet managers) as at 31 March 2017 (compared to approximately 5,500 as at 30 June 2016). It has already been deployed in 28 countries (Source : ALD), with additional online services underway, and the Group's aim is to turn it into a Driver & Fleet manager portal available in each country where it is present in both web and mobile versions. The objective is to provide one central point of connection to the Group's drivers and Fleet managers to access Fleet data information, contract data and other data such as telematics information as well as online services.

Telematics and connected car

Telematics comprises the installation of devices in vehicles that provide data on vehicle trips, driver behaviour and risk factors, allowing fleet managers to monitor these risks. By addressing drivers in high risk categories, Telematics allows the Group and its customers to manage risks and lower fuel costs. Other information that can be obtained through Telematics includes details such as business mileage for expense reporting and fuel and CO2 consumption.

Telematics can help enhance the customer experience and contributes to the development of products such as insurance and car sharing.

Remarketing v2.0 / Web-based used car sales platform

In 2016, 52% of the Group's used car sales occurred via online sales on aldcarmarket.com with 125,000 car sold in 32 countries (compared to 26% in 2011 with 46,000 car sold in 17 countries) and with an aim of over 70% as early as 2018. This platform allows trade buyers to easily access data for purchasing decisions by providing exhaustive details including appraisals, service history and pictures. The Group offers three types of sale: (a) auction, for which the bid is placed manually or automatically online and the highest bid purchases the vehicle, (b) tender, where buyers make closed bids and the Group selects the best offer and awards the vehicle, and (c) fixed price, for which all buyers are able to click on a vehicle and purchase it instantly. As the Group generally provides maintenance services for its vehicles, it is able to provide detailed appraisal reports so as to simplify its trade buyers' experience and provide more comfort about the vehicle history.

As a result of the online sales process, the average number of days in stock for the Group's used vehicles decreased from approximately 54 days in 2009 to 30 days in 2016.

The Group is in the process of upgrading its current sales platform to an e-commerce platform. This new platform is expected to offer customers fast purchase and delivery, provide full transparency on the car history from day one, a two weeks money back warranty and an immediate comparison with recommended market price, together with tailored services. The Group is also in the process of extending its remarketing platforms to retail.

Qigo

The Group has recently developed Qigo, a new online platform and digital brand which addresses the B2C leasing and resale market. A pilot program has been launched in Denmark and the Group aims at a global deployment.

Innovative products

The Group has developed a wide range of innovative products and aims to offer its customers cutting-edge new mobility mediums and flexibility.

- *Green solutions*

  The Group aims to be the leader in eco-friendly fleets and mobility solutions. The Group already offers its customers around the world who want to reduce their CO2 and fine particle footprint the possibility to choose hybrid and electric cars. In addition, "ALD ecodrive" is a mobile app offered by the Group that helps users optimise their driving in an eco-friendly and engaging manner.

  The Group expects the share of diesel cars to decrease in coming years as ALD and its clients are pushing for an increasing number of hybrid and electric cars in their fleet mix. As at 31 December 2016, the Company's alternative fleet on-balance sheet consisted of over 21,000 electric or hybrid vehicles and the Group believes it will continue to evolve with the global market as demand and technology further develop. The risk on the re-sale of diesel cars is progressively embedded in the pricing of contracts. However, currently the outlook remains positive on secondary market prices for diesel cars, due to shortage of vehicles.

- *Flexibility solutions*

  Car sharing – the Group has developed corporate car sharing solutions referred to as "**ALD Sharing**". ALD Sharing allows employees to choose and book, on their company's car sharing website, a vehicle amongst their firm's fleet of vehicles, for professional or private use. ALD Sharing is a cost saving solution for businesses as it provides an alternative to costly short-term rentals and taxis. Furthermore, car sharing allows its business customers to improve their ecological footprint. In addition, on 6 April 2017, the Group announced a pilot partnership with BlaBlaCar, the world's largest long-distance carpooling community. The Group expects a compound annual growth rate for European car sharing of 12% over the 10 year period ending in 2025 (Source: Frost&Sullivan)[17].

  Rechargeable lease – Ricaricar is an innovative mobility solution aimed at providing the Group's customers more flexibility. Customers receive a vehicle (car, motorbike or microcar), with tax, insurance and assistance included, on which they do not need to make advance payment but where they have a preset kilometres limit for each month (typically 300 or 500 kilometres). The contract then works like a typical contract for a mobile phone. If the customer exceeds the monthly allowance he can go on line to purchase a top up card for additional kilometres. The mileage available under the customer's contract starts automatically on the first day of each month via the GPS device on board. Customers can check the mileage covered on myALD, their mileage is detected by a GPS system connected to the platform and they receive alerts when they are about to reach their mileage threshold. Customers may then purchase a recharge or be charged extra for every extra mile covered. Ricaricar provides a low cost base product that can be suitable for meeting requirements of retail consumers.

  ALD Free – ALD Free is a new online platform which allows employers to provide their employee with a flexible mobility budget. Employers may create online groups of employees on their myALD platform and allocate each group an individual budget. Employers can choose to set the preconditions themselves, for example to promote sustainability in their organisation. Employees may then construct their own mobility packages and, within their own budgets, construct different combinations. A wide variety of combinations is possible with ALD Free: from an electric car in combination with public transport to a family car with an e-bike or a parking card. Employers then approve the packages put together before the various components are ordered. Finally, employers receive reports on their employees' use and a single invoice.

  ALD Choice – ALD choice is a proactive fleet solution which allows clients to benefit from fixed costs. The Group provides vehicle offer based on supply/stock and availability as opposed to a fixed list offer.

[17] In terms of number of vehicles

ALD Switch – ALD switch provides ability to tailor vehicle requirements for need (e.g. switching to a different car while going on vacation).

7 wheels – 7 wheels offers a mobility solution combining a regular car with a three-wheeled scooter enabling drivers to choose the fastest form of transport.

6.5 INFORMATION TECHNOLOGY

IT systems and telecommunications are vital parts of the Group's management of its network of points of sale and customer reservations via multiple distribution channels. The Group's central IT department, which is ISO 9001 Quality certified, largely focuses on the Group lease operating system used by most of its subsidiaries and on other important areas such as the myALD platform. The Group's largest subsidiaries have their own IT departments and generally their own platforms which they manage locally with support from external suppliers as required. The Group's Central IT department approves IT budgets for its subsidiaries, while the local IT teams work under the local management structure. However, IT systems for the smaller subsidiaries are largely supported by the Group's central IT department. Local IT solutions, especially those around innovation, are developed by the Group's subsidiaries (e.g. Ricaricar in Italy and Telematics in the UK) with central resources allocated as required for deployment in other countries.

The Group's central back-office system is the central piece of the Group IT system covering most of the subsidiaries without their own IT departments. This internally developed software covers all back-office activity and processes for the Group's three business pillars. This application covers the full cycle of the contract and the assets as well as the full range of the administration of the car related services.

The Group continuously invests in improving its IT system in order to further enhance its ability to offer innovative and cost-effective services. All IT projects are centrally and regularly evaluated against business needs. Technical projects, which are aimed at establishing and ensuring the continuity of services, are given special attention. Application projects, which are aimed at maintaining and enhancing system operating capabilities, are assessed against the expected added value to the business, including, in particular, growth of revenues, reduction of costs and mitigation of legal risks.

The Paris Committee is in charge of checking compliance with global Group strategy, ALD IT Strategy, the Group PRISM methodology and throughout 6 strategic pillars (PMO, Architecture, Infrastructure, Security, Data and functional Processes). The Group has established security principles aimed at reducing the risk of external fraud and disruption of services provided over the Internet, while preserving the customer experience. The Group's security policy is defined in accordance with the security framework defined by the Société Générale group and its International Banking and Financial Services Information security policy. Each Group entity must incorporate its own specific needs and context (organisational, cultural, legislative, regulatory, contractual and technologies). All information security policies at entity levels must be validated according to the specific Group policy. Each entity has to nominate a local security correspondent, responsible for the entity security. This correspondent has to apply the Group global procedures and to establish/update security local policies in order to apply relevant Société Générale directives (taking into account the Group business specificities).

As of 31 December 2016, the Group’s central IT department employed 92 full-time employees to cover all of the Group’s central services. An additional 277 full-time employees work in the IT departments of the operating subsidiaries to provide local services. The Group’s teams working on IT systems and telecommunications represented 6% of the Group’s employees. The Group’s central IT department also relies on approximately 150 external individuals who provide continuous support and specific skills to the internal teams.

The Group's Web application environment is based on three key home-made web applications: ALDNet, myALD and its Remarketing Website. Several modules and innovations are being analyzed in order to build on the Group’s operating excellence: applications are being improved, such as myALD's adaptation to B2C utilisation, or extended to new countries and developed on other platforms, in particular the Group aims to make myALD available on its web and mobile version in each country where it is present. These new modules and innovations also aim to promote data-based decisions (Big Data), allow products and prices adaptation in real time (Dynamic Pricing) and, more generally, accelerate digital development and strengthen the customer relationship management strategy (Cloud CRM). The Group invested €101 million in its IT system in 2016, €90 million in 2015 and €76 million in 2014.

6.6 RELATIONSHIP WITH SOCIÉTÉ GÉNÉRALE

The Group is part of the International Banking and Financial Services division of Société Générale, which is one of the three pillars of the Société Générale group alongside Global Banking and Investors Solution and French Retail Banking Networks.

In this context, the Group has developed a significant relationship with Société Générale in various areas.

Following the contemplated listing of the Company on Euronext Paris, the Group will continue to rely on a substantial number of services from the Société Générale group that are required to conduct its business operations and Société Générale has committed to continue these services.

6.6.1 Operational relationship

Société Générale uses its retail bank network to sell leasing contracts for the Group in France and abroad. Approximately 40,000 orders were generated through this network in 2016. To this end, the Group's subsidiaries have entered into local contracts with Société Générale, under which Société Générale undertakes to put the applicable Group subsidiary in contact with potential clients. The local subsidiary pays Société Générale an arm's length commission, which is a percentage of the purchase price of the vehicles leased by the client, for each vehicle leased using this network. These contracts are typically concluded for an initial term of one year and automatically renewed from year to year with each party having the right to cancel the contract quarterly with one month's notice. These contracts are expected by the Group to continue after the contemplated listing of shares of ALD on Euronext Paris.

Société Générale is also a client of the Group and currently leases approximately 7,200 of the Group's vehicles. Société Générale and the Group have entered into a master agreement setting out the terms of the leasing contract offered to Société Générale's subsidiaries. This master agreement is of unlimited duration and cancellable by each party with six month notice. All contracts with Société Générale entered into pursuant to this master agreement have been established at arm's length and pursuant to usual market conditions. This master agreement and the contracts entered into pursuant to the master agreement are expected by the Group to continue after the contemplated listing of the Company on Euronext Paris.

6.6.2 Funding

As of 31 December 2016, Société Générale funded approximately 72% of the Group's debt financing (€9,297 million) on an arm's length basis. The remaining 28% of the funding was secured and unsecured funding obtained through local external banks or third parties. Société Générale also provides guarantees to external funding providers on behalf of the Group.

Most of the funding provided by the Société Générale group is granted through Société Générale Bank and Trust ("**Société Générale BT**"), which is based in Luxembourg. Pursuant to a facility agreement (the "**Treasury Facility Agreement**") maturing on 15 June 2018, Société Générale BT funds the Group Central Treasury, which then grants loans in different currencies to the eighteen main Group subsidiaries, in addition to the Group holding companies. As at December 2016, the total amount of loans granted to the Group by Société Générale was €6,649 million for an average maturity of 2.4 years and an average interest rate of 0.68%. The Group also benefits from an intra-group funding agreement applicable to entities in the Société Générale Group. This agreement provides for the terms and conditions of the loans which can be granted by Société Générale or any of its subsidiaries to other entities in the group. The agreement is of unlimited duration and cancellable by each party with one month notice, with existing loans remaining subject to the agreement until repayment.

The Group expects the Treasury Facility Agreement to be renewed before its maturity date. Société Générale has committed to continue to provide the majority of the Group's funding following the contemplated listing of the Company on Euronext Paris, as long as the Company requests it. The Group intends to maintain its issuance program in the capital markets in the future. In the event of liquidity stress on the market, Société Générale has committed in the near term to provide the Group with liquidity support in order to enable the Group to pursue its operations.

Please see Section 9.1.2.6 "Source and Cost of Funding" and Section 10.4.2.1 "Indebtedness" of this Registration Document for further details.

6.6.3 Other services

The Group also benefits from using Société Générale's existing corporate services. The Group and its local subsidiaries have entered into agreements with Société Générale for the provision of intra-group corporate services. These services are provided by various divisions of the Société Générale group and include the central administration departments of the Société Générale group as well as financial, legal, audit, credit risk management and compliance, tax, human resources, insurance and IT infrastructure services. In exchange for these services, Société Générale charges ALD an intra-group corporate services fee, which ALD then charges to the relevant subsidiary.

This intra-group corporate services fee is an arm's length fee allocated between the beneficiary subsidiaries according to a transfer pricing allocation key and amounting to the direct and indirect costs incurred in rendering the services plus an arm's length mark up. These tripartite agreements are concluded for an initial term of one year and automatically renewed from year to year unless terminated by either party with three month notice. These tripartite agreements are expected by the Group to continue after the contemplated listing of shares of ALD on Euronext Paris.

A specific master agreement has also been concluded in 2013 between ALD and Société Générale Global Solution Centre for the provision of IT services. This agreement is of unlimited duration and cancellable by each party with one month notice. It is complemented by agreements entered into locally between Société Générale and the Group's subsidiaries. These IT agreements are expected by the Group to continue after the contemplated admission to trading of shares of the Group on Euronext Paris.

In addition, certain members of the Group’s management team are employees of Société Générale that have not been seconded to the Group. See Chapter 15 "Remuneration and benefits" for additional information on these employment agreements.

The Group's relationship with Société Générale has other administrative aspects which are also expected to continue after the contemplated listing of the shares of the Company on Euronext Paris. The Group shares premises with Société Générale's business divisions in France, Germany, Ireland, India and Romania.

The Group is also currently part of the tax integration (*intégration fiscale*) perimeter of the Société Générale group. Following the contemplated listing of the Company’s shares on Euronext Paris, the Group's French subsidiaries will no longer be a member**s** of Société Générale 's French tax group. As a consequence, from the beginning of the tax year of the contemplated listing, each French subsidiary of ALD that was previously a member of the Société Générale French tax group will be responsible to complete its own tax return on a stand-alone basis, until a new tax group headed by ALD is formed. The Group does not expect any of these effects to have a significant impact on its financial results.

The Group also licenses certain trademarks and other intellectual property rights from Société Générale (see Section 11.2 "Intellectual property, licenses, usage rights and other intangible assets").

6.7 REGULATORY ENVIRONMENT

While ALD is not a regulated entity, its business activities in Europe are subject to various regulatory requirements under European and applicable national laws of the countries in which it operates.

Within the EU regulations apply directly in all EU member states. As a result, the Group's business is subject to these rules in all EU member states. In contrast, EU directives, while binding EU member states as to the result to be achieved, need to be implemented into national law. Hence, regarding those standards contained in EU directives that are applicable to the Group's business, national implementing rules can differ slightly from one EU member state to another. To the extent governed by EU regulations or national laws that are based on

EU directives, the regulatory environment in most other EU member states and the member states of the EEA is similar.

The regulatory requirements applicable to the Group's business activities are subject to change, as they are continuously modified at the national, European and international level. If the Group fails to comply with any of these laws and regulations, it may be subject to civil liability, administrative orders, fines, or even criminal sanctions.

The following provides a brief overview of selected regulations that are applicable to the Group's business operations.

6.7.1 Data Protection and Network Security Requirements

In the course of its business, the Group collects and processes personal data from its employees, customers and prospects. Therefore, the Group must meet various data protection requirements. The collection and processing of personal data is extensively regulated by both European and national legislation. At the EU level, data protection and privacy are primarily governed to date by the 95/46 EC data protection directive (the "**Data Protection Directive**") which was implemented into French law and, with respect to electronic communications, by the 2002/58/EC directive as modified (the "**Directive on Privacy and Electronic Communications**"). In addition, various sector specific statutes set forth specific data protection and/or privacy rules which apply to certain industries or businesses.

The legal framework regarding data protection requires that several principles be observed. Thus, under French data protection law (law n°78-17 dated 6 January 1978 as modified), any entity acting as data controller (i.e., which determines the means and purposes of the processing of personal data) shall in particular: (i) process personal data only for legitimate and lawful purposes; (ii) process personal data on the basis of a legal ground (e.g., unambiguous consent of the data subject or legitimate interest pursued by the data controller or processing resulting from the performance of a contract, etc.); (iv) inform data subjects about the processing of their personal data; (v) file relevant processing with or obtain relevant authorizations from the French data protection authority (the "**CNIL**"); and (vi) process personal data for no longer than necessary regarding the purpose for which they are processed.

In addition, Web analysis technologies such as cookies or tracking tools (e.g., Google Analytics) enable the operator of a website to personalize its offers and marketing to better match the customers' interests. Even though most web analysis tools anonymize or pseudonymize collected data and do not allow for a subsequent allocation of data to individual data subjects, the use of such tools is still subject to a particular legal framework. For example, the use of cookies is regulated by the Directive on Privacy and Electronic Communications, as amended, which provides for an opt-in regime pursuant to which the use of certain cookies requires in particular an informed consent of the website user.

In addition, certain security requirements must be met to ensure that data are processed and stored safely. These measures may include, inter alia, physical security against unauthorized access and manipulation (e.g., secure storing), password identification, authorization systems, logging of subsequent changes of data, segregation of data which have been collected for different purposes, encryption, as well as protection, in particular against accidental loss, destruction or unlawful access thereto. In addition, the management of data processing entities will have to ensure that appropriate compliance management measures cover the detection and control of IT-related risks when the General Data Protection Regulation (as defined below) becomes applicable.

On 14 April 2016, the European Parliament adopted a regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**"). Such General Data Protection Regulation will be applicable as of 25 May 2018 and repeal the Data Protection Directive. However, said General Data Protection Regulation reaffirms the data protection principles already specified in the Data Protection Directive. Nevertheless, the General Data Protection Regulation removes most requirements for filings with or approvals of data protection authorities. In addition, the General Data Protection Regulation also creates new obligations companies will have to comply with (e.g., accountability, data breach notification, privacy impact assessment, designation of a data protection officer in certain circumstances). Moreover, it substantially increases the extent of possible sanctions in case of non-compliance with the provisions thereof. Indeed, after the entry into force thereof, fines up to €20,000,000.00 or 4% of the annual worldwide group turnover could be imposed, whichever is higher. Through the General Data Protection Regulation, restrictions on the use of personal data for profiling purposes are also introduced. Profiling can be defined as any form of automated processing of personal data in order to evaluate certain personal aspects relating to a natural person, in particular to analyse or predict that natural person's economic situation, location, health, personal preferences, reliability or behaviour. In addition, the General Data Protection Regulation will introduce the obligation for data controllers to conduct data protection impact assessments where the contemplated data processing is likely to result in a high risk to the rights and freedoms of natural persons.

Furthermore, the directive 2016/1148 concerning measures for a high common level of security of network and information systems across the Union (the “**NIS Directive**”) was adopted by the European Parliament on 6 July 2016. The Member States will have to transpose the provision thereof by 9 May 2018. As such, the NIS Directive will in particular introduce additional requirements with respect to risk management and security incident reporting for operators of essential services in certain sectors and certain digital service providers. The Member State must have identified the said operators of essential services having an establishment on their territory by 9 November 2018 so that it is not possible to ascertain to date whether the Group and/or any of its entities would qualify as such.

6.7.2 Consumer Protection Regulation

Leasing operators who enter into leasing agreements with consumers must comply with various consumer protection laws. As the Group is planning on developing significantly its B2C activity, it is going to be increasingly subject to these consumer protection regulations. Throughout the EU, consumer protection is extensively regulated on the basis of a number of EU directives (e.g. Directive n°2005/29/EC "concerning unfair business-to-consumer commercial practices in the internal market", Directive 93/13/CEE "on unfair terms in consumer contracts" and Directive 2008/48/EC "on credit agreements for consumers"). These directives, and the national laws which implement or complement these directives, impose extensive duties and responsibilities on businesses dealing with consumers. Failure to comply with these requirements may give rise to civil and/or criminal liability, administrative orders (including injunctive relief), administrative and/or criminal fines, imprisonment and may in some cases result in an extension of warranty periods, withdrawal rights, forfeiture of right to interest or in the invalidity of the affected customer clauses or contracts.

6.7.3 Product Safety Regulation

The vehicle industry is subject to extensive product safety regulations. In particular, distributors who place products on the market in the EU have to ensure that the products are safe. This is also the general purpose of Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety (the "**General Product Safety Directive**"), as well as Directive 2007/46/EC of the European Parliament and of the Council of September 5, 2007 establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (the "**Framework Directive**") and Decision No. 768/2008/EC of the European Parliament and of the Council of July 9, 2008 on a common framework for the marketing of products (the "**Decision**"). According to these legislations, producers must only put products on the market which comply with general safety requirements. In addition, they must provide consumers with the relevant information necessary in order to assess a product's inherent risks, particularly where such risks are not directly obvious and take precautions against such risks.

Whereas the Framework Directive regulates the obligations of manufacturers, the General Product Safety Directive and the Decision also stipulate obligations that distributors, like the Group in its remarketing functions, must comply with. According to the General Product Safety Directive, distributors are obliged not to supply products which they know (or should have presumed) do not comply with general safety requirements, to participate in monitoring the safety of products placed on the market, amongst others by keeping and providing the documents necessary for tracing the origin of products. If producers or distributors know or ought to know that a product that they have placed on the market is dangerous, they must notify the competent authority and, if necessary, cooperate with them. In case of recalls, the distributors must also cooperate. Further obligations may be placed on distributors in the future, in particular, since a proposal for a new European products safety directive is currently being discussed.

A violation of the requirements of European and/or national law may be sanctioned with a fine and, in severe cases, with a criminal sanction. Product violations may also result in civil proceedings.

6.7.4 Solvency II Directive

As a reinsurance undertaking, ALD Re is subject to the European Union Solvency II Directive 2009/138/EC of the European Parliament and of the Council, as amended by Directive 2014/51/UE of the European Parliament and of the Council dated 16 April 2014 (both together, the "Solvency II Directive"). The Solvency II Directive, divided into 3 pillars, aims to create a consistent risk based approach to calculating capital requirements for insurance and reinsurance undertakings (Pillar 1 focuses on quantifiable risks and related provisions and capital requirements). In addition, it seeks to embed rigorous governance and risk management frameworks, introduce a more thorough supervisory regime (Pillar 2 focuses on risk management and operational management of insurance and reinsurance undertakings) and establish a comprehensive reporting and disclosure system (Pillar 3 focuses on the requirements applying to public disclosure of information and supervisory reporting). Member states were required to implement the Solvency II by 31 March 2015, and the new regime has entered into force as from 1 January 2016. The Solvency II Directive has been supplemented by the delegated regulation (EU) 2015/35 adopted by the European Commission on 14 October 2014, as further amended by delegated regulation 2016/467 adopted on 20 September 2015, which contains implementing rules for the Solvency II Directive.

6.7.4.1 *Capital requirements and look-through approach*

Under the Solvency II Directive, reinsurance undertakings are mandated to have adequate financial resources to meet their solvency needs under normal and severe stress scenarios. For that purpose, two capital requirements have been set: the Minimum Capital Requirement ("**MCR**") and the Solvency Capital Requirement ("**SCR**").

The MCR equates to an absolute minimum level of capital that reinsurance undertakings are required to maintain. Its calculation is based on a "Value-at-Risk" ("**VaR**") measure. VaR is a measure commonly used in financial services to assess the risk associated with a portfolio of assets and liabilities. It aims to determine the worst expected loss under normal conditions over a specific time period at a specified confidence level. A reinsurance undertaking's MCR must equal to the VaR of its basic own funds subject to a confidence level of 85% over a one-year period and a monetary minimum floor starting at EUR 3.2 million (EUR 1 million in the case of a captive reinsurance undertaking). The MCR represents the threshold below which the supervisory license of the undertaking would be withdrawn if the position cannot be rectified within a short period.

The SCR is the level of capital that reinsurers are required to maintain for the purpose of absorbing significant and unexpected losses. The SCR is the VaR of the basic own funds of a reinsurance undertaking subject to a confidence level of 99.5 % over a one-year period. The SCR reflects the true risk profile of the risk carrier, taking account of all quantifiable risks the firm faces which are divided into various categories of risks modules: (i) non-life underwriting risk, (ii) life underwriting risk, (iii) health underwriting risk, (iv) market risk, (v) credit risk, and (vi) operational risk. The SCR calibration is applied to each risk module and sub-module and covers both asset and liability related risks insurers encounter. It represents as well the threshold below which the supervisory authorities would intervene. The computation of these the MCR and SCR can be done using a standard formula defined by the Solvency II Directive or an internal model designed by the undertaking subject to the approval of the supervisory authorities. ALD Re uses the standard formula, as it is appropriate for its size, scale and complexity.

To the extent that a reinsurance portfolio includes collective investment undertakings or other investments packaged as funds, the risk carrier will be required to adopt a 'look-through' approach when calculating its SCR. This means that SCR is calculated on the basis of each of the underlying assets in a fund structure. Reinsurance undertakings are required to apply this look-through approach a sufficient number of times to capture all material risk. As such, where a risk carrier holds investments in funds of funds, each fund and sub-fund must be looked-through so the SCR is calculated on the ultimate underlying assets.

6.7.4.2 *"Prudent person" principle*

All investments held by reinsurance undertakings should be managed in accordance with the ‘prudent person’ principle. The Solvency II Directive introduces greater flexibility and responsibility for reinsurance undertakings in the management of their investments so as to allow them to reconcile their business objectives of developing more efficient and effective investment portfolios with the prudence necessary for the insurance sector. Reinsurance undertakings are not required to invest in particular categories of assets. Under the prudent person principle:

- Undertakings shall only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in assessing their overall solvency needs.
- All assets (particularly those covering the MCR and the SCR) are to be invested in a way that ensures the security, quality, liquidity and profitability of the portfolio as a whole.
- Assets held to cover technical provisions are to be invested in a manner appropriate to the nature and duration of the reinsurance liabilities.
- Assets are to be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective.
- In the case of a conflict of interest, undertakings, or the entity managing the asset portfolio, shall ensure that investments are made in the best interest of the policyholders and beneficiaries.

6.7.4.3 *Governance systems*

Under the Solvency II Directive, reinsurance undertakings must have appropriate systems of governance that provides for the sound and prudent management of their businesses and which should be subject to supervisory review. That system must at least include an adequate transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information. The system needs to be subject to regular internal review. In addition, pursuant to the "fit and proper" principle, reinsurance undertakings are required to ensure that the two persons who effectively run the undertaking or have other key functions (*i.e.* the risk management, compliance, internal audit and actuarial functions) at all times have adequate professional qualifications, knowledge and experience to enable sound and prudent management ("fit") and are of good repute and integrity ("proper").

Reinsurance undertakings are required to implement an effective internal control system, internal audit function and actuarial function. Written policies have to be set up in relation to at least risk management, internal control, internal audit and, where relevant, outsourcing by reinsurance undertakings. Those written policies must be reviewed at least annually, subject to prior approval by the administrative, management or supervisory body and be adapted in view of any significant change in the system or area concerned. Reinsurance undertakings must also take reasonable steps to ensure continuity and regularity in the performance of the activities, including the development of contingency plans (to that end, they must employ appropriate and proportionate systems, resources and procedures).

6.7.4.4 *Risk management systems*

Reinsurance undertakings must have in place effective risk-management systems, comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, all risks that the risk carrier is, or could be, exposed to and their interdependencies (covering both risks included in the SCR as well as the risks which are not or not fully included in the calculation thereof). The system must also be effective and well integrated into a firm's organisational structure and decision-making processes.

As part of its risk-management system, reinsurance undertakings are required to conduct their own risk and solvency assessment. The internal assessment process of risks and solvency needs in a continuous and prospective way, specific to each company, is known as the Own Risk and Solvency Assessment ("**ORSA**"). ORSA is a quantitative and qualitative assessment.

In order to facilitate the implementation of the Solvency II Directive, the European Insurance and Occupational Pensions Authority ("**EIOPA**") issued a number of guidelines to help insurance and reinsurance undertakings in the transition to meet the new Solvency II requirements. In particular, EIOPA published in 2013 guidelines on forward looking assessment of own risks based on the ORSA principles. These Guidelines were to be implemented by the national competent authorities into their local regulation within the context of the Solvency II preparatory phase.

6.7.4.5 *Reporting to supervisors*

The Solvency II Directive sets out which information reinsurance undertakings must provide with their supervisors to facilitate supervision and defines high-level requirements as to when the information must be submitted, as well as certain qualitative principles that risks carriers must comply with. Broadly speaking, all information necessary for the purposes of the supervision must be provided to the relevant competent authorities at a certain fixed frequently, in particular the solvency and financial condition report ("**SCFR**"), the regular supervisory report ("**RTS**"), the ORSA, and the annual and quarterly quantitative templates ("**QRTs**") when the risk carrier is relying on a standard formula in determining the SCR. Note that a full RTS report is filed with the relevant supervising authorities every three years, subject to material annually update. SCFR is submitted to the relevant supervising authorities every year.

The SFCR includes publicly disclosed information over, among other, business and performance, governance, risk management, regulatory balance sheet and capital management. After a “major development” significantly affecting information in SFCR and resulting in a non-compliance with the MCR or a significant non-compliance with the SCR which cannot be solved within a one-month delay regarding the MCR (two months as regards the SCR), risk carriers must publicly disclose appropriate information on its nature and effects. The RTS is a non-public report to the attention of the relevant supervising authorities which covers, in addition to the information included in the SFCR, business strategy, variance against underwriting plan, projections of future solvency needs, legal and regulatory issues and future risk exposure. The QRTs specify in greater detail and supplementing the information presented in the SCFR and the RTS.

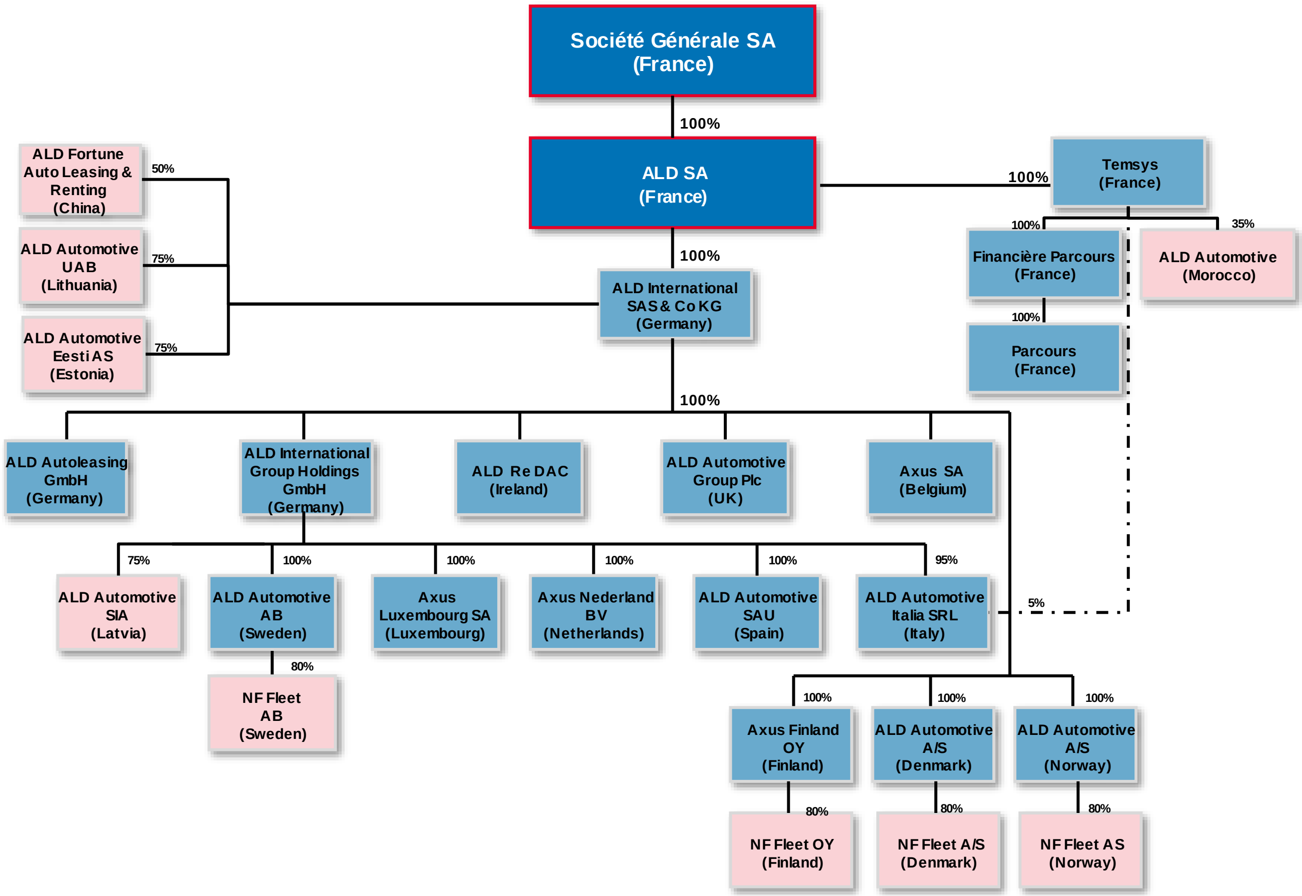
Note that reinsurance undertakings are required to have appropriate systems and controls in place to enable them to fulfil their reporting requirements. They are also required to have a written policy, approved by the firm's administrative, management or supervisory body, ensuring the ongoing appropriateness of the information submitted. Finally, reinsurance undertakings that are part of a group have group-level reporting requirements to comply with.

CHAPTER 7. ORGANISATIONAL STRUCTURE

7.1 ORGANISATIONAL CHART

The simplified organisational chart below sets forth the legal organisation of the Group as of the date of this Registration Document. The percentages set forth below represent the percentages of share capital and voting rights. As a holding company for the Group, ALD does not carry out any leasing activities. Its primary role is to act as a holding company for the Group subsidiaries and to set the strategic direction of the Group and supervise the activities of the individual operating companies of the Group. ALD's central functions include the following key activities:

– Subsidiary supervision;
– Management of relationships with Key International Accounts and partners;
– Central procurement activities to negotiate volume bonuses with manufacturers and other suppliers (such as tyres, short term rental etc.);
– Treasury coordination including administering the group's EMTN bond issues;
– General Secretary functions covering credit, compliance, risks and internal control; and
– IT support functions.



wholly -owned subsidiaries

partially -owned subsidiaries

For discussion of the principal funding and payments made between the Company and its subsidiaries, please see Section 6.6.2 "Funding" and Section 6.6.3 "Other services".

7.2 SUBSIDIARIES AND EQUITY INTERESTS

7.2.1 Material subsidiaries

The main direct or indirect subsidiaries of the Company are described below.

ALD Autoleasing GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of Germany with a share capital of €16,000,000, with its registered office located at Nedderfeld 95, 22529 Hamburg, Germany, and registered with the local court of Hamburg under number HRB 30468. It is indirectly wholly owned by the Company. Its primary corporate purpose is the short-term, middle-term and long-term leasing of moveable assets of any kind, especially domestic and foreign cars as wells as the holding of similar companies.

ALD Automotive Group Plc is a public limited company organised under the laws of the United-Kingdom of Great-Britain and Northern Ireland with a share capital of GBP 8 million, with its registered office located at Oakwood Park, Lodge Causeway, Fishponds, Bristol, BS16 3JA; United Kingdom, and registered with the Companies House under number 03120091. It is indirectly wholly owned by the Company. Its primary corporate purpose is the renting and leasing of cars and light motor vehicles.

ALD Automotive Italia S.R.L. is a limited liability company (*societa a responsabilita limitata*) organised under the laws of Italy with a share capital of €140,400,000, with its registered office located at Viale Alexandre Gustave Eiffel, 15 CAP 00148, Rome, Italy, and registered with the chamber of commerce of Rome under the number 07978810583. It is indirectly wholly owned by the Company. Its primary corporate purpose is the short-term and long-term leasing of vehicles, as well as their temporary rental, the sale and purchase of road transportation, the operation of garages and mechanichal workshops, the maintenance and repair of road transport vehicles both directly and through third parties and the provision of ancillary services.

ALD Automotive SAU is a limited liability company (*Sociedad anónima*) organised under the laws of Spain with a share capital of €4,458,458.4, with its registered office located at Carretera de Pozuelo 32, 28220-Majadahonda, Madrid, Spain, and registered with the R.M. of Madrid under Tomo 2522, Folio 157, Hoja M-44080. It is indirectly wholly owned by the Company. Its primary corporate purpose is the study, coordination, planning, calculation of costs and management of the purchase and sale and non-financial leasing of vehicles and vehicle fleets for individuals and legal entities public or private owned, and the administration, advising and optimization of costs of these and related activities, and the activities of an insurance agent.

ALD Re DAC is a designated activity company limited by shares organised under the laws of Ireland with a share capital of €12,000,000, with its registered office located at IFSC House, Dublin 1, Ireland, and registered with the Companies Registration Office under number 411486.It is indirectly wholly owned by the Company. Its primary corporate purpose is to carry on the business of reinsurance, to enter into contracts of retrocession of every kind and to pay, settle or compromise any claims made against the company in respect of any contract. It also provides services in the management and administration of reinsurance underwriting activities, insurance and reinsurance related consultancy and advisory services and claim processing.

Axus Luxembourg SA is a limited liability company (*société anonyme*) organised under the laws of Luxembourg with a share capital of €100,150,000, with its registered office located at 270, route d'Arlon, L-8010 Strassen and registered with the Luxembourg register of commerce and companies under number B23299. It is indirectly wholly owned by the Company. Its primary corporate purpose is the leasing of moveable assets of any kind and real property and to assist in the financing of companies in which it has an interest.

Axus Nederland BV is a private limited liability company (*Besloten vennootschap*) organised under the laws of the Netherlands with a share capital of €1,225,250, with its registered office located at Hoeksteen 60, 2132MS Hoofddorp, Netherlands, and registered with the Netherlands Chamber of Commerce Trade Register under number 34063455. It is indirectly wholly owned by the Company. Its primary corporate purpose is the sale, purchase, renting, leasing, import and export of trade goods and in particular of motor vehicles as well as the holding of companies. It also provides financial, managerial and administrative services to such companies.

Axus SA is a limited liability company (*société anonyme*) organised under the laws of Belgium with a share capital of €47,400,000, with its registered office located at 120 rue Colonel Bourg, 1140 Brussels, Belgium, and registered with central companies register under number BCE 0403429730. Its primary corporate purpose is industry, trade, operation, rental, including financial lease, of all matters relating directly or indirectly to motor vehicles equipment, equipment relating to other means of transport, mechanical engineering or other. Also the company is able to offer all mobility services and solutions, both in terms of travel, workspaces, connections, and be an intermediary for companies providing mobility solutions.

Parcours is a simplified joint-stock company (*société par actions simplifiée*) organised under the laws of France with a share capital of €30,171,552, with its registered office located at 19 rue Lavoisier 92000 Nanterre, France, and registered with the Nanterre Trade and Companies Register under number 399 399 484. It is wholly owned by Financière Parcours. Its primary corporate purpose is the long-term leasing of cars, the sale and purchase of vehicles as well as the insurance brokerage.

Temsys SA is a limited liability company (*société anonyme*) organised under the laws of France with a share capital of €66,000,000, with its registered office located at Immeuble Cap West, 15 Allée de l'Europe, 92110 Clichy, France, and registered with the Nanterre Trade and Companies Register under number 351 867 692. It is wholly owned by the Company. Its primary corporate purpose is the acquisition, the sale and the long-term leasing of cars and insurance brokerage. Temsys SA indirectly holds 100% of Parcours SAS.

The additional subsidiaries of the Company referenced under Section 7.1 "Organisational Chart" are not described in this section as they are non-material subsidiaries of the Company.

7.2.2 Recent acquisition and disposals

7.2.2.1 *Acquisitions*

The Group recently completed the following acquisitions in order to expand its international network and be able to accompany its Key International Accounts.

- In 2015, growth was supported by two acquisitions. These were **Easy KM** in Finland (8,000 vehicles) and **Sogelease** (1,836 vehicles) in Bulgaria.

- In 2016, the Group acquired three companies: **Brightlease** (1,100 vehicles) in the Netherlands; **MKB** in Hungary (7,700 vehicles) and Bulgaria (1,700 vehicles); and **Parcours Group** (63,700 vehicles) in France. Parcours Group was acquired for €297.7 million by Temsys, the French subsidiary of ALD. This company is the seventh largest French operator of long-term vehicle leases. Of the total fleet acquired of 63,700 vehicles generating total annual revenues of €370 million, 57,600 were operated in France and the balance in Spain, Belgium and Luxembourg.

7.2.2.2 *Disposals*

Not applicable.

7.2.3 Equity Investments and Joint Ventures

7.2.3.1 *Equity Investments*

As of the date of this Registration Document, the Company holds the following direct and indirect equity investments giving it neither control nor significant influence:

- In 2001, the Group acquired 35 % of the share capital and voting rights of ALD Automotive SA Morocco. The purpose of this cooperation is to develop the leasing activity in Morocco and benefit from the support of a strong local partner, already present in the automobile industry (Renault).

7.2.3.2 *Joint Ventures*

As of the date of this Registration Document, the Company is a party to the following significant joint ventures:

- In 2006, in order to distribute its products, the Group created NF Fleet, a joint-venture with Nordea, a Swedish banking group. The Group holds 80% of the share capital and voting rights of NF Fleet, which was formed for an unlimited duration. Under this joint-venture, the business introduced by Nordea is remunerated in the form of a commission and the Group charges an administration fee to the joint venture for the finance, accounting remarketing, insurance, claims and human resources activities it handles.

- In 2009, in order to expand its network in China, the Group created ALD Fortune Auto Leasing and Renting (Shanghai) Co Ltd, a joint-venture with Fortune Investment Co Ltd Baosteel, the leading steel producer in China. The Group holds 50% of the share capital of ALD Fortune Auto Leasing and Renting (Shanghai) Co Ltd which was formed for thirty years. Under this joint-venture, the purpose is to carry on the business of car leasing and related activities in the Republic of China through the activities of car leasing, lease cars purchases, residual value disposal, wholesale of car parts, maintenance and services relating to lease cars.

CHAPTER 8. PROPERTY, PLANTS AND EQUIPMENT

8.1 SIGNIFICANT EXISTING OR PLANNED MATERIAL TANGIBLE FIXED ASSETS

As of 31 December 2015 and 31 December 2016, the Group held rental fleet, property and equipment with a gross value of €16.7 billion and €19.7 billion respectively.

Tangible fixed assets held or leased by the Group consist mainly of its rental fleet of 1.045 million vehicles as at 31 December 2016, across Europe, South America, Asia and Africa.

The Group believes that the rate of use of its various tangible fixed assets is consistent with its activity and expected development, as well as with its current and planned investments.

As of the date of this Registration Document, the Group's planned property, plant and equipment are its investments underway or planned, as discussed in Section 5.2 "Investments".

8.2 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

8.2.1 General Environmental and Sustainable Development Policy

The environment and sustainable development policy objectives are integrated into all of the Group's activities. Initiatives to monitor and reduce the Group's environmental impact are frequently evolving and improving.

The Group also endeavours to make choices that are favourable to the environment in connection with its operational activities, and in particular with respect to its automobile fleet. The Company works to maintain an automobile fleet that respects the environment by taking pollution and greenhouse emissions into consideration.

The Group's environmental policy strives to follow three general principles of action:

- Minimise the impact of its activities on the environment, in particular in terms of CO2 emissions;
- Control and reduce as much as possible its consumption of natural and energy resources through a rational and optimised use of them;
- Ensure constant attention to the well-being of its employees and to the reception of its clients within the framework of a coherent CSR policy.

By launching its 2008-2012 carbon neutral program in 2007, the Société Générale group initiated an approach that has enabled the emergence of an environmental culture within each of its components. In this program, the Group undertook to reduce its CO2 emissions per occupant by 11% by 2012 and to gradually compensate these emissions, thus making the fight against climate change the main focus of its environmental policy.

Having noted that these initial objectives had been achieved, in July 2012, the Executive Committee of the Société Générale group validated a new carbon reduction program covering the period 2012-2015. This is in line with the previous program by strengthening the Group's ambitions through two objectives:

- To reduce greenhouse gas (GHG) emissions per occupant by 26% compared to 2007 (excluding the use of renewable electricity at that date);
- Increase energy efficiency by 24% compared to 2007.

The Company aims to be a socially responsible and is well-aware of the important ecological stakes that confront the automotive industry. In order to face these challenges, the Company has been a pioneer in building a long term renting solution dedicated to electric vehicles. As at 31 December 2016, the Company's alternative fleet consisted of 45,981 electric or hybrid vehicles.

Furthermore, the CO2 emissions from the Group's cars have been decreased since 2011. In 2016, the average CO2 emissions for its fleets were 131g/km.

The Group is also working to reduce its energy consumption to the greatest extent possible.

8.2.2 Climate Change and Greenhouse Gas Emissions

The Group pursues its commitments in the areas of the environment and sustainable development through initiatives to increase the percentage of its vehicle fleet consisting of low emission vehicles.

The Company also commits to measure and reduce its carbon footprint (energy, transportation and paper) and to limit its consumption of other natural resources and waste production.

In 2016, for all 24 entities participating in the collection campaign, greenhouse gas (GHG) emissions are estimated at 8,442 tonnes (relating to direct and indirect emissions linked to energy, transport Occupations and total paper consumption), or 1.6 tonnes of CO2 equivalent per occupant, unchanged from 2014.

CHAPTER 9. OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with the Group's audited consolidated financial statements as of and for the financial years ended 31 December 2016, 2015 and 2014 and the Group's unaudited interim condensed consolidated financial statements as of and for the three months ended 31 March 2017 (including 31 March 2016 data as a comparative) as they are provided in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document. The presentation in this section contains forward-looking statements that involve risks, uncertainties and assumptions. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set out under the captions "Forward-Looking Statements" and Chapter 4 "Risk Factors" in this Registration Document.

The Group's audited consolidated financial statements for the years ended 31 December 2016, 2015 and 2014 were prepared in accordance with IFRS as adopted by the European Union and have been audited by the Group's statutory auditors, whose reports are printed in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document. The Group's unaudited interim condensed consolidated financial statements for the three months ended 31 March 2017 (including 31 March 2016 data as a comparative) have been prepared in accordance with IFRS as adopted by the European Union and have been reviewed by the Group's statutory auditors, whose reports are printed in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

9.1 FINANCIAL CONDITION

9.1.1 Overview

ALD is the parent company of the Group and is a wholly-owned subsidiary of Société Générale. The Group operates across the value chain in driver mobility services and is a leading international provider of full service vehicle leasing and fleet management services to corporate customers and, more recently, it has also expanded its offer to private individuals.

The Group is ranked number one in Europe, with a market share of approximately 13%, and number three globally in the full service leasing segment[18] based on its total number of full service vehicle leasing and fleet management vehicles under contracts as at 31 December 2015 (Source: Fleet Europe; public filings; Company estimates for Italy)[19]. As at 31 December 2016, the Group managed a total of 1.376 million vehicles in full service leasing and fleet management of various makes and models in 41 countries in which the Group has a direct presence, giving the Group the widest geographical coverage in the full service leasing and fleet management market (Source: Fleet Europe). As at 31 December 2016, 27% of the Group's on-balance sheet fleet was located in France, 13% in Italy, 12% in the UK, 24% in

[18] Full-service leasing segment includes only operating lease providers and excludes pure finance lease providers with no additional service offering.

[19] Including Parcours and MKB.

the rest of Western Europe, 11% in Central and Eastern Europe, 7% in Northern Europe and the remaining 6% is located in South America, Africa and Asia. The Group employed 5,922 people globally as at 31 December 2016. In addition to its direct presence in 41 countries, the Group has entered into alliances with major providers of full service vehicle leasing and fleet management in several regions, covering 13 countries, including the United States.

The Group's Full Service Leasing (as defined in Section 6.4.2 "Product Offerings") product offering, which represented 76% of the Group's fleet by number of vehicles as of 31 December 2016, offers clients the usage of a vehicle for a regular monthly lease payment covering financing, depreciation of the vehicle and the cost of various services provided relating to the use of the vehicle. The Group's Fleet Management (as defined in Section 6.4.2 "Product Offerings") product offering, which represented 24% of the Group's fleet by volume, provides outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays a monthly fee for the cost of various services relating to the use of the vehicle.

In the three months ended 31 March 2017 and the year ended 31 December 2016, the Group generated a consolidated Gross operating income of €328.4 million and €1,244.2 million, respectively, compared to €303.3 million and €1,172.8 million in the three months ended 31 March 2016 and the year ended 31 December 2015, respectively. The three principal components of the Group's Gross operating income are its Leasing Contract Margin, Services Margin and Car Sales Results. In the three months ended 31 March 2017, the Group's Leasing Contract Margin amounted to €128.8 million, Services Margin amounted to €151.8 million and its and Car Sales Results to €47.8 million, compared to €121.6 million, €129.6 million and €52.0 million, respectively, in the three months ended 31 March 2016. In 2016, the Group's Services Margin amounted to €528.6 million, its Leasing Contract Margin to €514.1 million and Car Sales Results to €201.5 million, compared to €534.0 million, €431.6 million and €207.2 million, respectively, in 2015. The Group generated Net Income attributable to owners of the company of €143.6 million and €511.7 million in the three months ended 31 March 2017 and in the year ended 31 December 2016, compared to €130.9 million and €424.3 million in the three months ended 31 March 2016 and in the year ended 31 December 2015.

9.1.2 Significant factors affecting the Group's results

Under both its Full Service Leasing and Fleet Management product offerings, the Group generates profits, referred to as the Services Margin, through the wide range of services that it offers, such as maintenance and repairs, insurance, tyres and replacement vehicles. As a result of its high service equipment rate and wide range of services, the Group generates strong Services Margin and returns. In addition, under its primary product offering, Full Service Leasing, the Group purchases vehicles with a view to leasing them to customers for a period generally of 36-48 months and therefore also earns a spread, or Leasing Contract Margin, equal to the difference between, on the one hand, the leasing contract revenues it receives from customers, comprised of a component to reflect the expected depreciation of the leased vehicle and a component related to the interest for funding the vehicle over the lease period, and, on the other hand, the leasing contract costs, which are comprised of the costs for the expected depreciation of the leased vehicle and the costs of funds the Group incurs to purchase the corresponding vehicles. Finally, the Group may generate profits from the resale of its vehicles at the termination of a lease contract, referred to as the Car Sales Results. As a consequence, Full-Service Leasing has the potential to generate higher returns than pure finance lease contracts.

The Group's Gross operating income consists of its Services Margin, its Leasing Contract Margin and its Car Sales Results. Such Gross operating income is a function of, and depends on any evolution of, the fleet size, pricing to clients, the cost of services, operating expenses, car sales results and cost of the Group's funding, which themselves are significantly influenced by the macroeconomic and industry conditions and competition. The Group's net income consists mainly of its Gross operating income net of operating expenses, which depend in part on evolutions in staff and IT expenses.

9.1.2.1 ***Macroeconomic Conditions***

Macroeconomic developments in Europe and the other countries in which the Group operates are a key factor affecting demand for its services, the cost of its services and its results of operations. Macroeconomic conditions have a direct influence on the level of corporate fleet investment and the demand for fleet management services from business customers, as well as the demand for new vehicles from retail customers, which in turn drives growth of the Group's funded and unfunded fleet. In addition, the cost of services provided by the Group may be affected by macroeconomic conditions, including global commodity prices, such as for petroleum based products like tyres.

However, the adverse effects of macroeconomic volatility are also mitigated by the Group's business model. For example, most of the Group's Gross operating income is derived from fixed payment customer contracts, which typically have three to four year terms. In addition, in difficult economic periods, customers are more likely to rely on leasing assets rather than purchasing them, especially as companies look to focus on and optimise their core business and to outsource non-core activities to increase internal efficiencies and save costs, all of which has a positive impact on the demand for the Group's services. Furthermore, increasing levels of penetration in the full service leasing market across all countries and regions have allowed the Group to grow steadily over the period, in spite of the economic volatility, as highlighted in the table below, which sets out the annual growth of the Group's Total fleet as compared to average annual GDP growth in Europe since 2008.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP Growth Europe..........	1.0%	(4.4)%	2.2%	2.2%	0.2%	0.6%	1.4%	1.4%	1.6%
The Group Total fleet........	8.0%	0.9%	6.0%	9.0%	4.2%	5.6%	9.8%	9.0%	14.0%

Because the Group has operations on four continents, and different regions exhibit varying economic cycles and growth patterns, its results are dependent on the overriding economic climate in each area. At the same time, the Group has sought to increase its activities in emerging markets, which have generally experienced higher growth rates in recent years. The economies in which the Group operates in South America, Africa and Asia have experienced growth rates of 5.4%, 4.8% and 4.8% in the three years ending 31 December 2016, and the economies in which the Group operates in Central and Eastern Europe have experienced growth rates of 1.6%, 0.3% and 1.3% in the three years ending 31 December 2016, as compared to 1.4%, 1.7% and 1.7% in Western Europe (Source: International Monetary Fund, World Economic Outlook Database), where the Group conducts most of its business. Emerging economies in South America, Africa and Asia and Central and Eastern Europe, which represent 17% of the Group's fleet as at 31 December 2016, have generally experienced steady growth, with higher levels of volatility in some cases. Despite modest economic growth in Europe, there has been steady demand for new vehicles in this region, with new passenger vehicle registrations in Europe increasing by 0.7 million, or 3.9%, from 18.4 million in 2015 to 19.1 million in 2016 (Source: Frost & Sullivan). In this context, the Group has been able to increase its number of total vehicles by 14%, from 1.2 million as of 31 December 2015 to 1.4 million as of 31 December 2016.

For further information on the Group's markets, see Chapter 6 "Business Overview"—Section 6.2 "Car Fleet Leasing Market and Competitive Environment". For further information on the risks associated with macroeconomic developments, see Chapter 4 "Risk Factors"—Section 4.1 "Risks Related to the Group's Industry and Business".

9.1.2.2 *Competitive factors*

The vehicle leasing market remains relatively competitive, with the top three players representing 37% of the European market as measured by on-balance sheet fleet. One of the key aspects on which standalone fleet leasing business compete is price of services. The largest players benefit from purchasing power advantages that translate into lower costs per unit, and bank affiliates have a funding advantage that allows them to be competitive in their pricing. The Group's large international accounts in Western Europe tend to be the most competitive on pricing. As a consequence of price competition, in certain geographic markets, the full service leasing market is undergoing consolidation, while smaller operators aim to focus on particular niche sectors, such as specialising in particular vehicle services (e.g. trucks or vans) or industry segments (e.g. utilities or government agencies).

Additionally, the largest players with a global scope of operations have the resources and capabilities to better assess current market conditions and trends and to develop innovative products. The Group is focused on providing a differentiated offering that involves additional services, which allows it to compete based on quality and experience, a consistent and standardised product, a global presence for large corporate clients, a sophisticated information technology platform with innovative solutions across multiple regions and a leading position in indirect distribution partnerships. In particular, the Group’s leadership in multi-channel distribution through distribution partnerships with financial institutions and car manufacturers drives market reach and development opportunities. In addition, the Group's expansion efforts in emerging markets over the last decade have proven to be profitable, placing the Group in a strong position as the penetration of vehicle operating lease grows in these markets.

For further information on the Group's competition, see Chapter 6 "Business Overview"—Section 6.2 "Car Fleet Leasing Market and Competitive Environment". For further information on the risks associated with the Group's competitive environment, see Chapter 4 Risk Factors"—4.1"Risks Related to the Group's Industry and Business".

9.1.2.3 *Cost of services*

Payment in relation to full service leasing is generally made on a fixed payment model. The fixed payment model involves the customer paying fixed monthly instalments that are set at the beginning of the relevant contract. The pricing of this fixed payment model is based on the acquisition cost and estimated residual value of the vehicle, the funding cost and the anticipated cost of services. The profitability of provision of services under this model is therefore affected by changes in the cost of providing such services over the course of a contract, which is typically three to four years in duration. Increases in the diversification of its fleet and suppliers, however, limits the impact on the Group of any increased costs or savings in a local market. In addition, the size of the Group's fleet and centralization of purchases allows for cost savings.

The Group's sourcing benefits from its experience, long-standing supplier relationships and bulk-buying power, which allows it to negotiate discounts and volume bonuses and thereby enables it to offer more attractive pricing to its customers. However, some of the Group's costs, such as the price of engine oil used for the oil changes that are part of regular maintenance checks or the prices of products comprising a significant proportion of petroleum based materials such as tyres, are determined by factors that are linked to global commodity prices, with any increase in such costs having a potential impact on the Group's cost of services.

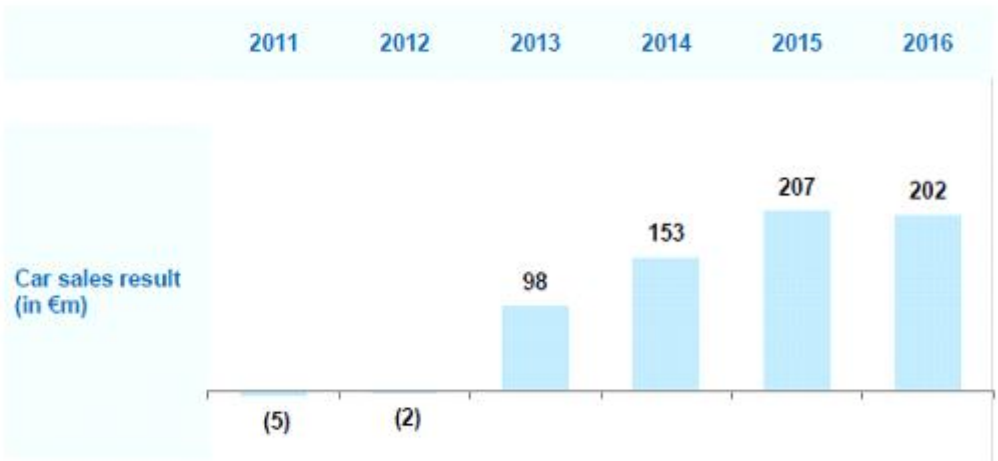
For further information on the risks associated with the Group's pricing and service sourcing and default risk associated with the Group's customers, see Chapter 4 "Risk Factors"—Section 4.1"Risks Related to the Group's Industry and Business".

9.1.2.4 *Operating Expenses*

The Group incurs operating expenses including staff expenses and general and administrative expenses (including IT costs (including payroll), property costs, professional fees and advertising). In particular, the Group’s commitment to be the preferred choice for mobility solutions within the market has led to an acceleration of its IT investment programme. For example, IT costs represented 17-18% of total operating expenses from 2014-2016 (2016: €101.2 million; 2015: €89.9 million; 2014: €76.1 million). With approximately €53 million in 2016 (including payroll) (compared to €48 and €39 million in 2015 and 2014) being directed towards new IT initiatives aimed at the Group's digital transformation, there has been a specific focus on digital solutions in order to further enhance the Group’s customer’s experience including fleet manager and driver web portals and online services, flexible and rechargeable leases, private leasing and enhancements to the used car online platform, as well as investment in the development of new flexible product offerings for the Group’s customers. The Group believes that such increases in IT costs should lead to sustained growth, increases in revenue and efficiency gains as a result of IT innovations.

9.1.2.5 *Depreciation, Residual Values and Car Sales*

The large majority of the Group's Full Service Leases are operating leases (96.1% as at 31 March 2017), with remaining leases being classified as finance leases (3.9% as at 31 March 2017). The Group records most of the vehicles it leases to its customers as assets on its balance sheet. Vehicles are generally bought from car manufacturers at a discount compared to the list price, thanks to the Group's purchasing power. The book-value of these assets is initially recorded at acquisition cost and is depreciated on a straight-line basis over the term of the relevant lease to its estimated residual value at the end of the lease, as estimated at the inception of the lease unless an adjustment is required following a fleet semi-annual fleet re-evaluation (as detailed below). These depreciation expenses are then recharged by the Group to its clients. The residual values are typically significantly lower for full service leasing than for short-term car rental, which lowers proportionally the residual value volatility risk for the Group compared to the residual value volatility risk of short-term car rental companies. The Group's total residual value for its fleet was €8,888 million as of 31 December 2016. Car Sales Results accounted for 15.6%, 17.7%, 16.2% and 14.6% of the Group's Gross operating income in the years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017, respectively.



	2011	2012	2013	2014	2015	2016
Sale proceeds per vehicle (in €)	9,133	8,931	9,218	9,315	9,639	9,805
% change YoY	*0.8%*	*(2.2%)*	*3.2%*	*1.1%*	*3.5%*	*1.7%*
NBV (in €)	(9,163)	(8,944)	(8,642)	(8,517)	(8,663)	(8,974)
% change YoY	*(1.9%)*	*(2.4%)*	*(3.4%)*	*(1.5%)*	*1.7%*	*3.6%*
Car sales result per vehicle (in €)	(30)	(13)	576	798	976	831
% of cost of sales	*(0.3%)*	*(0.1%)*	*6.7%*	*9.4%*	*11.3%*	*9.3%*

The residual value of the cars owned by the Group may affect the Group's Net Income in two primary ways.

Firstly, the Full Service Leasing product offering generates sales revenue through the sale of used vehicles that have previously been leased by customers. The price at which the Group is able to sell the vehicles in its fleet, and so the revenue it is able to generate from such sales, is primarily determined by prevailing market prices for used vehicles of the particular make, model, mileage, age and general condition of a vehicle at the time of sale, while the profitability of such sales correspond to the difference between the price at which the car is sold and the net book value at the time of sale. Changes in the selling prices of the cars owned by the Group will therefore directly affect the level of the car sales result.

Secondly, as the calculated residual value of vehicles in the Group's fleet, and so their depreciation rate, is determined at the beginning of the relevant lease, changes in prevailing market prices for used vehicles can result in the expected resale value of the fleet deviating from its net book value, which is its acquisition cost less accumulated depreciation. The Group reviews market prices at a country level on a semi-annual basis in the used vehicle markets to determine whether the estimated residual value of the Group's vehicles continues to reflect their expected resale value at the end of the relevant lease agreement. If, in a given country for a given year of restitution of a vehicle, the total expected resale value of the Group's active vehicle fleet at the end of relevant lease agreements is likely to be less than the originally estimated residual values, the Group will recognise in its income statement additional depreciation charges made prospectively over the remaining lease terms to reflect the new accounting estimates. If the total expected resale value of its active fleet vehicles is greater than originally estimated, the Group does not make any adjustments to its income statement. The Group only recognises overall losses expected on a country's total active fleet whereas for any countries with overall profits, these are not anticipated.

The Group aims to mitigate the residual value risk resulting from decreases in used car prices through (1) pro-active contract management, and the possibility to negotiate amendments to on-going contracts (such as with respect to duration and kilometre limits), (2) remarketing expertise, including through the development of an e-auction website and of an efficient logistic network, and an increased ability to export more vehicles, resulting in lower associated risk on resale activity, (3) strong diversification of the fleet by brand (no brand accounting for more than 15% of total fleet) and by geography (no country representing more than 33% of the total fleet), (4) development of a new product consisting in leasing used cars to private customers, as a way for the Group to further delay the sale of cars, and thus reduce residual value risk and (5) as discussed above, a semi-annual fleet re-evaluation in order to anticipate large changes in residual value.

For further information on the risks associated with depreciation, residual values and car sales, see Chapter 4 "Risk Factors"—Section 4.1"Risks Related to the Group's Industry and Business"— "The Group may not be able to dispose of its used vehicles at desirable prices, and it faces risks related to the residual value of its vehicles in connection with such disposals.".

9.1.2.6 *Source and Cost of Funding*

The financing component of the Group's leases is generally fixed at the commencement of the lease agreement and remains constant over the term of the lease agreements, which as of 31 December 2016 had an average term of approximately 43 months for Full Service Leasing. In order to minimise the impact of changes in cost of funding, the Group aims to match the profile of its assets (lease contracts) with the profile of its funding as closely as possible as part of its Asset and Liability ('ALM') management. As a result, increases in funding costs would have a minimal impact on existing contracts. However, any such increases could impact future profitability, if the Group's funding costs rise more than those of its competitors which could place it at a competitive disadvantage when pricing its contracts, thus affecting future volumes. However, interest rates have not affected the Leasing Contract Margin historically or the Group’s ability to effectively compete in the market during periods of interest rate increases or decreases, demonstrated in the following table, which sets forth the Group's Leasing Contract Margin since 2011.

	2011	2012	2013	2014	2015	2016	Q1 2017
				(€ millions)			
Leasing Contract Margin	328	339	333	381	432	514	129
Leasing Contract Margin as % of Average Earning Assets	3.7%	3.6%	3.4%	3.7%	3.8%	3.8%	3.5%[20]

As a member of the Société Générale group, the Group benefits from Société Générale funding part of its operations. The majority of the Group's funding has been sourced internally as part of an arrangement with Société Générale, with the remainder sourced from external sources (see Chapter 10 "Liquidity and Capital Resources"—Section 10.4.2.1"Indebtedness"). The funding the Group obtains from Société Générale (and other Société Générale group entities) is based on Société Générale's own cost of funding plus a credit premium. As part of its diversified sources of funding, the Group intends to continue to make use of Société Générale financing, which Société Générale has committed to continue to provide following the contemplated listing of the Group's Shares on Euronext Paris (for more information see Chapter 6 "Business Overview"—Section 6.6 "Relationship with Société Générale").

9.1.2.7 *Valuation of Mark to Market Derivatives*

As discussed in Section 9.4.8 "Equity Reinvestment", in compliance with Société Générale ALM rules, the Group invests its equity in long term assets and has in the past also implemented equity replacement swaps in place of investments in long-term amortising assets. As a result, as of 31 December 2016, in addition to having on its balance sheet a €1.0 billion long-term loan made to Société Générale, the Group also had interest rates swaps with Société Générale under which the Group paid the floating rate leg and receives the fixed leg. However, as of 31 March 2017, all such swaps have been terminated.

9.2 BASIS OF PRESENTATION

The Group's principal source of revenue is derived from leasing and other services the Group provides in its Full Service Leasing and Fleet Management product offerings. The Group's Full Service Leasing product offering involve both granting a customer the right to use a vehicle and the provision of additional services, while the Group's Fleet Management product offering generally consist of the payment of fees for services. In addition, the Group derives revenues through car sales.

9.2.1 Principal income statement items

The Group's revenues are derived from its (i) Services Margin, (ii) Leasing Contract Margin and (iii) Car Sales Results.

20 Leasing Contract Margin on an annualized basis.

The main items on the income statement for the Group's consolidated financial statements, which are used by the Group's management to analyse its consolidated financial results, are described below:

Leasing Contract Margin represents total Leasing contract revenues from operating leases and interest income from finance leases less leasing contract depreciation from operating leases and interest charges (including charges from loans and issued bonds), adjusted for unrealised gains/losses on financial instruments. Leasing contract revenues from operating leases are the operating lease instalments charged on a straight line basis to clients for the right to use the leased assets. These revenues effectively comprise a component to reflect the expected depreciation of the leased asset and a component related to the interest for funding the asset over the lease period.

Services Margin represents revenue and costs on maintenance and tyres, insurance, fee income, rental fleet and other services. Service revenues are recognised at the time of receipt of monthly instalment payments from customers, except in the case of maintenance and tyres, where revenue is deferred and recognised in line with the historical cost patterns for maintenance and tyres so that revenues and costs are matched as closely as possible.

Car Sales Results represents proceeds of cars sold and cost of cars sold. Proceeds and costs of cars sold, as well as extra mileage, damage and early termination, are recognised at the time of sale.

Gross operating income represents the Gross operating income from the Group's core activities, comprised of Services Margin, Leasing Contract Margin and Car Sales Results.

Total operating expenses represents staff expenses, general and administrative expenses (including IT costs (excluding payroll), property costs, professional fees and advertising) and depreciation and amortisation.

Impairment charges on receivables represents the net impairment charges made against the receivable's carrying amount. An impairment charge is recognised at the end of each reporting period if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. Such impairment can be due to evidence of a corporate failure of a client or due to non-payment of amounts falling due which as a result of a dispute or due to a receivable being sufficiently aged so as to give rise to a risk of delinquency.

Non-recurring income (expenses) represents expenses of a one-off, non-routine nature.

Profit before tax represents the difference between Gross operating income and total operating expenses, adjusted for impairment charges on receivables, non-recurring income (expenses) and the share of profits from associates and JV’s.

Net income attributable to non-controlling interests represents the proportion of the Group's net income recognised in relation to equity interests in subsidiaries owned by outside parties. The Group recognises any non-controlling interest in the company acquired on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Net Income attributable to owners of the company represents profit before tax, adjusted for income tax expenses and net income attributable to non-controlling interests, equal to the proportion of the Group's net income recognised in relation to the owning shareholders' equity interests.

9.2.2 Main balance sheet items

The main items on the balance sheet for the Group's consolidated financial statements, which are used by the Group's management to analyse its consolidated financial position, are described below:

Rental fleet represents the net book value of owned vehicles which are leased to clients.

Receivables from clients and financial institutions represents amounts receivable under finance lease contracts, amounts receivable from financial institutions, trade receivables and provision for impairment of trade receivables.

Other receivables and prepayments represents prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received and primarily corresponds to receivables related to VAT and other taxes and prepaid expenses.

Other current financial assets represents cash and cash equivalents, investments in the bonds and equity issued by other entities, receivables, and derivative financial assets.

Borrowings from financial institutions represents short term overdrafts and medium term bank loans.

Bonds and notes issued represents negotiable, interest-bearing securities, other than those of a subordinated nature.

Trade and other payables represents, among other things, trade payables, deferred leasing income, other accruals and other deferred income, advance lease instalments received, accruals for contract settlements and VAT and other taxes.

Share capital represents the nominal value of the Group's outstanding shares.

Share premium represents the amount by which the amount received by the Group for an issuance of its shares exceeds its face value.

Retained earnings and other reserves represents the cumulative net incomes for prior periods that have been retained after accounting for any dividends.

Equity attributable to owners of the parent represents the equity owned by the Group's shareholders.

Non-controlling interests represents the equity interests in subsidiaries owned by outside parties. The Group recognises any non-controlling interest in the company acquired on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

9.2.3 Non-IFRS measures and Key Performance indicators (KPIs)

This Registration Document presents certain financial measures and adjustments characterised as Key Performance Indicators ("**KPIs**") that are not presented in accordance with IFRS or any other internationally accepted accounting principles, including Cost to Income Ratio, Return on Equity and Return on Average Earning Assets, as well as certain ratios derived from these financial measures.

The Issuer has defined each of the following KPIs as follows:

- "**Cost to Income Ratio**" means Total operating expenses divided by Gross operating income.
- "**Gross operating income**" means for any period, Leasing Contract Margin, Services Margin and Car Sales Results.
- "**Return on Equity**" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of Equity attributable to owners of the parent (before Non-controlling interests) at the beginning and end of the period.
- "**Return on Average Earning Assets**" means for any period, Net Income attributable to Owners of the Company for the financial period divided by the arithmetic average of Earning Assets at the beginning and end of the period.
- "**Earning Assets**" means the net book value of the rental fleet plus Amounts receivable under finance lease contracts.
- "**Average Earning Assets**" means the arithmetic average of Earning Assets at the beginning and end of the period.
- "**Cost of Risk to Average Earning Assets Ratio**" means for any period, the impairment charges on receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.
- "**Fleet on Balance Sheet**" means the number of vehicles recognised on the Group's balance sheet at acquisition costs less accumulated depreciation.
- "**Effective Tax Rate**" means the Group's total standard income tax expense, adjusted for, among other things, tax calculated at domestic tax rates applicable to profits in the respective countries divided by the Group's profit before tax.

These financial measures are presented (i) as they are used by the Group to monitor its financial results and (ii) to represent similar measures that are often used by certain investors, securities analysts and other interested parties as supplemental measures of financial position and financial performance. The Group believes these measures enhance the investor's understanding of the Group’s results.

However, these KPIs are not measures determined based on IFRS or any other internationally accepted accounting principles, and such items should not be considered as an alternative to the historical financial results or other indicators of the Group’s cash flow based on IFRS, nor are such measures meant to be predictive of the Group’s future results. The non-IFRS financial measures, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group’s non-IFRS financial measures are calculated.

9.3 ANALYSIS OF THE RESULTS OF OPERATIONS

9.3.1 Analysis of the results of operations for the quarters ended 31 March 2017 and 31 March 2016

9.3.1.1 *Results of Operations of the Group for the Years Ended 31 March 2017 and 31 March 2016*

The following table summarises the Group's results for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Leasing Contract Margin	**128.8**	**121.6**	**5.9%**
Services Margin	**151.8**	**129.6**	**17.1%**
Car Sales Results	**47.8**	**52.0**	**(8.1%)**
GROSS OPERATING INCOME	**328.4**	**303.3**	**8.3%**
Staff expenses	(90.6)	(79.5)	**14.0%**
General & administrative expenses	(48.1	(46.1)	**4.3%**
Depreciation and amortisation	(5.9)	(4.0)	**45.6%**
Total operating expenses	**(144.5)**	**(129.6)**	**11.5%**
Impairment charges on receivables	(5.3)	(4.3)	**22.6%**
Non-recurring income (expenses)	-	-	-
OPERATING RESULT	**178.6**	**169.4**	**5.4%**
Share of profit of associates and jointly controlled entities	0.5	0.2	**112.5%**
Profit before tax	**179.0**	**169.6**	**5.6%**
Income tax expense	(34.2)	(37.4)	**(8.4%)**
Net Income	**144.8**	**132.2**	**9.5%**
Net income attributable to non-controlling interests	1.2	1.3	**(11.2%)**
Net Income attributable to Owners of the Company	**143.6**	**130.9**	**9.7%**

Gross operating income

The Group's Gross operating income increased to €328.4 million during the three months ended 31 March 2017 compared to €303.3 million during the three months ended 31 March 2016. This increase was due to contributions form Leasing Contract Margin and Services Margin which increased in the first quarter of 2017 to €128.8 million and €151.8 million respectively (compared to €121.6 million and €129.6 million in the first quarter of 2016). Together these two margins grew by 11.7% in the first quarter of 2017. The contribution from Car sales results remained positive despite a decrease to €47.8 million from €52.0 million in the first quarter of 2016.

Leasing Contract Margin

The following table summarises the Group's Leasing Contract Margin for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Leasing contract revenue - operating leases	914.0	798.6	**14.5%**
Interest income from finance lease	19.4	17.3	**12.1%**
Other interest income	43.3	5.1	-
Leasing contract revenues	**976.7**	**821.0**	**19.0%**
Leasing contract costs - depreciation	(748.3)	(662.4)	**13.0%**
Leasing contract costs –financing:			
Interest charges on loans from financial institutions	(56.1)	(39.4)	**42.4%**
Interest charges on issued bonds	(4.0)	(7.4)	**(45.9%)**
Other interest charges	(7.6)	(4.2)	**81.0%**
Total interest charges	(67.8)	(50.9)	**33.2%**
Leasing contract costs – depreciation and financing	**(816.1)**	**(713.3)**	**14.4%**
Total Unrealised gains/losses on financial instruments	(31.8)	13.9	-
Leasing contract margin	**128.7**	**121.6**	**5.8%**

The Group's Leasing Contract Margin income increased to €128.7 million during the three months ended 31 March 2017 compared to €121.6 million during the three months ended 31 March 2016. This was primarily driven by the growth in the funded fleet of 18.3%. During the quarter ended 31 March 2017, there was a one-off negative impact of €9.8 million related to the unwinding of the Group’s equity swaps in March 2017 primarily reflected in the "other interest income" and "total unrealised gains/losses on financial instruments" line items.

Services Margin

The following table summarises revenues and costs of the Group's Services Margin for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Services revenues	442.0	397.4	11.2%
Cost of services revenues	(290.2)	(267.7)	8.4%
Services Margin	**151.8**	**129.6**	**17.1%**

The Group's Services Margin increased to €151.8 million during the three months ended 31 March 2017 compared to €129.6 million during the three months ended 31 March 2016. The Services Margin in the first quarter of 2017 was positively impacted by the release of the provision made in respect of anti-trust proceedings in Italy (€9.8 million) reflected in cost of services revenues and the contribution from the total fleet increase of 15.2% over the period.

Growth in the Maintenance and tyres and Insurance service margins contributed to the majority of the overall growth in the Service Margin.

Car Sales Results

The following table summarises the Group's car sale results for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Proceeds of cars sold	634.3	537.6	18.0%
Cost of cars sold	(586.5)	(485.5)	20.8%
Car Sales Results	**47.8**	**52.0**	**(8.1%)**

Total car sale results decreased to €47.8 million during the three months ended 31 March 2017 compared to €52.0 million during the three months ended 31 March 2016. This was predominantly driven by higher volume but lower profit per unit sold.

Total operating expenses

The Group's Total operating expenses are composed of staff expenses, general and administrative expenses and depreciation and amortisation of non-fleet related fixed assets. The Group's Total operating expenses increased to €144.5 million during the three months ended 31 March 2017 compared to €129.6 million during the three months ended 31 March 2016, primarily as a result of an increase of 13.9% in staff expenses (including IT) and a 4.4% increase in general and administrative expenses to support the management of the growth in the Group's total fleet of 15.2% between the first quarter of 2016 and the first quarter of 2017.

Staff expenses

The following table summarises the Group's personnel expenses for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Wages and salaries	69.8	61.2	14.0%
Social security charges	15.1	12.6	19.7.%
Defined post-employment costs	0.6	0.6	-
Other staff costs	5.1	5.1	-
Staff expenses	**90.6**	**79.5**	**13.9%**

The Group's staff expenses increased to €90.6 million during the three months ended 31 March 2017 compared to €79.5 million during the three months ended 31 March 2016. This increase was primarily due to growth in headcount of 15.7% which principally incorporates the headcount acquired through the acquisitions of Parcours and MKB as well as an increase in salaries in accordance with Group policies.

General and administrative expenses

General and administrative expenses mainly include IT costs (excluding payroll), property costs, professional fees, advertising, travel and communication, equipment purchases and maintenance and re-billing costs from Société Générale for services provided to the Group. The following table summarises general and administrative expenses for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
General and administrative expenses			
IT (excluding payroll)	4.8	5.6	(14.4%)
Premises	7.0	5.9	19.3%
Professional fees	10.0	8.2	21.4%
Marketing	3.4	2.5	34.8%
Travel, telephone and postage	4.7	4.6	3.4%
Maintenance & equipment	5.3	4.4	21.5%
Central re-bill[21]	5.4	0.0	-
Other	7.5	14.9	(49.9%)
General and administrative expenses	**48.1**	**46.1**	**4.4%**

The Group's general and administrative expenses increased to €48.1 million during the three months ended 31 March 2017 compared to €46.1 million during the three months ended 31 March 2016.

Depreciation and amortisation

The following table summarises the Group's depreciation and amortisation for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Depreciation of other property and equipment	4.1	3.0	33.7%
Depreciation of intangible assets	1.8	1.0	82.8%
Total depreciation and amortisation	**5.9**	**4.0**	**45.6%**

Depreciation and amortisation increased to €5.9 million during the three months ended 31 March 2017 compared to €4.0 million during the three months ended 31 March 2016 mainly

[21] Central re-bill includes the services fees paid by the Group to Société Générale in relation to the services that Société Générale provides the Group under various service level agreements. See Section 6.6.3 – "Other Services".

as a result of higher levels of non-fleet related property and equipment, including computers and leasehold improvements.

Impairment Charges on Receivables

The Group's impairment charges on customer receivables increased to €5.3 million during the three months ended 31 March 2017 compared to €4.3 million during the three months ended 31 March 2016, primarily as a result of the growth in receivables linked to a growth in the overall fleet of 15.2% between the first quarter of 2016 and the first quarter of 2017.

Non-recurring income (expenses)

There were no non-recurring income or expenses in the first three months ending 31 March 2017 and 2016.

Operating Result

As a result of the above, the Operating Result for the three months ended 31 March 2017 increased to €178.6 million from €169.4 million for the three months ended 31 March 2016.

Share of profit of associates and jointly controlled entities

The Group's share of profit of associates and jointly controlled entities increased to €0.5 million during the three months ended 31 March 2017 compared to €0.2 million during the three months ended 31 March 2016 as a result of an increased contribution to profitability from our associates.

Income tax expense

The following table summarises the Group's income tax expense for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	**2016**	**Change**
	(€ millions)		
Current tax	(24.5)	(42.6)	(42.6%)
Deferred tax	(9.7)	5.3	(284.2)%
Income tax expense	**(34.2)**	**(37.4)**	**(8.4%)**

The Group's income tax expense decreased to €34.2 million during the three months ended 31 March 2017 compared to €37.4 million during the three months ended 31 March 2016, partially as the result of the benefit received in Italy in the first quarter of 2017 from the Stability Law allowing for 140% depreciation on vehicles purchased (see Section 9.3.2.1).

Net Income attributable to Owners of the Company

Net Income attributable to Owners of the Company increased to €143.6 million during the three months ended 31 March 2017 compared to €130.9 million during the three months ended 31 March 2016. This was driven primarily by the increase in Gross operating income of 8.3%.

Key Performance Indicators (KPIs)

The following table summarises the Group's KPIs as of and for the three months ended 31 March 2017 and 2016.

	Three months ended 31 March		
	2017	2016	Change
	(*€ millions, except percentages, bps and fleet numbers*)		
Cost to Income Ratio[(1)]	**44.0%**	**42.7%**	**3.0%**
Total operating expenses	(144.5)	(129.6)	11.5%
Gross operating income	328.4	303.3	8.3%
Return on Average Equity[(2)]	**19.3%**	**18.8%**	**2.7%**
Net Income attributable to owners of the company[(3)]	143.6	130.9	9.7%
Average shareholder's equity	2,977	2,787	6.8%
Earning Assets	**15,106**	**12,425**	**21.6%**
Rental fleet at net book value	14,574	11,936	22.1%
Finance lease receivables	532	489	8.8%
Return on Average Earning Assets [(4)]	3.9%	4.3%	(9.3%)
Net Income attributable to owners of the company[(3)]	143.6	130.9	9.7%
Average Earning Assets	14,847	12,294	20.8%
Cost of Risk to Average Earning Assets Ratio[(5)] (*in bps*)	**14**	**14**	**1.5%**
Impairment charges on receivables	(5.3)	(4.3)	23.3%
Average Earning Assets	14,847	12,294	20.8%
Total Fleet (*in thousands of vehicles*)	**1,407**	**1,221**	**15.2%**
Fleet on Balance Sheet (*in thousands of vehicles*)	**1,070**	**904**	**18.4%**
Effective Tax Rate	**19.1%**	**22.1%**	**(13.6%)**
Tax expense at effective rate	34.2	37.4	(8.6%)
Profit before tax	179.0	169.6	5.5%

(1) "Cost to Income Ratio" means Total operating expenses divided by Gross operating income.

(2) "Return on Average Equity" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of shareholders' equity (before minority interests) at the beginning and end of the period.

(3) "Net Income attributable to owners of the company" represents profit before tax, adjusted for income tax expenses and net income attributable to non-controlling interests, equal the proportion of the Group's net income recognised in relation to Société Générale's equity interests.

(4) "Return on Average Earning Assets" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of Earning Assets at the beginning and end of the period calculated on an annualised basis.

(5) "Cost of Risk to Average Earning Assets Ratio" means for any period, the impairment charges on receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

9.3.1.2 *Summary of Results of Operations by Geographic Market for the Years Ended 31 March 2017 and 31 March 2016*

The following table summarises unaudited results for the Group by geographic market for the three months ended 31 March 2017 and 2016.

	Gross operating income			Profit before tax		
	Three months ended 31 March			Three months ended 31 March		
	2017	2016	Change	2017	2016	Change
	(€ millions)			(€ millions)		
Western Europe	**242.0**	**215.0**	**12.6%**	**132.1**	**116.9**	**13.0%**
Northern Europe......	**34.8**	**43.5**	**(20.0%)**	**19.9**	**28.9**	**(31.1%)**
Central & Eastern Europe.....................	**39.4**	**35.7**	**10.4%**	**23.4**	**21.8**	**7.3%**
South America, Africa and Asia........	**12.2**	**9.1**	**34.1%**	**3.5**	**2.0**	**75%**
Total	**328.4**	**303.3**	**8.3%**	**178.9**	**169.6**	**5.5%**

Western Europe

The Group's Gross operating income in Western Europe increased by 12.6% to €242.0 million during the three months ended 31 March 2017 compared to €215.0 million during the three months ended 31 March 2016. This was driven by a growth in the total fleet of 16.2% and includes the impact of the acquisition of the Parcours fleet in France.

The Group's Total operating expenses in Western Europe increased during the three months ended 31 March 2017 compared to the three months ended 31 March 2016, which was primarily driven by increase in staff expenses of 13.9% as a consequence of the inclusion of the Parcours staff costs in the first three months of 2017.

As a result of the above, the Group's profit before tax in Western Europe increased to €132.1 million during the three months ended 31 March 2017 compared to €116.9 million during the three months ended 31 March 2016.

Northern Europe

The Group's Gross operating income in Northern Europe (Denmark, Finland, Norway and Sweden) decreased by 20.0% to €34.8 million during the three months ended 31 March 2017 compared to €43.5 million during the three months ended 31 March 2016 despite a growth in total fleet of 3%. This was due mainly to the termination of certain customer contracts following the third party acquisition of one of the group’s Finnish clients and a lower contribution from the car sales results.

The Group's Total operating expenses in Northern Europe during the three months ended 31 March 2017 was stable as compared to the three months ended 31 March 2016.

As a result of the above, the Group's profit before tax in Northern Europe decreased by 31.1% to €19.9 million during the three months ended 31 March 2017 compared to €28.9 million during the three months ended 31 March 2016.

Central & Eastern Europe

The Group's Gross operating income in Central & Eastern Europe (Austria, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania, Russia, Serbia, Switzerland, Turkey and Ukraine) increased by 10.4% to €39.4 million during the three months ended 31 March 2017 compared to €35.7 million during the three months ended 31 March 2016, with an increase in the total fleet of 19.9% primarily due to the acquisition of MKB. The increase in Gross operating income was primarily the result of higher used car results.

The Group's Total operating expenses in Central & Eastern Europe increased during the three months ended 31 March 2017 compared to the three months ended 31 March 2016 which was primarily driven by an increase in staff expenses of 19.6% of which the full costs of the MKB staff was reflected in Q1 2017.

As a result of the above, the Group's profit before tax in Central & Eastern Europe increased by 7.3% to €23.4 million during the three months ended 31 March 2017 compared to €21.8 million during the three months ended 31 March 2016.

South America, Africa and Asia

The Group's Gross operating income in South America, Africa and Asia (including Algeria, Brazil, Chile, China, India, Kazakhstan, Mexico and Morocco) increased by 34.1% to €12.2 million during the three months ended 31 March 2017 compared to €9.1 million during the three months ended 31 March 2016. This was driven by a growth in total fleet of 7.5% and increases in services margins and Car sales results.

The Group's Total operating expenses in South America, Africa and Asia increased significantly during the three months ended 31 March 2017 compared to the three months ended 31 March 2016, which was primarily driven by an increase in staff costs of 23.5%.

As a result of the above, the Group's profit before tax in South America, Africa and Asia increased to €3.5 million during the three months ended 31 March 2017 compared to €2.0 million during the three months ended 31 March 2016.

9.3.2 Analysis of the results of operations for the years ended 31 December 2016 and 31 December 2015

9.3.2.1 *Results of Operations of the Group for the Years Ended 31 December 2016 and 31 December 2015*

The following table summarises the Group's audited results for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions)		
Leasing Contract Margin	**514.1**	**431.6**	**19.1%**
Services Margin	**528.6**	**534.0**	**(1.0%)**
Car Sales Results	**201.5**	**207.2**	**(2.8%)**
GROSS OPERATING INCOME	**1,244.2**	**1,172.8**	**6.1%**
Staff expenses	(342.5)	(306.3)	11.8%
General & administrative expenses	(189.0)	(169.4)	11.6%
Depreciation and amortisation	(21.5)	(16.1)	33.5%
Total operating expenses	**(553.1)**	**(491.8)**	**12.5%**
Impairment charges on receivables	(23.8)	(20.9)	13.9%
Non-recurring income (expenses)	(2.0)	(57.0)	(96.5%)
OPERATING RESULT	665.3	603.1	10.3%
Share of profit of associates and jointly controlled entities	0.7	0.9	(22.2%)
Profit before tax	**666.1**	**604.0**	**10.3%**
Income tax expense	(150.4)	(174.7)	(13.9%)
Net Income	515.7	429.3	20.1%
Net income attributable to non-controlling interests	4.0	5.0	(20.0%)
Net Income attributable to Owners of the Company	**511.7**	**424.3**	**20.6%**

Gross operating income

The Group's Gross operating income increased to €1,244.2 million during the year ended 31 December 2016 compared to €1,172.8 million during the year ended 31 December 2015. The Group believes that the important drivers of Gross operating income were (1) a fleet growth of 14.0% including acquisitions (8.6% of organic fleet growth), (2) a decrease in the cost of services per car of 4.0%, in part due to the Group's increased purchasing power with suppliers, (3) an increasing Leasing Contract Margin over the period and (4) a stable market for the resale of used cars.

Leasing Contract Margin

The following table summarises the Group's Leasing Contract Margin for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Leasing contract revenue - operating leases	3,424.5	3,112.7	10.0%
Interest income from finance lease	72.0	74.5	(3.4%)
Other interest income	24.2	24.3	(0.4%)
Leasing contract revenues	**3,520.7**	**3,211.5**	9.6%
Leasing contract costs - depreciation	(2,795.8)	(2,552.2)	9.5%
Leasing contract costs –financing:			
Interest charges on loans from financial institutions	(165.2)	(195.4)	(15.5%)
Interest charges on issued bonds	(21.7)	(30.2)	(28.1%)
Other interest charges	(18.9)	(4.2)	350.0%
Total interest charges	(205.9)	(229.8)	(10.4%)
Leasing contract costs – depreciation and financing	**(3,001.7)**	**(2,781.9)**	7.9%
Total Unrealised gains/losses on financial instruments	(4.9)	2.1	(333.3%)
Leasing contract margin	**514.1**	**431.6**	19.1%

The Group's Leasing Contract Margin income increased to €514.1 million during the year ended 31 December 2016 compared to €431.6 million during the year ended 31 December 2015. This was primarily driven by growth in funded fleet of 16.9% and partially due to a one-off re-allocation between Services and Leasing Contract Margin, which better reflects the recognition of revenues following the implementation of a new quotation and back office system in certain countries, as described below under "Services Margin". Furthermore, Leasing contract costs–depreciation benefited in 2016 from the release of €14 million of additional depreciation related to the Group’s Volkswagen fleet for which provisions of €15 million were recorded in 2015, as well as other additional depreciation of €30 million recorded in 2015 versus other additional depreciation of only €15 million in 2016. Although the Group's Leasing Contract Margin and interest charges are generally linked as described in 9.1.2.6 "Source and Cost of Funding", the component of Leasing contract revenue from operating leases related to the interest for funding the leased vehicle over the lease period was up on the period while interest charges were down. This was the result of changes in the proportion of external and internal funding, with funding from Société Générale comprising 72.1% of funding at 31 December 2016 versus 67.0% at 31 December 2015, with Société Générale funding being less expensive in 2016 than external funding (which had a weighted average interest rate of 1.36% versus the total funding's weighted average interest rate of 1.28%).

Services Margin

The following table summarises revenues and costs of the Group's Services Margin for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Services revenues	1,667.0	1,574.6	5.9%
Cost of services revenues	(1,138.4)	(1,040.6)	9.4%
Services Margin	**528.6**	**534.0**	(1.0)%

The Group's Services Margin decreased to €528.6 million during the year ended 31 December 2016 compared to €534.0 million during the year ended 31 December 2015. The Services Margin in 2016 were negatively impacted by a provision for anti-trust proceedings in Italy (€9.8 million) and also negatively affected by the one-off re-allocations of margins between Services Margin and Leasing Contract Margin to better reflect the recognition of revenues following the implementation of new back office leasing and accounting software systems in Italy and two other countries. The re-allocation of margins resulted from the fact that, prior to 2016, these countries assumed a standard funding margin recorded within Leasing Contract Margin, with the balance of margins including any discounts being reflected wholly within Services Margin. During 2016, when new back office leasing and accounting software systems were deployed in these countries, the margins in the quotations for these countries were reclassified between Services Margin and Leasing Contract Margin, which caused a decrease in Services Margin and an increase in Lease Contract Margin.

Car Sales Results

The following table summarises the Group's audited car sale results for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Proceeds of cars sold	2,377.7	2,045.5	16.2%
Cost of cars sold	(2,176.2)	(1,838.3)	18.4%
Car Sales Results	**201.5**	**207.2**	**(2.8)%**

Total car sale results decreased to €201.5 million during the year ended 31 December 2016 compared to €207.2 million during the year ended 31 December 2015. This was predominantly driven by higher volume but lower profit per unit sold.

Total operating expenses

The Group's Total operating expenses are composed of staff expenses, general and administrative expenses and depreciation and amortisation of non-fleet related fixed assets. The Group's Total operating expenses increased to €553.1 million during the year ended 31

December 2016 compared to €491.8 million during the year ended 31 December 2015, primarily as a result of a 11.8% increase in staff expenses (including IT) and a 11.6% increase in general and administrative expenses to support the management of the growth in the Group's total fleet of 14% between 2015 and 2016.

Staff expenses

The following table summarises the Group's personnel expenses for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions)		
Wages and salaries	(261.6)	(234.2)	11.7%
Social security charges	(54.7)	(47.8)	14.4%
Defined post-employment costs	(2.5)	(2.8)	(10.7)%
Other staff costs	(23.7)	(21.5)	10.2%
Staff expenses	**(342.5)**	**(306.3)**	11.8%

The Group's staff expenses increased to €342.5 million during the year ended 31 December 2016 compared to €306.3 million during the year ended 31 December 2015. This increase was primarily due to growth in headcount of 16.1% (of which the Parcours acquisition contributed 435 staff) as well as an increase in salaries in accordance with Group policies. The amount of staff expenses attributable to IT payroll and costs increased to €101.2 million during the year ended 31 December 2016 compared to €89.9 million during the year ended 31 December 2015.

General and administrative expenses

General and administrative expenses mainly include IT costs (excluding payroll), property costs, professional fees, advertising, travel and communication, equipment purchases and maintenance and re-billing costs from Société Générale for services provided to the Group. The following table summarises general and administrative expenses for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions)		
General and administrative expenses			
IT (excluding payroll)	22.5	20.7	8.5%
Premises	26.5	24.5	8.5%
Professional fees	39.2	33.3	17.7%
Marketing	11.7	12.7	(8.1)%
Travel, telephone and postage	19.2	15.9	20.2%
Maintenance & equipment	18.6	16.5	12.9%

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Central re-bill[22]	20.0	22.0	(8.8)%
Other	31.3	23.8	31.4%
General and administrative expenses	**189.0**	**169.4**	11.6%

The Group's general and administrative expenses increased to €189.0 million during the year ended 31 December 2016 compared to €169.4 million during the year ended 31 December 2015.

Depreciation and amortisation

The following table summarises the Group's audited depreciation and amortisation for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Depreciation of other property and equipment	(15.4)	(12.4)	24.2%
Depreciation of intangible assets	(6.1)	(3.7)	64.9%
Total depreciation and amortisation	**(21.5)**	**(16.1)**	33.5%

Depreciation and amortisation increased to €21.5 million during the year ended 31 December 2016 compared to €16.1 million during the year ended 31 December 2015 mainly as a result of higher levels of non-fleet related property and equipment, including computers and leasehold improvements.

Impairment Charges on Receivables

	Year ended 31 December		
	2016	2015	Change
	(€ millions)		
Impairment	(29.4)	(27.3)	7.7%
Reversal of impairment	5.6	6.4	(12.5)%
Impairment charges on receivables	**(23.8)**	**(20.9)**	13.9%

The Group's impairment charges on customer receivables increased to €23.8 million during the year ended 31 December 2016 compared to €20.9 million during the year ended 31

22 Central re-bill includes the services fees paid by the Group to Société Générale in relation to the services that Société Générale provides the Group under various service level agreements. See Section 6.6.3 – "Other Services".

December 2015, primarily as a result of the growth in receivables linked to a growth in the overall fleet of 14% between 2015 and 2016.

Non-recurring income (expenses)

The Group's non-recurring expenses in both years resulted from the breakage costs incurred due to the repayment of loans granted by Société Générale to the Group. The amounts were lower in 2016 (€2.0 million) as compared to €57.0 million in 2015 due to a lesser amount of loans being repaid in 2016, as discussed in Section 9.3.3.1 "Results of Operations of the Group for the Years Ended 31 December 2015 and 31 December 2014".

Operating Result

As a result of the above, the Operating Result for 2016 increased to €665.3 million in 2016 from €603.1 million in 2015.

Share of profit of associates and jointly controlled entities

The Group's share of profit of associates and jointly controlled entities decreased to €0.7 million during the year ended 31 December 2016 compared to €0.9 million during the year ended 31 December 2015 as a result of a reduced contribution to profitability from our associates.

Income tax expense

The following table summarises the Group's audited income tax expense for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions)		
Current tax	(120.8)	(171.9)	(29.9)%
Deferred tax	(29.6)	(2.8)	957.1%
Income tax expense	**(150.4)**	**(174.7)**	**(13.9)%**

The Group's income tax expense decreased to €150.4 million during the year ended 31 December 2016 compared to €174.7 million during the year ended 31 December 2015. The tax charge in 2015 was impacted by a provision made for non-deductible expenses of €22.7 million related to the breakage costs included within the non-recurring expenses. However, in 2016, this provision was released and the corresponding credit taken for the deductibility which could have been claimed in 2015. As a result, if this credit had been taken in 2015, the tax expense for 2015 would have been €151.7 million (normalized tax rate of 25.1%). In 2016, without the reversal of the €22.7 million provision made in 2015, the tax expense would have been €173.4 million (normalized tax rate of 26.0%).

In addition, in Italy, the 'Stability Law 2016' allows for a bonus depreciation allowance of 40% for vehicles purchased between 15 October 2015 and 31 December 2016. As a result, it is possible to claim 140% of the value of the car as depreciation, instead of claiming 100% as was the case prior to the law coming into effect. Based on the volume of additions to the fleet in Italy during this period, this law will result in a tax benefit or savings in tax payments due to additional depreciation amounts claimed of €75 million, which will be reflected in the financial years 2016-2020. The tax benefits in each of these years will be as follows: 2016: €11 million; 2017: €22 million; 2018: €21 million; 2019: €20 million and 2020: €1 million.

Net Income attributable to Owners of the Company

Net Income attributable to Owners of the Company increased to €511.7 million during the year ended 31 December 2016 compared to €424.3 million during the year ended 31 December 2015. This was driven primarily by a 6.1% increase in Gross operating income and a reduction in non-recurring expenses from 2015 of €55 million.

Key Performance Indicators (KPIs)

The following table summarises the Group's KPIs as of and for the years ended 31 December 2016 and 2015.

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions, except percentages, bps and fleet numbers)		
Cost to Income Ratio[(1)]	**44.5%**	**41.9%**	6.2%
Total operating expenses	(553.1)	(491.8)	12.5%
Gross operating income	1,244.2	1,172.8	6.1%
Return on Average Equity[(2)]	**17.9%**	**18.4%**	(2.2)%
Net Income attributable to owners of the company[(3)]	511.7	424.3	20.6%
Average shareholder's equity	2,853.9	2,306.1	23.8%
Earning Assets	**14,588**	**12,163**	19.9%
Rental fleet at net book value	14,075	11,675	20.6%
Finance lease receivables	513	489	4.9%
Return on Average Earning Assets[(4)]	**3.8%**	**3.7%**	2.7%
Net Income attributable to owners of the company[(3)]	511.7	424.3	20.6%
Average Earning Assets	13,375	11,435	17.0%
Cost of Risk to Average Earning Assets Ratio[(5)] (*in bps*)	**18**	**18**	0.0%
Impairment charges on receivables	23.8	20.9	13.9%
Average Earning Assets	13,375	11,435	17.0%
Total Fleet (*in thousands of vehicles*)	**1,376**	**1,207**	**14.0%**
Fleet on Balance Sheet (*in thousands of vehicles*)	**1,046**	**895**	**16.9%**
Effective Tax Rate	**22.6%**	**28.9%**	**(21.8)%**
Tax expense at effective rate	(150.4)	(174.7)	(13.9)%
Profit before tax	666.1	604.0	10.3%

(1) "Cost to Income Ratio" means Total operating expenses divided by Gross operating income.

(2) "Return on Average Equity" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of shareholders' equity (before minority interests) at the beginning and end of the period.

(3) "Net Income attributable to owners of the company" represents profit before tax, adjusted for income tax expenses and net income attributable to non-controlling interests, equal the proportion of the Group's net income recognised in relation to Société Générale's equity interests.

(4) "Return on Average Earning Assets" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of Earning Assets at the beginning and end of the period.

(5) "Cost of Risk to Average Earning Assets Ratio" means for any period, the impairment charges on receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

9.3.2.2 ***Summary of Results of Operations by Geographic Market for the Years Ended 31 December 2016 and 31 December 2015***

The following table summarises audited results for the Group by geographic market for the years ended 31 December 2016 and 2015.

	Gross operating income			Profit before tax		
	Year ended 31 December			Year ended 31 December		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
	(€ millions)			*(€ millions)*		
Western Europe	**913.0**	**842.7**	8.3%	**489.6**	**411.3**	18.6%
Northern Europe......	**150.4**	**161.8**	**(7.0)%**	**92.7**	**107.1**	**(13.4)%**
Central & Eastern Europe.....................	**140.7**	**135.0**	**4.2%**	**79.1**	**80.5**	**(1.8)%**
South America, Africa and Asia........	**40.0**	**33.3**	**20.1%**	**4.6**	**5.1**	**26.1%**
Total	**1,244.2**	**1,172.8**	**6.1%**	**666.0**	**604.0**	**10.3%**

Western Europe

The Group's Gross operating income in Western Europe increased by 8.3% to €913.0 million during the year ended 31 December 2016 compared to €842.7 million during the year ended 31 December 2015. This was driven by a growth in the funded fleet of 16.1%, of which 6.7% was due to the acquisition of Parcours in May 2016, and an increase in Leasing Contract Margins of €79.5 million partially offset by decreases in Services Margin and Car Sales Results. Service margins were impacted due to the impact of adjustments to Services Margin in Italy as mentioned in 9.3.2.1 above.

The main countries contributing to Gross operating income in Western Europe in 2016 were France (€248.1 million, compared to €202.5 million in 2015), Italy (€169.6 million, compared to €143.3 million in 2015) and UK (€103.8 million, compared to €117.5 million in 2015). The increase in Gross operating income in France of €45.6 million was due mainly to the contribution of Parcours (€25.6 million). In Italy, the Gross operating income increased by €26.3 million due to an increase in Lease Contract Margins (€36.5 million), Car Sales Results (€7.8 million) and a reduction in Service Margins (€18.0 million). The Service Margins were impacted by the booking of a provision in Services Margin of €9.8 million relating to an anti-trust proceeding. The Gross operating income in the UK decreased by €13.7 million mainly due to a decrease in car sales results of €7.8 million resulting primarily from the impact of the devaluation of the GBP relative to the Euro (a negative impact of 14.7%) following the decision of the UK to exit the European Union.

In 2016, the profit before tax was positively impacted by the decrease in non-recurring operating expenses (€(2.0) million in 2016 versus €(57.0) million in 2015) as discussed in 9.3.2.1 above, as well as the overall growth in Gross operating income which was partly mitigated by an increase in operating expenses (mainly staff expenses) due to the acquisition of Parcours.

As a result of the above, the Group's profit before tax in Western Europe increased to €489.6 million during the year ended 31 December 2016 compared to €411.3 million during the year ended 31 December 2015.

Northern Europe

The Group's Gross operating income in Northern Europe (Denmark, Finland, Norway and Sweden) decreased by 7.0% to €150.4 million during the year ended 31 December 2016 compared to €161.8 million during the year ended 31 December 2015, despite a growth in funded fleet of 3.6%. This decrease was primarily driven by a decrease in the Leasing Contract Margins mainly due to the termination of certain customer contracts following the third-party acquisition of one of the Group's Finnish clients.

The Group's Total operating expenses in Northern Europe increased during the year ended 31 December 2016 compared to the year ended 31 December 2015 which was primarily driven by an increase in staff expenses resulting from staff reorganisations during 2016.

As a result of the above, the Group's profit before tax in Northern Europe decreased by 13.4% to €92.7 million during the year ended 31 December 2016 compared to €107.1 million during the year ended 31 December 2015.

Central & Eastern Europe

The Group's Gross operating income in Central & Eastern Europe (Austria, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania, Russia, Serbia, Switzerland, Turkey and Ukraine) increased by 4.2% to €140.7 million during the year ended 31 December 2016 compared to €135.0 million during the year ended 31 December 2015, with an increase in the funded fleet of 9.7%. The increase in Gross operating income was primarily the result of an increase in the Car Sales Result of €3.5 million, and an increase in Leasing Contract Margin of €12.3 million, partially mitigated by a decrease in the Services Margin of €10.1 million..

The Group's Total operating expenses in Central & Eastern Europe increased during the year ended 31 December 2016 compared to the year ended 31 December 2015 which was primarily driven by an increase in staff expenses and general administration expenses arising from the acquisition in 2016 of MKB in Hungary and Bulgaria.

As a result of the above, the Group's profit before tax in Central & Eastern Europe decreased by 1.8% to €79.1 million during the year ended 31 December 2016 compared to €80.5 million during the year ended 31 December 2015.

South America, Africa and Asia

The Group's Gross operating income in South America, Africa and Asia (including Algeria, Brazil, Chile, China, India, Kazakhstan, Mexico and Morocco) increased by 20.1% to €40.0 million during the year ended 31 December 2016 compared to €33.3 million during the year ended 31 December 2015. This was driven by a growth in the funded fleet of 8.3%, with an increase in Services Margins of €11 million partially offset by a reduction in Leasing Contract Margins.

The Group's Total operating expenses in South America, Africa and Asia increased significantly during the year ended 31 December 2016 compared to the year ended 31 December 2015, which was primarily driven by an increase in general and administrative expenses in Brazil due to an additional provision of €3 million for tax risks as noted in Section 4.3.9.

As a result of the above, the Group's profit before tax in South America, Africa and Asia reduced to €4.6 million during the year ended 31 December 2016 compared to €5.1 million during the year ended 31 December 2015.

9.3.3 Analysis of the results of operations for the years ended 31 December 2015 and 31 December 2014

9.3.3.1 *Results of Operations of the Group for the Years Ended 31 December 2015 and 31 December 2014*

The following table summarises the Group's audited results for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Leasing Contract Margin	**431.6**	**381.1**	13.3%
Services Margin	**534.0**	**445.5**	19.9%
Car sales result	**207.2**	**153.1**	35.3%
GROSS OPERATING INCOME	**1,172.8**	**979.7**	19.7%
Staff expenses	(306.3)	(279.6)	9.5%
General & administrative expenses	(169.4)	(156.1)*	8.5%
Depreciation and amortisation	(16.1)	(13.0)	23.8%
Total operating expenses	**(491.8)**	**(448.7)**	9.6%
Impairment charges on receivables	(20.9)	(18.4)	13.6%
Non-recurring income (expenses)	(57.0)	0.0	-
OPERATING RESULT	603.1	512.6	17.7%
Share of profits from associates and jointly controlled entities	0.9	0.6	50.0%
Profit before tax	**604.0**	**513.2**	17.7%
Income tax expense	(174.7)	(135.7)	28.7%
Net Income	429.3	377.5	13.7%
Net income attributable to non-controlling interests	5.0	2.0	150.0%
Net Income attributable to owners of the company	**424.3**	**375.5**	13.0%

*Restated for respective application of IFRIC 21

Gross operating income

The Group's Gross operating income increased to €1,172.8 million during the year ended 31 December 2015 compared to €979.7 million during the year ended 31 December 2014, as a result of an increase in the Services Margin, the Leasing Contract Margin and the Car Sales Results, which increased for the reasons discussed below.

Leasing Contract Margin

The following table summarises the Group's Leasing Contract Margin for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Leasing contract revenue - operating leases	3,112.7	2,929.7	6.2%
Interest income from finance lease	74.5	62.8	18.6%
Other interest income	24.3	22.9	6.1%
Leasing contract revenues	**3,211.5**	**3,015.4**	6.5%
Leasing contract costs - depreciation	(2,552.2)	(2,379.1)	7.3%
Leasing contract costs –financing:			
Interest charges on loans from financial institutions	(195.4)	(210.8)	(7.3%)
Interest charges on issued bonds	(30.2)	(27.0)	11.9%
Other interest charges	(4.2)	(19.2)	(78.1%)
Total interest charges	(229.8)	(257.0)	(10.6%)
Leasing contract costs – depreciation and financing	**(2,781.9)**	**(2,636.1)**	5.5%
Total Unrealised gains/losses on financial instruments	2.1	1.8	16.7%
Leasing contract margin	**431.6**	**381.1**	13.3%

The Group's Leasing Contract Margin income increased to €431.6 million during the year ended 31 December 2015 compared to €381.1 million during the year ended 31 December 2014. This was primarily driven by the growth in the funded fleet of 9.9%. The Leasing contract costs – depreciation was impacted in 2015 by additional depreciation of €15 million recorded following the effects of the Volkswagen diesel emissions scandal, which led the Group to re-evaluate the residual value of its Volkswagen fleet vehicles. Although the Group's Leasing Contract Margin and interest charges are generally linked as described in 9.1.2.6 "Source and Cost of Funding", the component of Leasing contract revenue from operating leases related to the interest for funding the leased vehicle over the lease period was up on the period while interest charges were down. This was the result of changes in the proportion of external and internal funding, with funding from Societe Generale comprising 67.0% of funding at 31 December 2015 versus 72.5% at 31 December 2014, with Société Générale funding being more expensive in 2015 than external funding (which had a weighted average interest rate of 1.72% versus the total funding's weighted average interest rate of 1.87%).

Services Margin

The following table summarises revenues and costs of the Group's Services Margin for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Services revenues	1,574.6	1,514.7	4.0%
Cost of services revenues	1,040.6	1,069.3	(2.7)%
Services Margin	**534.0**	**445.5**	**19.9%**

The Group's Services Margin increased to €534.0 million during the year ended 31 December 2015 compared to €445.5 million during the year ended 31 December 2014, primarily as a result of increased profit margins on maintenance and insurance services, which have increased as a result of efficiencies in various costs, particularly insurance. In particular, in Italy, margins increased on insurance by €15 million from 2014 due to the internalisation of the Italian insurance program to ALD Re in 2014, the full benefits of which were recorded in 2015.

Car Sales Results

The following table summarises the Group's audited car sale results for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Proceeds of cars sold	2,045.5	1,786.4	14.5%
Cost of cars sold	(1,838.3)	(1,633.3)	12.6%
Car Sales Results	**207.2**	**153.1**	35.3%

Total car sale results increased to €207.2 million during the year ended 31 December 2015 compared to €153.1 million during the year ended 31 December 2014. This was driven mainly by an increase in the car sales profit margin per car as the number of units sold was at a similar level in both years. The increase in profit margin per car was primarily the result of a combination of more prudent residual value setting and higher used car sales prices.

Total operating expenses

The Group's Total operating expenses are composed of staff expenses, general and administrative expenses and depreciation and amortisation of non-fleet related fixed assets. The Group's Total operating expenses increased to €491.8 million during the year ended 31 December 2015 compared to €448.7 million during the year ended 31 December 2014, primarily as a result of a 9.5% increase in staff expenses and an 8.5% increase in general and administrative expenses to support the management of the growth in the Group's total fleet of 9% between 2014 and 2015.

Staff expenses

The following table summarises the Group's personnel expenses for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Wages and salaries	(234.2)	(210.6)	11.2%
Social security charges	(47.8)	(44.7)	6.9%
Defined post-employment costs	(2.8)	(3.3)	(15.2)%
Other staff costs	(21.5)	(21.1)	1.9%
Staff expenses	**(306.3)**	**(279.6)**	**9.5%**

The Group's staff expenses increased to €306.3 million during the year ended 31 December 2015 compared to €279.6 million during the year ended 31 December 2014. This increase was primarily due to growth in headcount of 6.2% as a result of increases in expenses related to IT initiatives, as well as an increase in salaries in accordance with Group policies. The amount of staff expenses attributable to IT payroll and costs increased to €89.9 million during the year ended 31 December 2015 compared to €76.1 million during the year ended 31 December 2014.

General and administrative expenses

General and administrative expenses mainly include IT costs (excluding payroll), property costs, professional fees, advertising, travel and communication, equipment purchases and maintenance and re-billing costs from Société Générale for services provided to the Group. The following table summarises general and administrative expenses for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014***	**Change**
	(€ millions)		
General and administrative expenses			
IT (excluding payroll)	20.7	18.4	12.2%
Premises	24.5	23.0	6.5%
Professional fees	33.3	31.8	4.7%
Marketing	12.7	9.7	30.9%
Travel, telephone and postage	16.0	15.9	0.6%
Maintenance & equipment	16.5	17.7	(6.8)%
Central re-bill	22.0	21.5	2.3%
Other	23.8	18.2	30.8%
General and administrative expenses	**169.4**	**156.1**	8.5%

*Restated for respective application of IFRIC 21

The Group's general and administrative expenses increased to €169.4 million during the year ended 31 December 2015 compared to €156.1 million during the year ended 31 December 2014. The main areas of increase were IT costs (including a portion of professional fees paid to IT consultants) and marketing costs. Central re-bill includes the services fees paid by the

Group to Société Générale in relation to the services that Société Générale provides the Group under various service level agreements. See Section 6.6.3 "Other Services".

Depreciation and amortisation

The following table summarises the Group's audited depreciation and amortisation for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	2014	Change
	(€ millions)		
Depreciation of other property and equipment	(12.5)	(9.9)	26.3%
Depreciation of intangible assets	(3.7)	(3.2)	15.6%
Total depreciation and amortisation	**(16.1)**	**(13.0)**	**23.8%**

Depreciation and amortisation increased to €16.1 million during the year ended 31 December 2015 compared to €13.0 million during the year ended 31 December 2014 mainly as a result of higher levels of non-fleet related property and equipment, including computers and leasehold improvements.

Impairment Charges on Receivables

	Year ended 31 December		
	2015	2014	Change
	(€ millions)		
Impairment	(27.3)	(22.4)	21.9%
Reversal of impairment	6.4	4.1	56.1%
Impairment charges on receivables	**(20.9)**	**(18.4)**	**13.6%**

The Group's impairment charges on customer receivables increased to €20.9 million during the year ended 31 December 2015 compared to €18.4 million during the year ended 31 December 2014, primarily as a result of the growth in receivables linked to a growth in the overall fleet of 9% between 2014 and 2015.

Non-recurring g income (expenses)

The Group's non-recurring expenses amounted to €57.0 million during the year ended 31 December 2015, resulting from one-off breakage costs incurred due to the repayment of loans granted by Société Générale, with such debt repaid in connection with a corresponding debt restructuring related to the internal capital management policy of Société Générale.

Operating Result

As a result of the above, the Operating Result for 2015 increased to €603.1 million in 2016 from €512.6 million in 2014.

Share of profit of associates and jointly controlled entities

The Group's share of income from associates and JV's increased to €0.9 million during the year ended 31 December 2015 compared to €0.6 million during the year ended 31 December 2014 as a result of increases in the profitability of our associates.

Income tax expense

The following table summarises the Group's audited income tax expense for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Current tax	(171.9)	(136.3)	26.1%
Deferred tax	(2.8)	0.6	(566.7)%
Income tax expense	**(174.7)**	**(135.7)**	**28.7%**

The Group's income tax expense increased to €174.7 million during the year ended 31 December 2015 compared to €135.7 million during the year ended 31 December 2014. There was an increase in the Effective Tax Rate from 26.4% to 28.9% due to a change in the geographical mix of profits between 2014 and 2015 towards jurisdictions where the Group is subject to a higher Effective Tax Rate as well as provisions related to tax proceedings in India and Brazil.

Net Income attributable to owners of the company

Net Income attributable to owners of the company increased to €424.3 million during the year ended 31 December 2015 compared to €375.5 million during the year ended 31 December 2014. This was driven primarily by a 19.7% increase in Gross operating income from growth across all margins.

Key Performance Indicators (KPIs)

The following table summarises the Group's KPIs as of and for the years ended 31 December 2015 and 2014.

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions, except percentages, bps and fleet numbers)		
Cost to Income Ratio(1)	**41.9%**	**45.8%**	**(8.5)%**
Total operating expenses	(491.8)	(448.7)	9.6%
Gross operating income	1,172.8	979.7	19.7%
Return on Average Equity(2)	**18.4%**	**21.9%**	**(16.4)%**
Net Income attributable to owners of the company(3)	424.3	375.5	13.0%
Average shareholder's equity	2,306.1	1715.2	34.5%
Earning Assets(	**12,163**	**10,707**	**13.6%**

Rental fleet at net book value	11,675	10,301	13.3%
Finance lease receivables	489	406	20.4%
Return on Average Earning Assets[4]	**3.7%**	**3.6%**	**2.8%**
(Net Income attributable to owners of the company[3]	424.3	375.5	13.0%
1 Average Earning Assets	11,435	10,305	11.0%
Cost of Risk to Average Earning Assets Ratio[5] (*in bps*)	**18**	**18**	**0.0%**
Impairment charges on receivables	20.9	18.4	13.6%
" Average Earning Assets	11,435	10,305	11.0%
Total Fleet (*in thousands of vehicles*)	**1,207**	**1,107**	**9.0%**
Fleet on Balance Sheet (*in thousands of vehicles*)	**895**	**814**	**10.0%**
Effective Tax Rate	**28.9%**	**26.4%**	**9.4%**
t Tax expense at effective rate	(174.7)	(135.7)	28.7%
Profit before tax	604.0	513.2	17.7%

t

o(1) "Cost to Income Ratio" means Total operating expenses divided by Gross operating income.

(2) "Return on Average Equity" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of shareholders' equity (before minority interests) at the beginning and end of the period.

(3) "Net Income attributable to owners of the company " represents profit before tax, adjusted for income tax expenses and net income attributable to non-controlling interests, equal the proportion of the Group's net income recognised in relation to Société Générale's equity interests.

(4) "Return on Average Earning Assets" means for any period, Net Income attributable to owners of the company for the financial period divided by the arithmetic average of Earning Assets at the beginning and end of the period.

(5) "Cost of Risk to Average Earning Assets Ratio" means for any period, the impairment charges on receivables divided by the arithmetic average of Earning Assets at the beginning and end of the period.

9.3.3.2 *Summary of Results of Operations by Geographic Market for the Years Ended 31 December 2015 and 31 December 2014*

The following table summarises audited results for the Group by geographic market for the years ended 31 December 2015 and 2014.

	Gross operating income			**Profit before tax**		
	Year ended 31 December			**Year ended 31 December**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
	(€ millions)			*(€ millions)*		
Western Europe	**842.7**	**673.7**	**25.1%**	**411.3**	**335.9**	**22.4%**
Northern Europe	**161.8**	**146.2**	**10.7%**	**107.1**	**97.3**	**10.1%**
Central & Eastern Europe	**135.0**	**130.7**	**3.3%**	**80.5**	**77.9**	**3.3%**
South America, Africa and Asia	**33.3**	**29.0**	**15.0%**	**5.1**	**1.9**	**168.6%**
Total	**1172.7**	**979.5**	**19.7%**	**604.0**	**513.0**	**17.7%**

Western Europe

The Group's Gross operating income in Western Europe increased by 25.1% to €842.7 million during the year ended 31 December 2015 compared to €673.7 million during the year ended 31 December 2014. This was driven by a growth (by number of contracts corresponding to a vehicle) in the funded fleet of 7.7% and an increase across all margins.

The main countries contributing to Gross operating income in Western Europe in 2015 were France (€202.5 million, compared to €178.7 million in 2014), Italy (€143.3 million, compared to €124.0 million in 2014) and UK (€117.5 million, compared to €89.3 million in 2014). The increase in Gross operating income in France was due mainly to increases in the Services Margins (€20.5 million) and Leasing Contract Margins (€23.7 million) primarily resulting from a more favourable customer mix including SMEs. In Italy and the UK, the Gross operating income increased largely due to a growth in funded fleet and an increase across all margins.

In 2015, the increase in Gross operating income was partially mitigated by non-recurring operating expenses (€(57.0) million in 2015 versus €0 million in 2014) as discussed in 9.3.3.1 above, as well as an increase in operating expenses resulting primarily from increases in staff expenses to support the fleet growth and increases in general and administrative expenses mainly due to investment in a new IT system in Italy.

As a result of the above, the Group's profit before tax in Western Europe increased to €411.3 million during the year ended 31 December 2015 compared to €335.9 million during the year ended 31 December 2014.

Northern Europe

The Group's Gross operating income in Northern Europe (Denmark, Finland, Norway and Sweden) increased by 10.7% to €161.8 million during the year ended 31 December 2015 compared to €146.2 million during the year ended 31 December 2014. This was driven by fleet growth of 9.9%, and an increase in the Services Margin and Car sales results.

The Group's Total operating expenses in Northern Europe increased during the year ended 31 December 2015 compared to the year ended 31 December 2014, which was primarily driven by an increase in staff expenses and increases in general and administrative expenses to support the growth in the fleet..

As a result of the above, the Group's profit before tax in Northern Europe increased by 10.1% to €107.1 million during the year ended 31 December 2015 compared to €97.3 million during the year ended 31 December 2014.

Central & Eastern Europe

The Group's Gross operating income in Central & Eastern Europe (Austria, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania, Russia, Serbia, Switzerland, Turkey and Ukraine) increased by 3.3% to €135.0 million during the year ended 31 December 2015 compared to €130.7 million during the year ended 31 December 2014. This was primarily driven by a growth in funded fleet 21.4%, with the main increase in margins coming from the Leasing Contract Margin and, to a lesser extetent, the Services Margin, while car sales results remained stable.

The Group's Total operating expenses in Central & Eastern Europe increased slightly during the year ended 31 December 2015 compared to the year ended 31 December 2014, primarily as a result of increased management requirements following the growth in the funded fleet.

As a result of the above, the Group's profit before tax in Central & Eastern Europe increased by 3.3% to €80.5 million during the year ended 31 December 2015 compared to €77.9 million during the year ended 31 December 2014.

South America, Africa and Asia

The Group's Gross operating income in South America, Africa and Asia (including Algeria, Brazil, Chile, China, India, Kazakhstan, Mexico and Morocco) increased by 15.0% to €33.3 million during the year ended 31 December 2015 compared to €29.0 million during the year ended 31 December 2014. This was driven by a growth in funded fleet of 17.2%, with the main increase in margins coming from services, while the Leasing Contract Margin and car sales results remained stable.

The Group's Total operating expenses in South America, Africa and Asia remained stable during the year ended 31 December 2015 compared to the year ended 31 December 2014.

As a result of the above, the Group's profit before tax in South America, Africa and Asia increased by €3.2 million to €5.1 million during the year ended 31 December 2015. The Group's operation in South America, Africa and Asia are more recent operations that have not yet reached the same levels of stability of more mature markets.

9.4 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

9.4.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities, as described below.

Revenues include the various components of the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation.

Service revenues are recognised at the time of receipt of monthly instalment payments from customers, except in the case of maintenance, where revenue is deferred and recognised in line with the cost curves for maintenance so that revenues and costs are matched as closely as possible.

The interest portion of the lease instalment is classified under the caption “Leasing contract revenues”, using the effective interest method.

9.4.2 Finance and Operating Leases

Operating Leases

Operating leases are the Group's primary form of leasing contracts. A lease is classified as an operating lease if the Group retains substantially all the risks and rewards incidental to ownership.

The cost of the operating lease cars comprise their purchase price and any incremental and directly attributable costs of bringing the assets held for use in operating leases to working condition for its intended use. Import duties and non-refundable purchase taxes are included in the purchase price and any trade discounts are deducted when calculating the purchase price. Furthermore, lease incentives and volume bonuses are also taken into account and depreciated over the expected lease term. The carrying amount of the operating lease portfolio is presented in the category 'Rental Fleet' on the balance sheet.

The operating lease instalments are fully recognised on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following category in the income statement: (i) Leasing contract revenues; and (ii) Services revenues.

Finance Leases

Car leases where substantially all the risks and rewards incident to ownership of an asset are transferred by the Group to the lessee are classified as finance lease receivables. These contracts are recognised as financial assets at an amount equal to the present value of the minimum lease payments (including guaranteed residual value) and the unguaranteed residual value accruing to the Group, after deduction of provisions deemed necessary in respect of bad and doubtful debts and any accumulated impairment losses. Initial direct costs are included in the initial measurement of the finance lease receivables.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method), which makes up part of Leasing Contract Margin; and (ii) services revenues (to the extent that services are included in the lease), which makes up part of Services Margin.

Interest income on finance lease contracts is part of Leasing Contract Margin and is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest method).The Group uses the net investment method to allocate gross earnings, which excludes the effect of cash flows arising from taxes and financing relating to a lease transaction. In addition:

> (i) The amount due from the lessee under a finance lease is recognised in the balance sheet as a receivable at an amount equal to the net investment in the lease. Over the lease term, rentals are apportioned between a reduction in the net investment in the lease and finance income. The net investment in a lease is equivalent to the gross investment discounted at the interest rate implicit in the lease.
>
> (ii) At any point in time during the lease term, the net investment is represented by the remaining minimum lease payments, less that part of the minimum lease payments that is attributable to interest.

9.4.3 Own Damage Reserve

In some of the larger European countries in which the Group operates, the Group does not externally insure the property damage to its vehicles and assumes the risk of damage to its fleet. In such countries, over the long run, the Group considers that insuring property damage to its fleet and theft of vehicles would be greater than or equal to actual costs of damages and theft. The Group thus maintains an Own Damage reserve to cover the eventual costs of damage to its fleet vehicles and the cost of damages related to collisions for which third parties are not involved and the cost of stolen or missing vehicles, as well as damages caused to the Group's property, are expensed against this reserve as they are incurred. This Own Damage reserve is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of changes in economic and market conditions. Items that may impact on the adequacy of the reserves would include: adverse weather conditions which significantly increase the anticipated frequency of Own Damage claims (extreme winter weather), sudden inflation which pushes cost of repairs beyond anticipated levels, catastrophic natural events which cause damage to a significant number of vehicles, including hail, flood and earthquakes.

ALD Re's provisions for Own Damage of €137.4 million are included within the Group provision of €187.7 million as of 31 December 2016, with provisions for Own Damage in other countries in which the Group operated making up the balance.

9.4.4 Residual Value

For a discussion on how the Group calculates residual value within its fleet, see Chapter 9 "Operating and Financial Review"—Section 9.1.2.4 "Operating Expenses".

9.4.5 Fair Value Estimation

The Group analyses financial assets and liabilities by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets and liabilities is measured at amortised cost, except for receivables which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments.

For further information, please refer to note 19 "Other noncurrent and current financial assets" of the consolidated financial statements for the year ended 31 December 2016 as set forth in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

For further information, see note 24 "Financial assets and liabilities by category" of the consolidated financial statements for the year ended 31 December 2016 as set forth in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

9.4.6 Pension Benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Were the discount rate used to differ by +1% from management's estimates, the carrying amount of pension obligations would be an estimated €2.7 million lower.

9.4.7 Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

9.4.8 Equity Reinvestment

Equity invested in the Group by Société Générale is considered to be a long-term resource of 10 year maturity and, due to the Group's policy of matching assets and liabilities by maturity, the Group makes investments in long-term amortising deposits with Société Générale over 10 year periods to effect this matching of assets and liabilities. The group also historically implemented equity replacement swaps in place of investments in long-term amortising assets but these were all terminated as of 31 March 2017.

9.4.9 Estimated Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy presented in note 2.7.1 of the consolidated financial statements for the year ended 31 December 2016 as set forth in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document. The recoverable amounts of cash generating units have been determined based on value-in- use calculations. These calculations require the use of estimates. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. The Group uses a five year business plan for each of the CGU or group of CGUs identified.

Based on the assumptions made by the Group, no need for impairment on goodwill has been identified as at 31 December 2016.

9.5 CHANGE IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND RESTATEMENTS

9.5.1 Impact of IFRS 9

The IFRS 9 “Financial Instruments” standard, applicable to reporting periods commencing on or after 1 January 2018, aims to replace IAS 39. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, the new credit risk impairment methodology for financial assets and hedge accounting treatment, except accounting for macro hedging for which the IASB currently has a separate draft standard.

Classification and measurement

Financial assets are required to be classified into three categories according to measurement methods to be applied (amortised cost, fair value through profit or loss and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity’s business model for managing its financial instruments.

By default, financial assets will be classified as subsequently measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash-flows or to sell the instruments and if these contractual cash-flows consist solely of payments of principal and interest.

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such in financial assets measured at fair value through profit or loss) without subsequent reclassification in income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modification, except for financial liabilities designated at fair value through profit or loss (using the fair value option). For these financial liabilities, the amount of change in their fair value attributable to changes in credit risk will be recognised in other comprehensive income without subsequent reclassification into income.

Derecognition rules for financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

Credit risk

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and financial guarantee contracts, will be systematically subject to an impairment or a provision for expected credit losses upon initial recognition of the financial asset or commitment.

At initial recognition, this expected credit loss will be equal to 12-month expected credit losses. This expected credit loss will subsequently be raised to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since its initial recognition.

Hedge accounting

This new standard will align hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The standard extends the scope of non-derivative financial instruments that could be considered as hedging instruments. Similarly, the scope of items that could be considered as hedged items is increased to include components of non-financial items. The standard also amends the approach for assessing hedge effectiveness. Additional disclosures are also required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

The Group does not expect any material impact as result of the implementation of IFRS 9.

9.5.2 Impact of IFRS 15

IFRS 15 "Revenue from contracts with customers" standard, applicable to reporting periods commencing on or after January 1, 2017, sets out the requirements for recognising revenue that apply to all contracts with customers.

To recognise revenue, the following five steps would be applied: identification of the contract with the customer, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to each performance obligation and revenue recognition when a performance obligation is satisfied.

The Group is assessing the impact of IFRS 15.

CHAPTER 10. LIQUIDITY AND CAPITAL RESOURCES

This liquidity and capital resources discussion should be read together with the Group's unaudited interim condensed consolidated financial statements for the three months ended 31 March 2017 (which include 31 March 2016 data as a comparative), and the Group’s audited consolidated financial statements for the financial years ended 31 December 2016, 2015 and 2014 as they are provided in Chapter 20 "Financial information concerning the Company's assets and liabilities, financial position, profits and losses" of this Registration Document.

10.1 OVERVIEW

The Group's principal sources of liquidity used to finance its capital requirements are cash flows from operations, available cash, capital markets financing activities and amounts available under its bank credit facilities. As a corporate, the Group has no regulatory liquidity requirements. The Group has demonstrated its ability over the years to fund an increasing part of its fleet through external funding: in particular, through its securitisation programs in Germany, Belgium, the Netherlands and the UK with €0.3bn issued in 2015, and through its bond program, with €1bn issued in 2015. The Group benefits from a combination of internal and external funding, with 72% of its funding provided by Société Générale in 2016, 12% provided by bond issuances, 11% provided by securitization and 5% provided by external loans. The Group's internal funding cost is equal to Société Générale's own funding cost with the addition of an arm’s length credit premium. The Group's combination of internal and external funding is expected to remain broadly unchanged following the contemplated listing of the Company's shares on Euronext Paris as Société Générale has committed to provide the majority of the Group's funding if requested by the Company.

As a key principle, the Group seeks to match its assets and liabilities, in particular in duration, currency and type of rate and to manage liquidity risk by concluding funding that substantially matches the run-off profile of the leased assets and maintain cash balances as a cover for fluctuations in the Group’s liquidity needs. In terms of maturity, 55% of its funding sources have a maturity between 1 and 3 years, 26% of less than a year, 17% between 3 and 5 years and 2% over 5 years as of 31 December 2016. In terms of currency, 74% of its funding sources are denominated in Euros, 12% in UK pounds, 2% in Swedish Kronor, 2% in Danish Krone and 10% in other currencies as of 31 December 2016. Finally, in terms of interest rates, 81% of its funding sources have a fixed rate, 14% a floating rate covered by swap and 5% a floating rate not covered by swap. For further information, see Section 9.1.2.6 "Source and Cost of Funding" and Section 10.4.2.1 "Indebtedness.

10.2 FINANCIAL RESOURCES

- The Group has the sources of financing described below:
- Cash and cash equivalent as of 31 March 2017, 31 December 2016, 31 December 2015, 31 December 2014 amounted to €185.4 million, €164.6 million, €330.9 million and €266.5 million, respectively.
- Borrowings and bonds: the Group has total third-party financial debt of €13,309.2, €12,866.8 million, €10,739.0 million and €10,239.8 million as of 31 March 2017, 31 December 2016, 31 December 2015, respectively.

- See Section 10.3 "Cash Flows" and Section 10.4.2.1 "Indebtedness".

- The Group's central treasury monitors available liquid financing resources, including cash, and reports on a quarterly basis to management.

10.3 CASH FLOWS

The following table summarises cash flow for the three months ended 31 March 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014.

	Three months ended 31 March		Year ended 31 December		
	2017	2016	2016	2015	2014
				(€ millions)	
Operating activities	(288.1)	(200.8)	(1,230.9)	(738.9)	(493.4)
Investing activities	37.2	29.5	(353.8)	29.2	(105.4)
Financing activities	218.9	388.0	1,283.7	819.2	617.4

10.3.1 Analysis of the Group's Cash Flows for the Three Months Ended 31 March 2017 and 2016

	Three months ended 31 December		
	2017	2016	Change
	(€ millions)		
Profit before tax	**179.0**	**169.5**	**5.6%**
Depreciation and provision	**790.7**	**709.1**	**11.5%**
Rental fleet	763.6	685.1	11.5%
Other property and equipment	4.1	3.0	36.7%
Intangible assets	1.8	0.7	157.1%
Regulated provisions and contingency and expenses provisions	21.3	20.2	5.4%
Profit and losses on disposal of assets	**4.2**	**2.4**	**75.0%**
Fair value of derivative financial instruments	**34.7**	**(10.6)**	**427.4%**
Net interest income	**(157.9)**	**(117.1)**	**34.8%**
Interest charges	67.7	50.9	33.0%
Interest income	(225.6)	(168.0)	34.3%
Other(1)	**(0.0)**	**0.6**	**(100.0%)**
Amounts received for disposal of rental fleet	**697.5**	**539.0**	**29.4%**
Amounts paid for acquisition of rental fleet	**(1,938.9)**	**(1,589.8)**	**22.0%**
Change in working capital	**(52.2)**	**(37.8)**	**38.1%**
Net interest paid	**175.0**	**158.3**	**10.5%**
Interest paid	(62.7)	(23.8)	163.4%
Interest received	237.7	182.1	30.5%
Income taxes paid	**(20.2)**	**(24.4)**	**(17.2%)**
Cash generated from operations (continuing activities)	**(288.1)**	**(200.8)**	**43.5%**
Cash generated from operations (discontinued activities)	-	-	-
Net Cash (outflow) from operating activities	**(288.1)**	**(200.8)**	**43.5%**
Proceeds from sale of other property and equipment	-	-	-
Acquisition of other property and equipment	(14.1)	(5.6)	151.8%
Divestments of intangible assets	-	-	-
Acquisition of intangible assets	(3.4)	(2.2)	54.5%
Proceeds of sale of financial assets	-	-	-
Acquisition of financial assets (non-consolidated securities)	-	(2.0)	(100%)
Effect of change in group structure	-	-	-
Dividends received	0.0	(0.0)	-
Long term investment	53.2	33.9	56.9%
Loans and receivables from related parties	0.1	0.2	(50.0%)
Other financial investment	1.5	5.2	(71.2%)
Cash flows from investing activities (continuing activities)	**37.2**	**29.5**	**26.1%**
Cash flows from investing activities (discontinued activities)	-	-	-
Net Cash inflow / (outflow) from investing activities	**37.2**	**29.5**	**26.1%**
Proceeds of borrowings from financial institutions	1,974.8	1,737.3	13.7%
Repayment of borrowings from financial institutions	(1,600.3)	(1,321.2)	21.1%
Proceeds of issued bonds	0.1	0.0	-
Repayment of issued bonds	(0.1)	(27.9)	(99.6%)
Dividends paid to company's shareholders	(155.6)	(0.2)	77700.0%
Dividends paid to minority interest	-	-	-
Increase/decrease in capital	-	-	-
Cash flows from financing activities (continuing activities)	**218.9**	**388.0**	**(43.6%)**
Cash flows from financing activities (discontinued activities)	-	-	-
Net Cash inflow from financing activities	**218.9**	**388.0**	**(43.6%)**

(1) Consisting mainly of unrealised foreign exchange gains or losses.

10.3.1.1 *Net cash flows from operating activities*

Net Cash outflows from operating activities during the three months ended 31 March 2017 and 2016 was €288.1 million and €200.8 million, respectively primarily as a result of costs and lower net cash inflows from depreciation associated with the growth in the Group's fleet.

(i) *Profit before tax*

Profit before tax includes the results of the Group before taxes. Profit before tax increased to €179.0 million during the three months ended 31 March 2017 compared to €169.5 million during the three months ended 31 March 2016, primarily as a result of the growth in fleet during the quarter which resulted in an increase of Gross operating income (see Chapter 9 "Operating and Financial Review"—Section 9.3.2.1 "Results of Operations of the Group for the three Months Ended 31 March 2017 and 31 December 2016").

(ii) *Depreciation and provision*

Depreciation and provision includes depreciation of rental fleet down to estimated residual values. Depreciation and provision increased to €790.7 million during the three months ended 31 March 2017 compared to €709.1 million during the three months ended 31 March 2016, primarily as a result of a larger fleet in the first quarter of 2017 compared to 2016.

(iii) *Net interest income*

Net interest income includes interest charged in lease instalments to customers less interest costs borne on funding. Net interest income increased to €157.9 million during the three months ended 31 March 2017 compared to €117.1 million during the three months ended 31 March 2016, primarily as a result of increased fleet numbers and a corresponding increase in funding to support the growth in the fleet.

(iv) *Amounts received for disposal of rental fleet*

Amounts received for disposal of rental fleet increased to €697.5 million during the three months ended 31 March 2017 compared to €539.0 million during the three months ended 31 March 2016, primarily as a result of a higher number of cars being disposed of in the first quarter of 2017 compared to the first quarter of 2016. See Section 10.4.1.1 "Rental fleet" for the evolution of the rental fleet.

(v) *Amounts paid for acquisition of rental fleet*

Amounts paid for acquisition of rental fleet increased to €1,938.9 million during the three months ended 31 March 2017 compared to €1,589.8 million during the three months ended 31 March 2016, primarily as a result of more vehicles being acquired in the first quarter of 2017 compared to the first quarter of 2016.

(vi) *Change in working capital*

Working capital changes (comprising short term assets and liabilities) resulted in a net contribution to decrease in cash generated from operating activities of €52.2 million during the three months ended 31 March 2017 compared to a net contribution to decrease in cash generated from operating activities of €37.8 million during the three months ended 31 March 2016.

(vii) *Net interest paid*

Net interest paid on funding increased to €175.0 million during the three months ended 31 March 2017 compared to €158.3 million during the three months ended 31 March 2016, primarily as a result of increased levels of funding to support the fleet growth.

(viii) *Income taxes paid*

Income taxes paid decreased to €20.2 million during the three months ended 31 March 2017 compared to €24.4 million during the three months ended 31 March 2016.

10.3.1.2 ***Net cash flows from investing activities***

Net Cash outflows from investing activities during the three months ended 31 March 2017 was €37.2 million compared to a net cash inflow in the three months ended 31 March 2016 of €29.5 million.

(i) *Acquisition of other property and equipment*

Acquisition of other property and equipment increased to €14.1 million during the three months ended 31 March 2017 compared to €5.6 million during the three months ended 31 March 2016.

(ii) *Acquisition of intangible assets*

Acquisition of intangible assets increased to €3.4 million during the three months ended 31 March 2017 compared to €2.2 million during the three months ended 31 March 2016.

(iii) *Long term investment*

Net cash inflows from long term investment amounted to €53.2 million during the three months ended 31 March 2017 compared to a net cash outflow of €33.9 million during the three months ended 31 March 2016, primarily as a result of the Group's decision to unwind its long term deposits with Société Générale group which were previously used to reinvest equity.

(iv) *Other financial investment*

Net cash outflows from other financial investment amounted to €1.5 million during the three months ended 31 March 2017 compared to a net cash inflow of €5.2 million during the three months ended 31 March 2016, primarily as a result of lower investment in bonds and other short term investments by the Group's reinsurance business in Ireland.

10.3.1.3 ***Net cash flows from financing activities***

Net Cash inflows from investing activities during the three months ended 31 March 2017 and 2016 was €218.9 million and €388.0 million, respectively, primarily as a result of:

(i) *Proceeds of borrowings from financial institutions*

Proceeds of borrowings from financial institutions increased to €1,974.8 million during the three months ended 31 March 2017 compared to €1,737.3 million during the three months ended 31 March 2016, primarily as a result of a net increase in funding in the first quarter of 2017 compared to the first quarter of 2016 which is linked to the higher fleet growth in the first quarter of 2017 compared to the first quarter of 2016.

(ii) *Repayment of borrowings from financial institutions*

A higher repayment of borrowings from financial institutions of €1,600.3 million occurred during the three months ended 31 March 2017 compared to €1,321.2 million repaid during the three months ended 31 March 2016.

(iii) *Proceeds from issued bonds*

There were no bond issues during the three months ended 31 March 2017 and 31 March 2016.

(iv) *Repayment of issued bonds*

Repayment of issued bonds during the three months ended during the three months ended 31 March 2016 amounted to €27.9 million. There were no repayments during the three months ended 31 March 2017.

(v) *Dividends paid to company's shareholders*

Dividends paid to company's shareholders of €155.6 million were made during the three months ended 31 March 2017. No dividend payments made in the three months ended 31 March 2016,

(vi) *Increase in capital*

There were no changes to capital during the three months ended 31 March 2017 and 31 March 2016.

10.3.2 Analysis of the Group's Cash Flows for the Years Ended 31 December 2016 and 31 December 2015

	Year ended 31 December		
	2016	**2015**	**Change**
	(€ millions)		
Profit before tax	**666.1**	**604.0**	**10.3%**
Depreciation and provision	**2,876.6**	**2,690.9**	**6.9%**
Rental fleet	2,846.2	2,656.6	7.1%
Other property and equipment	15.3	12.6	21.4%
Intangible assets	6.1	3.7	64.9%
Financial assets	-	-	-
Regulated provisions and contingency and expenses provisions	9.0	18.0	(50.0)%
Profit and losses on disposal of assets	**9.9**	**9.0**	**10.0%**
Fair value of derivative financial instruments	**(3.4)**	**(36.8)**	**(90.8)%**
Net interest income	**(508.1)**	**(463.7)**	**9.6%**
Interest charges	205.9	229.8	(10.4)%
Interest income	(713.9)	(693.5)	2.9%
Other[1]	**1.5**	**0.4**	**275.0%**
Amounts received for disposal of rental fleet	**2,157.2**	**1,814.0**	**18.9%**
Amounts paid for acquisition of rental fleet	**(6,724.7)**	**(5,668.1)**	**18.6%**
Change in working capital	**(167.7)**	**85.7**	**(295.7)%**
Net interest paid	**570.2**	**408.3**	**39.7%**
Interest paid	(171.0)	(315.9)	(45.9)%
Interest received	741.3	724.3	2.3%
Income taxes paid	**(108.5)**	**(182.7)**	**(40.6)%**
Cash generated from operations (continuing activities)	**(1,230.9)**	**(738.9)**	**66.6%**
Cash generated from operations (discontinued activities)	-	-	
Net Cash (outflow) from operating activities	**(1,230.9)**	**(738.9)**	**66.6%**
Proceeds from sale of other property and equipment	-	-	
Acquisition of other property and equipment	(34.3)	(27.6)	24.3%
Divestments of intangible assets	-	-	
Acquisition of intangible assets	(14.6)	(7.5)	94.7%
Proceeds of sale of financial assets	-	-	
Acquisition of financial assets (non-consolidated securities)	(0.2)	-	
Effect of change in group structure	(328.3)	1.8	(18,338.9)%
Dividends received	-	-	-
Long term investment	90.2	58.9	53.1%
Loans and receivables from related parties	(14.9)	(0.4)	3,625.0%
Other financial investment	(51.7)	4.1	(1,361.0)%
Cash flows from investing activities (continuing activities)	**(353.8)**	**29.2**	**(1,311.6)%**
Cash flows from investing activities (discontinued activities)	-	-	
Net Cash inflow / (outflow) from investing activities	**(353.8)**	**29.2**	**(1,311.6)%**
Proceeds of borrowings from financial institutions	10,398.5	7,098.5	46.5%
Repayment of borrowings from financial institutions	(8,872.3)	(7,240.7)	22.5%
Proceeds of issued bonds	536.0	1,300.2	(58.8)%
Repayment of issued bonds	(528.0)	(769.1)	(31.3)%
Dividends paid to company's shareholders	(149.5)	(100.1)	49.4%
Dividends paid to minority interest	(0.9)	(0.9)	0.0%
Increase/decrease in capital	(100.2)	531.3	(118.9)%
Cash flows from financing activities (continuing activities)	**1,283.7**	**819.2**	**56.7%**
Cash flows from financing activities (discontinued activities)	-	-	
Net Cash inflow from financing activities	**1,283.7**	**819.2**	**56.7%**

(1) Consisting mainly of unrealised foreign exchange gains or losses.

10.3.2.1 *Net cash flows from operating activities*

Net Cash outflows from operating activities during the years ended 31 December 2016 and 2015 was €1,230.9 million and €738.9 million, respectively primarily as a result of costs and depreciation associated with the growth in the Group's fleet.

(i) *Profit before tax*

Profit before tax includes the results of the group before taxes. Profit before tax increased to €666.1 million during the year ended 31 December 2016 compared to €604.0 million during the year ended 31 December 2015, primarily as a result of the growth in fleet during the year which resulted in an increase of Gross operating income (see Chapter 9 "Operating and Financial Review"—Section 9.3.2.1 "Results of Operations of the Group for the Years Ended 31 December 2016 and 31 December 2015").

(ii) *Depreciation and provision*

Depreciation and provision includes depreciation of rental fleet down to estimated residual values. Depreciation and provision increased to €2,876.6 million during the year ended 31 December 2016 compared to €2,690.9 million during the year ended 31 December 2015, primarily as a result of a larger fleet in 2016 compared to 2015.

(iii) *Net interest income*

Net interest income includes interest charged in lease instalments to customers less interest costs borne on funding. Net interest income increased to €508.1 million during the year ended 31 December 2016 compared to €463.7 million during the year ended 31 December 2015, primarily as a result of increased fleet numbers and a corresponding increase in funding to support the growth in the fleet.

(iv) *Amounts received for disposal of rental fleet*

Amounts received for disposal of rental fleet increased to €2,157.2 million during the year ended 31 December 2016 compared to €1,814.0 million during the year ended 31 December 2015, primarily as a result of a higher number of cars being disposed in 2016 compared to 2015. See Section 10.4.1.1 "Rental fleet" for the evolution of the rental fleet.

(v) *Amounts paid for acquisition of rental fleet*

Amounts paid for acquisition of rental fleet increased to €6,724.7 million during the year ended 31 December 2016 compared to €5,668.1 million during the year ended 31 December 2015, primarily as a result of more vehicles being acquired in 2016 compared to 2015.

(vi) *Change in working capital*

Working capital changes (comprising short term assets and liabilities) resulted in a net contribution to decrease in cash generated from operating activities of €167.7 million during the year ended 31 December 2016 compared to a net use of cash from operating activities of €85.7 million during the year ended 31 December 2015, primarily as a result of the improvement in working capital in a number of entities in 2015 from 2014 levels (primarily resulting from a reduction in receivables and extending payables).

(vii) *Net interest paid*

Net interest paid on funding increased to €570.2 million during the year ended 31 December 2016 compared to €408.3 million during the year ended 31 December 2015, primarily as a result of lower average interest rates and a decrease in the impact of foreign exchange losses in 2016 compared to 2015.

(viii) *Income taxes paid*

Income taxes paid decreased to €108.5 million during the year ended 31 December 2016 compared to €182.7 million during the year ended 31 December 2015, primarily as a result of the reduction in the tax charges in 2016 due to the confirmation of deductibility of the non-recurring operating expenses.

10.3.2.2 ***Net cash flows from investing activities***

Net Cash outflows from investing activities during the year ended 31 December 2016 was €353.8 million compared to a net cash inflow in the year ended 31 December of €29.2 million. This was mainly due to the acquisition of the Parcours group in May 2016.

(i) *Acquisition of other property and equipment*

Acquisition of other property and equipment increased to €34.3 million during the year ended 31 December 2016 compared to €27.6 million during the year ended 31 December 2015, primarily as a result of other property and equipment assets acquired through the Parcours acquisition.

(ii) *Acquisition of intangible assets*

Acquisition of intangible assets increased to €14.6 million during the year ended 31 December 2016 compared to €7.5 million during the year ended 31 December 2015, primarily as a result of the purchase of IT software for new operating systems in Italy and Germany.

(iii) *Long term investment*

Net cash inflows from long term investment amounted to €90.2 million during the year ended 31 December 2016 compared to a net cash outflow of €58.9 million during the year ended 31 December 2015, primarily as a result of the Group’s decision to unwind its long term deposits which were previously used to reinvest equity.

(iv) *Other financial investment*

Net cash outflows from other financial investment amounted to €51.7 million during the year ended 31 December 2016 compared to a net cash inflow of €4.1 million during the year ended 31 December 2015, primarily as a result of an investment in bonds and other short term financial assets by the group’s reinsurance business in Ireland.

10.3.2.3 ***Net cash flows from financing activities***

Net Cash inflows from investing activities during the years ended 31 December 2016 and 2015 was €1,283.7 million and €819.2 million, respectively, primarily as a result of higher net borrowings from financial institutions to support the increased funding required to support the growth in the rental fleet.

(i) *Proceeds of borrowings from financial institutions*

Proceeds of borrowings from financial institutions increased to €10,398.5 million during the year ended 31 December 2016 compared to €7,098.5 million during the year ended 31 December 2015, primarily as a result of a net increase in funding during 2016 compared to 2015 which is linked to the higher fleet growth (both organic and external) in 2016 compared to 2015 as well as to replace a matured bond which was not renewed.

(ii) *Repayment of borrowings from financial institutions*

A higher repayment of borrowings from financial institutions of €8,872.3 million occurred during the year ended 31 December 2016 compared to €7,240.7 million repaid during the year ended 31 December 2015, primarily as a result of the growth in the fleet and the replacement of debt of Parcours with new funding loans.

(iii) *Proceeds from issued bonds*

Proceeds from issued bonds decreased to €536.0 million during the year ended 31 December 2016 compared to €1,300.2 million during the year ended 31 December 2015, primarily as a result of less bond issues during 2016.

(iv) *Repayment of issued bonds*

Repayment of issued bonds decreased to €528.0 million during the year ended 31 December 2016 compared to €769.1 million during the year ended 31 December 2015, primarily as a result of fewer bonds maturing.

(v) *Dividends paid to company's shareholders*

Dividends paid to company's shareholders increased to €149.5 million during the year ended 31 December 2016 compared to €100.1 million during the year ended 31 December 2015, due to the decision of the Board to increase the dividend in line with the improvement in the Group's net income.

(vi) *Increase in capital*

Decrease in capital amounted to €100.2 million during the year ended 31 December 2016 compared to an increase of €531.3 million during the year ended 31 December 2015. The increase in capital in 2015 was linked to a debt restructuring operation carried out in 2015 resulting in repayment of loans granted by Société Générale. The decrease in capital in 2016 relates to the distribution from the share premium account of the dividend for the year.

10.3.3 Analysis of the Group's Cash Flows for the Years Ended 31 December 2015 and 31 December 2014

	Year ended 31 December		
	2015	**2014**	**Change**
	(€ millions)		
Profit before tax	**604.0**	**513.2**	**17.7%**
Depreciation and provision	**2,690.9**	**2,508.0**	**7.3%**
Rental fleet	2,656.6	2,434.3	9.1%
Other property and equipment	12.6	9.9	27.3%
Intangible assets	3.7	3.4	8.8%
Financial assets	-	0.0	
Regulated provisions and contingency and expenses provisions	18.0	60.4	(70.2%)
Profit and losses on disposal of assets	**9.0**	**10.1**	**(10.9%)**
Fair value of derivative financial instruments	**(36.8)**	**(22.4)**	**64.3%**
Net interest income	**(463.7)**	**(399.8)**	**16.0%**
Interest charges	229.8	257.0	(10.6%)
Interest income	(693.5)	(656.8)	5.6%
Other(1)	**0.4**	**0.6**	**(33.3%)**
Amounts received for disposal of rental fleet	**1,814.0**	**2,025.9**	**(10.5%)**
Amounts paid for acquisition of rental fleet	**(5,668.1)**	**(5,199.1)**	**9.0%**
Change in working capital	**85.7**	**(198.7)**	**(143.1%)**
Net interest paid	**408.3**	**396.5**	**3.0%**
Interest paid	(315.9)	(277.9)	13.7%
Interest received	724.3	674.3	7.4%
Income taxes paid	**(182.7)**	**(127.6)**	**43.2%**
Cash generated from operations (continuing activities)	**(738.9)**	**(493.4)**	**49.8%**
Cash generated from operations (discontinued activities)	-	-	
Net Cash (outflow) from operating activities	**(738.9)**	**(493.4)**	**49.8%**
Proceeds from sale of other property and equipment	-	-	
Acquisition of other property and equipment	(27.6)	(24.9)	10.8%
Divestments of intangible assets	-	-	
Acquisition of intangible assets	(7.5)	(11.3)	(33.6%)
Proceeds of sale of financial assets	-	-	
Acquisition of financial assets (non-consolidated securities)	-	(19.1)	
Effect of change in group structure	1.8	0.9	100.0%
Dividends received	-	0.0	
Long term investment	58.9	(26.4)	(323.1%)
Loans and receivables from related parties	(0.4)	5.4	(107.4%)
Other financial investment	4.1	(30.1)	(113.6%)
Cash flows from investing activities (continuing activities)	**29.2**	**(105.4)**	**(127.7%)**
Cash flows from investing activities (discontinued activities)	-	-	
Net Cash inflow / (outflow) from investing activities	**29.2**	**(105.4)**	**(127.7%)**
Proceeds of borrowings from financial institutions	7,098.5	6,944.5	2.2%
Repayment of borrowings from financial institutions	(7,240.7)	(6,605.9)	9.6%
Proceeds of issued bonds	1,300.2	527.3	146.6%
Repayment of issued bonds	(769.1)	(252.0)	205.2%
Dividends paid to company's shareholders	(100.1)	0.0	
Dividends paid to minority interest	(0.9)	(2.7)	(66.7%)
Increase/decrease in capital	531.3	6.2	8,469.4%
Cash flows from financing activities (continuing activities)	**819.2**	**617.4**	**32.7%**
Cash flows from financing activities (discontinued activities)	-	-	
Net Cash inflow from financing activities	**819.2**	**617.4**	**32.7%**

(1) Consisting mainly of unrealised foreign exchange gains or losses.

10.3.3.1 ***Net cash flows from operating activities***

Net Cash outflows from operating activities during the years ended 31 December 2015 and 2014 was €738.9 million and €493.4 million, respectively primarily as a result of costs and depreciation associated with the growth in the Group's fleet.

(i) *Profit before tax*

Profit before tax includes the results of the group before taxes. Profit before tax increased to €604.0 million during the year ended 31 December 2015 compared to €513.2 million during the year ended 31 December 2014, primarily as a result of a growth in the fleet during the year and increases in the Services Margin, Financing Margin and Car Sales Results (see Chapter 9 "Operating and Financial Review"—Section 9.3.3.1 "Results of Operations of the Group for the Years Ended 31 December 2015 and 31 December 2014").

(ii) *Depreciation and provision*

Depreciation and provision includes depreciation of rental fleet down to estimated residual values. Depreciation and provision increased to €2,690.9 million during the year ended 31 December 2015 compared to €2,508.0 million during the year ended 31 December 2014, primarily as a result of a larger fleet in 2015 compared to 2014.

(iii) *Net interest income*

Net interest income includes interest charged in lease instalments to customers less interest costs borne on funding. Net interest income increased to €463.7 million during the year ended 31 December 2015 compared to €399.8 million during the year ended 31 December 2014, primarily as a result of increased fleet numbers and a corresponding increase in funding to support the growth in the fleet.

(iv) *Amounts received for disposal of rental fleet*

Amounts received for disposal of rental fleet decreased to €1,814.0 million during the year ended 31 December 2015 compared to €2,025.9 million during the year ended 31 December 2014, primarily as a result of the lower associated book value of the cars being sold during 2015 compared to 2014 due to the mix of cars being sold.

(v) *Amounts paid for acquisition of rental fleet*

Amounts paid for acquisition of rental fleet increased to €5,668.1 million during the year ended 31 December 2015 compared to €5,199.1 million during the year ended 31 December 2014, primarily as a result of more vehicles being acquired in 2015 compared to 2014.

(vi) *Change in working capital*

Working capital changes (comprising short term assets and liabilities) resulted in a net contribution to increase in cash generated from operating activities of €85.7 million during the year ended 31 December 2015 compared to a net use of cash from operating activities of €198.7 million during the year ended 31 December 2014, primarily as a result of as a result of improvements in working capital management.

(vii) *Net interest paid*

Net interest paid on funding increased to €408.3 million during the year ended 31 December 2015 compared to €396.5 million during the year ended 31 December 2014, primarily as a result of an increase in funding in 2015 compared to 2014 which was partially mitigated by a corresponding smaller reduction in the cost of funding.

(viii) *Income taxes paid*

Income taxes paid increased to €182.7 million during the year ended 31 December 2015 compared to €127.6 million during the year ended 31 December 2014, primarily as a result of the increased profits generated in 2015 compared to 2014.

10.3.3.2 ***Net cash flows from investing activities***

Net Cash inflows from investing activities during the year ended 31 December 2015 was €29.2 million compared to a net cash outflow in the year ended 31 December 2014 of €105.4 million. This was mainly due to a net cash inflow of €58.9 million from long term investments in 2015 compared to a net cash outflow from long term investments in 2014 of €26.4 million due to a decrease in the amount on intangible assets being acquired.

(i) *Acquisition of other property and equipment*

Acquisition of other property and equipment increased to €27.6 million during the year ended 31 December 2015 compared to €24.9 million during the year ended 31 December 2014, primarily as a result of the purchase of additional computers and some leasehold improvements.

(ii) *Acquisition of intangible assets*

Acquisition of intangible assets increased was €7.5 million during the year ended 31 December 2015 compared to €11.3 million during the year ended 31 December 2014, primarily as a result of a lower amount of software acquisitions.

(iii) *Long term investment*

Net cash inflows from long term investment amounted to €58.9 million during the year ended 31 December 2015 compared to a net cash outflow of €26.4 million during the year ended 31 December 2014, primarily as a result of the change in equity replacement policy within the Group whereby maturing long term deposits were not renewed and replaced by equity swaps.

(iv) *Other financial investment*

Net cash inflows from other financial investment amounted to €4.1 million during the year ended 31 December 2015 compared to a net cash outflow of €30.1 million during the year ended 31 December 2014, primarily as a result of an investment in bonds and other short term financial assets by the Group's reinsurance business in Ireland.

10.3.3.3 ***Net cash flows from financing activities***

Net Cash inflows from investing activities during the years ended 31 December 2015 and 2014 was €819.2 million and €617.4 million, respectively, primarily as a result of bond issuances and an injection of capital by Société Générale.

(i) *Proceeds of borrowings from financial institutions*

Proceeds of borrowings from financial institutions increased to €7,098.5 million during the year ended 31 December 2015 compared to €6,944.5 million during the year ended 31 December 2014, primarily as a result of a net increase in funding during 2015 compared to 2014 which is linked to the higher fleet growth in 2015 compared to 2014.

(ii) *Repayment of borrowings from financial institutions*

A higher repayment of borrowings from financial institutions of €7,240.7 million occurred during the year ended 31 December 2015 compared to €6,605.9 million repaid during the year ended 31 December 2014, primarily as a result of the substitution of funding from financial institutions with increased funding from bonds.

(iii) *Proceeds from issued bonds*

Proceeds from issued bonds increased to €1,300.2 million during the year ended 31 December 2015 compared to €527.3 million during the year ended 31 December 2014, primarily as a result of higher bond issues in 2015 compared to 2014 for the reasons stated above.

(iv) *Repayment of issued bonds*

Repayment of issued bonds increased to €769.1 million during the year ended 31 December 2015 compared to €252.0 million during the year ended 31 December 2014, primarily as a result of the higher maturity levels of prior bond issues during 2015 compared to 2014.

(v) *Dividends paid to company's shareholders*

Dividends paid to company's shareholders increased to €100.1 million during the year ended 31 December 2015 compared to nil during the year ended 31 December 2014, primarily as a result of a decision in 2015 by the company’s shareholders to pay a dividend out of retained earnings.

(vi) *Increase in capital*

Increase in capital increased to €531.3 million during the year ended 31 December 2015 compared to €6.2 million during the year ended 31 December 2014, as a result of an injection of capital by Société Générale in 2015 (see Chapter 9 "Operating and Financial Review"—Section 9.3.3.1 "Results of Operations of the Group for the Years Ended 31 December 2015 and 31 December 2014").

10.4 FINANCIAL POSITION AS AT 31 MARCH 2017 AND 31 DECEMBER 2016, 2015 AND 2014

10.4.1 Assets

The following table summarises audited financial information about the Group's assets as at each of the dates indicated.

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
		(€ millions)				
Rental fleet	14,573.6	14,075.0	11,674.6	10,300.9	20.6%	13.3%
Other property and equipment	81.3	75.3	46.4	39.8	62.1%	16.8%
Goodwill	424.7	424.4	191.7	178.4	121.4%	7.4%
Other intangible assets	30.6	29.0	19.9	16.9	45.6%	17.8%
Investments in associates and jointly controlled entities	6.4	6.0	5.6	4.9	7.1%	14.2%
Derivative financial instruments	6.8	68.9	65.0	85.1	6.1%	(23.7)%
Deferred tax assets	121.3	123.6	123.6	109.1	0.5%	13.3%
Other non-current financial assets	927.4	980.2	1,072.5	1,146.7	(8.6)%	(6.5)%
Non-current assets	**16,172.1**	**15,782.4**	**13,199.4**	**11,881.9**	**19.6%**	**11.1%**
Inventories	206.0	209.5	173.9	161.8	20.4%	7.5%
Receivables from clients and financial institutions	1,333.7	1,270.4	1,089.2	972.2	16.6%	12.0%
Corporate income tax receivable	77.8	113.3	128.4	71.6	(11.5)%	79.3%
Other receivables and prepayments	708.3	670.8	503.3	522.8	33.3%	(3.7)%
Derivative financial instruments	15.0	9.4	64.4	15.0	(85.5)%	329.3%
Other current financial assets	286.3	288.4	237.6	243.9	21.4%	(2.6)%
Cash and cash equivalents	185.4	164.6	330.9	266.5	(50.3)%	24.2%
Current assets	**2,812.6**	**2,726.2**	**2,527.7**	**2,253.8**	**7.9%**	**12.2%**
Total assets	**18,984.7**	**18,508.6**	**15,727.1**	**14,135.7**	**17.7%**	**11.3%**

The main assets of the Group comprise its rental fleet and receivables from clients and financial institutions.

10.4.1.1 *Rental fleet*

Rental fleet corresponds to primarily the opening net book value of the Group's fleet of leasable vehicles at the beginning of a given period after additions and disposals to the fleet and depreciation charges.

The following table sets forth an overview of rental fleet and changes therein for each of the periods indicated.

	(€ millions)
As at 1 January 2014	
Cost	13,949.5
Accumulated depreciation and impairment	(4,381.0)
Carrying amount as at 1 January 2014	**9,568.4**
Year ended 31 December 2014	
Opening net book amount	9,568.4
Additions	5,199.1
Disposals	(2,025.9)
Acquisition of a subsidiary	-
Depreciation charge	(2,434.3)

Transfer (included transfer to inventories)	-
Currency translation differences	(6.3)
Closing net book amount as at 31 December 2014	**10,300.9**
As at 31 December 2014	
Cost	14,919.4
Accumulated depreciation and impairment	(4,618.5)
Closing net book amount as at 31 December 2014	**10,300.9**
Year ended 31 December 2015	
Opening net book amount	10,300.9
Additions	5,668.1
Disposals	(1,814.0)
Acquisition of a subsidiary	160.3
Depreciation charge	(2,656.6)
Transfer (included transfer to inventories)	18.9
Currency translation differences	(3.0)
Closing net book amount as at 31 December 2015	**11,674.6**
As at 31 December 2015	
Cost	16,550.7
Accumulated depreciation and impairment	(4,876.1)
Closing net book amount as at 31 December 2015	**11,674.6**
Year ended 31 December 2016	
Opening net book amount	11,674.6
Additions	6,724.8
Disposals	(2,157.2)
Acquisition of a subsidiary	876.4
Depreciation charge	(2,846.2)
Transfer (included transfer to inventories)	0.2
Currency translation differences	(197.6)
Closing net book amount as at 31 December 2016	**14,075.0**
As at 31 December 2016	
Cost	19,539.8
Accumulated depreciation and impairment	(5,464.8)
Closing net book amount as at 31 December 2016	**14,075.0**
Three months ended 31 March 2017	
Opening net book amount	14,075.0
Additions	1,938.9
Disposals	(697.5)
Acquisition of a subsidiary	-
Depreciation charge	(763.6)
Transfer (included transfer to inventories)	-
Currency translation differences	20.9
Closing net book amount as at 31 March 2017	14,573.6
As at 31 March 2017	
Cost	20,187.8
Accumulated depreciation and impairment	(5,614.2)
Closing net book amount as at 31 March 2017	**14,573.6**

Rental fleet increased by €498.6 million, or 3.5%, from €14,075 million as at 31 December 2016 to €14,573.6 million as at 31 March 2017. This increase was primarily as result of the growth in funded fleet of 2.3% during the quarter.

Rental fleet increased by €2,400.4 million, or 20.6%, from €11,674.6 million as at 31 December 2015 to €14,075 million as at 31 December 2016. This increase was primarily as a result of the growth in funded fleet of 16.9% during the year.

Rental fleet increased by €1,373.7 million, or 13.3%, from €10,300.9 million as at 31 December 2014 to €11,674.6 million as at 31 December 2015. This increase was primarily due to the increase in funded fleet of 9.9%.

The residual value of the Group's lease portfolio was €8,888 million, €7,287 million and €6,297 million as at 31 December 2016, 2015 and 2014 respectively.

10.4.1.2 *Other non-current financial assets*

Other non-current financial assets includes long-term equity reinvestments resulting from the policy of the Group and Société Générale to match the Group's assets and liabilities by maturity. See Chapter 9 "Operating and Financial Review"—Section 9.4.8 "Equity Reinvestment".

As at 31 March 2017, other non-current financial assets decreased by €52.7 million to €927.4 million, compared to €980.1 million as at 31 December 2016, €1,072.5 million as at 31 December 2015 and €1,146.7 million as at 31 December 2014. The decreases in the quarter ending 31 March 2017 and in the years ending 31 December 2016 and 31 December 2015 were primarily a result of the Group's decision to stop further reinvesting in any matured long term deposits.

10.4.1.3 *Receivables from clients and financial institutions*

The following table summarises audited receivables from clients and financial institutions as at each of the dates indicated.

	As at 31 March 2017	**As at 31 December**			**Change**	
	unaudited	**2016**	**2015**	**2014**	**2016/2015**	**2015/2014**
			(€ millions)			
Amounts receivable under finance lease contracts	531.9	512.5	488.7	405.8	4.9%	20.4%
Amounts receivable from financial institutions	26.9	31.7	18.6	21.4	70.4%	(13.1)%
Trade receivables	860.2	812.0	662.0	618.8	22.7%	7.0%
Provision for impairment of trade receivables	85.3	(85.8)	(80.2)	(73.9)	7.0%	8.5%
Total receivables from clients and financial institutions	**1,333.7**	**1,270.4**	**1,089.2**	**972.2**	**16.6%**	**12.0%**

Receivables from financial institutions include receivables from financial institutions and are mainly in respect of Société Générale. Receivables from clients include receivables under finance lease contracts and trade receivables.

As at 31 March 2017, receivables from clients and financial institutions increased by €63.3 million to €1,333.7 million, compared to €1,270.4 million as at 31 December 2016, €1,089.2 million as at 31 December 2015 and €972.2 million as at 31 December 2014 as a result of an increase in finance lease contracts, as well as an increase in trade receivables million due primarily to higher fleet volumes.

The Group recognises impairment allowances for its receivables, of which the balance is included in the trade receivables presented above. The following table sets forth information about the changes in impairments on receivables for each of the periods indicated.

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
		(€ millions)				
Balance at January 1	(85.8)	(80.2)	(73.9)	(69.1)	8.5%	6.5%
Net impairment charges	(5.3)	(23.8)	(20.9)	(18.4)	13.9%	13.6%
Receivables written off	5.4	22.4	14.6	15.0	53.4%	(2.7)%
Movement in finance lease provision	0.5	(1.1)	(0.2)	(0.7)	450.0%	(71.4)%
Currency translation differences	(0.1)	(3.1)	0.2	(0.6)	(1,650.0)%	(133.3)%
Balance at December 31	**(85.3)**	**(85.8)**	**(80.2)**	**(73.9)**	**7.0%**	**8.5%**

Net impairment charges increased by €2.9 million, or 13.9%, from €20.9 million in the year ended 31 December 2015 to €23.8 million in the year ended 31 December 2016. In the three months ended 31 March 2017, net impairment charges amounted to €5.3 million. Net impairment charges increased by €2.5 million, or 13.6%, from €18.4 million in 2014 to €20.9 million in 2015. For details regarding the changes in net impairment charges, see Chapter 9.

10.4.1.4 *Other receivables and prepayments*

Other receivables and prepayments primarily correspond to receivables related to VAT and other taxes and prepaid expenses.

The following table summarises audited other receivables and prepayments as at each of the dates indicated.

	As at 31 March 2017	As at 31 December			Change	
	unaudited	2016	2015	2014	2016/2015	2015/2014
		(€ millions)				
VAT and other taxes	282.3	298.8	201.6	137.6	48.2%	46.5%
Prepaid motor vehicle tax and insurance premiums	98.3	70.9	58.1	51.8	22.0%	12.2%
Reclaimable damages	11.3	9.3	7.3	2.3	27.4%	217.4%
Prepaid expenses	171.5	163.7	131.4	106.6	24.6%	23.3%
Other	144.9	128.1	104.9	224.6	22.0%	(53.3)%
Total other receivables and prepayments	**708.3**	**670.8**	**503.3**	**522.8**	**33.3%**	**(3.7)%**

As at 31 March 2017, other receivables and prepayments increased by €37.5 million, compared to €670.8 million as at 31 December 2016, €503.3 million as at 31 December 2015 and €522.8 million as at 31 December 2014. The increases at the end of the first three months of 2017 and as at the end of 2016 was primarily a result of higher commissions paid and the decrease in 2015 was primarily a result of a decrease in the other receivables, which include rebates receivables from dealers and manufacturers and fuel and other costs to be re-billed to customers.

10.4.1.5 *Goodwill*

As at 31 March 2017, goodwill amounted to €424.7 million, as compared to €424.4 million, at the end of 2016, €191.7 million at the end of 2015 and €178.4 million in 2014 (see Note 16 of the consolidated financial statements for the financial year ended 31 December 2016 included in Section 20.1 "Consolidated Annual Financial Statements" of this Registration Document).

10.4.1.6 *Other current financial assets*

Other current financial assets includes short term cash deposits due to mature within one year.

As at 31 March 2017, other current financial assets decreased by €2.1 million to €286.3 million, compared to €288.4 million as at 31 December 2016, €237.6 million as at 31 December 2015 and €243.9 million as at 31 December 2014. The increase in 2016 and the first three months of 2017 was primarily a result of the Group's decision to stop reinvesting its equity in long term deposits.

10.4.2 Equity and Liabilities

The Group's main liabilities are indebtedness and trade and other payables. The following table summarises audited financial information about the Group's equity and liabilities as at each of the dates indicated.

	As at 31 March	**As at 31 December**			**Change**	
	2017	**2016**	**2015**	**2014**	**2016/2015**	**2015/2014**
			(€ millions)			
Share capital	606.2	606.1	606.1	550.0	0.0%	10.2%
Share premium	375.1	375.1	475.1	0.0	(21.0)%	-%
Retained earnings and other revenues	1,851.1	1,484.9	1,224.6	956.5	21.3%	28.0%
Net profit for the period	143.6	511.7	424.3	375.5	20.8%	13.1%
Equity attributable to owners of the parent	2,976.0	2,977.6	2,730.1	1,882.0	9.1%	45.1%
Non-controlling interests	35.9	34.9	32.2	27.6	8.4%	16.3%
Total equity	**3,011.8**	**3,012.6**	**2,762.3**	**1,909.6**	**9.1%**	**44.7%**
Borrowings from financial institutions	7,486.1	7,665.6	5,656.4	6,328.6	35.5%	(10.6)%
Bonds and notes issued	1,149.6	1,916.7	1,956.2	2,023.3	(2.0)%	(3.3)%
Derivative financial instruments	37.5	47.6	25.8	88.0	84.5%	(70.7)%
Deferred tax liabilities	214.5	206.3	179.6	161.9	14.9%	10.9%
Retirement benefit obligations and long term benefits	19.9	19.5	17.2	17.5	13.4%	(1.7)%
Provisions	109.0	100.1	87.1	101.3	14.8%	(14.0)%
Non-current liabilities	**9,016.6**	**9,955.8**	**7,922.3**	**8,720.6**	**25.7%**	**(9.2)%**
Borrowings from financial institutions	2,906.7	2,284.8	2,110.9	1,497.1	8.2%	41.0%
Bonds and notes issued	1,766.6	999.6	1,015.5	390.8	(1.6)%	159.9%
Trade and other payables	2,033.5	1,985.6	1,637.4	1,417.5	21.3%	15.5%
Derivative financial instruments	3.2	4.4	0.7	2.5	528.6%	(72.0)%
Corporate income tax liabilities	92.0	123.4	128.4	80.7	(3.9)%	59.0%
Provisions	154.2	142.3	149.6	116.8	(4.9)%	28.1%
Current liabilities	**6,956.2**	**5,540.2**	**5,042.5**	**3,505.5**	**9.9%**	**43.8%**
Total liabilities	**15,972.9**	**15,496.0**	**12,964.8**	**12,226.1**	**19.5%**	**6.0%**
Total equity and liabilities	**18,984.7**	**18,508.6**	**15,727.1**	**14,135.7**	**17.7%**	**11.3%**

10.4.2.1 *Indebtedness*

The Group is part of the Société Générale group, which the Group has utilised to fund part of its operations and which the Group believes provides a competitive advantage. The majority of the Group's funding comes from an arrangement with Société Générale. In addition, where required, Société Générale also guarantees certain of the Group's obligations to third-party funding providers.

The funding the Group obtains from Société Générale (and other Société Générale group entities) is provided at a price that is based on Société Générale’s own cost of funding plus a credit premium.

Société Générale has committed to continue to play a major role in the Group's funding following the contemplated listing on Euronext Paris.

The funding profile of the Group's leases closely matches the asset profile and so an increase in the cost of funding will not have a significant impact on the financing cost for existing contracts but may affect the pricing of new business which reflects the finance cost. See Section 4.5.1.6 for an explanation of the hedging of the Group's financial assets and liabilities as at 31 March 2017. Similarly, funding is arranged in the same currency as the corresponding funded contract (see Section 4.5.1.6 for an explanation of the group's hedging policy in respect of foreign exchange risks).

As at 31 March 2017, the Group's total borrowings was €13,309.0 million (€12,866.8 million, €10,739 million and €10,239.8 million as at 31 December 2016, 2015 and 2014, respectively) with an average weighted interest rate of 1.53% (1.28%, 1.87% and 2.23% as at 31 December 2016, 2015 and 2014, respectively) corresponding to total interest payments of €50 million (€151 million, €196 million and €220 million as at 31 December 2016, 2015 and 2014, respectively). As at 31 March 2017, the total Group’s internal funding was €9,771 million (€9,927 million, €7,194 million and €7,467 million as at 31 December 2016, 2015 and 2014, respectively) with an average weighted interest rate of 1.13% (1.25%, 1.94% and 2.28% as at 31 December 2016, 2015 and 2014, respectively) corresponding to total interest payments of €27 million (€103 million, €142 million and €163 million as at 31 December 2016, 2015 and 2014, respectively), while the total Group’s external funding was €3,538 million (€3,570 million, €3,545 million and €2,773 million as at 31 December 2016, 2015 and 2014, respectively) with an average weighted interest rate of 1.11% (1.36%, 1.72% and 2.08% as at 31 December 2016, 2015 and 2014, respectively) corresponding to total interest payments of €10 million (€48 million, €55 million and €57 million as at 31 December 2016, 2015 and 2014, respectively).

The following table summarises the Group's material financial indebtedness as at 31 March 2017.

Financing Arrangement	**Amount**	**Blended Interest Rate**
	(€ millions)	
Internal Bank Funding	9,771	**1.7**%
External Bank Funding	622	**2.7**%
Bonds	1,529.4	1.1%
Securitisations	1,387.0	0.4%

(i) *Borrowings from financial institutions*

The following table summarises borrowings from financial institutions as at each of the dates indicated.

	As at 31 March	**As at 31 December**			**Change**	
	2017	**2016**	**2015**	**2014**	**2016/2015**	**2015/2014**
			(€ millions)			
Bank borrowings	7,486.1	7,665.6	5,656.4	6,328.6	35.5%	(10.6)%
Non-current borrowings from financial institutions	**7,486.1**	**7,665.6**	**5,656.4**	**6,328.6**	**35.5%**	**(10.6)%**
Bank overdrafts	241.3	189.3	48.6	91.7	289.5%	(47.0)%
Bank borrowings	2,665.5	2,095.5	2,062.3	1,405.5	1.6%%	47.0%
Current borrowings from financial institutions	**2,906.7**	**2,284.8**	**2,110.9**	**1,497.1**	**8.2%**	**41.0%**
Total borrowings from financial institutions	**10,392.9**	**9,950.5**	**7,767.3**	**7,825.7**	**28.1%**	**(0.7)%**

Borrowings from financial institutions include short term overdrafts and medium term bank loans.

As at 31 March 2017, borrowings from financial institutions increased to €10,392.9 million, from €9,950.5 million at 31 December 2016. This increase was primarily due to the additional borrowing requirement to fund the growth in the fleet. Borrowings from financial institutions increased by €2,183.2 million, or 28.1%, from €7,767.3 million as at 31 December 2015 to €9,950.5 million as at 31 December 2016. This increase was primarily a result of the additional borrowing requirement due to bond issues not having been made in 2016 to replace maturing bonds from prior periods.

Borrowings from financial institutions decreased by €58.4 million, or 0.7%, from €7,825.7 million as at 31 December 2014 to €7,767.3 million as at 31 December 2015.

Borrowings from financial institutions include funding provided by external sources and funding provided by Société Générale.

Funding provided by external parties

At 31 March 2017, local external banks and third parties provided 27% of total funding or €3,538 million (28% and €3,570 million at 31 December 2016, 33% and €3,544.8 million at 31 December 2015 and 27% and €2,772.9 million at 31 December 2014). An amount of €622 million or 4.7% is provided by external banks (€654 million or 5.1% of total funding at 31 December 2016, €573.1 million or 5.3% of total funding at 31 December 2015 and €400.7 million or 3.9% of total funding at 31 December 2014). The rest of external funding of €2,916 million (2016: €2,916 million, 2015: €2,971.7 million, 2014: €2,372.2 million) has been raised through asset-backed securitisations and unsecured bonds in the Netherlands, the UK, Belgium and Germany.

Funding provided by Société Générale

The percentage of Group Funding raised through Société Générale was 73% at 31 March 2017, as compared to 72.3% at 31 December 2016, 67% as at 31 December 2015 and 72.5% as at 31 December 2014. Most of the funding provided by the Société Générale group is granted through Société Générale BT, based in Luxemburg. Société GénéraleBT provides funds to the Group's central treasury, which then grants loans in different currencies to 18 Group subsidiaries. The Group entered into a facility agreement with Société GénéraleBT due to mature in 15 June 2018. Interest rates under the facility are determined upon each drawdown. Société GénéraleBT also provides funding directly to Group subsidiaries. The total amount of loans granted by Société GénéraleBT to the Group amounted to €6,896 million at 31 March 2017 (€6,649 million at 31 December 2016, €5,104 million at 31 December 2015 and €5,572.9 million at 31 December 2014) with an average maturity of 2.39 years and an average interest rate of 0.63% (2.4 years and an average interest rate of 0.68% at 31 December 2016, 1.92 years and 0.92% at 31 December 2015 and 1.90 years and 1.7% at 31 December 2014).

The remaining Société Générale funding is provided either by local Société Générale branches or Société Générale group Central Treasury in Paris, representing €2,875 million at 31 March 2017 (€2,648.0 million at 31 December 2016, €2,090.2 million at 31 December 2015 and €1,894 million at 31 December 2014).

For further information see Section 6.6.2 "Funding".

(ii) *Bonds and notes issued*

Of the Group's external funding, as at 31 March 2017, an amount of €1,387 million representing 10.4% of total funding (as at 31 December 2016, an amount of €1,387 million or 10.8% of total funding and €937 million, or 8.7%, and €841 million, or 8.2%, as at 31 December 2015 and 2014, respectively), has been raised through asset-backed securitisations programmes in various countries (Germany, UK, Netherlands and Belgium) and €1,530 million, representing 11.4% of total funding (€1,530 million, or 11.9%, €2,035 million, or 18.9%, and €1,532 million, or 15.0%, as at 31 December 2016, 2015 and 2014, respectively), has been raised through unsecured bonds, including the Group's €6 billion EMTN programme.

The following table summarises borrowings from financial institutions as at each of the dates indicated.

	As at 31 March	**As at 31 December**			**Change**	
	2017	**2016**	**2015**	**2014**	**2016/2015**	**2015/2014**
			(€ millions)			
Non-current bonds and notes originated from securitisation transactions	1,149.6	896.7	436.2	461.8	105.6%	(5.5)%
Non-current bonds and notes originated from EMTN programme	-	1,020.0	1,520.0	1,520.0	(32.9)%	0.0%

	As at 31 March	As at 31 December			Change	
	2017	2016	2015	2014	2016/2015	2015/2014
			(€ millions)			
Other non-current bonds issued	-	-	-	41.5	-	-
Non-current bonds and notes issued	**1,149.6**	**1,916.7**	**1,956.2**	**2,023.3**	(2.0)%	(3.3)%
Current bonds and notes originated from securitisation transactions	237.3	489.9	500.7	379.0	(2.1)%	32.1%
Current bonds and notes originated from EMTN programme	1,529.4	509.7	514.8	11.8	(1.0)%	4,262.7%
Other current bonds issued	-	-	-	-	-	-
Current bonds and notes issued	**1,766.6**	**999.6**	**1,015.5**	**390.8**	**(1.6)%**	**159.9%**
Total bonds and notes issued	**2,916.3**	**2,916.3**	**2,971.7**	**2,414.1**	**(1.9)%**	**23.1%**

Bonds and notes issued include negotiable, interest-bearing securities, other than those of a subordinated nature.

Bonds and notes issued at 31 March 2017 were unchanged from €2,916.3 million as at 31 December 2016 as no new issues or repayments occurred during the quarter.

Bonds and notes issued decreased by €55.4 million, or 1.9%, from €2.971.7 million as at 31 December 2015 to €2,916.3 million as at 31 December 2016. This decrease was primarily a result of lower level of bond issuances in 2016.

The Group is engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at €6 billion for the aggregate nominal amount of notes outstanding at any one time. The notes issued under the programme are listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor’s ratings services.

Within this programme, the Group has issued bonds currently outstanding as follows: €500 million maturing on 26 May 2017 (issued 26 November 2013), €500 million maturing on 26 January 2018 (issued 26 January 2015) and €500 million maturing on 30 November 2017 (issued 30 November 2015).

(iii) *Maturity profile*

The following table sets for the maturity profile of the Group's borrowings and debt securities as at each of the dates indicated.

	As at 31 March	As at 31 December
	2017	2016
		(€ millions)
Less than 1 year	4,673.5	3,284.0
1-3 years	6,026.9	7,115.2
3-5 years	2,285.5	2,242.0
Over 5 years	323.3	225.5
Total borrowings and bonds	**13,309.2**	**12,866.8**

(iv) *Currency profile*

The following table sets forth the currencies in which the Group's borrowings and debt securities are denominated in as at each of the dates indicated.

	As at 31 March	**As at 31 December**		
	2017	**2016**	**2015**	**2014**
		(€ millions)		
Euro	9,793.8	9,480.4	7,584.6	7,596.4
British Pound	1,593.3	1,501.3	1,530.3	1,236.2
Danish Krone	288.5	309.4	300.4	285.6
Swedish Kronor	277.7	271.0	263.2	229.5
Other currencies	1,355.9	1,304.6	1,060.5	892.1
Total borrowings and bonds	**13,309.2**	**12,866.8**	**10,739.0**	**10,239.8**

10.4.2.2 *Trade and other payables*

Deferred leasing income corresponds to amounts received in advance, as part of the monthly lease instalment, to cover lease expenses, such as vehicle repair, maintenance and tyres replacement, in a subsequent period.

Trade and other payables increased from €1,985.6 million as at 31 December 2016 to €2,033.5 million as at 31 March 2017.

Trade and other payables increased from €1,637.4 million as at 31 December 2015 to €1,985.6 million as at 31 December 2016, primarily as a result of the integration of Parcours group and due to the growth in fleet.

Trade and other payables increased by €219.9 million, or 15.5%, to €1,637.4 million as at 31 December 2015 from €1,417.5 million as at 31 December 2014.

The most significant components of "Trade and other payables" relate to trade payables of €767.5 million as at 31 March 2017, compared to €693.6 million as at 31 December 2016, €552.2 million as at 31 December 2015 and €449.2 million as at 31 December 2014 and deferred leasing income of €397.1 million as at 31 March 2017 compared to €391.0 million as at 31 December 2016, €346.8 million as at 31 December 2015 and €327.5 million as at 31 December 2014. The increase in trade payables was primarily driven by growth in fleet volumes leading to higher levels of purchases and a resulting increase in trade payables to suppliers, while the increase in deferred leasing income primarily relates to the deferment of maintenance income to match with costs of maintenance based on curves of historic experience (i.e. rising fleet volumes lead to higher maintenance revenues and hence a higher deferment of income).

10.4.3 Derivative financial instruments

The following table sets forth the fair market value of the Group's derivative financial instrument assets at each of the dates indicated.

	As at 31 March	As at 31 December		
	2017	2016	2015	2014
		(€ millions)		
Interest rate swaps (cash flow hedge)	2.4	3.0	0.0	0.0
Interest rate swaps (fair value hedge)	0.2	1.3	0.8	1.2
Foreign exchange swaps	6.1	5.2	63.5	16.5
Trading derivatives	13.1	68.8	65.1	82.3
Total	**21.8**	**78.3**	**129.4**	**100.1**

The following table sets forth the fair market value of the Group's derivative financial instrument liabilities at each of the dates indicated.

	As at 31 March	As at 31 December		
	2017	2016	2015	2014
		(€ millions)		
Interest rate swaps (cash flow hedge)	4.5	5.6	2.2	2.6
Interest rate swaps (fair value hedge)	0.3	1.3	0.8	1.5
Foreign exchange swaps	33.4	24.1	2.4	1.1
Trading derivatives	2.6	21.0	21.1	85.3
Total	**40.7**	**52.0**	**26.5**	**90.5**

Off-balance sheet, the notional principal amounts of the Group's foreign exchange swaps contracts as at 31 December 2016 was €213.5 million (€221.1 million and €179.6 million as at 31 December 2015 and 2014, respectively) and the notional principal amount of the Group's outstanding interest rate swap contracts as at 31 December 2017 was €3,409.6 million (€1,530.9 million and €1,150.6 million as at 31 December 2015 and 2014, respectively). As at 31 March 2017, the Group has terminated all of its equity replacement swaps (see Section 9.4.8).

10.5 ANTICIPATED SOURCES OF FUNDS NEEDED TO FULFIL PLANNED ACQUISITIONS AND COMMITMENTS

As of the date of this Registration Document, the Group does not have any planned acquisitions or commitments which will require additional sources of funding.

CHAPTER 11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 RESEARCH AND DEVELOPMENT

The Group is committed to innovating and offering value added solutions. Indeed, it continues to strive to develop new products and new expertise. An innovation committee has been created to share, prioritise and accelerate innovation initiatives.

As a pioneer in mobility solutions, the Group is also challenging its offer and innovating to be able to provide the best products to its customers, to support fleet managers in their daily work and to provide drivers with the solutions that best fit their needs.

The Group's innovation portfolio includes private leasing which is already operating in 8 countries, a telematics global solution for all countries, an ALD fuel card and a digital ecosystem built by ALD France. It also plans to upgrade and remarket the current sales platform to an e-commerce platform.

The Group has notably developed driver portals and mobile applications which were deployed in 24 countries in 2015. The Company's objective in the near future is to have a driver and fleet manager portal available in each country in which it does business on its web and mobile version.

The Group wishes to share its focus on research and development and launched a comprehensive and exciting external and internal communications plan including a new advertising campaign in 2016 based upon the theme "innovation". It also started the Group Way program in February 2016 for emerging talents to build awareness of an innovation culture.

11.2 INTELLECTUAL PROPERTY, LICENSES, USAGE RIGHTS AND OTHER INTANGIBLE ASSETS

The Group's intellectual property rights essentially comprise the following:

- Rights to trademarks and other distinctive signs used by the Group in the ordinary course of business.

  In preparation for the contemplated listing of shares of ALD on Euronext Paris, a trademark assignment agreement and a trademark license agreement are expected to be concluded between ALD and Société Générale upon listing so as to regulate ALD's use of these trademarks after the listing. The trademark assignment agreement is expected to transfer to ALD the ownership of the trademarks which do not contain any elements of the Société Générale's brand and previously owned by Société Générale, in the countries where they are registered. As a result, under the proposed agreement, ALD can file any trademarks, notably incorporating the sign ALD, which does not include Société Générale's branding codes. In addition, following the contemplated listing of shares of ALD on Euronext Paris, Société Générale is expected to still own several trademarks which are used by the Group and include either some elements of the Société Générale's brand or are used by other entities of the Société Générale's Group. However, Société Générale is expected to awarde ALD a license to use these trademarks, under the trademark license agreement, which has been concluded for a term of 99 years and able to be sub-licensed. The proposed trademark license agreement is expected to provide for Société Générale's right to terminate the agreement in the event of a reduction of Société Générale's holding in ALD below 50% and of insolvency, winding-up or dissolution of ALD. In case of such termination, the proposed agreement provides for an additional period of 18 months post termination for the use of the licensed trademarks.

The Group has filed a number of website domain names in the countries where it does business. The Group centrally registers its ownership of various domain names (including aldautomotive, aldcar, aldcarmarket, aldmobile and aldnet), mostly through the external company CSC.

– Rights relating to information systems, data protection and software licenses that the Group uses in connection with its business.

  The Group has developed information systems it uses on a daily basis in connection with its business, notably relating to data protection and security. Indeed, it has issued certain policies relating to the classification and protection of sensitive information and the general security guidelines. For more information on the Group's security policy and related information systems, see Section 6.5 "Information Technology".

  The Group and its subsidiaries hold licenses for the main software it uses in conducting its business.

CHAPTER 12. TRENDS INFORMATION

12.1 BUSINESS TRENDS

Detailed descriptions of the Group's results for the year ended 31 December 2016, for the three months ended 31 March 2017 and of the principal factors affecting the Group's results of operations are contained in Chapter 9 "Operating and Financial Review" of this Registration Document.

12.2 MEDIUM-TERM OBJECTIVES

The medium-term outlooks presented below do not constitute forecast data or profit estimates.

These objectives are based on data, assumptions, and estimates that the Group considers reasonable as of the date of this Registration Document in light of anticipated future economic conditions and the expected impact of the Group's successful implementation of its strategy. The data, assumptions and estimates on which the Group has based its objectives may change or be modified during the relevant period in particular as a result of changes in the economic, financial, competitive, tax or regulatory environment, market changes or other factors of which the Group is not aware as of the date of this Registration Document. The occurrence of one or more of the risks described in Chapter 4 "Risk Factors" could affect the Group's business, market situation, financial condition, results or future prospects, and therefore its ability to achieve the objectives presented below.

The Group can give no assurances or provide any guarantee that the objectives set forth in this section will be met, and does not undertake to publish corrections or communicate updates to this information in the future.

12.2.1 2016-2019 Outlook

Total Fleet Growth and Market Outlook

On the basis of market trends and opportunities the Group expects that its Total Fleet has the potential to grow at a compound annual growth rate of between 8% and 10% from 2016 to 2019. This is in line with the Group's historical growth, which averaged 8.4% per annum between 2011 and 2016.

The key growth drivers that the Group expects to support this growth are as follows:

1. The continuing trend of corporate clients to outsource their mobility needs, so that they can focus on their core business and benefit from the scale of operations and investments in technology of specialist players such as ALD. The Group expects this trend to underpin continued strong organic growth of its corporate fleet, in line with its performance of recent years;

2. An increasing SME penetration, especially through further development of our existing partnerships with car manufacturers and banks;

3. The development of the Group's Private Lease offering through the launch of additional B2C products and development of existing and new partnerships, such as those with Credit du Nord and BlaBlaCar, and supported by the increased visibility

derived from the contemplated listing of the Group's shares on Euronext Paris. These developments are expected to be supported by the anticipated rapid growth in the Private Lease market as a result of the convergence of various societal trends, including: a cultural shift from "car ownership" towards "car usership", more demand for flexible use and availability of cars; new transport alternatives and a collaborative economy; and increases in environmental regulation and awareness. The Group is targeting more than 150,000 vehicles for its Private Lease segment by 2019 and 1 million vehicles by 2025;

4. High levels of growth in emerging markets from current low levels of full service leasing penetration, in a context of economic growth and growing car sales volumes; and the increasing trends for corporates to outsource non-core activities to leasing specialists. In mature markets, tax benefits on lease cars remain stable and should not impact the growing share of operating lease within the corporate segment.

5. Selected bolt-on acquisitions allowing the Group to acquire leasing portfolios to integrate within its existing operations, as consolidation trends in the full service leasing market continue. The Group anticipates external fleet growth to continue in line with historical acquisitions rates, which were around 1.5% per annum over the period 2011-2016.

Gross Operating Income

On the basis of the Total Fleet growth anticipated over the period 2016 to 2019, the Group expects to grow its Leasing Contract and Services margins at a compound annual rate of between 8% and 10% from 2016 to 2019, with resilient margins going forward across all segments. The Group expects a decreasing contribution of Car Sales Results within Gross operating income by 2019, due to a normalization of the Car Sales Result per unit expected over the period 2017-2019.

Net Income

In light of the growth in Total Fleet and Gross operating income mentioned above as well as strong focus on controlling operating expenses, the Group expects to achieve annual growth in its Net Income of around 7% on average during the period from 2016 to 2019.

Profitability Ratios

In line with the above trends in Total Fleet and Net income, the Group expects to maintain its Return on Average Earning Assets above 3.5% between 2017 and 2019, which is consistent with the Group's average performance over the last three years and reflects the Group's focus on efficiency and resilient margins going forward.

Capital and Dividend Policy

The Group intends to maintain its leverage and shareholder return ratios at levels consistent with capital generation and total assets growth from 2016 to 2019, with the objective to maintain a BBB rating. The Group targets a stable equity to total assets ratio between 15% and 17% and a pay-out ratio between 35% and 40% from 2017 to 2019, it being specified that the dividend policy of the Group will take into account the Group's results and financial situation, the implementation of its strategy and the achievement of its objectives.

Regarding the Group’s financing conditions, we expect to maintain funding margins at current levels. Due to the Asset liability management policy on existing fleet, any changes in interest rates are not expected to have a material impact.

CHAPTER 13. PROFIT FORECASTS

The forecasts presented below and the assumptions underlying them have been prepared pursuant to Regulation (EC) No. 809/2004, as amended, and ESMA's recommendations on forecasts.

The forecasts presented in this section were prepared on the basis of data, assumptions, and estimates that the Group considers to be reasonable as of the date of this Registration Document. These data, assumptions, and estimates may change or be modified in particular as a result of changes in the economic, financial, competitive, tax or regulatory environment, market changes, or other factors of which the Group is not aware as of the date of this Registration Document. The occurrence of one or more of the risks described in Chapter 4 "Risk Factors" could have an impact on the Group's business, results, financial condition or future prospects and therefore jeopardise these forecasts.

Therefore, the Group can give no assurances or provide any guarantee that the forecast set forth in this section will be met, and does not undertake to publish corrections or communicate updates to this information in the future..

See Section 9.2.3 "Non-IFRS measures and Key Performance indicators (KPIs)" of this Registration Document for the definition of the KPIs presented in this Chapter.

13.1 ASSUMPTIONS

The Group's forecasts are based on its consolidated financial statements for the year ended 31 December 2016 and its consolidated quarterly results for the three months ended 31 March 2017.

The first three months of 2017 have been positive with Total Fleet growth over the period in line with past performance in the first quarter of the year. This growth has notably been supported by some of the Group's most significant markets (France, Italy) and the Central & Eastern Europe region.

In this context, the forecasts presented below are based primarily on the following assumptions:

(i) no material changes in the accounting principles or scope of consolidation as compared to the Group's consolidated financial statements for the year ended 31 December 2016;

(ii) growth of the Group's underlying Full Service Leasing fleet of c.8% (the bulk of which coming from organic growth and the balance from private lease and bolt-on acquisitions). This growth rate is consistent with historical performance over the period 2011-2016, i.e. 8.4% on average per annum;

(iii) an effective tax rate consistent with previous years, except for the favourable impact resulting from the implementation of the Stability Law in Italy;

(iv) foreign-exchange rates similar to 2016 average rates, notably 0.82 for GBP/EUR, 3.4 for TRY/EUR, 7.4 for DKK/EUR and 9.5 for SEK/EUR;

(v) new funding in 2017 contracted at conditions broadly in line with 2016;

(vi) no significant stresses on market liquidity that could affect the Group's external sources of funding;

(vii) acquisitions will be limited to bolt-on operations to consolidate local positions consistent with historical acquisitions (c. 1.5% of our annual Total Fleet growth) and no major acquisitions;

(viii) continued investment in non-fleet capital expenditure, relating mainly to the development of IT systems to support the Group's innovation strategy for customers and to improve its operational efficiency;

(ix) improved operational efficiency as a result of the increased digitalisation of the Group's operations,

(x) realization of cost synergies arising from the restructuring of Parcours' operations, and better procurement conditions due to the increasing scale of activities both in France and other mature subsidiaries;

(xi) an increase in head office costs of about €3 million per annum to manage the various additional administrative and reporting functions following the contemplated listing of the Company's shares on Euronext Paris; and

(xii) the cancellation of the Group's equity replacement swaps in the first quarter of 2017 which reduces the impact on volatility on the Leasing Contract Margin.

13.2 PROFIT FORECASTS OF THE GROUP FOR THE YEAR ENDING 31 DECEMBER 2017

On the basis of the assumptions described above, the Group estimates that, for the year ending 31 December 2017:

- Total Fleet should grow by around 8% as compared to 2016;
- Gross Operating Income should grow by around 8% as compared to 2016;
- Net Income should grow by around 10% as compared to 2016;
- Return on Average Earning Assets should be between 3.5% and 4.0%;
- Return on Equity should be between 15% and 17%;
- The equity to total assets ratio should be between 15% and 17%; and
- The pay-out ratio should be between 35% and 40%.

13.3 REPORT BY THE STATUTORY AUDITORS

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
1/2, place des Saisons	185, avenue Charles de Gaulle
92400 Courbevoie - Paris-La Défense 1	92524 Neuilly-sur-Seine Cedex
S.A.S à capital variable	S.A. au capital de €1.723.040
Commissaire aux Comptes	Commissaire aux Comptes
Membre de la compagnie	Membre de la compagnie
régionale de Versailles	régionale de Versailles

ALD

Limited Company

Tours Société Générale « Chassagne »

15-17 Cours Valmy

92800 Puteaux

Statutory auditors' report on the profit forecasts
(Net Income)
for the year ended 2017

To the Chief Executive Officer,

In our capacity as statutory auditors of your company and in accordance with Commission Regulation (EC) no809/2004, we hereby report to you on the profit forecasts (Net Income) of ALD set out in section 13 of the shelf-registration document (*Document de base*) prepared in the context of the offer to the public and the admission of equity securities of ALD to trading on the regulated market of Euronext Paris.

It is your responsibility to compile the profit forecasts, together with the material assumptions upon which they are based, in accordance with the requirements of Commission Regulation (EC) n°809/2004 and ESMA's recommendations on profit forecasts.

It is our responsibility to express an opinion, based on our work, in accordance with Annex I, item 13.2 of Commission Regulation (EC) n°809/2004, as to the proper compilation of these forecasts.

We performed the work that we deemed necessary according to the professional guidance issued by the French institute of statutory auditors (*Compagnie nationale des commissaires aux comptes* – CNCC) for this type of engagements. Our work included an assessment of the procedures undertaken by management to compile the profit forecasts as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by ALD for the preparation of the historical financial information. Our work also included gathering information and explanations that we deemed necessary in order to obtain reasonable assurance that the profit forecasts have been properly compiled on the basis stated.

Since profit forecasts, by nature, are uncertain and may differ significantly from actual results, we do not express an opinion as to whether the actual results reported will correspond to those shown in the profit forecasts.

In our opinion:

a) the profit forecasts have been properly compiled on the basis stated; and
b) the basis of accounting used for the profit forecasts is consistent with the accounting policies of ALD.

This report has been issued solely for the purpose of:

– registering the registration document (*Document de base*) with the French financial markets authority (*Autorité des marchés financiers* – AMF) ;
– and the admission to trading on a regulated market, and/or a public offer, of shares or debt securities with a minimum denomination of €100,000 of ALD in France and in other EU member states in which the prospectus approved by the AMF is notified;

and cannot be used for any other purpose.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Paris-La Défense et Neuilly-sur-Seine, on May 11, 2017

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Vincent ROTY Micha MISSAKIAN	Jean-Marc MICKELER

CHAPTER 14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND STATUTORY CORPORATE OFFICERS

14.1 COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES

The Company is a limited liability company (*société anonyme*) with a Board of Directors. A description of the main provisions of the Bylaws that the Company plans to adopt subject to the listing of its shares on Euronext Paris (the "**Bylaws**"), relating to the functioning and powers of the Board of Directors of the Company (the "**Board of Directors**"), as well as a summary of the main provisions of the internal regulations of the Board of Directors and of the committees of the Board of Directors that the Company plans to create effective as of the listing date of the Company's shares on Euronext Paris are included in Chapter 16 "Rules Applicable to Corporate Bodies and Management Committees" and Chapter 21 "Additional Information" of this Registration Document.

14.1.1 Board of Directors

In connection with the planned listing of the Company's shares on Euronext Paris, the Board of Directors on 4 April 2017 and the general shareholders' meeting on 20 April 2017 took note of the resignation of Société Générale member of the Board of Directors and appointed new directors, in both cases subject to and effective as of the listing of the Company's shares on Euronext Paris.

The table below shows the new members of the Board of Directors, appointed subject to the listing of the Company's shares on Euronext Paris, as well as their principal positions and offices held outside the Company and the Group during the last five years.

Name; business address; number of shares of the Company held	**Date of birth**	**Nationality**	**Expiration date of term in office**	**Main Position held with the Company**	**Main Titles and Positions held outside the Company or the Group over the last five years**
Didier Hauguel Number of Company shares held: 0	14/12/59	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2020	Chairman of the Board, (As of 2 March 2017) Board member	<u>Positions and offices held as of the date of this Registration Document:</u> - Head of the division International Banking and Financial Services of Société Générale (IBFS) - GEFA Bank Gmbh – Germany – President - GEFA Bank Gmbh – Germany – Board member - GEFA Leasing Gmbh – Germany – President - GEFA Gesellschaft Mbh – Germany – President

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					- La banque postale financement – France – Vice president - La banque postale financement – France – Board member - Sogessur – France – Board member - Franfinance – France – Board member - Sogecap – France – Board member - Compagnie Generale de location d'équipements – France – Board member - SG equipment finance SA – France – President - SG equipment finance SA – France – Board member - SG Consumer Finance – France – President - SG Consumer Finance – France – Board member - Association française des sociétés financières – France – President - Fiditalia Spa – Italia – Board member - Eqdom – Morocco – Board member - Euro Bank – Poland – Vice president - Euro Bank – Poland – Board member - Rosbank – Russia – President - Rosbank – Russia – Board member - Deltacredit – Russia – President - Deltacredit – Russia – Board member - LLC Rusfinance – Russia – President

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					- LLC Rusfinance – Russia – Board member <u>Titles and positions held over the last five years that are no longer held:</u> - SG Financial Services Holding – France – Board member - Franfinance – France – President - Banco SG Brasil S.A. – Brazil – Board member - Banco Cacique S.A. – Brazil – Board member - Rusfinance SAS – Russia – President - Rusfinance SAS – Russia – Board member - Capital Credit Comradeship Bank – Russia – Board member - PJSC Rosbank – Russia – Board member - SG Equipment Finance Czech Republic S.R.O. – Czech Republic – President - SG Equipment Finance Czech Republic S.R.O. – Czech Republic – Board member - Essox sro – Czech Republic – Board member - Gefa Leasing Gmbh – Germany – President - Gefa Leasing Gmbh – Germany – Board member - Hanseatic Bank GmbH & Co KG – Germany – President - SG Equipment Finance USA Corp. – Board member - Family Credit Limited –

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					Board member
Michael Masterson Number of Company shares held: 0	17/12/60	British	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Chief Executive Officer	Titles and positions held over the last five years that are no longer held: None

Name; business address; number of shares of the Company held	**Date of birth**	**Nationality**	**Expiration date of term in office**	**Main Position held with the Company**	**Main Titles and Positions held outside the Company or the Group over the last five years**
Karine Destre-Bohn Number of Company shares held: 0	20/01/71	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Board member	<u>Positions and offices held as of the date of this Registration Document:</u> - Corporate Secretary of the division International Banking and Financial Services of Société Générale (IBFS) - Mobiasbanca – Moldova – Vice president - Mobiasbanca – Moldova – Board member - LLC Rusfinance – Russia – Board member - SKB Banka – Slovenia – Board member <u>Titles and positions held over the last five years that are no longer held:</u> - Rusfinance SAS – Russia – Board member - SG Viet Finance Company Ltd – Vietnam – Board member - SFS Holding Hellas – Greece – President - SFS Holding Hellas – Greece – Board member - SFS Hellasfinance – Greece – President - SFS Hellasfinance – Greece – Board member - SFS Hellasfinance consumer – Greece – President - SFS Hellasfinance consumer – Greece – Board member

Name; business address; number of shares of the Company held	**Date of birth**	**Nationality**	**Expiration date of term in office**	**Main Position held with the Company**	**Main Titles and Positions held outside the Company or the Group over the last five years**
Xavier Durand Number of Company shares held: 0	27/04/1964	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2020	Board member	Positions and offices held as of the date of this Registration Document: - Coface – Chief Executive Officer - AXA France – Independent Board Member - Wizink Bank (Banco Popular et Varde) – Independent Board Member Titles and positions held over the last five years that are no longer held: - GE Capital International – Head of strategy and development - GE Capital Asia Pacific – Chairman and Chief Executive Officer - Krungsri Group - Board Member & President of Compliance Committee, Thailand - Hyundai Capital Cards – Board Member
Jean-Louis Klein Number of Company shares held: 0	02/08/60	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2020	Board member	Positions and offices held as of the date of this Registration Document: - Pirix – France – Deputy Chief Executive Officer - Société Générale pour le développement des opérations de crédit-bail immobilier "Sogebail" – Board member - Union financière pour le développement de l'économie céréalière – Board member

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					<u>Titles and positions held over the last five years that are no longer held:</u> - SG Participations Industrielles – France – President - Banque Tarneaud – France – Vice president - Banque Tarneaud – France – Board member - Banque Rhône Alpes – France – President - Banque Rhône Alpes – France – Board member - Norbail Immobilier – France – President - Norbail Immobilier – France – Board member - Norbail Sofergie – France – Board member - Etoile ID – France – Board member - Société de bourse Gilbert Dupont – France – President - Star Lease – France – President - Star Lease – France – Board member - Banque Laydernier – France – President - Banque Laydernier – France – Board member - Pirix – France – Deputy Chief Executive Officer - Pirix – France – Board member - Banque Pouyanne – France – Board member

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
Patricia Lacoste Number of Company shares held: 0	05/12/1961	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Board member	Positions and offices held as of the date of this Registration Document: - Société Centrale Prevoir – Chairman and Chief Executive Officer - SNCF Réseau – Board Member - Fédération Française d'Assurance – Member of executive committee Titles and positions held over the last five years that are no longer held: None
Nathalie Leboucher Number of Company shares held: 0	24/07/1966	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2019	Board member	Positions and offices held as of the date of this Registration Document: - Kapsch TrafficCom France – Chief Executive Director (starting May 2017) - RATP Group – Strategy, Innovation and Development officer (ending May 2017) Titles and positions held over the last five years that are no longer held: - Orange/France Telecom – Head of the agency "Entreprise Défense Ouest Francilien" and Senior Vice-President of the Smart-Cities program - RATP Dev – Board member - Ixxi, Telcité/Naxos – Board

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					member - RATP I – Board member - Systra – Board member - M2OCity – Board member - EcoMobilité Ventures – Orange's representative to the strategic committee
Giovanni Luca Soma Number of Company shares held: 0	21/08/60	Italian	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending : 31 December 2018	Board member	Positions and offices held as of the date of this Registration Document: - Deputy head of the division International Banking and Financial Services of Société Générale (IBFS) - CGI North America – United States – Board member - Compagnie Generale de location d'équipements – France – President - Compagnie Generale de location d'équipements – France – Board member - SG Consumer finance – France – Board member and CEO - Fiditalia – Italy – Vice president - Fiditalia – Italy – Board member - Euro Bank SA – Poland – President - Euro Bank SA – Poland – Board member - Komercni Banka A.S – Czech Republic – Vice-president - Komercni Banka A.S – Czech Republic – Board member - SG Express Bank –

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					Bulgaria – Board member - Ohridska Banka AD Skopje – Macedonia – President - Ohridska Banka AD Skopje – Macedonia – Board member - BRD – Romania – President - BRD – Romania – Board member - SG Banka Srbija – Serbia – Board member - SKB Banka – Slovenia – Vice president - SKB Banka – Slovenia – Board member - Hanseatic Bank GmbH & Co KG – Germany – President - Hanseatic Bank GmbH & Co KG – Germany – Board member <u>Titles and positions held over the last five years that are no longer held:</u> - SG Splitska Banka – Croatia – Board member - Banco SG Brasil S.A. – Board member - Banco Pecunia S.A. – Brazil – President - Banco Pecunia S.A. – Brazil – Board member - Banco Cacique S.A. – Brazil – President - Banco Cacique S.A. – Brazil – Board member - Sogessur – France – Board member - Franfinance – France – Board member - Essox sro – Tcheque Republic – President - Essox sro – Czech Republic

Name; business address; number of shares of the Company held	Date of birth	Nationality	Expiration date of term in office	Main Position held with the Company	Main Titles and Positions held outside the Company or the Group over the last five years
					– Board member - LLC Rusfinance Bank – Russia – Board member - Capital Credit Comradeship Bank – Russia – Board member - SG Viet Finance Company Ltd – Vietnam – President
Christophe Perillat Number of Company shares held: 0	12/09/1965	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2019	Board member	Positions and offices held as of the date of this Registration Document: - Valeo – Chief Operating Officer Titles and positions held over the last five years that are no longer held: - None
Sylvie Remond Tour Société Générale, 17 cours Valmy, Paris La Défense Number of Company shares held: 0	20/07/63	French	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2020	Board member	Positions and offices held as of the date of this Registration Document: - Sopra Steria Group – France – Board member - Société Générale Bank & Trust – Luxembourg – Board member - Komercni Banka A.S– Czech Republic – Board member - PJSC Rosbank – Russia – Board member Titles and positions held over the last five years that are no longer held: - Generas SA – Luxembourg – Board member - Société Générale Ré SA – Board member

14.1.1.1 *Biographical information of the members of the Board of Directors*

Didier Hauguel has been a member of the Board of Directors of ALD since 2009. He has served as Chairman of the Board from 2009 to 2011 and again since 2017. Member of Societe Generale Group Executive Committee since 2007, he has been Co-Head of International Banking and Financial Services since 2013 and Chief Country Officer for Russia since 2012. Previously, he held several positions in Societe Generale Group as Head of Specialized Financial Services and Insurance from 2009 to 2013 and Chief Risk Officer from 2000 until 2009. When appointed in New York, he was Chief Operating Officer of SG Americas from 1998 to 2000 and Assistant General Manager of SG USA from 1995 to 1998. Before moving to the US, he served as Head of Central Risk Management Unit within the Office of the Group CEO from 1991 to 1995. He joined the General Inspection Department of Societe Generale in 1984. Didier Hauguel has graduated from the Institut d'Etudes Politiques (IEP) de Paris and holds a Bachelor's degree in Public Law.

Michael Masterson has served as CEO of ALD since 2011. He was CFO from 2003 until 2011 and has been active at the Group since 1995, the year he joined Hertz Lease (which was acquired by the Group in 2003). In addition, he was Group Financial and IT Director at Hertz Lease from 1999 to 2003, Finance Controller for Hertz Lease International from 1997 to 1999 and for Hertz Lease France from 1995 to 1997. Previously to the Group, he was Senior Auditor, Business Analyst, Finance and Administration Manager for Hertz Europe from 1988 to 1995. Mr. Masterson holds an Upper Second Class Degree in Economics from Nottingham University and has been a Chartered Accountant since 1988.

Karine Destre-Bohn, since 2010 Corporate Secretary of the International Banking and Financial Services Division of Société Générale (a Division supervising some 80 entities in 65 countries). Previously, Karine had been Corporate Secretary of ALD International (2008-2010), the holding supervising the development of ALD (Full Leasing Services and Car Fleet Management) in some 40 countries. Still before, Karine had been the CFO of ALD France (2003 – 2008) and CFO of Hertz Lease France (1996-2003). She had started her career as Auditor for Deloitte & Touche (1993-1996). Karine Destre-Bohn holds a degree from Amiens Business School and a Bachelor's degree in Accounting & Finance.

Xavier Durand, Chief Executive Officer of the Insurance Group Coface since February 2016. Previously, Xavier Durand had an extensive international career within the financial activities of the General Electric Company where, prior of being Head of Strategy & Growth for GE Capital International based in London (2013-2015), he had been CEO of GE Capital Asia Pacific (2011- 2013) based in Tokyo, CEO of the Europe and Russia banking activities of GE Capital (2005-2011), President and CEO of GE Money France (2000- 2005) and Head of Strategy and New Partnerships of GEC Auto Financial Services based in Chicago (1996-2000). Earlier, Xavier Durand had been Deputy General Manager of the Sovac Real Estate Bank in France from 1994 to 1996. Xavier Durand has graduated from l'École Polytechnique and from l'École Nationale des Ponts et Chaussées, and he started his career in 1987 in Consulting (Gemini Group) and Strategy Project Management (GMF Insurer 1991-1993).

Jean Louis Klein, currently head of large corporate accounts for SG retail network in France (since 2013). Previously, Jean-Louis Klein had made most of his career within Credit du Nord, up to the position of Deputy General Manager (2011-2013). Before, he had been Head of the

Large Corporate Department (2004-2010), Chief Executive Officer of the Banque Kolb subsidiary (2000-2004), Deputy CEO of the Banque Laydernier subsidiary (1997-2000), Internal Auditor (1996-1997), Head of Aisne & Oise Branch (1990-1996), and account manager for large corporate (1986 – 1990). Jean Louis Klein has graduated from HEC Business School

Patricia Lacoste, Chairman and Chief Executive Officer of the Insurance Group Prévoir since 2012. Previously, Patricia Lacoste had spent some twenty years in SNCF (French Railways National Company), where she held several executive positions, notably Director in charge of managing Top Executives within the HR Division (2008-2010), Director of the Eastern Paris Region, in charge of preparing the launch of the East Europe high speed train TGV (2005-2008), and Director of Sales to individuals (1995-2004). Patricia Lacoste has graduated from l'Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE), and she holds a Master in Econometrics. She had started her career as study engineer in the Consulting firm Coref (1985–1992).

Nathalie Leboucher, General Manager starting May 2017 of Kapsch TrafficCom France, a company specialized in mobility and automatic payments systems for highways. Since 2015, Nathalie Leboucher was in charge of Strategy and Innovation for the RATP Group (Paris Public Transportation Company). From 2011 to 2015, she had run the Orange Western Paris Office in charge of Communication Solutions for Businesses. From 2007 to 2011, she has had a first experience leading the Kapsch TrafficCom Group, following a position of Development Director for the Paris Rhin Rhône Highway Company from 2002 to 2007. From 1993 to 2002, Nathalie Leboucher had worked for the French Development Agency in charge of Water & Power area for Central Africa. Nathalie Leboucher has graduated from l'Ecole Polytechnique and from l'Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE). She had started her career in 1990 in Consulting before joining the World Bank in the USA in 1991 as junior economist.

Giovanni Luca Soma, since 2012 Deputy-Head of the International Banking and Financial Services Division of Société Générale, in charge of the European Region, and member of the Group Executive Committee. Previously, he had occupied several managerial positions in the SocGen Group, notably Head of the Consumer Finance Business Line (2010- 2012), Chief Executive Officer of ALD International (2008-2010), ALD Regional Director (2005-2008), and CEO of ALD Italy (2000-2005). Still before, Gianluca Soma had been working for the GE Group, as Sales Director for GE Capital Italy (1998-1999) and Managing Director for GE Capital Insurance Italy (1997-1998). He had also been Sales and International Development Director for Hyperion Software Inc. based in Milan (1994-1997). Gianluca Soma had started his career as Financial Auditor, with Deloitte (1989 – 1994) and Arthur Young (1984-1989). Gianluca Soma holds a MBA from Turin University and he is qualified as Certified Public Accountant and Certified Auditor

Christophe Périllat, Chief Operating Officer of the Valeo Group since 2011. Previously, Christophe Périllat has occupied several managerial positions in the Valeo Group, notably Head of the Business Group « Comfort and Driving Assistance Systems » from 2009 to 2011, Head of the Branch « Switches and Detection Systems » from 2003 to 2009, and Head of a Division of the « Electronics and Connective Systems» Branch from 2001 to 2002. Still before, Christophe Périllat had worked in the aerospace industry for the Labinal Group, as

Head of Labinal Aero & Defense North America from 1996 to 2000 and Head of a production site in Toulouse from 1993 to 1995. Christophe Périllat has Graduated from l'Ecole Polytechnique and from l'École des Mines.

Sylvie Rémond, Global Co-Head of Coverage and Investment Banking since March 2015. She is a member of Société Générale's Group Management Commitee since January 2011. She joined Sociéte Générale in 1985 and where she held several positions within the Individual Client and Large Corporate divisions. In 1992, she joined the Structured Finance activity in Acquisition Finance and was appointed Head of Corporate and Acquisition Finance syndication in 2000. She then joined the Risk division in 2004 as Head of Credit Risk for the Corporate and Investment Banking activity and became in 2010, Deputy Group Chief Risk Officer, until February 2015.

14.1.1.2 *Independence of the members of the Board of Directors*

The Board of Directors appointed, subject to the listing of the Company's shares on Euronext Paris, four independent members. The Nomination and Compensation Committee and the Board of Directors have evaluated their independence pursuant to the criteria set forth in the AFEP-MEDEF Code.

As from the listing of the Company's shares on Euronext Paris, four of the members of the Board of Directors will be independent pursuant to such criteria.

The table below shows the evaluation of the independence pursuant to such criteria.

Name of the directors	Not to be an employee or an executive officer of the Company (including over the past 5 years)	No cross-directorships (including over the past 5 years)	No business relationships	No family ties	Not to be an auditor of the Company (including over the past 5 years)	No to have been a director of the Company for more than twelve years	Not receive any variable compensation or compensation related to the Company's or the Group's performance	Not hold more than 10% of the shares or voting rights	Independent
Didier Hauguel		✓	✓	✓	✓	✓		✓	
Michael Masterson			✓	✓	✓	✓		✓	
Karine Destre-Bohn		✓	✓	✓	✓	✓		✓	
Xavier Durand	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jean-Louis Klein		✓	✓	✓	✓	✓		✓	
Patricia Lacoste	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nathalie Leboucher	✓	✓	✓	✓	✓	✓	✓	✓	✓

Name of the directors	Not to be an employee or an executive officer of the Company (including over the past 5 years)	No cross-directorships (including over the past 5 years)	No business relationships	No family ties	Not to be an auditor of the Company (including over the past 5 years)	No to have been a director of the Company for more than twelve years	Not receive any variable compensation or compensation related to the Company's or the Group's performance	Not hold more than 10% of the shares or voting rights	Independent
Giovanni Luca Soma		✓	✓	✓	✓	✓		✓	
Christophe Perillat	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sylvie Remond		✓	✓	✓	✓	✓		✓	

14.1.1.3 *Balance in the composition of the Board of Directors*

As of the listing of the Company's shares on Euronext Paris there will be four women and six men on the Board of Directors, providing a balanced representation of men and women, in proportions that comply with applicable legal requirements and the recommendations of the AFEP-MEDEF Code

14.1.2 Statutory Corporate Officers (*Mandataires Dirigeants Sociaux*)

Didier Hauguel is the Chairman of the Board of Directors (the "**Chairman**"), Michael Masterson is Chief Executive Officer (the "**CEO**") of the Company, Tim Albertsen and Gilles Bellemere are Deputy Chief Executive Officers (each a "**Deputy CEO**" and together with the Chairman and the CEO , the "**Statutory Corporate officers**") of the Company.

14.1.3 Executive Committee

The role of the executive committee of the Group (the "**Executive Committee**") is to define, implement and develop the Group's strategy, driving future growth and profitability improvement for the benefit of its clients, shareholders and employees. The Executive Committee is also responsible for supervising and driving cooperation among the Group's business lines and geographic markets.

The composition of the Group's Executive Committee comprises the Group's main operational and functional executives and is as follows:

- Michael Masterson (British), CEO of the Company since 2011, 29 years of sector experience;
- Tim Albertsen (Danish), Deputy CEO since 2011, 25 years of sector experience;
- Gilles Bellemere (French), Deputy CEO since 2017, 12 years of sector experience;

- Gilles Momper (French), Chief Financial Officer ("CFO") since 2012, 22 years of automotive and car rental experience; and

- John Saffrett (British), Chief Operating Officer ("COO") since 2017, 11 years of sector experience.

Michael Masterson has served as CEO of the Company since 2011. He was CFO from 2003 until 2011 and has been active at the Group since 1988, the year he joined Hertz Lease (which was acquired by the Group in 2003). Previously to the Group, he was a manager at PwC Chartered Accountants from 1984 to 1988. Mr. Masterson holds an Upper Second Class Degree in Economics from Nottingham University and has been a Chartered Accountant since 1988.

Tim Albertsen has served as Deputy CEO of the Company since 2011. He has been active with the Group since 1997, the year he joined Hertz Lease (which was acquired by the Group in 2003). He was Chief Operating Officer from 2008 until 2011 and Senior Vice President for the Group from 2005 until 2008. Prior to that, he was Regional Director for the Group in the Nordic & Baltic Countries and General Manager at Hertz Lease Denmark from 1997 until 2003. Previously to the Group, he was General Manager at Avis Leasing from 1995 until 1997 and Operations Manager at Avis Rent a Car from 1992 until 1995. Mr. Albertsen holds an Economics Bachelor degree in Business Administration from the University of South Denmark. He also holds a Graduate Diploma in Business Administration from the Copenhagen Business School.

Gilles Bellemere has served as Deputy CEO of the Company since 2017. He has also been active within the Group between 2001 and 2013, first as Operations Director (until 2006) of the Group France and then as Deputy General Manager of the Group. Since 2013, he was Regional Director within Société Générale Retail Branch. Previously to 2001, he held various positions within Société Générale Retail Branch since 1987. Mr. Bellemere holds a Master degree (‘Maitrise’) in Management from Paris Dauphine University and a Postgraduate degree (‘DESS’) in Foreign Trade from Paris Panthéon-Sorbonne University.

Gilles Momper has served as CFO of the Company since 2012. He has been active at the Group since 2007. He was Group Financial Controller from 2010 until 2012 and Holding Financial Controller of ALD from 2007 until 2009. In addition, he was Financial Controller for Europe at Renault Retail Group from 2001 to 2004 and then Financial Controller for the Commercial Network at Renault Group from 2004 until 2007. He was also at the Finance Department (Internal Auditor, Business Planning Manager and Deputy Accounting Director) of Hertz France and Hertz Germany from 1995 until 2001. Mr. Momper holds a degree from the French Business School ESC Dijon.

John Saffrett has served as COO of the Company since 2017. He has also been active within the Group between 1997 and 2006, first as Sales Account Manager and eCommerce (until 2002) of the Group UK and then as IT Director UK from 2002 to 2006. He was also Managing Director, Program Director of Fimat/Newedge UK from 2011 to 2015 and Europe CIO / Global Head of Corporate Services IT for Fimat/Newedge UK from 2006 to 2011. He was also Chief Administration Officer of the Company from 2015 to 2017. Mr. Saffrett holds a Bachelor degree in IT from Hertfordshire University and an MBA in Automotive from Nottingham Trent University.

14.1.4 Statement regarding the members of the Board of Directors and the Statutory Corporate Officers

As of the date of this Registration Document, to the Company's knowledge, there are no family relationships among the members of the Board of Directors and Statutory Corporate Officers.

To the Company's knowledge, over the course of the past five years: (i) none of the above persons has been convicted of fraud; (ii) none of the above persons has been associated with any bankruptcy, receivership or judicial liquidation; (iii) no accusations or official public sanctions have been brought against any of the above persons by statutory or regulatory authorities (including designated professional bodies); and (iv) none of the above persons has been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company, or from being involved in the management or performance of business of any company.

14.2 CONFLICTS OF INTEREST

As of the date of this Registration Document and to the Company's knowledge, and subject to the relationships described in Chapter 19 "Related-Party Transactions" of this Registration Document, there are no potential conflicts of interests between the duties of the members of the Board of Directors and Statutory Corporate Officers of the Company and their private interests.

As of the date of this Registration Document and to the Company's knowledge, the members of the Board of Directors and the Statutory Corporate Officers have not agreed to any restrictions relating to the sale of their holdings in the Company's share capital, except for the rules relating to the prevention of insider trading and the recommendations of the AFEP-MEDEF Code with respect to the obligation of the Chairman and Statutory Corporate Officers to retain shares.

As of the date of this Registration Document, Société Générale and the Company or its local subsidiaries have entered into certain commercial relationships – please see also Section 6.6.1 "Operational relationship" of this Registration Document for additional details. The Company also benefits from funding from Société Générale, which accounted for approximately 72% of the Group's debt financing as at 31 December 2016 – please see Section 6.6.2 "Funding" of this Registration Document for additional details. Société Générale also provides corporate services to the Group and its local subsidiaries, such as financial, legal, audit, credit risk management and compliance, tax, human resources, insurance and IT infrastructure services – please see Section 6.6.3 "Other services" of this Registration Document for additional details. Finally, certain members of the Group's management team, including Michael Masterson, the Company's Chief Executive Officer, are employees of Société Générale that have been seconded to the Group – please see Chapter 15 "Remuneration and benefits" of this Registration Document for additional details.

CHAPTER 15. COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS OF STATUTORY CORPORATE OFFICERS AND COMPANY OFFICERS

In connection with the contemplated listing of the Company's shares on Euronext Paris, the Company intends to follow the AFEP-MEDEF Code (see Section 16.5 "Statement relating to corporate governance").

The tables below summarise the compensation and benefits of any kind paid to the Statutory Corporate Officers and the members of the Board of Directors by: (i) the Company; (ii) companies controlled by the Company; (iii) the companies controlled by companies that also control the Company, within the meaning of Article L. 233-16 of the French Commercial Code; and (iv) companies that control the Company. Because the Company belongs to a group of companies as of the date of this Registration Document, the information below relates to the amounts owed by all companies in the chain of control in connection with offices held by the Chairman, the CEO, the Deputy CEOs and the members of the Board of Directors.

The CEO and the Deputy CEOs are employees of Société Générale. Their employment agreement will be suspended after the contemplated listing of the Company's shares on Euronext Paris.

15.1.1 Compensation prior to the contemplated listing of the Company's shares on Euronext Paris

Compensation principles

The compensation policy ensures that these different elements are balanced between the general interests of the Company and the Société Générale group.

The compensation of the Statutory Corporate Officers complies with the CRD4 Directive of 26 June 2013, the aim of which is to impose compensation policies and practices compatible with effective risk management, as the Company is identified on a consolidated basis as a significant entity of Société Générale Group. The CRD4 Directive was transposed into French law and its policies have been in effect since 1 January 2014.

Compensation of the Chairman

Mr. Giovanni Luca Soma was the Chairman of the Board of Directors until 2 March 2017, at which date he was replaced by Mr. Didier Hauguel.

Mr. Giovanni Luca Soma did not receive any compensation for performing his role of Chairman of the Board of Directors. However, as an employee, he was directly compensated by Société Générale.

Compensation of the CEO and the Deputy CEOs

The compensation of the CEO and the Deputy CEOs is broken down into two components:

-Fixed Remuneration: which rewards experience and responsibilities, and takes into account market practices;

-Annual Variable Remuneration: which rewards the contribution of the CEO and the Deputy CEOs to the success of the Company.

The CEO and the Deputy CEOs are employees of Société Générale. They are seconded to ALD to perform their respective role and are directly compensated by Société Générale. 100% of their compensation is invoiced to ALD on a monthly basis.

Mr. Pascal Serres was Deputy CEO until 2 March 2017, at which date he was replaced by Mr. Gilles Bellemere.

Annual Variable Compensation

Annual variable compensation is evaluated through two elements:

- a quantitative portion, based on the achievement of objectives regarding ALD's financial performance (net income and cost-income); and

- a qualitative portion, based on operational objectives related to ALD's strategy and customer satisfaction .

Variable compensation is expressed as a percentage of annual fixed compensation. In accordance with the AFEP-MEDEF Code (§24.3.2), variable compensation is capped and may not exceed the maximum levels defined by the compensation policy. In accordance with the CRD4 Directive and following the 2014 annual general meeting's approval, variable compensation may not exceed 200%[23] of annual fixed compensation, even if the objectives are exceeded.

Vesting procedure for Annual Variable Compensation:

In compliance with the CRD4 Directive, the Board of Directors defined the following vesting and payment conditions for the annual variable compensation:

- an annual portion subject to a condition of presence in the Company and of performance condition, vesting in equal instalments of one-third over a three year period with a minimum delayed rate of 40%;

- an allocation of more than 50% is indexed to the Société Générale share price (shares or share equivalents), resulting in 50% of the vested portion and a minimum of 50% of the unvested portion.

[23] Certain housing allowances paid to Mr. Masterson, at the time he was an ALD UK employee seconded in the Company, were tax-exempt. Under Société Générale internal policy, non-taxable compensation in France is not included in AMF tables (see Section 15.1.4 "Compensation received by Statutory Corporate Officers and Company Officers (AMF Table 2)"). Therefore, Mr. Masterson's variable compensation did not exceed 200% of the fixed compensation under the CRD4 Directive given that certain housing allowances excluded from his fixed compensation under Société Générale internal policy were nonetheless applicable as fixed compensation for CRD4 purposes.

Additionally, the amount of the variable portion immediately granted in cash shall not exceed 30%.

If either the condition of presence or the performance condition is not met, the unvested portion may be reduced or even cancelled in whole.

Other benefits

The Statutory Corporate Officers benefit from a car made available by the Company. Mr. Giovanni Luca Soma, Mr. Michael Masterson, Mr. Tim Albertsen also benefits from a housing benefit.

15.1.2 Compensation after the contemplated listing of the Company's shares on Euronext Paris

Compensation principles in respect of 2017

The compensation policy of the Statutory Corporate Officers is determined by the Board of Directors. This policy considers holistically the components of the compensation and the other advantages granted, if applicable, in the overall evaluation of the compensation of the Statutory Corporate Officers. The compensation policy ensures that these different elements are balanced between the general interests of the Company and the Société Générale group.

In addition, the compensation of the Statutory Corporate Officers complies with the CRD4 Directive of 26 June 2013, the aim of which is to impose compensation policies and practices compatible with effective risk management, as the Company is identified on a consolidated basis as a significant entity of Société Générale Group. The CRD4 Directive was transposed into French law and its policies have been in effect since 1 January 2014.

Fixed compensation

Subject to the listing of the Company's shares on Euronext Paris, the annual fixed compensation of:

– Mr Michael Masterson, Chief Executive Officer, will be increased to €350,000;

– Mr Tim Albertsen, Deputy Chief Executive Officer, will be increased to €250,000; and

– Mr Gilles Bellemere, Deputy Chief Executive Officer, will be increased to €180,000.

Mr. Didier Hauguel does not receive any compensation or director's fees as Chairman of the Board of Directors but is compensated by Société Générale for his other functions[24] at Société Générale.

[24] As described at Chapter 14.

Variable compensation

The components of the variable compensation for 2017 have been submitted by the Board of Directors on 4 April 2017. The annual variable compensation will be evaluated through quantitative criteria for 60% and qualitative criteria for 40%.

The quantitative portion will be assessed on the basis of four indicators as follows:

- the annual growth of the fleet;
- the growth of the service and Leasing Contract Margin;
- the operating ratio excluding pre-owned vehicles; and
- the net income per share.

The qualitative portion will be determined on innovation, client satisfaction, CSR indicators, employee barometer and any other operational objective specific to the Company.

In accordance with the CRD4 Directive, variable compensation may not exceed 200% of annual fixed compensation, even if the objectives are exceeded

The Chief Executive Officer and the Deputy Chief Executive Officers would be eligible for an exceptional bonus, related to the success of the listing of the Company's shares on Euronext Paris, incorporated in the variable compensation payable in 2018. The purpose of such bonus is to reward the success of the transaction in the short and mid-term (between 6 months and 1 year after the listing of the Company's shares on Euronext Paris).

The maximum amounts of such exceptional bonus would be as follows:

- Mr. Mike Masterson: €300,000;
- Mr. Tim Albertsen: €100,000; and
- Mr. Gilles Bellemere: €100,000.

15.1.3 Summary table of Compensation, Options and Performance Shares Granted to Statutory Corporate Officers for the fiscal years ended 31 December 2015 and 2016 (AMF Table 1)

Giovanni Luca Soma (Chairman of the Board until 2 March 2017, Board Member)	**2016**	**2015**
Compensation due for the fiscal year (detailed under Section 15.1.4)	762,224	679,284
Valuation of multi-year variable compensation granted in the course of the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	762,224	679,284

Michael Masterson (Chief Executive Officer, Board Member)	**2016**	**2015**
Compensation due for the fiscal year (detailed under Section 15.1.4)	702,487	631,850
Valuation of multi-year variable compensation granted in the course of the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	702,487	631,850

Pascal Serres (Deputy Chief Executive Officer)	**2016**	**2015**
Compensation due for the fiscal year (detailed under Section 15.1.4)	347,152	311,816
Valuation of multi-year variable compensation granted in the course of the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	347,152	311,816

Tim Albertsen (Deputy Chief Executive Officer)	**2016**	**2015**
Compensation due for the fiscal year (detailed under Section 15.1.4)	496,582	421,428
Valuation of multi-year variable compensation granted in the course of the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	**496,582**	**421,428**

15.1.4 Compensation received by Statutory Corporate Officers and Company Officers (AMF Table 2)

The table below set forth a breakdown of the fixed, variable, and other compensation paid and due to Statutory Corporate Officers and Company Officers.

Giovanni Luca Soma (Chairman of the Board until 2 March 2017, Board Member)

	2016		2015	
	Amount due in respect of 2016	Amount paid in 2016	Amount due in respect of 2015	Amount paid in 2015
Fixed Compensation	272,796	272,796	245,004	245,004
Variable compensation...............	465,000	512,731	410,000	492,915
Of which				
Deferred variable compensation	342,000	400,731	298,000	388,915
Non-deferred variable compensation	123,000	112,000	112,000	104,000
Valuation of multi-year variable compensation granted in the course of the fiscal year ...	-	-	-	-
Exceptional Compensation.........	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in kind[1]	24,428	24,428	24,280	24,280
Total..	**762,224**	**809,955**	**679,284**	**762,199**

(1) This amount corresponds to the car and housing benefits.

Michael Masterson (Chief Executive Officer, Board Member)

	2016		2015	
	Amount due in respect of 2016	Amount paid in 2016	Amount due in respect of 2015	Amount paid in 2015
Fixed Compensation	189,563	189,563	177,937	177,937
Variable compensation...............	500,000	488,304	450,000	330,578
Of which				
Deferred variable compensation	370,000	368,304	330,000	220,578
Non-deferred variable compensation	130,000	120,000	120,000	110,000
Valuation of multi-year variable compensation granted in the course of the fiscal year ...	-	-	-	-

Exceptional Compensation.........	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in kind[1]	12,924	12,924	3,913	3,913
Total..	**702,487**	**690,791**	**631,850**	**512,428**

(1) This amount corresponds to the car and housing benefits.

Pascal Serres (Deputy Chief Executive Officer)	**2016**		**2015**	
	Amount due in respect of 2016	Amount paid in 2016	Amount due in respect of 2015	Amount paid in 2015
Fixed Compensation	160,000	157,500	150,000	150,000
Variable compensation...............	180,000	180,507	160,000	103,561
Of which				
Deferred variable compensation	126,000	132,507	112,000	58,561
Non-deferred variable compensation	54,000	48,000	48,000	45,000
Valuation of multi-year variable compensation granted in the course of the fiscal year ...	-	-	-	-
Exceptional Compensation.........	5,336*	5,336*	-	-
Directors' Fees	-	-	-	-
Benefits in kind[1]	1,816	1,816	1,816	1,816
Total..	**347,152**	**345,159**	**311,816**	**255,378**

(1) This amount corresponds to the car benefits.

*This amount corresponds to a long-service award (*Médaille du travail*)

Tim Albertsen (Deputy Chief Executive Officer)	**2016**		**2015**	
	Amount due in respect of 2016	Amount paid in 2016	Amount due in respect of 2015	Amount paid in 2015
Fixed Compensation	165,000	165,000	147,450	147,450
Variable compensation...............	285,000	304,781	270,000	113,568

Of which				
Deferred variable compensation	199,500	223,781	189,000	50,568
Non-deferred variable compensation	85,500	81,000	81,000	63,000
Valuation of multi-year variable compensation granted in the course of the fiscal year ...	-	-	-	-
Exceptional Compensation.........	5,336*	5,336*	-	-
Directors' Fees	-	-	-	-
Benefits in kind[1]	41,247	41,247	3,978	3,978
Total..	**496,582**	**516,364**	**421,428**	**264,995**

(1) This amount corresponds to the car and housing benefits.

*This amount corresponds to a long-service award (*Médaille du travail*).

15.1.5 Directors' attendance fees and other compensation received by members of the Board of Directors (AMF Table 3)

The table below shows directors' fees and other types of compensation received by the members of the Board of Directors.

	2016 (paid in 2016 for 2015)	**2015 (paid in 2015 for 2014)**
Giovanni Luca Soma (Chairman of the Board until 2 March 2017, Board Member)		
Directors' attendance fees	0	0
Other compensation	809,955	762,199
Michael Masterson (Chief Executive Officer, Board Member)		
Directors' attendance fees	0	0
Other compensation	690,791	512,428
Société Générale represented by Anne Mascle-Allemand (Board Member)		
Directors' attendance fees	0	0
Other compensation	NA	NA
Didier Hauguel		

(Board Member)

Directors' attendance fees	0	0
Other compensation	NA	NA

Karine Destre-Bohn
(Board Member)

Directors' attendance fees	0	0
Other compensation	NA	NA

Jean-Louis Klein
(Board Member)

Directors' attendance fees	0	0
Other compensation	NA	NA

Sylvie Remond
(Board Member)

Directors' attendance fees	0	0
Other compensation	NA	NA

15.1.6 Stock subscription, option plans and performance share grant plans allocated by the Company or by any Group company

The long-term incentive plans referred to below provides for the grant of Société Générale's shares.

In addition, the Board of Directors of the Company was given on 20 April 2017 an authorization to grant performance shares (existing or newly issued) to some or all of the Group's employees, subject to the listing of the Company's shares on Euronext Paris.

15.1.6.1 *Stock subscription or purchase options*

Stock subscription or purchase options allocated during the year to each executive officer by the issuer or by any Group company (AMF Table 4)

Name of the executive officer	Plan No. and date	Option type (subscription or purchase)	Valuation of the options using the method used for the consolidated financial statements	Number of options allocated during the financial year	Exercise price	Exercise period
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Stock subscription or purchase options exercised during the year by each executive officer (AMF Table 5)

Name of the Statutory Executive Officer	Plan No. and date	Number of options allocated during the financial year	Exercise price
Giovanni Luca Soma	Nil	Nil	Nil
Michael Masterson	Plan 2010 - SO 2010-03 L2NR	444	€41,20
Pascal Serres	Plan 2009 -SO 2009-03 L2 R	315	€23,18
Tim Albertsen	Plan 2010 - SO 2010-03 L2NR	395	€41,20
Total	**-**	**1,154**	**-**

History of allocation of stock subscription or purchase options. Information on the stock subscription or purchase options (AMF Table 8)

Shareholders' meeting dated 27 May 2008	Plan 2010 SO 2010-03 L2NR	Plan 2009 SO 2009-03 L2 R
Board of Directors meetings'	9 March 2010	9 March 2009
Number of total subscription or purchase options, of which number are available for subscription or purchased by:	15,102	16,282
The Statutory Corporate Officers		
Giovanni Luca Soma	5,133	3,534
Michael Masterson	888	1,085
Tim Albertsen	790	868
Pascal Serres	790	629
Starting date for option exercise	9 March 2014	31 March 2012
Expiration date	8 March 2017	8 March 2016
Stock or purchase option price	41.2	23.18
Number of shares issued on 31 December 2016	2,863	7,897
Cumulative number of stock subscription or purchase options cancelled or expired	8,141	8,385
Stock subscription or purchase options remaining at year end	4,098	0

15.1.6.2 ***Stock subscription or purchase options granted to the top ten non-Statutory Corporate Officers employees who received the largest number of options exercised by such employees (Table 9)***

Stock subscription or purchase options granted to the top ten nonexecutive officer employees and options exercised by such employees	Total number of options awarded / shares subscribed or purchased	Weighted average price
Options granted during the year, by the issuer and by any company included in this scope to the ten employees of the issuer and any company included in this scope, whose number of options awarded is highest (overall figure)	Nil	Nil
Options held in respect of the issuer and the companies previously mentioned exercised during the year by the ten employees of the issuer and such companies whose number of purchased or subscribed options is highest (overall figure)	1,267	€42.17

15.1.6.3 ***Performance shares***

There are no free shares plan directly granted by ALD. However, Société Générale's free shares plan is to a limited number of managers, subject to attendance conditions. As at 31 December 2016, 324 employees benefit from 109,716 shares (174 employees benefit from 26,580 shares as at December 31, 2015 and 153 employees benefit from 23,121 shares as at December 31, 2014). For further information, see Section 17.2 "Shareholdings and free shares".

In 2016, Giovanni Luca Soma was granted 2,825 performance shares for a value of €87,124.92, Pascal Serres, Deputy CEO, was granted 1,296 performance shares for a value of €38,296.8, and Tim Albertsen, Deputy CEO was granted 2,186 performance shares for a value of €64,596.3.

Performance shares granted during the fiscal year to each chief executive officer	Grant date (board date)	Number of shares granted during the fiscal year	Valuation of shares according to the method used for the consolidated financial statements (IFRS 2)	Vesting date	Availability date	Performance conditions
Giovanni Luca Soma	Date: 1 March 2016	1,412	€40,835.04	31 March 2019	1 October 2019	REX IBFS 2018>0
	Date:1 March 2016	1,413	€46,289.88	31 March 2021	1 October 2021	TSR between 2015 and 2020
Michael Masterson	Nil	Nil	Nil	Nil	Nil	Nil
Pascal Serres	Date:1 March 2016	648	€19,556.64	31 March 2018	1 October 2018	RNPG > 0
	Date:1 March 2016	648	€18,740.16	31 March 2019	1 October 2019	RNPG > 0
Tim Albertsen	Date:1 March 2016	1,093	€32,986.74	31 March 2018	1 October 2018	RNPG > 0
	Date:1 March 2016	1,093	€31,609.56	31 March 2019	1 October 2019	RNPG > 0
Total...............		**6,307**	**€190,018.02**			

Performance shares received during the fiscal year by each chief executive officer (AMF Table 7)

Performance shares received during the fiscal year by each chief executive officer	Number and grant date (board date)	Number of shares received during the fiscal year	Vesting conditions
Nil	Nil	Nil	Nil

Record of performance shares awarded (Table 10)

Information on performance shares

	Plan 2016	Plan 2015	Plan 2014	Plan 2013	Plan 2012
Date of General meeting	18 May 2016	20 May 2014	22 May 2012	22 May 2012	25 May 2010
Date of Board meeting....................	18 May 2016	12 March 2015	13 March 2014	14 March 2013	2 March 2012
Total number of shares granted …………………………..	42,269	26,580	23,121	37,598	46,108
Of which number of shares granted to Chief Executive Officers …………………..					
Giovanni Luca Soma	2,825	0	0	0	0
Michael Masterson	0	0	0	0	0
Tim Albertsen	2,186	0	0	0	0
Pascal Serres	1,296	0	0	0	401
Vesting date ………………	29 March 2018 (1st tranch) 29 March 2019 (2nd tranch)	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Holding period end date………	30 September 2018 (1st tranch) 30	31 March 2019	31 March 2018	31 March 2017	31 March 2016

	September 2019 (2nd tranch)				
Number of shares vested at 31.12.2016……………………..	0	0	4,219	5,682	42,013
Total number of cancelled or lapsed shares…………………...	0	369	614	2,171	4,095
Performance shares outstanding at year-end	42,269	26,211	18,288	29,745	0

15.2 EMPLOYMENT AGREEMENTS, RETIREMENT PAYMENTS AND DEPARTURE COMPENSATION OF STATUTORY CORPORATE OFFICERS

15.2.1 Prior to the contemplated listing of the Company's shares on Euronext Paris

Supplementary pension allocation plan

The Statutory Corporate Officers retain the benefits of the supplementary pension allocation plan for senior managers that applied to them as employees prior to their appointment as Chief Executive Officers.

This supplementary plan was introduced in 1991. Conforming to the provisions of Article L137-11 of the French Social Security Code, it provides senior executives appointed as of this date, upon claiming their French Social Security pension, with a total pension equal to the product of the following:

- the average, over the last ten years of the career, of the proportion of basic salaries exceeding “Tranche B” of the AGIRC pension increased by a variable part limited to 5% of the basic fixed salary; and
- the rate equal to the number of years of professional service at Société Générale divided by 60, corresponding to an acquisition of potential rights of 1.67% a year, provide that the years of service taken into account cannot exceed 42.

The AGIRC “Tranche C” pension acquired in respect of their professional service at Société Generale is deducted from this total pension.

The supplementary amount covered by Société Generale is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. It may not be less than one-third of the full-rate service value of the AGIRC “Tranche B” points acquired by the senior manager in question.

The rights are subject to the employees being employed by the Company upon claiming their pension.

Each year, potential rights are calculated according to seniority and projected salary at the age of retirement, based on recognised actuarial principles. They are subject to prefinancing with an insurance company.

IP Valmy supplementary pension fund

The Statutory Corporate Officers retain the benefits of the supplementary defined contribution plan that applied to them as employees prior to their appointment as Chief Executive Officers.

This defined contribution plan, established within the framework of Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year's seniority in the company and allows beneficiaries to acquire annual deferred life annuity rights of 0.1% of their remuneration, capped at two annual social security caps. This plan is financed 1.5% by the company and 0.5% by employees. It is insured with the company IP Valmy.

Severance pay

The Statutory Corporate Officers contracts do not provide for any severance pay after their term of office within the Company. If the Statutory Corporate Officers were to receive severance pay, it would be on the basis of the termination of their employment employments agreements.

Non-compete clause

In the event Michael Masterson ceases to be an employee of Société Générale, he is bound by a non-compete clause prohibiting him from accepting a position with a listed credit institution in Europe and with a non-listed credit institution in France. The non-compete clause is valid for a period of 6 months and compensated in the amount of Mr. Masterson's fixed salary.

15.2.2 After the contemplated listing of the Company's shares on Euronext Paris

Supplementary pension allocation plan

See Section 15.2.1 above.

IP Valmy supplementary pension fund

See Section 15.2.1 above.

Severance pay

Mr Michael Masterson, Mr Tim Albertsen and Mr Gilles Bellemere' employment contracts being suspended in the context of the listing of the Company's shares on Euronext Paris, it is contemplated that they would be granted an allowance in the event of termination of their respective office by the Board of Directors.

Non-compete clause

Mr Michael Masterson, Mr Tim Albertsen and Mr Gilles Bellemere will be subject to a non-compete obligation for a period of 24 months as from the termination date of their Statutory Corporate Officers' duties and departure date from Société Générale group and compensated in the amount of their fixed salary.

15.2.3 Employment agreements, retirement payments, and departure compensation of Statutory Corporate Officers (AMF Table 11)

	Employment Agreement		**Supplemental pension plan**		**Severance or other benefits due or likely to become due as a result of termination or change of office**		**Compensation under a non-compete clause**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Didier Hauguel (Chairman of the Board of Directors) Mandate from 02/03/2017 to 31/12/2020	x*		x		x			x
Giovanni Luca Soma (Chairman of the Board, Director) Mandate from 27/09/2010 to 2 March 2017	x*		x		x			x
Michael Masterson (Chief Executive Officer) Mandate from 11/05/2011 to 31/12/2018	x*[1]		x		x		x	
Gilles Bellemere **(Deputy Chief Executive Officer)** Mandate from 02/03/2017 to	x*[1]		x		x		x	

	Employment Agreement		Supplemental pension plan		Severance or other benefits due or likely to become due as a result of termination or change of office		Compensation under a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
31/12/2018								
Pascal Serres (Deputy Chief Executive Officer) Mandate from 02/10/02 to 02/03/2017	x*		x		x			x
Tim Albertsen (Deputy Chief Executive Officer) Mandate from 11/05/2011 to 31/12/2018	x*[1]		x		x			x

* Employment agreements with Société Générale.

(1) These employment agreements will be suspended after the contemplated listing of the Company's shares on Euronext Paris.

15.3 AMOUNT OF PROVISIONS MADE OR RECORDED BY THE COMPANY OR BY ITS SUBSIDIARIES FOR THE PAYMENT OF PENSIONS, RETIREMENT PLANS OR OTHER BENEFITS

The Company has not made provisions for any amounts for payment of pension or other similar benefits for its Statutory Corporate Officers other than provisions to cover the post retirement benefits described in Note 27 "Retirement benefit obligations and long term benefits" and in Note 33 "Key management compensation" of the Group's consolidated financial statements for the year ending 31 December 2016.

CHAPTER 16. RULES APPLICABLE TO CORPORATE BODIES AND MANAGEMENT COMMITTEES

16.1 TERMS OF OFFICE OF MEMBERS OF THE CORPORATE BODIES AND MANAGEMENT BODIES

The terms of office of the members of the Company's Board of Directors and Statutory Corporate Officers can be found in Section 14.1 "Composition of Management and Supervisory Bodies" of this Registration Document.

16.2 INFORMATION ON SERVICE CONTRACTS BETWEEN MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES AND THE COMPANY OR ANY ONE OF ITS SUBSIDIARIES

To the Company's knowledge, and other than as noted in Chapter 19 "Related-Party Transactions", there are no service contracts between members of the Company's Board of Directors and the Company or any of its subsidiaries providing for the granting of benefits. Those services contracts relate mainly to corporate services, information technology services, insurance policies and brokerage services. Those contracts are described below.

Purpose	**Duration**	**Parties**	**Date**	**Renewal**	**Legal qualification**	**Services delivered**	**Cash flows**
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») Axus SA/NV (« **ALD Belgium** »)	1 June 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Belgium	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 778,634)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») TEMSYS (« **ALD France** »)	January 2, 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD France	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 2,159,521)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») ALD AutoLeasing D GmbH (« **ALD Germany** »)	2 January 2009 (effective 1January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Germany	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 1,187,052)

Purpose	Duration	Parties	Date	Renewal	Legal qualification	Services delivered	Cash flows
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») Axus Italiana SRL (« **ALD Italia** »)	2January 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Italy	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 1,593,430)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») Axus Nederland BV (« **ALD Netherlands** »)	2 January 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Netherlands	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 425,519)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») ALD Automotive SA (« **ALD Spain** »)	2 January 2009 (effective 1January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Spain	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 666,494)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») ALD Automotive Group Plc (« **ALD UK** »)	2 January 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD UK	Costs + 5% (invoiced quarterly) (2015 invoiced amount: EUR 1,090,024)
Intra-group corporate services fees agreement	Initial term of one year	Société Générale SA (« **SG** ») ALD (« **ALD** ») ALD Automotive SA de CV	2 January 2009 (effective 1 January 2009)	Tacit renewal from year to year unless terminated by either party with three month written notice	Agreement entered into at arm's lengths and in the normal course of business	SG and ALD to provide advice, assistance and services in administrative, financial and IT areas to ALD Mexico	Costs + 5% (invoiced quarterly)

Purpose	Duration	Parties	Date	Renewal	Legal qualification	Services delivered	Cash flows
		(« **ALD Mexico** »)					
Supply of IT service infrastructures	Unlimited	Société Générale (« **SG**») ALD (« **ALD** »)	16December 2011	N/a. Agreement may be terminated by ALD by giving a 6 month notice period and by the SG with 18 month notice period.	Agreement entered into at arm's lengths and in the normal course of business	SG, acting as a service provider, to provide ALD with a range of IT services	Invoicing based on services carried out in the month and closed on the last day of the month. Amount of 2016 invoice: EUR 10,002,000
Supply of IT service infrastructures	Unlimited	Société Générale SA (« **SG** ») TEMSYS (« **ALD France** »)	1July 2009	N/a. Agreement may be terminated by ALD by giving a 6 month notice period and by the SG with 24 month notice period.	Agreement entered into at arm's lengths and in the normal course of business	SG, acting as a service provider, to provide ALD France with a range of IT services	Invoicing based on services carried out in the month and closed on the last day of the month. Amount of 2016 invoice: EUR 4,596,000
Agreement for the payment of fee for brokerage services rendered	Initial term of one year	Société Générale SA (« **SG** ») TEMSYS (« **ALD France** »)	October 1999	Tacit renewal from year to year unless terminated by either party at the end of each civil trimester with one month prior notice	Agreement entered into at arm's lengths and in the normal course of business	ALD France to pay a fee for each leasing agreement (financial lease, long term lease…) entered into with customers introduced though SG branches or agencies	Fee equal to 1.20% of the purchase price (VAT excluded) of the leased vehicles Amount of 2016 invoice: EUR 2,510,000

16.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

At its meeting on 2 March 2017, subject to the listing date of the Company's shares on Euronext Paris (apart from provisions included in Section 16.3.1 "Participation in the Board of Directors' Meetings, Videoconference and Telecommunication" which are immediately applicable), the Board of Directors adopted internal regulations (the "Internal Regulations") describing its composition and duties and the rules governing its functioning in addition to applicable law and regulations and the Bylaws. Information about the powers and functioning of the Board of Directors specified in the Internal Regulations are included in Section 21.2.2 "Board of Directors and Statutory Corporate Officers" of this Registration Document.

The Internal Regulations contain the principal provisions described below.

16.3.1 Participation in the Board of Directors' Meetings, Videoconference and Telecommunication

Members of the Board of Directors who cannot physically attend the meetings of the Board of Directors can inform the Chairman of their intent to participate in the meeting by means of videoconference or any other means of telecommunication, provided that such means satisfies technical requirements ensuring the effective participation of each director in the Board of Directors' meeting. These provisions are not applicable in instances where the law excludes such possibility to participate in Board of Directors' meetings through videoconference or other means of telecommunication. Such resources shall transmit at least the participants' voices, and provide technical features allowing a continuous and simultaneous transmission.

Directors participating in a meeting by means of videoconference or other means of telecommunication will be deemed present for purposes of calculating the quorum and majority.

16.3.2 Decisions Requiring Board Approval

As defined in the Internal Regulations, the CEO may take the following decisions only with the prior approval of the Board of Directors:

- any organic growth transactions of an amount over €30 million in equity or overheads and not yet approved as part of the annual budget or strategic plan;

- any external growth transactions of an unit amount greater than 3% of the Group's consolidated accountable equity, or greater than 1.50% of the Group's consolidated accountable equity, in the event where these transactions do not fall within the priorities of development approved within the strategic plan;

- any sale transactions of an amount over 1.50% of the Group's consolidated accountable equity; and

- any partnership transactions entailing a balancing adjustment of an amount over 1.50% of the Group's consolidated accountable equity.

16.3.3 Evaluation of the Work Performed by the Board of Directors

At least once a year, an item must be put on the agenda of the meeting of the Board of Directors relating to the evaluation of the functioning of the Board of Directors.

16.4 COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to article 10 of the internal regulations, the Board of Directors may create committees charged with examining questions submitted to them by the Board of Directors or its Chairman.

It is intended that two committees will be created: an audit, internal control and risk committee (the "**Audit, Internal Control and Risk Committee**") and a nomination and compensation committee (the "**Nomination and Compensation Committee**"). The compositions of the committees (as set forth below) will follow the recommendations of the AFEP-MEDEF Code.

16.4.1 Audit, Internal Control and Risk Committee

16.4.1.1 *Composition and meetings*

The Audit, Internal Control and Risk Committee will be comprised of at least 3 members, two-thirds of whom will be independent members, and none of whom hold management positions. The members of the Audit Committee shall have appropriate accounting and financial skills.

The contemplated composition of the Audit, Internal Control and Risk Committee as of the listing of the Company's shares on Euronext Paris will be as follows: Xavier Durand as Chairman, Karine Destre-Bohn and Nathalie Leboucher[25].

The Audit, Internal Control and Risk Committee may hear, in addition to the directors, the statutory auditors as well as the executives in charge of internal control and risk management, and compliance.

16.4.1.2 *Duties*

The Audit, Internal Control and Risk Committee, acting under the responsibility of the Board of Directors, will have notably the following duties:

- to review the financial statements prior to their submission to the Board of Directors and to ensure the relevance and consistency of the accounting principles and methods applied to establish corporate and consolidated accounts;

- to monitor the process for the preparation of the financial information, and in particular its quality and reliability, to make any proposal for its improvement and to ensure that any corrective action have been implemented in the event of malfunction in the process;

- to issue a recommendation regarding the statutory auditors to be appointed by the General meeting; to issue recommendations to the Board of Directors for the reappointment of the statutory auditors, as well as for their fees;

- to review the working program of the Company's statutory auditors, and more generally, to supervise the legal audit of the statutory and consolidated financial statements by the Company's statutory auditors;

- to ensure compliance by the statutory auditors with the conditions of independence provided by the French Commercial Code, and in particular through the review of their fees granted by the Group as well as any network to which they may belong and by the prior approval of any duty which does not strictly fall within the statutory audit of the accounts;

[25] This composition will be submitted to the Board of Directors for approval after the contemplated IPO.

- to monitor the effectiveness and consistency of the internal control and risk management systems, and if necessary suggest complementary actions; and

- to report to the Board of Directors.

16.4.2 Nomination and Compensation Committee

16.4.2.1 *Composition and meetings*

The Nomination and Compensation Committee will be comprised at least 3 members, the majority of whom will be independent members, and none of whom hold management positions.

The contemplated composition of the Nomination and Compensation Committee after the listing of the Company's shares on Euronext Paris would be as follows: Patricia Lacoste as Chairman, Christophe Périllat and Sylvie Rémond[26].

16.4.2.2 *Duties*

The Nomination and Compensation Committee is a specialised committee of the Board of Directors whose principal duty is to help the Board of Directors in the composition of the managing bodies of the Company and the Group and in determining and regularly evaluating the compensation and benefits of the executives of the Group (including all deferred benefits and/or compensation for voluntary or involuntary departures from the Group).

In this context and in accordance with AFEP-MEDEF Code, the Nomination and Compensation Committee, under the responsibility of the Board of Directors will have the following duties, any others:

– to identify and to make proposals to the Board of Directors in relation to the appointment of members of the Board of Directors;

– to suggest nominations to the Board of Directors with a defined objective to ensure balanced representation of men and women within the Board of Directors, and to draft a policy for achieving that objective;

– to perform periodically an evaluation of the structure, size, and composition of the Board and the effectiveness of the Board’s work; and

– to prepare the proposals and opinions on compensation to be sent to the Board of Directors, and in particular, regarding the compensation granted to the executive directors and to perform an annual evaluation of the principles of the compensation and benefit policy.

[26] This composition will be submitted to the Board of Directors for approval after the contemplated IPO.

16.5 STATEMENT RELATING TO CORPORATE GOVERNANCE

As from the listing of the Company's shares on Euronext Paris, the Company intends to follow the recommendations of the AFEP-MEDEF Code

The AFEP-MEDEF Code to which the Company intends to follow may be consulted on the Internet at the following address: http://www.afep.com

16.6 INTERNAL CONTROL

The internal control systems implemented by the Group are described in detail in Section 4.5.1.4 "Operational risk management" and 16.4.1 "Audit, Internal Control and Risk Committee" of this Registration Document.

CHAPTER 17. EMPLOYEES

17.1 DESCRIPTION OF THE WORKFORCE

17.1.1 Evolution of the Workforce

17.1.1.1 *Workforce*

The table below shows the evolution of the full-time equivalent workforce over the last three years. It excludes the external IT workforce, i.e. 152 full-time equivalent (FTE) as of 31 December 2016, 113 FTE as of 31 December 2015 and 109 FTE as of 31 December 2014.

		31 December	
Headcount (full-time equivalent)	**2016**	**2015**	**2014**
France	1,470	1,004	939
Outside of France	4,452	4,114	3,880
Total	**5,922**	**5,118**	**4,819**

17.1.1.2 *Recruitment*

The table below shows the total number of employees recruited over the last three years.

		31 December	
Recruitment with permanent contracts	**2016**	**2015**	**2014**
France	332	202	208
Outside of France	997	745	689
Total	**1,329**	**947**	**897**

17.1.1.3 *Departures*

The table below shows the total number of departures (including voluntary and involuntary departures, dismissals for cause and termination by mutual consent) from the Group over the last three years.

		31 December	
Departures	**2016**	**2015**	**2014**
France	171	4	6
Outside of France	801	772	546
Total	**972**	**776**	**552**

17.1.2 Breakdown of the workforce

17.1.2.1 *Breakdown by country*

As of 31 December 2016, the breakdown of the Group's workforce by country was as follows:

Regions		**Total headcount as of 31 December 2016 (in full-time equivalent)**
Western Europe		3,899
Of which	Belgium	236
	France	1,470
	Germany	510

Regions		Total headcount as of 31 December 2016 (in full-time equivalent)
	Italy	535
	Spain	348
	United Kingdom	440
Northern Europe		376
Central and Eastern Europe		906
Latam, Africa, Asia & RoW		741
TOTAL		**5,922**

17.1.2.2 *Breakdown by type of employment contract*

The table below shows the breakdown of the Group's workforce by type of employment contract over the last three years.

Workforce Distribution by Type of Employment Agreement	2016	31 December 2015	2014
Open-ended employment agreements	93%	95%	96%
Short-term employment agreements	7%	5%	4%
Total	**100%**	**100%**	**100%**

17.1.2.3 *Breakdown by socio-professional category*

The table below shows the breakdown of the Group's workforce by socio-professional category over the last three years.

Socio-professional category	2016	31 December 2015	2014
Managers	18%	10%	15%
Others (workers, employees, and technicians non-managers)	82%	81%	85
Total	**100%**	**100%**	**100%**

17.1.2.4 *Breakdown by gender*

The table below shows the breakdown of the Group's workforce by gender as of 31 December 2014, 2015 and 2016.

Workforce Distribution by Gender	2016	31 December 2015	2014
Women	44%	45%	45%
Men	56%	55%	55%

17.1.2.5 *Breakdown by age category*

The table below shows the breakdown of the Group's workforce by age category as of 31 December 2014, 2015 and 2016.

Workforce Distribution by age category	2016	31 December 2015	2014
< 25	4.6%	4.5%	4.6%
Between 25 and 35 years old	33.9%	34.8%	36.8%
Between 35 and 45 years old	36.9%	37.2%	36.3%
Between45 and 55 years old	19.5%	18.5%	17.3%

Workforce Distribution by age category	31 December 2016	2015	2014
> 55 years old	5.1%	5.0%	4.9%
Total	**100%**	**100%**	**100%**

17.1.3 Human resources policy

The mission of the human resources department is to support the Group's growth, in all of its human and functional components. The Group's human resources policy enables each employee to find the best fit in terms of job assignment and skills in response to the business's needs. Therefore, the Group puts the development of individual and collective talent at the centre of its responsibility as an employer. The Group's human resources policy focuses on two key goals:

- providing a fulfilling work environment; and
- promoting the employees integration.

17.1.3.1 *Professional Equality*

(i) *Measures to support equality between women and men*

The Group's policy to support professional equality between women and men has always been important to the Company. Despite evolving in the automobile environment and having a particularly masculine workforce, the Company does its best to respect professional diversity, a source of social balance and economic efficiency.

Therefore, the Group conducts its professional equality policy between women and men on a long-term basis. In order to attain this, the Company produces a *rapport annuel unique* in which particular attention is given to the comparative situation of women and men in the Company. This report is based on factual evidence and provides a summary of this issue in terms of hiring, training, qualification, working conditions, effective remuneration and balance between personal life and professional life. Furthermore, this report helps the Group objectively appreciate the situation in terms of equality between women and men in the Company and define the privileged progress goals.

Pursuant to articles R. 2242-2 of the French Labour Code, the Company must be involved in three of the areas of actions set out in article L. 2323-57 of the French Labour Code which are:

- Hiring;
- Training;
- Career development;
- Qualification;

- Classification;
- Working conditions;
- Effective remuneration; and
- Balance between professional life and exercise of family responsibilities.

The Company entered into an agreement relating to professional equality between men and women on 18 July 2013. In July 2014, a second agreement entered into force. The Group decided to focus its efforts as from 2014 on effective remuneration, balance between professional life and exercise of family responsibilities and training.

(ii) *Measures to promote employment and integration of persons with disabilities*

Since 2008, the Group has been entering agreements to promote the employment and integration of persons with disabilities. The Company established its *Mission Handicap* as of that year and the proportion of disabled workers rose from 1,8% to 6,17%, which is above the legal requirement. The Company intends to go further in its efforts to raise awareness and its efforts in training its workforce. The year 2014 saw the entry into force of a third agreement to promote the employment and integration of employees with disabilities. Furthermore, a workshop for experienced managers is currently being deployed. This third agreement also provides for the integration of young persons with disabilities having been trained inside CFA program, who often encounter difficulties in finding an internship or an apprenticeship in companies.

(iii) *Measures to promote the fight against discrimination*

At Company-level, an agreement relating to the employment of senior workers entered into force on 1 January 2010 for a duration of two years. New legal obligations introduced by a French law dated 1 March 2013 have provided the Group with the opportunity to go further in terms of hiring youth and seniors. After conducting an in-depth review of its workforce, especially in terms of age structure, the Company's aim is threefold: sustainable hiring of young co-workers, hiring and keeping in employment seniors, transmitting knowledge and skills.

To promote the employment of young people, the Group established anti-discrimination policies, drafted and distributed a special welcome program for young hires and developed its apprenticeship offers. To hire and retain seniors, the Company established anti-discrimination policies in all its internal and external hiring processes as well as along the career path. It also initiated flexibility in terms of working hours for seniors. To promote the transmission of knowledge and skills from one generation to the next, the Group set up educational workshops to help seniors transmit their knowledge.

17.1.3.2 ***Compensation policy***

The Group conducts a compensation policy which complies with the standards and regulations in force in each country in which it does business. This policy is intended to ensure that employees are in a position compliant with the compensation recorded on the market by valuing a global envelope that combines monetary compensation and benefits. The monetary compensation includes a fixed compensation which rewards the ability to hold a position satisfactorily through the mastery of skills, to which is added, where appropriate, a variable compensation which is intended to acknowledge the collective and individual performance and which depends on the results obtained with regard to objectives defined at the beginning of the year and appreciated according to the context but also according to the behaviours implemented to achieve them.

As part of the additional compensation, the Group benefits from the long-term incentive program developed at the level of Société Générale, which helps to keep and motivate certain categories of employees, in particular key executives and strategic talents.

This compensation policy is based on global principles which are applied in each country, taking into account their economic, social and competitive context, as well as the legal and regulatory requirements in force, in particular with regards to minimum wages.

All the Group entities respect their social and tax obligations on compensation paid and benefits to employees. Due to the high degree of internationalisation of the Group, the variety of living standards encountered and the large number of foreign currencies involved (15 different currencies on the perimeter concerned), the averages covering several countries are not interpretable.

17.1.3.3 ***Absenteeism***

The table below shows the rate of absenteeism during the fiscal year ended 31 December 2014, 2015 and 2016.

		31 December	
Absenteeism	**2016**	**2015**	**2014**
Rate of absenteeism	2.41%	2.68%	2.53%

17.1.3.4 ***Training***

The Group invests heavily in training to enable its employees to evolve, to acquire new skills in line with the realities of the company and their foreseeable evolutions, and to offer each employee the opportunity to fulfil his or her potential.

In 2015, 3,708 employees were trained for a total of 76,176 hours, a little more than two and a half days of training on average per employee. They were 3,532 in 2014 for a total of 63,283 hours.

81% of employees received training in 2015. This number is unchanged from 2014.

In 2016, 4,298 employees were trained for a total of 72,804 hours, approximately 2.2 days of training on average per employee. 90.4% of employees received training in 2016. This number has increased over 2015 as a result of online training.

In particular, 865 employees of Temsys (ALD France) received training in 2016 for a total of 13,243 hours, in particular through "ALD Campus" and "ALD Excellence" trainings.

17.2 SHAREHOLDINGS AND FREE SHARES

ALD is involved in one free share plan as of 31 December 2016 granted by the parent company, Société Générale. The free shares plan ("AGA") is granted to a limited number of managers, subject to attendance conditions. As at 31 December 2016, 324 employees benefit from 109,716 shares (174 employees benefit from 26,580 shares as at 31 December 2015 and 153 employees benefit from 23,121 shares as at 31 December 2014).

Société Générale had also granted a free shares plan ("PAGA") that ended on 31 March 2016. Within this plan all employees were granted 40 Société Générale shares in November 2010, subject to attendance and performance conditions. The vesting period ended in 31 March 2015 for the first 33 section i.e. 16 shares and on 31 March 2016 for the second section i.e. 24 shares. 755 employees in France and 2,802 employees outside the France had benefited from this plan.

Société Générale grants rights to its equity instruments directly to the employees of the company: the parent (not the subsidiary) provides these employees of the company with the equity instruments. Therefore, in accordance with IFRS 2, the company shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, and recognise a corresponding increase in equity as a contribution from the parent.

17.3 PROFIT-SHARING AGREEMENTS AND INCENTIVE SCHEMES

Employees based in France benefit from the following mechanisms that enable them, with respect to the first mechanism, to share in the Group's capital, and, with respect to the second mechanism, to share in the Société Générale group's profits:

17.3.1 Company Savings Plans and Similar Plans

Pursuant to Articles L. 3323-2 and L. 3323-3 of the French Labour Code, companies with profit-sharing plans are also required to maintain company savings plans. A group or company savings plan is a collective savings system offering employees of the companies belonging to the plan the ability, with the help of their employers, to build investment portfolios. In particular, it can receive amounts under a profit-sharing or incentive agreement, as well as voluntary contributions. Amounts invested in a company savings plan cannot be withdrawn for five years, except in the early-withdrawal cases provided for by law.

The companies of the Société Générale group have an international group savings plan entered into on 8 April 2003. An amendment to the international group savings plans was signed on 22 December 2014. This agreement provides for employee contributions in the amount they chose without exceeding 25% of their annual gross income. The employer contribution is calculated in accordance with the Act of accession or the schedule to the Act of accession.

This group savings plan is open to all employees of the Société Générale group and not just those based in France. Indeed, the Group wishes to enable its employees abroad to benefit from the group savings plan.

17.3.2 Profit-Sharing Agreements

Pursuant to Article L. 3322-2 of the French Labour Code, profit-sharing agreements are required in businesses with more than 50 employees and having a taxable profit of greater than a 5 percent Return on Equity.

The Group's French subsidiaries have distinct profit sharing agreements.

- Profit-sharing agreement at Société Générale group's companies use a formula based on the gross operating income BDDF (*Banque de détail en France*) minus the cost of risk;

- Profit-sharing at ALD International and ALD France (Temsys SA) are based on a calculation including the net income minus equity divided by the value added.

17.3.3 Incentive Plan

An incentive plan is an optional mechanism whose purpose is to enable a company to give employees, collectively, an interest in the company's results of operations or performance through the payment of immediately payable bonuses pursuant to Article L. 3312-1 of the French Labour Code, defined using a calculation formula contingent on the company's results or performance.

The Group's French subsidiaries have incentive plans except for ALD International.

- Incentive plans at Société Générale group's companies use a formula based on financial compensation and participation of the fiscal year; and

- Incentive plans at ALD France (Temsys SA) is based on a calculation including the operating income generated and the operating income budgeted.

CHAPTER 18. MAJOR SHAREHOLDERS

18.1 SHAREHOLDERS

The Table below shows the breakdown of the Company's shareholders as of the date of this Registration document:

Shareholders	Number of shares	Percent of share capital
Société Générale	404,103,580	99.9%
Société Générale Participations	50	0.08%
Société Générale Financial services	10	0.02%
Total	**404,103,640**	**100%**

18.2 VOTING RIGHTS OF THE SHAREHOLDERS

According to the Bylaws of the Company, each share of the Company entitles to one vote.

The double voting right provided for by article L. 225-113 of the French Commercial Code is expressly excluded by the Bylaws, as effective as of the listing date of the Company's shares on Euronext Paris.

18.3 CONTROL OF THE COMPANY

As of the date of this Registration Document, the Company is controlled by Société Générale.

Following the listing of the Company's shares on Euronext Paris, and to ensure that Société Générale does not unfairly use its control of the Company, the Company intends to follow the recommendations of the AFEP-MEDEF Code applicable to controlled companies. In accordance with those recommendations, at least one-third of the members of the Board of Directors will be independent directors. Thus, following the AFEP-MEDEF recommendations on corporate governance, and in particular on the composition of the committees of the Board of Directors, will protect the interests of minority shareholders.

18.4 SHAREHOLDERS' AGREEMENTS

To the Company's knowledge, there is no shareholders' agreement as of the date of this Registration Document.

18.5 AGREEMENTS LIKELY TO LEAD TO A CHANGE OF CONTROL

To the Company's knowledge, there is no agreement as of the date of this Registration Document the implementation of which might lead to a change of control.

CHAPTER 19. RELATED-PARTY TRANSACTIONS

19.1 PRINCIPAL RELATED-PARTY TRANSACTIONS

There are no related-party transactions within the meaning of article L. 225-38 of the French Commercial Code for the fiscal years 2014, 2015 and 2016.

For more information on agreements entered into between the Group and Société Générale, see Section 6.6 "Relationship with Société Générale" of this Registration Document.

The related party transactions within the meaning of IFRS are described in Note 33 to the Group's consolidated financial statements which are included in Section 20.1 "Group's audited consolidated financial statements and statutory auditors' audit report for the years ended 31 december 2016, 2015 and 2014" of this Registration Document. These transactions relate mainly to key management compensation, sales of goods and services, information technology services, premises, brokerage, insurance policy, corporate services, loans, tax consolidation.

19.2 STATUTORY AUDITORS' SPECIAL REPORTS ON RELATED-PARTY AGREEMENTS AND COMMITMENTS FOR FISCAL YEARS 2016, 2015 AND 2014

19.2.1 Statutory auditors' special report on related-party agreements and commitments for fiscal year 2016

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

DELOITTE et Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de €1.723.040
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris La Défense 1
S.A.S à capital variable
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD International

General Meeting of Shareholders to approve the financial statements for the year ended 31st December 2016

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions and the reasons for the company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreements or commitment authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French commercial code (Code de Commerce).

Agreements and commitments already approved by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements or commitment already approved by the General Meeting of Shareholders, whose implementation continued during the year.

Neuilly-sur-Seine and Paris-La Défense, March 17th, 2017

French original signed by
The statutory auditors

DELOITTE & ASSOCIES | ERNST & YOUNG et Autres

Jean-Marc Mickeler | Vincent Roty | Micha Missakian

19.2.2 Statutory auditors' special report on related-party agreements and commitments for fiscal year 2015

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

DELOITTE et Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de €1.723.040
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris La Défense 1
S.A.S à capital variable
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD International

General Meeting of Shareholders to approve the financial statements for the year ended 31st December 2015

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions and the reasons for the company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French commercial code (Code de Commerce).

Agreements and commitments already approved by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreement or commitment already approved by the General Meeting of Shareholders, whose implementation continued during the year.

Neuilly-sur-Seine and Paris-La Défense, June 1st 2016

French original signed by
The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Vincent Roty

19.2.3 Statutory auditors' special report on related-party agreements and commitments for fiscal year 2014

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

DELOITTE et Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de €1.723.040
Commissaire aux Comptes
Membre de la compagnie
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S.A.S à capital variable
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD International

General Meeting of Shareholders to approve the financial statements for the year ended 31st December 2014

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French commercial code (Code de Commerce).

Agreements and commitments already approved by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreement or commitment already approved by the General Meeting of Shareholders, whose implementation continued during the year.

Neuilly-sur-Seine and Paris-La Défense, May 21st 2015

French original signed by
The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Vincent Roty

CHAPTER 20. FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1 GROUP'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY AUDITORS' AUDIT REPORT FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

20.1.1 Group's audited consolidated financial statements for the years ended 31 December 2016, 2015 and 2014

ALD INTERNATIONAL
CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016, 2015 and 2014

SUMMARY

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement

(In EUR million)	Notes	Year ended December 31, 2016 (*)	2015 (*) Restated	2014 (*) Restated
Leasing contract revenues	**7a,7d**	3,520.7	3,211.5	3,015.4
Leasing contract costs - depreciation	**7a**	(2,795.8)	(2,552.2)	(2,379.1)
Leasing contract costs - financing	**7a**	(205.9)	(229.8)	(257.0)
Unrealised gains/losses on financial instruments	**7a**	(4.9)	2.1	1.8
Leasing contract margin		**514.1**	**431.6**	**381.1**
Services revenues	**7b,7d**	1,667.0	1,574.6	1,514.7
Cost of services revenues	**7b**	(1,138.4)	(1,040.6)	(1,069.3)
Services margin		**528.6**	**534.0**	**445.4**
Proceeds of cars sold	**7c,7d**	2,377.7	2,045.5	1,786.4
Cost of cars sold	**7c**	(2,176.2)	(1,838.3)	(1,633.3)
Car sales result		**201.5**	**207.2**	**153.1**
GROSS OPERATING INCOME		**1,244.2**	**1,172.8**	**979.7**
Staff expenses	**9**	(342.5)	(306.3)	(279.6)
General and administrative expenses	**10**	(189.0)	(169.4)	(156.1)
Depreciation and amortisation	**11**	(21.5)	(16.1)	(13.0)
Total operating expenses		**(553.1)**	**(491.8)**	**(448.7)**
Impairment charges on receivables	**8**	(23.8)	(20.9)	(18.4)
Non-recurring income (expenses)	**12**	(2.0)	(57.0)	(0.0)
OPERATING RESULT		**665.3**	**603.1**	**512.6**
Share of profit of associates and jointly controlled entities		0.7	0.9	0.6
Profit before tax		**666.1**	**604.0**	**513.2**
Income tax expense	**13**	(150.4)	(174.7)	(135.7)
Net income		**515.7**	**429.3**	**377.5**
Net income attributable to:				
Owners of the Company		**511.7**	**424.3**	**375.5**
Non-controlling interests		4.0	5.0	2.0
Earnings per share for net income attributable to the owners of the parent:				
Basic and diluted earnings per share	**31**	**12.7**	**10.5**	**9.3**

(*) The format of our consolidated income statement for 2016, 2015 and 2014 has been changed to improve the understanding of the Group's financial results and performance.

Consolidated statement of comprehensive income

(in EUR million)	Notes	Year ended December 31, 2016	2015	2014
Net income		**515.7**	**429.3**	**377.5**
Items that will not be reclassified subsequently to profit or loss		**(1.2)**	**0.8**	**(0.9)**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		(1.7)	1.0	(1.3)
Deferred tax on actuarial gain/(Loss) on retirement benefit		0.5	(0.3)	0.4
Items that may be reclassified subsequently to profit or loss		**(15.3)**	**(8.6)**	**(41.9)**
Changes in cash flow hedges, before tax	**18**	(13.8)	4.6	(5.3)
Deferred tax on cash flow hedges		3.9	(2.2)	0.6
Currency translation differences		(5.4)	(11.0)	(37.3)
Other comprehensive income for the year, net of tax		**(16.4)**	**(7.8)**	**(42.8)**
Total comprehensive income for the period		**499.3**	**421.5**	**334.7**
Attributable to				
Owners of the Company		495.6	416.1	332.3
Non-controlling interests		3.7	5.4	2.4

Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations	495.6	416.1	332.3

CONSOLIDATED BALANCE SHEET

(in EUR million)	Notes	Year ended December 31, 2016	2015	2014
ASSETS				
Rental fleet	**14**	14,075.0	11,674.6	10,300.9
Other property and equipment	**15**	75.3	46.4	39.8
Goodwill	**16**	424.4	191.7	178.4
Other intangible assets	**15**	29.0	19.9	16.9
Investments in associates and jointly controlled entities	**17**	6.0	5.6	4.9
Derivative financial instruments	**18**	68.9	65.0	85.1
Deferred tax assets	**13**	123.6	123.6	109.1
Other non-current financial assets	**19**	980.2	1,072.6	1,146.7
Non-current assets		**15,782.4**	**13,199.4**	**11,881.9**
Inventories	**20**	209.5	173.9	161.8
Receivables from clients and financial institutions	**21**	1,270.4	1,089.2	972.2
Current income tax receivable		113.3	128.4	71.6
Other receivables and prepayments	**22**	670.8	503.3	522.8
Derivative financial instruments	**18**	9.4	64.4	15.0
Other current financial assets	**19**	288.4	237.6	243.9
Cash and cash equivalents	**23**	164.6	330.9	266.5
Current assets		**2,726.2**	**2,527.7**	**2,253.8**
Total assets		**18,508.6**	**15,727.1**	**14,135.7**
EQUITY AND LIABILITIES				
Share capital	**25**	606.1	606.1	550.0
Share premium		375.1	475.1	0.0
Retained earnings and other reserves		1,484.9	1,224.6	956.5
Net income		511.7	424.3	375.5
Equity attributable to owners of the parent		**2,977.6**	**2,730.1**	**1,882.0**
Non-controlling interests		34.9	32.2	27.6
Total equity		**3,012.6**	**2,762.3**	**1,909.6**
Borrowings from financial institutions	**26**	7,665.6	5,656.4	6,328.6
Bonds and notes issued	**26**	1,916.7	1,956.2	2,023.3
Derivative financial instruments	**18**	47.6	25.8	88.0
Deferred tax liabilities	**13**	206.3	179.6	161.9
Retirement benefit obligations and long term benefits	**27**	19.5	17.2	17.5
Provisions	**28**	100.1	87.1	101.3
Non-current liabilities		**9,955.8**	**7,922.3**	**8,720.6**
Borrowings from financial institutions	**26**	2,284.8	2,110.9	1,497.1
Bonds and notes issued	**26**	999.6	1,015.5	390.8
Trade and other payables	**29**	1,985.6	1,637.4	1,417.5
Derivative financial instruments	**18**	4.4	0.7	2.5
Current income tax liabilities		123.4	128.4	80.7
Provisions	**28**	142.3	149.6	116.8
Current liabilities		**5,540.2**	**5,042.5**	**3,505.5**
Total liabilities		**15,496.0**	**12,964.8**	**12,226.1**
Total equity and liabilities		**18,508.6**	**15,727.1**	**14,135.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR million)	Attributable to equity holders of the company										
	Share capital	**Share premium**	**Translation reserves**	**Hedging reserve**	**Actuarial gain/(loss) reserve**	**Other capital reserves**	**Retained earnings**	**Net income**	**Equity attributable to the owners of the parent**	**Non-controlling interests**	**Total equity**
Balance As at January 1, 2014	**550.0**	**-**	**(31.1)**	**0.3**	**(3.1)**	**3.3**	**730.8**	**298.4**	**1,548.7**	**20.8**	**1,569.5**
Changes in cash flow hedges	-	-	-	(4.6)	-	-	-	-	(4.6)	-	(4.6)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Currency translation differences	-	-	(37.7)	-	-	-	-	-	(37.7)	0.4	(37.3)
Other comprehensive income	**-**	**-**	**(37.7)**	**(4.6)**	**(0.9)**	**-**	**-**	**-**	**(43.2)**	**0.4**	**(42.8)**
Net income (*)	-	-	-	-	-	-	-	375.5	375.5	2.0	377.5
Total comprehensive income for the period	**-**	**-**	**(37.7)**	**(4.6)**	**(0.9)**	**-**	**-**	**375.5**	**332.3**	**2.4**	**334.7**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	1.2	-	-	1.2	-	1.2
Dividends	-	-	-	-	-	-	-	-	-	(2.7)	(2.7)
Scope changes	-	-	-	-	-	-	(0.0)	-	(0.0)	7.0	7.0
Appropriation of net income	-	-	-	-	-	-	298.2	(298.4)	(0.2)	-	(0.2)
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at December 31, 2014	**550.0**	**-**	**(68.8)**	**(4.3)**	**(4.0)**	**4.5**	**1,029.1**	**375.5**	**1,882.0**	**27.6**	**1,909.6**
Balance As at January 1, 2015	**550.0**	**-**	**(68.8)**	**(4.3)**	**(4.0)**	**4.5**	**1,029.1**	**375.5**	**1,882.0**	**27.6**	**1,909.6**
Changes in cash flow hedges	-	-	-	2.4	-	-	-	-	**2.4**	-	**2.4**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	0.8	-	-	-	**0.8**	-	**0.8**
Currency translation differences	-	-	(11.4)	-	-	-	-	-	**(11.4)**	0.4	**(11.0)**
Other comprehensive income	**-**	**-**	**(11.4)**	**2.4**	**0.8**	**-**	**-**	**-**	**(8.2)**	**0.4**	**(7.8)**
Net income	-	-	-	-	-	-	-	424.3	**424.3**	5.0	**429.3**
Total comprehensive income for the period	**-**	**-**	**(11.4)**	**2.4**	**0.8**	**-**	**-**	**424.3**	**416.1**	**5.4**	**421.4**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	1.0	-	-	**1.0**	-	**1.0**
Dividends	-	-	-	-	-	-	(100.1)	-	**(100.1)**	(0.9)	**(101.0)**
Scope changes	56.1	475.1	-	-	-	-	(0.0)	-	**531.2**	-	**531.2**
Appropriation of net income	-	-	-	-	-	-	375.5	(375.5)	-	-	-
Other	-	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Balance As at December 31, 2015	**606.1**	**475.1**	**(80.2)**	**(1.9)**	**(3.2)**	**5.5**	**1,304.4**	**424.3**	**2,730.1**	**32.0**	**2,762.1**
Balance As at January 1, 2016	**606.1**	**475.1**	**(80.2)**	**(1.9)**	**(3.2)**	**5.5**	**1,304.4**	**424.3**	**2,730.1**	**32.0**	**2,762.1**
Changes in cash flow hedges	-	-	-	(9.9)	-	-	-	-	**(9.9)**	-	**(9.9)**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	(1.2)	-	-	-	**(1.2)**	-	**(1.2)**
Currency translation differences	-	-	(5.1)	-	-	-	-	-	**(5.1)**	(0.3)	**(5.4)**
Other comprehensive income	**-**	**-**	**(5.1)**	**(9.9)**	**(1.2)**	**-**	**-**	**-**	**(16.2)**	**(0.3)**	**(16.5)**
Net income	-	-	-	-	-	-	-	511.7	**511.7**	4.0	**515.7**
Total comprehensive income for the period	**-**	**-**	**(5.1)**	**(9.9)**	**(1.2)**	**-**	**-**	**511.7**	**495.5**	**3.7**	**499.2**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	1.7	-	-	**1.7**	-	**1.7**
Dividends	-	-	-	-	-	-	(149.5)	-	**(149.5)**	(0.9)	**(150.4)**
Scope changes	-	(100.0)	-	-	-	-	(0.2)	-	**(100.2)**	-	**(100.2)**
Appropriation of net income	-	-	-	-	-	-	424.3	(424.3)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at December 31, 2016	**606.1**	**375.1**	**(85.3)**	**(11.8)**	**(4.4)**	**7.2**	**1,579.0**	**511.7**	**2,977.7**	**34.8**	**3,012.4**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR million)	Notes	Year ended December 31, 2016	2015	2014 Restated (*)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax excluding discontinued operations		**666.1**	**604.0**	**513.2**
Adjustments for:				
Rental Fleet	**14**	2,846.2	2,656.6	2,434.3
Other property and equipment	**15**	15.3	12.6	9.9
Intangible assets	**15**	6.1	3.7	3.4
Financial assets		-	-	0.0
Regulated prov., contingency and expenses provisions		9.0	18.0	60.4
Depreciation and provision		**2,876.6**	**2,690.9**	**2,508.0**
NBV on disposal of other property and equipment	**15**	9.5	8.9	9.7
NBV on disposal of intangible assets	**15**	0.4	0.1	0.4
Profit and losses on disposal of assets		**9.9**	**9.0**	**10.1**
Fair value of derivative financial instruments		(3.4)	(36.8)	(22.4)
Interest Charges		205.9	229.8	257.0
Interest Income		(713.9)	(693.5)	(656.8)
Net interest income	**2.24**	**(508.1)**	**(463.7)**	**(399.8)**
Other (**)		1.5	0.4	0.6
Amounts received for disposal of rental fleet	**14**	2,157.2	1,814.0	2,025.9
Amounts paid for acquisition of rental fleet	**14**	(6,724.7)	(5,668.1)	(5,199.1)
Change in working capital		(167.7)	85.7	(198.7)
Interest Paid		(171.0)	(315.9)	(277.9)
Interest Received		741.3	724.3	674.3
Net interest paid		**570.2**	**408.3**	**396.5**
Income taxes paid		(108.5)	(182.7)	(127.6)
Cash generated from operations (continuing activities)		**(1,230.9)**	**(738.9)**	**(493.4)**
Cash flows from operating activities (discontinued operations)		-	-	-
Net cash inflow/(outflow) from operating activities		**(1,230.9)**	**(738.9)**	**(493.4)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of other property and equipment		-	-	-
Acquisition of other property and equipment	**15**	(34.3)	(27.6)	(24.9)
Divestments of intangible assets		-	-	-
Acquisition of intangible assets	**15**	(14.6)	(7.5)	(11.3)
Proceeds from sale of financial assets		-	-	-
Acquisition of financial assets (non consolidated securities)		(0.2)	-	(19.1)
Effect of change in group structure		(328.3)	1.8	0.9
Dividends received		(0.0)	-	0.0
Long term investment		90.2	58.9	(26.4)
Loans and receivables from related parties		(14.9)	(0.4)	5.4
Other financial investment		(51.7)	4.1	(30.1)
Cash flows from investing activities (continuing activities)		**(353.8)**	**29.2**	**(105.4)**
Cash flows from investing activities (discontinued operations)		-	-	-

(in EUR million)	Notes	Year ended December 31, 2016	2015	2014 Restated (*)
Net cash inflow/(outflow) from investing activities		**(353.8)**	**29.2**	**(105.4)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings from financial institutions		10,398.5	7,098.5	6,944.5
Repayment of borrowings from financial institutions		(8,872.3)	(7,240.7)	(6,605.9)
Proceeds from issued bonds		536.0	1,300.2	527.3
Repayment of issued bonds		(528.0)	(769.1)	(252.0)
Dividends paid to company's shareholders	**30**	(149.5)	(100.1)	0.0
Dividends paid to minority interest		(0.9)	(0.9)	(2.7)
Increase/decrease in shareholders capital		(100.2)	531.3	6.2
Cash flows from financing activities (continuing activities)		**1,283.7**	**819.2**	**617.4**
Cash flows from financing activities (discontinued operations)		-	-	-
Net cash inflow/(outflow) from financing activities		**1,283.7**	**819.2**	**617.4**
Exchange gains/(losses) on cash and cash equivalents		**(6.0)**	**(2.0)**	**0.3**
Net (decrease)/increase in cash and cash equivalents		**(307.0)**	**107.5**	**19.0**
Cash & cash equivalents at the beginning of the period	**23**	**282.3**	**174.8**	**155.8**
Cash & cash equivalents at the end of the period	**23**	**(24.8)**	**282.3**	**174.8**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

(**) Including mainly the unrealised foreign exchange gains or losses (note 7.b)

NOTE 1. GENERAL INFORMATION

ALD International ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle fleet management group with a fleet of more than 1,375,000 vehicles. The Group provides financing and management services in 41 countries in the world including the following businesses:

- Full service leasing : Under a full-service lease, the client pays the leasing company a regular monthly lease payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use of the vehicle (such as maintenance, replacement car, tyre management, fuel cards and insurance).
- Fleet management: Fleet management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various fleet management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

The company is a French « Société Anonyme » incorporated in Société Générale group. Its registered office is located at Tours Société Générale – 17, Cours Valmy – 92987 La Defense.

The company is a wholly-owned subsidiary of the Société Générale group.

The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and values are rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

These consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 were authorised for issue by ALD International's Board of Directors on March 2, 2017 within the framework of the proposed public offer and the admission of shares to trading on the regulated market Euronext Paris in France. On February 9, 2017 Société Générale group announced its intention to float a minority stake in the Group through an Initial Public Offering ('IPO'). As a result, these consolidated financial statements of the Group have been prepared specifically for the purposes of the Registration Document subject to approval by the AMF.

This set of consolidated financial statements covering the years ended December 31, 2016, 2015 and 2014 does not replace the historical consolidated financial statements of the Group for the years ended December 31, 2016, 2015 and 2014, authorised for issue by ALD International's Board of Directors on March 2, 2017, May 10, 2016 and May 12, 2015 respectively. Events occurring subsequent to the dates on which the consolidated financial statements for each of the years presented were authorised for issue are not reflected in these consolidated financial statements, in accordance with the decision of the IASB Interpretation Committee (IFRS IC Rejection – IAS 10 Events After the Reporting Period: Reissuing Previously Issued Financial Statements of May 2013).

These consolidated financial statements include some changes and improvements on the historical consolidated financial statements for the years ended December 31, 2015 and 2014, which are presented in notes 2.2.1, 5 and 7. They concern the presentation of the Consolidated Income Statement and the segment information.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The standards comprise IFRS 1 to 12 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2016.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2.1. New and amended standards and Interpretations applicable as from January 1, 2016

The Group has adopted the following new standards, amendments and interpretations to published standards for the first time for the financial year beginning January 1, 2016:

Accounting standards, amendments or Interpretations	**Publication dates by IASB**	**Adoption dates by The European Union**
Amendment to IAS 1 "Presentation of Financial Statements"	December 2014	January 1, 2016
Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"	June 2014	January 1, 2016
Amendment to IAS 27 "Separate Financial Statements"	August 2014	January 1, 2016
Amendment to IFRS 11 "Joint Arrangements"	May 2014	January 1, 2016
Investment Entities: Applying the Consolidation Exception:		
- Amendment to IAS 28 "Investments in Associates and Joint Ventures"	December 2014	January 1, 2016
- Amendment to IFRS 10 "Consolidated Financial Statements"	December 2014	January 1, 2016
- Amendment to IFRS 12 "Disclosure of Interests in Other Entities"	December 2014	January 1, 2016
Annual Improvements to IFRSs 2012–2014 Cycle:		
-Amendment to IFRS 5 "Non-current Assets Held for sale and Discontinued Operations"	September 2014	January 1, 2016
-Amendment to IFRS 7 "Financial Instruments: Disclosures"	September 2014	January 1, 2016
-Amendment to IAS 19 "Employee Benefits"	September 2014	January 1, 2016
-Amendment to IAS 34 "Interim Financial Reporting"	September 2014	January 1, 2016

Amendment to IAS 1 “Presentation of financial statements”: The narrow-focus amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1.

The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation.

Presentation format of financial statements

The presentation of the Consolidated Income Statement has been amended for the year ended December 31, 2016 and the comparative results for the years ended December 31, 2015 and December 31, 2014 have been restated to conform to the revised presentation.

In the Income Statement for the years ended December 31, 2015 and 2014, 'Revenues' included those amounts related directly to the lease instalments as well as the Proceeds of Cars Sold.

In 2016, the Group modified the presentation of its 'Revenues' which has been retrospectively applied to the consolidated financial statements as of December 31, 2015 and 2014 (see Note 7). As described in Note 2.22 'Revenue Recognition', Revenues of the Group predominantly comprise rental income and other services provided to lessees of fleet vehicles, as well as proceeds of the sale of vehicles at the end of the lease contracts.

Rental income comprises the financial lease instalment and service revenues (maintenance and tyres, insurance, replacement cars and other services). The financial lease instalment is made up of Leasing contract revenues directly linked with the contractual agreements concluded with customers that define the contractual residual value and interest rate. Leasing contract revenues are the operating lease instalments charged on a straight line basis to clients for the right to use the leased assets. These revenues effectively comprise a component to reflect the expected depreciation of the leased asset and a component related to the interest for funding the asset over the lease period.

The income statement presentation has been amended to give a better understanding of the Group's operational performance. The Consolidated Income Statement has been amended to show the contribution of three different revenues and margins which comprise Gross Operating Income in order to provide readers of the financial statements a clearer view of the total income for the year:

- **Leasing contract revenues and related margin**: Revenue from leasing contracts (comprising revenues from operating leases and finance lease interest) are netted with the corresponding depreciation of the operating lease assets and their related financing costs (together with unrealized gains / losses on financial instruments).

- **Services Revenue and related Services margin**: Revenue from maintenance and tyres, insurance, replacement cars and other services) are netted with the related costs of providing such services. This margin measures the performance of each different nature of services rendered by the Group

- **Car Resale proceeds and margin**: Proceeds from the sale of vehicles after the end of the lease contracts are netted against the net book value of those vehicles. This margin measures the net gains on the resale of the leased vehicles at the end of the contracts.

Changes were also made to the composition of the Segments as detailed further in Note 5.

The changes in presentation can be summarised as follows:

Consolidated Income Statement Category	**Explanation of Restatement of the Consolidated Financial Statements for the year ended December 31, 2016 and the corresponding impact on the Restated Consolidated Financial Statements for the years ended December 31, 2015 and December 31, 2014**
Revenues	The Revenues for Leasing contracts, Services and Car resale proceeds have been analysed into its constituent parts in the Consolidated Financial Statements for the year ended December 31, 2016. In the Consolidated Financial Statements for the year ended December 31, 2015, the detail of the Revenues for these components is disclosed in Note 7.
Cost of Revenues	The Cost of Revenues for Leasing contracts, Services and Cost of cars sold have been analysed into its constituent parts in the Consolidated Financial Statements for the year ended December 31, 2016. In the Consolidated Financial Statements for the year ended December 31, 2015, the detail of the Cost of Revenues for these components is disclosed in Note 7.
Leasing contract margin, Services Margin and Car Sales Result	Leasing contract margin, Services margin and Car Sales Result as disclosed in the Consolidated Financial Statements for the year ended December 31, 2016 represents the Gross profit as disclosed in the Consolidated Financial Statements for the year ended December 31, 2015.
Unrealised gains / losses on financial instruments	Unrealised gains / losses on financial instruments have been reclassified within Leasing contract margin in the Consolidated Financial Statements for the year ended December 31, 2016. In the Consolidated Financial Statements for the year ended December 31, 2015, the Unrealised gains / losses on financial instruments were disclosed separately below Net Interest Income.
Impairment Charges on Receivables	Impairment Charges on Receivables have been reclassified after Total Operating Expenses in the Consolidated Financial Statements for the year ended December 31, 2016. In the Consolidated Financial Statements for the year ended December 31, 2015, the Impairment Charges on Receivables were disclosed as part of the Total Operating and Net Finance Income.
Gross Operating Income	Gross Operating Income as per the Consolidated Financial Statements for the year ended December 31, 2016 is equivalent to the Total Operating and Net Finance Income as per the Consolidated Financial Statements for the year ended December 31, 2015. The Total Income in the Consolidated Financial Statements for the years ended December 31, 2015 and December 31, 2014 is different to the Total Operating and Net Finance Income due to the reclassification of Impairment Charges on Receivables being shown after Total Income and Total Current Operating Expenses

Application of other amendments to International Accounting Standards described below had no material impacts on the consolidated financial statements of the Group:

Amendments to IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”: The amendment has clarified acceptable methods of depreciation and amortisation. The use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Amendments to IAS 27 “Separate Financial statements”: Reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Amendment to IFRS 11 "Joint Arrangements": The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28): The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Annual improvements to IFRSs 2012-2014 include:

Standard	Amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	**Changes in methods of disposal.** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 Financial Instruments: Disclosures	**Servicing contracts.** Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. **Applicability of the amendments to IFRS 7 to condensed interim financial statements.** Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements
IAS 19 Employee Benefits	**Discount rate: regional market issue.** Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
IAS 34 Interim Financial Reporting	**Disclosure of information 'elsewhere in the interim financial report'.** Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

2.2.2. Standards and Interpretations adopted by the IASB but not yet applicable at December 31, 2016

A number of new standards and amendments to standards and interpretations are non-effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

IFRS 9 "Financial Instruments", applicable to reporting periods commencing on or after January 1, 2018

This standard aims to replace IAS 39. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, the new credit risk impairment methodology for financial assets and hedge accounting treatment, except accounting for macro hedging for which the IASB currently has a separate draft standard.

- **Classification and measurement**

Financial assets are required to be classified into three categories according to measurement methods to be applied (amortised cost, fair value through profit or loss and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as subsequently measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash-flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash-flows or to sell the instruments and if these contractual cash-flows consist solely of payments of principal and interest.

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such in financial assets measured at fair value through profit or loss) without subsequent reclassification in income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modification, except for financial liabilities designated at fair value through profit or loss (using the fair value option). For these financial liabilities, the amount of change in their fair value attributable to changes in credit risk will be recognised in other comprehensive income without subsequent reclassification into income.

Derecognition rules for financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

- **Credit risk**

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and financial guarantee contracts, will be systematically subject to an impairment or a provision for expected credit losses upon initial recognition of the financial asset or commitment.

At initial recognition, this expected credit loss will be equal to 12-month expected credit losses. This expected credit loss will subsequently be raised to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since its initial recognition.

ALD has chosen to apply the Lifetime expected credit loss measurement based on a provision matrix, a simplified approach, for 2 main reasons: the cost of risk in the ALD group is historically low and stable and the trade receivables method is a method much closer to the business. 10 entities that represents > 70% of the total EAD of ALD are testing and making the calculations since Q4 2016. This method will be spread over the rest of the group in 2017 and will be applied for the first time in 2018.

- **Hedge accounting**

This new standard will align hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The standard extends the scope of non-derivative financial instruments that could be considered as hedging instruments. Similarly, the scope of items that could be considered as hedged items is increased to include components of non-financial items. The standard also amends the approach for assessing hedge effectiveness. Additional disclosures are also required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

IFRS 15 "Revenue from contracts with customers", applicable to reporting periods beginning on or after January 1, 2018

This standard sets out the requirements for recognising revenue that apply to all contracts with customers. To recognise revenue, the following five steps would be applied: identification of the contract with the customer, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to each performance obligation and revenue recognition when a performance obligation is satisfied.

The Group is assessing the impact of IFRS 15.

IFRS 16 "Leases", Applicable to annual reporting periods beginning on or after 1 January 2019 (Subject to its adoption by the European Union)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS16 is not considered to have a material impact on the Group' consolidated accounts.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3. CONSOLIDATION

2.3.1. Subsidiaries

Subsidiaries are all entities over which the Group has a controlling interest. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the company acquired and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date in accordance with IFRS 3. The Group recognises any non-controlling interest in the company acquired on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognised directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

2.3.2. Associates

Associates are all entities over which the company has significant influence, but not control. The company accounts for its investment in associates using the equity method. The company's share of profits or losses of associates is recognised in the consolidated statement of income and its share of other comprehensive income (loss) of associates is included in other comprehensive income.

Unrealized gains on transactions between the company and an associate are eliminated to the extent of the company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognised in the consolidated statement of income.

2.3.3. Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures are modified where necessary to ensure consistency with the policies adopted by the Group.

2.3.4. Special purpose companies

The asset-backed securitisation programme (described in Note 3-Financial Risk Management below) involved the sale of future lease receivables and related residual value receivables to special purpose companies. Special purpose companies are companies created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose companies are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitized leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions, and these companies are therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

2.4. FOREIGN CURRENCY TRANSLATION

2.4.1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency and it has been rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

2.4.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Interest income or charges". All other foreign exchange gains and losses are presented in the income statement within "Leasing contract margin".

2.4.3. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at weighted-average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

The main exchange rates used in the consolidated financial statements for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 are based on Paris stock exchange rates and are as follows:

	December 31,2016		**December 31,2015**		**December 31,2014**	
	Period-end Rate	**Average Rate**	**Period-end Rate**	**Average Rate**	**Period-end Rate**	**Average Rate**
EUR / UK Pound:	0.8562	0.8189	0.7340	0.7260	0.7789	0.8064
EUR / Danish Krone:	7.4344	7.4454	7.4626	7.4586	7.4453	7.4549
EUR / Swedish Krona:	9.5525	9.4673	9.1895	9.3545	9.3930	9.0969

2.5. LEASE OPERATIONS

2.5.1. Operating lease portfolio

Operating lease portfolio comprises cars leased under operating lease contracts. A lease is classified as an operating lease if the Group retains substantially all the risks and rewards incidental to ownership of the underlying asset.

The cost of the operating lease cars comprise their purchase price and any incremental and directly attributable costs of bringing the assets held for use in operating leases to working condition for its intended use. Import duties and non-refundable purchase taxes are included in the purchase price and any trade discounts are deducted when calculating the purchase price. Furthermore, lease incentives and volume bonuses are also taken into account and depreciated over the expected lease term. The carrying amount of the Operating lease portfolio is presented in the category 'Rental Fleet' on the balance sheet. The depreciation policy relating to these assets is detailed in section 2.6.2 'Property and equipment under operating lease and rental fleet'.

The operating lease instalments are fully recognised on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement: (i) Leasing contract revenues; and (ii) – Services revenues.

2.5.2. Finance lease portfolio

Car leases where substantially all the risks and rewards incident to ownership of an asset are transferred by the Group to the lessee are classified as finance lease receivables. These contracts are recognised as financial assets at an amount equal to the present value of the minimum lease payments (including guaranteed residual value) and the unguaranteed residual value accruing to the Group, after deduction of provisions deemed necessary in respect of bad and doubtful debts and any accumulated impairment losses. Initial direct costs are included in the initial measurement of the finance lease receivables. The assets are presented within the category 'Receivables from clients and financial institutions' on the balance sheet.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income from finance lease (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest method); and (ii) revenues (to the extent that services are included in the lease).

2.5.3. Fleet management services

These services include arranging for vehicle delivery and administration of the title and registration process, as well as tax and insurance requirements, ensuring maintenance of the vehicle, pursuing warranty claims, providing fleet policy analysis and recommendations, benchmarking, and providing vehicle recommendations.

2.6. PROPERTY AND EQUIPMENT

2.6.1. Other property and equipment

Other property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Property: 30 - 50 years
- Furniture and fixtures: 3 - 12 years
- Hardware: 3 - 5 years
- Company cars: 3 - 4 years

The company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6.2. Property and equipment under operating lease and rental fleet

Property and equipment under operating lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. Vehicles are capitalized based on (i) the acquisition price, (ii) all expenditures for items owned by the company and considered a permanent addition to the vehicle (e.g. radios, anti-theft devices, etc.) at the time of contract commencement, (iii) initial external direct costs including commissions and legal fees and (iv) delivery cost where material.

The assets subject to operating leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Group's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 5 years.

The assets' residual values are reviewed and adjusted, if appropriate, at each balance sheet date.

Upon termination of the lease or rental contract the relevant assets are reclassified to the caption "Inventories" at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

2.7. INTANGIBLE ASSETS

2.7.1. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquirer. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the statement of income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, which is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored as follows:

- at a subsidiary level for all significant and independent countries; In these countries, the activity of the subsidiary is driven independently, either because the market is specific or because the organization has been built in order to drive the business on a standalone basis, helped with the technical support of the central functions of the headquarter; this is the case for most of the large subsidiaries in Europe (such as France, UK and Germany) and some medium and small subsidiaries in Asia;
- at an aggregated level ("hubs") when internal management reporting is organised to measure performance (and prepare business plans) at a higher level (group of CGUs). The Group identified the 7 following hubs:
  - Benelux Hub: Belgium, Luxembourg, Netherlands
  - Nordics Hub: Denmark, Finland, Norway, Sweden
  - Central Europe Hub: Austria, Croatia, Czech Republic, Hungary, Serbia, Slovenia, Slovakia, Switzerland
  - North Eastern Europe Hub: Estonia, Latvia, Lithuania, Poland, Russia, Ukraine
  - South Eastern Europe Hub: Bulgaria, Greece, Romania, Turkey,
  - Mediterranean Hub: Algeria, Morocco, Portugal
  - LatAm Hub: Brazil, Mexico, Chile, Peru

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.7.2. Other intangible assets

Internal software development costs are capitalized during the application development stage. The costs capitalized relate to external direct costs of materials and services and employee costs related to the time spent on the project during the capitalization period. Capitalized software is evaluated for impairment annually or when changing circumstances indicate that amounts capitalized may be impaired. Impaired items are written down to their estimated fair values at the date of evaluation.

2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill or intangible assets – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill, that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

2.9. NON –CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.10. FINANCIAL ASSETS

2.10.1. Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "receivables from financial institutions", "receivables from clients" and "cash and cash equivalents" in the balance sheet

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.10.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "unrealized gains/losses on financial instruments" in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

2.11. IMPAIRMENT OF FINANCIAL ASSETS

2.11.1. Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category (including lease receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement and is separately disclosed as part of net operating and finance income.

2.11.2. Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognised in the statement of income. This amount represents the loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortised cost and available-for-sale financial instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. Impairment losses on available-for-sale equity instruments are not reversed.

2.12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 24. Movements on the hedging reserve in other comprehensive income are shown in consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group designates certain derivatives as either:

(a) Fair value hedge: hedges of the fair value of recognised assets or liabilities or a firm commitment.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to fair value hedges is recognised in the income statement within “unrealised gains/losses on financial instruments”.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge: hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within “unrealised gains/losses on financial instruments”.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Derivatives: Changes in the fair value of derivatives that are not designated as a hedging instrument are recognised immediately in the income statement in the caption “Unrealised gains/ (losses) on financial instruments”.

2.13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption “Rental fleet” to the caption “Inventories” at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

This caption includes:

- lease instalments receivable from the finance and operating lease portfolio, from the rental portfolio and receivables arising from other business activities;
- amounts receivable from French and foreign credit institutions with fixed or determinable payments.

These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

2.15. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

2.16. CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition.

2.17. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

2.17.1. Pension obligations

Group companies operate various pension' schemes. The Group has both defined benefit plan and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.17.2. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.17.3. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18. PROVISIONS

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Damage risk provision

The Group provides customers with an own damage and repair cover in exchange of the payment of a monthly premium. Own damage revenues are recorded in the caption "Revenues".

In parallel, the Group calculates the own damage reserve based on two elements:

(i) <u>Open claims reserve</u>: this reserve corresponds to the amount required to meet the costs of future claims, net of recoverable amounts, which have already occurred and been reported. This reserve is determined as follows:
   - An average cost is calculated on the basis of the incident type and past experience.

(ii) Allowance for losses incurred but not yet reported (IBNR): the IBNR is determined based on the average delay between an incident occurring and the claim being reported, average claim frequency and the average cost per claim for the 12 previous months.

At the end of each month, the Group performs an adequacy test in respect of the level of the own damage reserve. In the event that the level of the reserve falls below the amount of open claims reserve plus IBNR, as determined above, then an immediate adjustment is made to adjust the reserve at this level. Open claims remain open so long as it is reasonably considered that the claim will be payable.

Where there is a stop-loss policy in place, limiting the risk of losses above a set level, open claims plus IBNR are booked only up to the level of the stop-loss. Beyond that level, all claims are debited to the reinsurance provider of the stop-loss cover. Any stop-loss cover on individual incidents is also taken into account in evaluation of claims plus IBNR. Gross claim costs are reduced to the level of cap per incident. Even where stop-loss cover is in place, if total claims are anticipated to be below the level of premium and stop-loss cover, then profit is booked in the normal way.

2.19. TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20. BORROWINGS, BONDS AND NOTES ISSUED

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to borrowings from financial institutions, funds entrusted and bonds issued. Interest-bearing loans and borrowings are recognised initially at fair value plus any transaction costs attributable to these loans. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at their amortised cost using the effective interest method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

2.21. CURRENT INCOME AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities, as described below.

Revenues include the various components of the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation.

The interest portion of the lease instalment is classified under the caption “Leasing contract revenues”, using the effective interest method.

(a) Operating leases

Regarding operating leases, lease rental revenue is recognised on a straight-line basis over the lease term, based on the total of the contractual payments divided by the number of months of the lease term.

(b) Finance leases

Regarding finance leases, the earnings are allocated between the capital amount and finance income. The capital amount is used to reduce the receivable balance and the income is recognised in the profit and loss in each period so as to give a constant periodic rate of return on the net investment in the lease. The Group uses the net investment method to allocate gross earnings, which excludes the effect of cash flows arising from taxes and financing relating to a lease transaction. In addition:

(i) The amount due from the lessee under a finance lease is recognised in the balance sheet as a receivable at an amount equal to the net investment in the lease. Over the lease term, rentals are apportioned between a reduction in the net investment in the lease and finance income. The net investment in a lease is equivalent to the gross investment discounted at the interest rate implicit in the lease.

(ii) At any point in time during the lease term, the net investment is represented by the remaining minimum lease payments, less that part of the minimum lease payments that is attributable to interest.

(c) Other operating revenue for services

(i) *Proceeds of cars sold*: Revenues also include the proceeds of the sale of vehicles from terminated lease contracts and rental revenues from renting out the rental fleet portfolio. The proceeds from the sale of vehicles are recognised when the vehicles are sold.

(ii) *Intermediation fees*: In some instances of service provision, an entity of the Group may be acting as an intermediary between a customer and a third party. Examples of such services include the provision of fuel cards, road taxes, the re-bill of maintenance charges to customers who have chosen not to include maintenance in their leasing contracts, etc. Since no value is added by the Group, they are therefore not presented as revenues.

(iii) *Informal extensions*: where a customer retains the car for a period beyond the normal return date (informal extension), normal contractual depreciation will continue to be recognised.

(iv) *Up Front payments*: Regarding operating leases, where significant up front ("balloon") payments (greater than 10% of list price of vehicle) are made by customers at the beginning of the lease agreement, these must be recognised in the balance sheet and amortised on a straight-line basis over the period of the lease agreement. Regarding finance leases, upfront payments and initial direct costs are taken into consideration in calculating the implicit interest rate in the lease and recognised evenly over the life of the lease as an adjustment of yield.

(v) *Lease incentives*: where incentives are provided to the lessee when negotiating a new or renewed lease (e.g. upfront cash payments to the lessee, reimbursement or absorption of costs by the lessor or free or reduced rents given at the beginning of the lease term), such incentives are recognised as a reduction of rental income over the lease term on a straight line basis.

(vi) *Interest on Late Payment*: Where interest on late payment is billed to customers, the related revenue is only recognised when settlements are made by customers.

(vii) *Lease Deposits*: Lease payment advances received in the form of deposits are held on the Balance Sheet and released in accordance with the relevant contractual agreements.

(viii) *Maintenance*: In order to match income with costs, maintenance and tyre income is recognised in line with the normal maintenance cost profile; the resulting 'cost curves' are reviewed periodically in order to match local actual historical maintenance expenditures with the expected cost profiles. As a result of application of this policy, the deferred maintenance revenue is recognised in a maintenance income reserve during the early part of the contract, and released from this reserve during the latter part. Maintenance profit or loss on the contract will be recognised during the life of the contract. The monthly profit and loss result will be the difference between the profiled revenue and actual costs. In addition each month, an estimate is made of actual maintenance and tyre costs incurred but not yet received (IBNR) at the month end and an accrual for these costs is made.

2.23. COST OF SERVICES REVENUES

Cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment (including : vehicle maintenance, replacement and winter tyres, insurance premiums, accident repair and the provision of short term replacement vehicles).

2.24. INTEREST INCOME AND INTEREST CHARGES

Interest income, interest charges and similar charges for all interest-bearing assets and liabilities are recognised in the income statement on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The interest income component in operating lease instalments, which is charged on a straight-line basis to the client, is recognised in the "Leasing contract revenue – operating lease" based on the effective interest method in interest income using the interest rate included in the lease contract and based on the net investment value of the leased asset.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

2.25. GENERAL AND ADMINISTRATIVE EXPENSES

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

2.26. SHARE-BASED PAYMENTS

The Group is involved in one free share plan as of December 31, 2016 granted by the parent company, Société Générale.

Free shares plan ("AGA") is granted to a limited number of managers, subject to attendance conditions. At December 31, 2016, 324 employees benefit from 109,716 shares (174 employees benefit from 26,580 shares at December 31, 2015, 153 employees benefit from 23,121 shares at December 31, 2014).

Société Générale had also granted a free shares plan ("PAGA") that ended on March 31, 2016. Within this plan all employees were granted 40 Société Générale shares in November 2010, subject to attendance and performance conditions. The vesting period ended in March 31, 2015 for the first section i.e. 16 shares and on March 31, 2016 for the second section i.e. 24 shares. 755 employees in France and 2,802 employees outside the France had benefited from this plan.

Société Générale grants rights to its equity instruments directly to the employees of the company: the parent (not the subsidiary) provides these employees of the company with the equity instruments. Therefore, in accordance with IFRS 2, the company shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, and recognise a corresponding increase in equity as a contribution from the parent.

NOTE 3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

3.1.1 Credit risk

The credit risk is the risk of losses arising from the inability of the Group's customers to meet their financial commitments. Credit risk includes the counterparty risk. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties.

Credit risk management policy

Credit risk is the risk that a customer is not able to fulfil its financial obligations towards ALD. All ALD entities have to comply with risk procedures issued centrally which define the way credit requests have to be studied and validated, as well as the roles and responsibilities of all staff involved in the credit vetting process. Each subsidiary has a specific credit authority approved by ALD International General Management and the Risk Department of Société Générale Group, and determined according to the size of the fleet, the maturity of the subsidiary and the type of customer concerned (corporate, retail, financial institution etc). Within its credit limit, each subsidiary can decide directly on its counterparty risk. Above this threshold, credit acceptance is made at central level jointly with the Risk Department of Société Générale.

In coordination with the Risk department of the Group, regular risk committees are held by ALD International in order to review all potential risk issues and to ensure the credit risk procedures are properly applied. All standard risk indicators (arrears / default / cost of risk) are also monitored centrally. All ALD entities are applying the same process locally.

The primary responsibility for debt collection remains under the direct responsibility of ALD's subsidiaries with dedicated teams in charge of recovering unpaid invoices in compliance with local regulations and market practices. Local processes need, however, to be compliant with the corporate instructions and guidelines distributed to the whole network. Central monitoring of all ageing balances is performed on a monthly basis as part of the regular risk reviews, and actions plans are set up whenever necessary under the supervision of the Country Manager.

Impairment charges on receivables (cost of risk) has historically remained very low due to the nature of the products proposed by ALD, a strict control of the risk assessment process and a very diversified customer portfolio.

Credit risk measurement

The Group applies the Basel II regulations for customers in default. Consequently, a customer is in default as soon as one of the three following conditions applies:

1) Legal proceedings (or a similar event in accordance to local legislation) are in progress which has resulted in the customer being placed either in bankruptcy or legal liquidation or receivership;

2) One or several overdue invoices for more than 90 days (270 days in the case of public or sovereign counterparties) have been recorded and a settlement procedure has been initiated;

3) A significant degradation of the customer's financial situation has taken place, making it likely that the customer will be unable to fulfil its overall commitments and there is therefore a high probability of losses.

When a credit risk emerges, the following processes take place:

- Reclassification of the sound outstanding as a doubtful debt
- Impairment made for probable credit loss

Where the customer is in default, the whole of the customer balance is classified as doubtful as a result of the "contagion principle". The application of this principle leads to the classification as doubtful of all outstanding amounts relating to a customer that is deemed to be in default regardless of the age of the invoice (i.e. a customer is either solvent or not). If the customer belongs to a group of companies, or in cases where the parent company has been classified as being in default, a case-by-case study is undertaken to establish whether it is necessary to apply the same treatment to all the legal entities included in that group. This "contagion principle" does not apply, however, in the following cases:

- Receivables subject to a risk of non-recovery which are affected by isolated legal disputes not related to the solvency of the counterparty
- Credit risk dependent on the solvency of a third party and not the counterparty

Impairment is only made in respect of customer receivables where the customer is considered to be in default (receivable is impaired). The impairment made for risk of default is consistent with the credit rating of each customer. The impairment must be sufficient to cover the entire probable loss in total or partial non-recovery of the loan.

The impairment is based upon the full amount outstanding for the customer in default.

In the case of an operating lease, ALD remains the owner of the vehicle and impairment is made against the recorded receivables relating to issued invoices. In addition, where it is considered likely that the vehicles will be returned, a further provision is required for the amount of the likely shortfall from the sale of the asset.

Where there are guarantees from the customer providing the right of offset in the event of a default, these amounts are taken into account in assessing the impairment on a customer by customer basis.

Information on past due and impaired receivables

Information on past due (split in past due up to 90 days, past due between 90 to 180 days and past due over 180 days) or impaired receivables are provided in note 21 “Receivables from clients and financial institutions” below.

The amounts presented in the table below include loans and finance lease receivables by Basel II portfolio that are past due but not individually impaired.

	Year ended December 31, 2016						
	Loans and receivables to customers						
(in EUR million)	**Banks**	**Corporates**	**Small and medium entreprises**	**Specialised lending**	**Credit to individuals**	**Very small companies**	**Total**
Amounts including past due between 1 to 30 days	-	2.4	19.5	-	-	3.3	25.2
Amounts including past due between 31 to 60 days	-	0.1	1.8	-	-	0.8	2.7
Amounts including past due between 61 to 90 days	-	-	0.5	-	-	0.8	1.3
Amounts including past due between 91 to 180 days	-	-	7.3	-	-	0.4	7.7
Amounts including past due between 181 days to 1 year	-	0.2	0.2	-	-	0.5	0.9
Amounts including past due over 1 year	-	1.9	13.0	-	-	5.6	20.5
Total	**-**	**4.7**	**42.1**	**-**	**-**	**11.4**	**58.2**

(in EUR million)	Year ended December 31, 2015 Loans and receivables to customers Banks	Corporates	Small and medium entreprises	Specialised lending	Credit to individuals	Very small companies	Total
Amounts including past due between 1 to 30 days	-	0.8	21.0	0.1	0.1	5.3	27.3
Amounts including past due between 31 to 60 days	-	4.4	12.2	-	-	0.5	17.1
Amounts including past due between 61 to 90 days	-	-	0.1	-	-	0.2	0.3
Amounts including past due between 91 to 180 days	-	-	0.2	-	-	0.3	0.5
Amounts including past due between 181 days to 1 year	-	-	13.4	-	-	6.5	19.9
Amounts including past due over 1 year	-		0.7	-	-	1.0	1.7
Total	**-**	**5.2**	**47.6**	**0.1**	**0.1**	**13.8**	**66.8**

(in EUR million)	Year ended December 31, 2014 Loans and receivables to customers Banks	Corporates	Small and medium entreprises	Specialised lending	Credit to individuals	Very small companies	Total
Amounts including past due between 1 to 30 days	-	3.5	2.7	0.0	0.0	3.8	10.1
Amounts including past due between 31 to 60 days	-	0.0	0.6	-	0.0	1.9	2.5
Amounts including past due between 61 to 90 days	-	0.0	16.2	-	0.0	1.9	18.1
Amounts including past due between 91 to 180 days	-	6.2	19.4	-	0.0	0.9	26.5
Amounts including past due between 181 days to 1 year	-	0.0	0.0	-	0.0	0.0	0.1
Amounts including past due over 1 year	-	1.6	0.0	-	-	0.9	2.6
Total	**-**	**11.4**	**39.0**	**0.0**	**0.1**	**9.4**	**59.8**

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. The Group controls this risk by requiring minimal external rating grades that such external counterparties are assigned.

3.1.2 Treasury risk

Treasury risk entails 3 types of risks: Liquidity risk, interest rate risk and foreign exchange risk.

- Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates.
- Foreign exchange risk is the risk that the profitability is affected by currency fluctuations.
- Liquidity risk is the risk that the Group is not able to meet its cash flow obligations when they fall due, because of a mismatch between the financing of its assets and liabilities.

Group Treasury risk management policy consists in matching assets and liabilities in terms of maturities, currencies, and interest rate exposure. Group procedures defining the sensitivity measurement of such risks and tolerance levels are applied across the group to allow a close monitoring of the treasury risk. These risks are monitored on a group level by the Group’s central Treasury, which reports on a quarterly basis to the management team of ALD International during a dedicated committee. This committee is informed about all relevant developments with regard to the Group’s treasury risk profile and decides any action to mitigate the risks when necessary.

Interest rate risks management

ALD policy consists in financing the underlying assets with fixed rate loans as lease contracts are mostly priced at fixed rates, in order to avoid any mismatch between assets and liabilities. Structural interest rate risk arises from the residual gap (surplus or deficit) in each entity’s fixed-rate forecasted position. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity. The sensitivity is defined as the variation in the net present value of the future residual fixed- rate positions (surplus or deficit) for a 1% parallel increase in the yield curve.
The Group Central Treasury monitors the interest rate risks exposure and advises subsidiaries to implement adequate hedging operations. A monthly report measuring the interest risk exposure is produced by each entity to be reviewed and consolidated by the Group Treasury department.

Due to this close follow up of the interest rate risk exposure by subsidiaries and the supervision of asset and liability monitoring performed at a central level, ALD Group interest rate sensitivity has always been very satisfactory.

Foreign exchange risks management

ALD Group is present in 25 countries outside the Euro zone and is therefore exposed to foreign exchange risks related to inflows and outflows of cash from daily business activities as well as participations in subsidiaries outside the Euro zone.

Currency risks related to the current business activities are very limited as there are no cross border leasing activities. ALD Group policy consists of financing the underlying asset in the same currency as the corresponding lease contract.

The residual foreign exchange risk is managed in order to minimise the impact to the Group due to fluctuations in the currencies it operates.

To achieve this goal, ALD quantifies its exposure to structural exchange rate risks for each subsidiary by analysing all assets and liabilities arising from commercial operations and proprietary transactions. The risk sensitivity is measured by quantifying the impact of a variation of 10% of the exchange rate (hard currencies against local currency) and a threshold is defined for each subsidiary. ALD Group Treasury department is responsible for monitoring structural exchange rate positions and manages the impact on profitability due to exchange rate fluctuations.

Currency risks related to equity invested in foreign currencies are not hedged at a group level, as the risk exposure has not been considered to be significant.

Liquidity risks

ALD Group is exposed to liquidity risk which is the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price. A structural liquidity position is defined as resulting from the maturities of all balance sheet or off balance sheet outstanding positions according to their liquidity profile.

ALD Group’s exposure to liquidity risks is limited as the group policy consists in financing the underlying asset over the same duration as the corresponding lease contract. A residual liquidity gap is measured on a monthly basis, under the supervision of ALD Group Treasury department, by assessing the matching of the run off of the existing leased assets with the remaining liabilities.

The liquidity position measured is then reviewed and consolidated at a group level. Any deviation from the sensitivity threshold is corrected under the supervision of the Group central Treasury.

The ALD Group was mainly funded through Société Générale group (94% of the funding) until December 31, 2012, and started to raise external funds in 2013 through asset-backed securitisation programmes and the EMTN bonds programme described below.

Most of the funding provided by SG Group is granted through Société Générale Bank and Trust (SGBT) based in Luxemburg. SGBT funds ALD Group Central Treasury which then grants loans in different currencies to 20 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 6,649 million as of December 31, 2016 for an average maturity of 2.4 years and an average rate of 0.68%.

The remaining SG funding is provided either from local SG branches or SG Group Central Treasury in Paris, representing EUR 2,648 million as of December 31, 2016.

28% of fiscal year 2016 funding is provided from local external banks or third parties, representing EUR 3,570 million as of December 31, 2016.

The following funding arrangements concluded by the Group in the past three years impacted the assessment of liquidity risk:

Securitisation

During 2013, the Group has entered into asset-backed securitisation programmes in three European countries.

These transactions involved the sale of future lease receivables and related residual value receivables to special purpose companies. Debt securities were issued by those special purpose companies and sold to external investors for a total amount of GBP 300 million in the UK in March 2013 for a two-year revolving period, EUR 400 million in Germany in May 2013 for a one-year revolving period and EUR 200 million in the Netherlands in December 2013 for a one-year revolving period. The special purpose companies are responsible for making interest and principal payments to the note-holders. The note-holders do not have recourse on the Company or other Group companies in case of non-performance or default by the special purpose companies. The Group has deposited cash collateral (reserves) for these securitisation transactions for a total amount of EUR 19.3 million.

These funds were raised either with a fixed rate (Germany) or a floating-to-fixed rate hedge (UK and Netherlands). Existing loans that have been repaid had a fixed rate and a similar amortisation profile to the issued notes, accordingly there is no additional exposure to interest rate or liquidity risks.

In 2014 two programmes were renewed. The UK programme (300m GBP) was renewed for one additional year (from 2015 to 2016) and the Netherlands programme (200m EUR) was renewed for two additional years (from 2014 to 2016).

In 2015 new securitization deal took place in Belgium for EUR 300 million.

A new securitization deal took place in Germany in December 2016 for EUR 500 million. Also, the Netherlands deal has been renewed for EUR 236 million for two additional years.

The following debt securities are currently issued:

Programme	**Originator**	**Country**	**Special purpose company**	**Currency**	**Transaction value (*)**
ALD Funding Limited	ALD	UK	ALD Funding Limited	GBP	300 million
Red and Black auto lease Germany	ALD	Germany	Red and Black auto lease Germany	EUR	500 million
Axus Finance NL B	ALD	Netherlands	Axus Finance NL B	EUR	236 million
Axus Finance SPRL	ALD	Belgium	Axus Finance SPRL	EUR	300 million

(*) Transaction value at issue date

The maturity of the asset-backed securitisation programmes is as follows:

(in EUR million)	**December 31,2016**	**December 31,2015**
Less than 1 year	489.9	500.7
1-5 years	896.7	436.2
Over 5 years	0.0	0.0
Total securitisation programme	**1,386.6**	**936.9**

For further details on the transactions reference is made to notes 14 and 26.

Corporate bond

The Group is also engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's ratings services.

Within this programme, the group has issued:

- a bond in November 2013 for an amount of EUR 500 million maturing in May 2017 at a fixed rate of 2.086%.
- a bond in January 2015 for an amount of EUR 500 million maturing in 3 years at a fixed rate of 0.820% and in November 2015 another bond for an amount of EUR 500 million maturing in 2 years at floating rate of Euribor 3M + 60 bps.

No new bonds have been launched by the Group in 2016.

The presentation of financial borrowings by maturity is provided in note 26 below.

3.1.3 Asset risk

The Group is exposed to asset risk, which can be split into two main underlying risk components: the residual value risk and the risk related to service maintenance.

Residual value risk

The residual value, defined as the value of the vehicle at the end of the lease as estimated by ALD International at inception of the lease, may differ from the future market value of the car at the end of the contract. This difference is a part of the global risk on used car sales and is managed in ALD International Group through robust internal procedures applied to all ALD subsidiaries in order to set, control and revaluate the residual values on the running fleet. The residual value setting procedure defines the processes, roles and responsibilities involved in the definition of residual values that will be used for the quotation of future contracts. Residual value setting is performed locally as the expertise in used car market is local and controlled and approved centrally. Calculation is based on refined market segmentation and on a statistical model using internal used car sales data for each market segment as well as Trade Guides references and country specific factors (inflation, market sector adjustments, life cycle etc.). Residual value setting is reviewed by local general management during a local pricing committee held at least twice a year (quarterly for larger subsidiaries), and then controlled and validated at an international level.

Residual values of the current running fleet are reviewed at least yearly (twice a year for the entities with more than 5,000 vehicles). It is performed at a local level through a revaluation process which is reviewed and approved at international level. The current residual value embedded in the contract is compared with the expected market value on a car by car basis.

Revaluation adjustments are accounted for on a portfolio basis whenever necessary, in order to match the expected market value at contract ending and mitigate any market risk.

In accordance with IAS 8, a residual value is treated as an accounting estimate; as such, all potential car sales losses are recognised on a straight line basis between the date of the revaluation and the end of the contract; where the revaluation in a country produces an overall profit, no adjustment is made. The residual value of the total lease portfolio at December 31, 2016 amounts to EUR 8,888 million.

Risk related to services maintenance and tyres

The maintenance risk is the risk that the actual costs of maintenance incurred during the contract life are greater than the costs forecasted and included in the quotation at the beginning of the contract. Maintenance pricing setting is done locally using local historical statistics, under the supervision of ALD International. A global review of the maintenance margins is done for each country on a regular basis in order to back test the pricing assumptions in terms of costs and frequencies and to make the necessary adjustments if maintenance and tyre costs are higher in the latter part than in the first part of a contract's life.

3.1.4 Insurance risk

The Group is exposed to the risk of damage to vehicles within its fleet and also to liability to third parties arising from accidents involving vehicles in its fleet. This risk can take the form of third party liability (TPL), legal defence, material damage or passenger indemnity. Where the Group decides not to retain this risk or is legally obliged to buy insurance, this risk is placed through local insurance companies. However, for some local ALD entities, the Group has selectively decided that the entity should retain the material damage risk to its own vehicles, where it is justified by the fleet size, the fleet risk profile and local market conditions. The entity managing this material damage risk must comply with strict internal procedures in terms of pricing setting, risk selection, and reserve setting. Material own damages reserves are a combination of the estimated amount required to meet the costs of future claims plus an estimation of future claims costs which have been incurred but not reported (IBNR). This IBNR is based on statistical analysis of damage frequency and amounts.

The Group also selectively retains some motor risks (material damages, passenger insurance and TPL risks) within its own reinsurance company, ALD Re Limited (ALD Re). ALD Re is based in Ireland and is regulated by the Central Bank of Ireland. The company reinsures TPL, material damages and passenger insurance coverage for approximately 300,000 cars covering 23 entities within the Group. ALD Re strictly monitors its risk universe, including underwriting, market, credit and operational risk, via a strong corporate governance structure, a clearly defined risk appetite and a developed risk monitoring process. In addition, in order to minimize the financial impact of a single event, ALD Re purchases reinsurance protection for claims above a specified amount. This reinsurance strategy is reviewed at least annually.

In addition, every year, an external independent actuary must opine on whether the level of technical reserves held by ALD Re are considered adequate to meet its future obligations as determined by that independent actuary.

3.2 FAIR VALUE ESTIMATION

The Group analyses financial assets and liabilities by various valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial assets and liabilities is measured at amortised cost, except for receivables for which fair value is deemed to be the nominal amount.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily cash and cash equivalents and long-term investments (please refer to note 19 "Other non-current and current financial assets")

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to note 24 “Financial assets and liabilities by category”.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated presented in note 2.7.1 of these consolidated financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows. We are using a five-year business plan for each of the CGU or group of CGUs identified.

Based on the assumptions made by the Group, no need for impairment on goodwill has been identified.

Sensitivity tests are carried out to measure the impact on each CGU’s recoverable value based on certain assumptions. At 31 December 2016, sensitivities to variations in the cash flows and discount rates were measured.
According to the results in these tests:

- a decrease in operating cash flows by 10% compared to management’s estimates would lead to a decrease of 1.9% in recoverable value and would not generate any additional impairment
- an increase of 100 basis points applied to all discount rates estimated by management would lead to a decrease of 19.3% in recoverable value and would not generate any additional impairment.

4.2 IMPAIRMENT OF RENTAL FLEET

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operating lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined at the present value of the future cash flows expected to be derived from the object or cash generating unit. The management closely monitors residual values, which are reviewed internally at least each financial year, in accordance with internal procedures. The original residual values within internal system will be compared to the revised residual values expected at contract termination, following a review. The results of this exercise will be used to assess the level of exposure, reserves held and potential impairment required. To prevent impairment on residual values, each country completes a minimum of one annual review of pricing under the supervision of the Group to ensure that assumptions used in pricing reflect expected future market conditions, thus ensuring residual values are predicted with a reasonable degree of accuracy and on a consistent basis going forward.

4.3 FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of certain financial instruments is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

4.4 PENSION BENEFITS

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

If the discount rate used were to differ by +1% from management's estimates, the carrying amount of pension obligations would be an estimated EUR 3 million lower.

4.5 INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.6 OWN DAMAGE RESERVE

The own damage reserve is based on assumptions such as technical damage risk principles, policyholder behaviour, inflation and court decisions. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

NOTE 5. SEGMENT INFORMATION

The Board of Directors approves the decisions taken by the Group's Executive Committee which is the main decision making body (comprising of the Group's CEO, Deputy CEOs, CFO and CAO and CCO)[27]. The Group's Executive Committee has decided to make certain changes to the presentation of

[27] CEO: Chief Executive Officer, CFO: Chief Financial Officer, CAO: Chief Administration Officer and CCO: Chief Commercial Officer.

the geographical segments in the financial statements for the year ended December 31, 2016 compared to the presentation in the financial statements of the prior year. The changes were made to better reflect the distinct geographical regions which are a focus of management attention and reporting which is also aligned with the managerial supervision at Group level.

The main changes were as follows:

- Russia was reallocated from the 'BRIC and Rest of the World' segment to Continental & Eastern Europe
- Subsequent to the above change, the segment 'BRIC and Rest of the World' has been renamed as 'LatAm, Africa, Asia and Rest of the World'

Geographically, management considers the performance in Western Europe, Central and Eastern Europe, Northern Europe and LatAm, Africa, Asia and Rest of the World.
The central treasury function based in Luxembourg provides funding to the main ALD entities located in 13 countries. The total loans in place to these entities amounts to EUR 9 billion.

Loans by the central treasury to ALD entities are at arm's length according to OECD guidelines and supported by relevant transfer pricing documentation.

This department is responsible for monitoring the funding requirements and structural risks of the Group. Furthermore, it provides technical advice on financial instruments, including derivatives and on the various securitisations and bond issue program of the Group.

The Group's Management assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in consolidated financial statements. They also check to ensure that no customer represents more than 10% of the total revenue.

Revenue and Profit before tax

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

	Year ended December 31, 2016		**Year ended December 31, 2015**		**Year ended December 31, 2014 (*)**	
(in EUR million)	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**
Western Europe	489.6	5,594.3	411.3	5,022.7	336.2	4,611.4
Nordic	92.7	908.9	107.1	889.6	97.3	855.8
Continental & Eastern Europe	79.1	740.3	80.5	664.9	77.1	636.9
LatAm, Africa, Asia & Rest of world	4.6	321.8	5.1	254.3	2.6	212.4
TOTAL	**666.0**	**7,565.4**	**604.0**	**6,831.6**	**513.2**	**6,316.5**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

	Year ended December 31, 2016	**Year ended December 31, 2015**	**Year ended December 31, 2014 (*)**

(in EUR million)	Revenue from external customers	Revenue from external customers	Revenue from external customers
Leasing contract revenues	3,520.7	3,211.5	3,015.4
Services revenues	1,667.0	1,574.6	1,514.7
Proceeds of cars sold	2,377.7	2,045.5	1,786.4
TOTAL	**7,565.4**	**6,831.6**	**6,316.5**

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

Other disclosures

	Year ended December 31, 2016		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	10,748.0	14,662.1	11,004.7
Nordic	1,392.3	1,607.2	59.6
Continental & Eastern Europe	1,413.2	1,606.2	1,122.3
LatAm, Africa, Asia & Rest of world	521.4	633.1	515.6
TOTAL	**14,075.0**	**18,508.6**	**12,702.2**

	Year ended December 31, 2015		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	8,773.4	12,319.4	9,075.1
Nordic	1,358.2	1,623.7	(1.8)
Continental & Eastern Europe	1,097.3	1,212.1	853.8
LatAm, Africa, Asia & Rest of world	445.6	571.9	481.0
TOTAL	**11,674.6**	**15,727.1**	**10,408.1**

	Year ended December 31, 2014		
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	7,760.9	10,996.9	8,787.7
Nordic	1,197.4	1,569.9	18.7
Continental & Eastern Europe	936.1	1,086.8	767.5
LatAm, Africa, Asia & Rest of world	406.6	482.0	399.5
TOTAL	**10,300.9**	**14,135.6**	**9,973.4**

(*) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet

Revenue from external customers and Rental Fleet by countries with Revenues in excess of €100 million are detailed below:

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014 (*)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
(in EUR million)	**Revenue from external customers**	**Revenue from external customers**	**Revenue from external customers**	**Rental Fleet**	**Rental Fleet**	**Rental Fleet**

France	1,625.1	1,272.4	1,232.1	3,536.4	2,501.9	2,313.7
Italy	1,106.8	1,011.0	939.8	2,027.3	1,635.1	1,361.5
UK	819.7	842.0	663.6	1,394.1	1,427.6	1,187.4
Germany	547.2	550.2	505.9	959.9	812.7	748.4
Belgium	492.4	427.5	414.3	885.9	772.8	729.8
Spain	439.2	410.3	385.2	852.8	719.2	628.9
Netherlands	335.7	291.3	266.4	646.6	524.3	427.6
Finland	310.6	316.9	263.1	460.3	491.4	366.9
Denmark	285.8	279.1	280.1	360.7	338.0	320.6
Sweden	204.7	200.5	202.6	364.0	355.3	327.4
Luxembourg	142.0	128.4	117.3	242.2	210.6	202.0
Brazil	132.0	88.3	84.6	200.0	155.7	160.6
Turkey	112.8	87.9	90.0	220.6	197.6	178.7
Norway	107.8	93.2	110.1	207.4	173.5	182.5
Other Countries	903.6	832.7	761.4	1,716.7	1,358.9	1,164.9
TOTAL	**7,565.4**	**6,831.6**	**6,316.5**	**14,075.0**	**11,674.6**	**10,300.9**

(*)Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

NOTE 6. CHANGES IN THE SCOPE OF CONSOLIDATION IN THE YEAR ENDED DECEMBER 31, 2016

At December 31, 2016 all companies are fully consolidated, except 2 companies accounted using the equity method.

Parcours Group, MKB-Euroleasing Autopark (Hungary), MKB-Autopark eood (Bulgaria) and ALD Peru have been included in the scope of consolidation as at December 31, 2016.

Parcours Group was acquired by ALD France (‘Temsys’) on May 3, 2016. It was the seventh largest leasing player in France and the acquisition resulted in an addition of c. 64,000 vehicles managed in France, Spain, Belgium, Luxembourg and Portugal. The purchase price was EUR 297.7 million which was paid in cash. Initial goodwill of EUR 192.7 million was calculated based on a net asset valuation of EUR 105.2 million. In the second half of the year the goodwill was revised to EUR 202.7 million based on a net asset valuation of EUR 95.2 million. In the first four months of 2016 Parcours group generated pre-acquisition revenue of EUR 152.6 million and pre tax profit of EUR 4.3 million.
The entity has been fully consolidated from May 3, 2016.

NOTE 7. REVENUES AND COST OF REVENUES

7a. Leasing contract margin

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Leasing contract revenue - operating leases	3,424.5	3,112.7	2,929.7
Interest income from finance lease	72.0	74.5	62.8
Other interest income	24.2	24.3	22.9
Leasing contract revenues	**3,520.7**	**3,211.5**	**3,015.4**
Leasing contract costs - depreciation	(2,795.8)	(2,552.2)	(2,379.1)
Leasing contract costs –financing:			
Interest charges on loans from financial institutions	(165.2)	(195.4)	(210.8)
Interest charges on issued bonds	(21.7)	(30.2)	(27.0)
Other interest charges	(18.9)	(4.2)	(19.2)
Total interest charges	(205.9)	(229.8)	(257.0)
Leasing contract costs – depreciation and financing	**(3,001.7)**	**(2,781.9)**	**(2,636.1)**
Trading derivatives	3.6	36.7	22.5
Imperfectness of derivatives at fair value hedges	0.0	0.3	(0.1)
Imperfectness of derivatives at cash flow hedges	(0.2)	(0.2)	(0.0)
Unrealised gains/losses on financial instruments	3.4	36.8	22.4
Unrealised Foreign Exchange Gains or Losses	(8.3)	(34.7)	(20.6)
Total Unrealised gains/losses on financial instruments	(4.9)	2.1	1.8
Leasing contract margin	**514.1**	**431.6**	**381.1**

“Other interest income” comprises income received from financial instruments and also income received for cash deposits with third party counterparts.

Leasing contract costs - depreciation includes the movement in the provision for excess depreciation which is booked in each entity following the fleet revaluation process which detailed in section 3.1.3

Following the announcement in September 2015 by Volkswagen Audi Group regarding the ‘defeat device’ software installed in its vehicles, ALD Group booked an exceptional depreciation charge of EUR 1,000 per vehicle on all affected vehicles. This additional depreciation has subsequently been partially released in 2016 resulting in a positive impact in this year.

7b. Service margin (group rental and damage risk retention into leases services)

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Services revenue	1,667.0	1,574.6	1,514.7
Cost of services revenues	(1,138.4)	(1,040.6)	(1,069.3)
Services margin	**528.6**	**534.0**	**445.4**

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and, replacement vehicles.

7c. Car sales result

On a periodic basis, the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The net impact of this provisioning is included within the Depreciation cost and in 2016 this impact was a net charge of EUR 8 million (2015: EUR 40 million net charge, 2014: EUR 41 million net charge).

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Proceeds of cars sold	2,377.7	2,045.5	1,786.4
Cost of cars sold	(2,176.2)	(1,838.3)	(1,633.3)
Car sales result	**201.5**	**207.2**	**153.1**

The significant increase in profits derived from the end of contract used car sales between 2014 and 2015 was driven mainly by a lack of supply in the market.

7d. Revenues

Revenues that are included within the margins analysed in 7a, 7b and 7c are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Services Revenues	**1,667.0**	**1,574.6**	**1,514.7**
Leasing contract revenue - operating leases	3,424.5	3,112.7	2,929.7
Interest revenue	96.2	98.8	85.8
Leasing contract revenues	**3,520.7**	**3,211.5**	**3,015.4**
Sub-Total - Revenues from Rental Activity	**5,187.6**	**4,786.1**	**4,530.2**
Proceeds of Cars Sold	2,377.7	2,045.5	1,786.4
Total Revenues	**7,565.4**	**6,831.6**	**6,316.6**
Total Revenues excluding Interest Income	**6,851.3**	**6,138.1**	**5,659.9**

Total Revenues excluding Interest Income is equal to the Revenues as disclosed in the Consolidated Income Statement in the Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

NOTE 8. IMPAIRMENT CHARGES ON RECEIVABLES

		Year ended December 31,		
(in EUR million)	**Note**	**2016**	**2015**	**2014**
Impairment		(29.4)	(27.3)	(22.4)
Reversal of impairment		5.6	6.4	4.1
Impairment charges on receivables	**21**	**(23.8)**	**(20.9)**	**(18.4)**

NOTE 9. STAFF EXPENSES

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Wages and salaries	(261.6)	(234.2)	(210.6)
Social security charges	(54.7)	(47.8)	(44.7)
Defined benefit post-employment costs	(2.5)	(2.8)	(3.3)
Other staff costs	(23.7)	(21.5)	(21.1)
Total	**(342.5)**	**(306.3)**	**(279.6)**

The average number of staff employed (including temporary staff) by the Group during the year was 5,653 (2015: 5,079, 2014: 4,755). At year-end, the full time equivalent number of staff employed by the Group was 6,074 (2015: 5,230, 2014: 4,928).

NOTE 10. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses mainly include IT costs, property costs, professional fees and advertising. Since 2015 ALD has accelerated the IT investment programme as part of the Group's commitment to be the preferred choice for mobility solutions within the market. There has been a specific focus on digital solutions in order to further enhance customer experience, including fleet manager and driver web portals as well as investment in the development of new flexible products for our customers.

This year the Group has incurred additional professional fees mainly driven by the investments in the Parcours and MKB groups and also some other external growth projects.
A provision for potential additional VAT charges of EUR 7.5 million has also been recognised in 2016.

NOTE 11. DEPRECIATION AND AMORTISATION

		Year ended December 31,		
(in EUR million)	**Notes**	**2016**	**2015**	**2014**
Depreciation of other property and equipment	**15**	(15.4)	(12.5)	(9.9)
Depreciation of intangible assets	**15**	(6.1)	(3.7)	(3.2)
Total		**(21.5)**	**(16.1)**	**(13.0)**

NOTE 12. NON-RECURRING OPERATING INCOME (EXPENSES)

Non recurring costs of EUR 2 million in the year ending December 31, 2016 relate to one-off breakage costs incurred due to the repayment of loans granted by Société Générale to ALD Luxembourg SA.

NOTE 13. INCOME TAX EXPENSE

Income tax expense

(in EUR million)	Year ended December 31, 2016	2015	2014
Current tax	(120.8)	(171.9)	(136.3)
Deferred tax	(29.6)	(2.8)	0.6
Income tax expense	**(150.4)**	**(174.7)**	**(135.7)**

Effective tax rate reconciliation

(in EUR million)	Year ended December 31, 2016	2015	2014*
Profit before tax	**666.1**	**604.0**	**513.2**
Standard tax rate in France	**34.43%**	**34.43%**	**34.43%**
Tax expense at standard rate	**(229.3)**	**(208.0)**	**(176.7)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	68.4	74.9	55.1
Tax effects of:			
Associates' results reported net of tax	0.2	0.3	0.2
Income not subject to tax	14.9	7.7	6.4
Expenses not deductible for tax purposes	19.4	(26.3)	(9.8)
Utilisation of previously unrecognised tax losses	(4.9)	0.4	0.6
Tax losses for which no deferred income tax asset was recognised	-	-	(0.1)
Re-measurement of deferred tax	9.1	8.5	16.4
Adjustment in respect of prior years	(5.2)	(22.3)	(19.6)
Other	(23.0)	(9.9)	(8.3)
Total	**(150.4)**	**(174.7)**	**(135.7)**
Effective rate of income tax	22.58%	28.93%	26.43%

(*) Restated amounts of financial statements communicated at December 31, 2014 according to the retrospective application of IFRIC21

Of the tax calculated at domestic rates applicable to profits in the respective countries in 2016, the major contributors are Luxembourg, UK, Italy, Ireland and Spain where effective tax rates are lower than in France (with applicable tax rates of 20.3%, 20.0%, 27.5%, 12.5% and 25.0% respectively).

The increase in ‘other’ between 2015 and 2016 is driven by additional Corporate tax paid on increased dividend activity and also a tax liability generated following the internal sale of the non-French Parcours entities.

The increase in the effective tax rate between 2015 and 2014 is mainly due to a change in the geographical mix of profits between 2015 and 2014 towards jurisdictions where the Group is subject to a higher effective tax rate as well as provisions related to tax proceedings in India.

2016 includes the reversal of a prior year provision as deductibility of exceptional costs booked in 2015 has now been fully documented.

Net deferred tax variation

The gross movement on the net deferred tax account is as follows:

(in EUR million)	Year ended December 31, 2016	2015	2014
Net deferred tax liabilities at 1 January	**(56.0)**	**(52.8)**	**(61.4)**
Income statement charge	(29.5)	(2.8)	0.6
Tax charged/(credited) directly to equity	4.4	(2.5)	1.0
Currency translation differences	(1.4)	1.8	6.9
Scope changes	(0.2)	0.3	0.6
Other	0.0	(0.0)	(0.6)
Net deferred tax liabilities at 31 December	**(82.7)**	**(56.0)**	**(52.8)**

Deferred income tax by nature

(in EUR million)	Year ended December 31, 2016	2015	2014
Accelerated tax depreciation	(243.4)	(208.1)	(175.3)
Provisions	100.4	115.2	122.8
Tax losses	14.1	21.1	2.5
Fair value gains	9.6	3.3	16.9
Retirement benefit obligation	(0.2)	0.6	0.7
Other timing differences	35.3	11.0	(25.8)
Other	1.6	0.8	5.4
Net deferred tax asset/(liability)	**(82.7)**	**(56.0)**	**(52.8)**

The majority of the 2016 tax losses EUR 14.1 million (2015: EUR 21.1 million) are attributable to France EUR 4.6 million (2015: EUR 10 million), Norway EUR 4 million (2015: EUR 4.5 million) and Germany EUR 3.8 million (2015: EUR 5.5 million). No significant unrecognized accumulated tax losses have been booked over the last three financial years.

NOTE 14. RENTAL FLEET

(in EUR million)	**Rental fleet**
At 1 January 2014	
Cost	13,949.5
Accumulated depreciation & impairment	(4,381.0)
Carrying amount As at 1 January 2014	**9,568.4**
Year ended 31 December 2014	
Opening net book amount	9,568.4
Additions	5,199.1
Disposals	(2,025.9)
Acquisition of a subsidiary	(0.0)
Depreciation charge	(2,434.3)
Transfers	-
Currency translation differences	(6.3)
Closing net book amount As at December 31, 2014	**10,300.9**
At 31 December 2014	
Cost	14,919.4
Accumulated depreciation & impairment	(4,618.5)
Carrying amount As at December 31, 2014	**10,300.9**
Year ended 31 December 2015	
Opening net book amount	10,300.9
Additions	5,668.1
Disposals	(1,814.0)
Acquisition of a subsidiary	160.3
Depreciation charge	(2,656.6)
Transfers	18.9
Currency translation differences	(3.0)
Closing net book amount As at December 31, 2015	**11,674.6**
At 31 December 2015	
Cost	16,550.7
Accumulated depreciation & impairment	(4,876.1)
Carrying amount As at December 31, 2015	**11,674.6**
Year ended 31 December 2016	
Opening net book amount	11,674.6
Additions	6,724.8
Disposals	(2,157.2)
Acquisition of a subsidiary	876.4
Depreciation charge	(2,846.2)
Transfers	0.2
Currency translation differences	(197.6)
Closing net book amount As at December 31, 2016	**14,075.0**
At 31 December 2016	
Cost	19,539.8
Accumulated depreciation & impairment	(5,464.8)
Carrying amount As at December 31, 2016	**14,075.0**

At the December 31, 2016, December 31, 2015 and December 31, 2014 there were no impairments on the “Rental fleet”.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed to the first class of notes which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for EUR 1,849 million at December 31, 2016. The transferred lease receivables cannot be sold.

At December 31, 2016, the accounting value of the associated liabilities is GBP 300 million in the UK, EUR 300 million Belgium, EUR 236 million in the Netherlands and EUR 500 million in Germany.

For further details on the transactions reference is made to the Financial Risks Management Section (Liquidity risks) of the Accounting Principles.

NOTE 15. OTHER PROPERTY AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

Other property and equipment:

(in EUR million)	Note	Land	Property	Equipment	Total
At 1 January 2014					
Cost		2.9	27.2	66.5	96.5
Accumulated depreciation & impairment			(17.8)	(43.7)	(61.5)
Carrying amount As at 1 January 2014		**2.9**	**9.4**	**22.8**	**35.1**
Year ended 31 December 2014					
Opening net book amount		**2.9**	**9.4**	**22.8**	**35.1**
Additions		-	7.3	17.5	24.9
Disposals		-	(2.1)	(7.6)	(9.7)
Depreciation charge	**11**	-	(2.2)	(7.7)	(9.9)
Transfer to intangible assets		-	(0.0)	(0.0)	(0.0)
Scope changes		-	-	0.0	0.0
Currency translation differences		(0.1)	(0.2)	(0.3)	(0.6)
Closing Net book amount As at December 31, 2014		**2.8**	**12.2**	**24.8**	**39.8**
At 31 December 2014					
Cost		2.8	31.1	68.6	102.4
Accumulated depreciation & impairment			(18.8)	(43.9)	(62.7)
Carrying amount As at December 31, 2014		**2.8**	**12.3**	**24.7**	**39.8**
Year ended 31 December 2015					
Opening net book amount		**2.8**	**12.3**	**24.7**	**39.8**
Additions		-	3.9	23.8	27.6
Disposals		-	(1.6)	(7.3)	(8.9)
Depreciation charge	**11**	-	(2.8)	(9.8)	(12.6)
Transfer from intangible assets		-	0.0	1.4	1.4
Scope changes		-	0.0	(0.3)	(0.3)
Currency translation differences		(0.0)	(0.3)	(0.3)	(0.6)
Closing Net book amount As at December 31, 2015		**2.8**	**11.5**	**32.2**	**46.5**
At 31 December 2015					
Cost		2.8	31.9	89.1	123.8
Accumulated depreciation & impairment			(20.5)	(56.9)	(77.4)
Carrying amount As at December 31, 2015		**2.8**	**11.4**	**32.2**	**46.4**
Year ended 31 December 2016					
Opening net book amount		**2.8**	**11.4**	**32.2**	**46.4**
Additions		0.4	8.5	25.5	34.3
Disposals		-	(0.7)	(8.8)	(9.5)
Depreciation charge	**11**	-	(4.0)	(11.4)	(15.3)
Transfer to assets qualified as held-for-sale		-	-	-	-
Transfer from intangible assets		-	(0.0)	(0.3)	(0.3)
Scope changes		4.4	12.6	2.6	19.6
Currency translation differences		(0.1)	0.1	0.0	0.1
Closing Net book amount As at December 31, 2016		**7.4**	**28.0**	**39.9**	**75.3**
At 31 December 2016					
Cost		7.4	52.2	99.1	158.7
Accumulated depreciation & impairment			(24.3)	(59.1)	(83.4)
Carrying amount As at December 31, 2016		**7.4**	**28.0**	**39.9**	**75.3**

Other intangible assets:

(in EUR million)	Note	Software	Other	Total
At 1 January 2014				
Cost		38.3	4.4	42.6
Accumulated amortisation and impairment		(33.5)	(0.7)	(34.2)
Carrying amount As at 1 January 2014		**4.8**	**3.6**	**8.4**
Year ended 31 December 2014				
Opening net book amount		**4.8**	**3.6**	**8.4**
Additions		4.9	6.4	11.3
Divestments		(0.4)	-	(0.4)
Amortisation	**11**	(3.1)	(0.2)	(3.3)
Transfer to other property and equipment		(0.0)	(0.0)	(0.0)
Currency translation differences		0.0	0.9	0.9
Closing net book amount As at December 31, 2014		**6.1**	**10.8**	**16.9**
At 31 December 2014				
Cost		40.7	11.6	52.3
Accumulated amortisation and impairment		(34.6)	(0.8)	(35.4)
Carrying amount As at December 31, 2014		**6.1**	**10.8**	**16.9**
Year ended 31 December 2015				
Opening net book amount		**6.1**	**10.8**	**16.9**
Additions		6.4	1.1	7.5
Divestments		(0.1)	-	(0.1)
Amortization	**11**	(3.6)	(0.1)	(3.7)
Transfer to other property and equipment		(1.4)	-	(1.4)
Currency translation differences		0.0	0.7	0.7
Closing net book amount As at December 31, 2015		**7.4**	**12.5**	**19.9**
At 31 December 2015				
Cost		36.3	13.3	49.6
Accumulated amortisation and impairment		(28.9)	(0.8)	(29.7)
Carrying amount As at December 31, 2015		**7.4**	**12.5**	**19.9**
Year ended 31 December 2016				
Opening net book amount		**7.4**	**12.5**	**19.9**
Additions		13.8	0.7	14.5
Divestments		(0.3)	(0.1)	(0.4)
Amortization	**11**	(5.9)	(0.1)	(6.0)
Transfer to other property and equipment		0.0	-	0.0
Scope changes		1.4	-	1.4
Currency translation differences		(0.0)	(0.4)	(0.4)
Closing net book amount As at December 31, 2016		**16.4**	**12.6**	**29.0**
At 31 December 2016				
Cost		48.2	13.5	61.7
Accumulated amortisation and impairment		(31.8)	(0.9)	(32.7)
Carrying amount As at December 31, 2016		**16.4**	**12.6**	**29.0**

NOTE 16. GOODWILL

(in EUR million)	Goodwill
At 1 January 2014	
Cost	178.4
Accumulated impairment	-
Carrying amount As at January 1, 2014	**178.4**
Year ended 31 December 2014	
Opening net book amount	**178.4**
Additions	-
Divestments	-
Impairment	-
Transfer to other property and equipment	-
Currency translation differences	-
Net book amount As at December 31, 2014	**178.4**
At 31 December 2014	
Cost	178.4
Accumulated impairment	-
Carrying amount As at December 31, 2014	**178.4**
Year ended 31 December 2015	
Opening net book amount	**178.4**
Additions	13.3
Divestments	-
Impairment	-
Transfer to other property and equipment	-
Scope changes	-
Currency translation differences	-
Closing net book amount As at December 31, 2015	**191.7**
At 31 December 2015	
Cost	191.7
Accumulated impairment	-
Carrying amount As at December 31, 2015	**191.7**
Year ended 31 December 2016	
Opening net book amount	**191.7**
Additions	-
Gross amount	-
Accumulated depreciation & impairment	-
Divestments	-
Impairment	-
Amortisation	-
Transfer to other property and equipment	-
Scope changes	232.2
Currency translation differences	0.5
Closing net book amount As at December 31, 2016	**424.4**
At 31 December 2016	
Cost	424.4

Accumulated impairment	-
Carrying amount As at December 31, 2016	**424.4**

Goodwill by cash-generating units:

(in EUR million)	As at January 1, 2016	Addition	Divestments	Impairment losses	IFRS5 Impact	As at December 31, 2016
France	21.6	190.4	-	-	-	212.0
Germany D	37.9	-	-	-	-	37.9
Italy	50.2	-	-	-	-	50.2
Spain	14.1	10.8	-	-	-	24.9
UK	22.6	-	-	-	-	22.6
Benelux	12.0	1.3	-	-	-	13.3
Mediterranean Hub	2.3	0.1	-	-	-	2.5
Nordics Hub	18.6	-	-	-	-	18.6
South Eastern Europe Hub	9.5	-	-	-	-	9.5
North Eastern Europe Hub	1.4	-	-	-	-	1.4
Central Europe Hub	1.5	30.0	-	-	-	31.5
Total	**191.7**	**232.7**				**424.4**

(in EUR million)	As at January 1, 2015	Addition	Divestments	Impairment losses	IFRS5 Impact	As at December 31, 2015
France	21.6	-	-	-	-	21.6
Germany D	37.9	-	-	-	-	37.9
Italy	50.2	-	-	-	-	50.2
Spain	14.1	-	-	-	-	14.1
UK	22.6	-	-	-	-	22.6
Benelux	12.0	-	-	-	-	12.0
Mediterranean Hub	2.3	-	-	-	-	2.3
Nordics hub	5.3	13.3	-	-	-	18.6
South Eastern Europe Hub	9.5	-	-	-	-	9.5
North Eastern Europe Hub	1.4	-	-	-	-	1.4
Central Europe Hub	1.5	-	-	-	-	1.5
Total	**178.4**	**13.3**	**-**	**-**	**-**	**191.7**

(in EUR million)	As at January 1, 2014	Addition	Divestments	Impairment losses	IFRS5 Impact	As at December 31, 2014
France	21.6	-	-	-	-	21.6
Germany D	37.9	-	-	-	-	37.9
Italy	50.2	-	-	-	-	50.2
Spain	14.1	-	-	-	-	14.1
UK	22.6	-	-	-	-	22.6
Benelux	12.0	-	-	-	-	12.0
Portugal	2.3	-	-	-	-	2.3
Nordics hub	5.3	-	-	-	-	5.3
South Eastern Europe Hub	9.5	-	-	-	-	9.5
North Eastern Europe Hub		-	-	-	-	1.4

1.4

Central Europe Hub	1.5	-	-	-	-	1.5
Total	**178.4**	**-**	**-**	**-**	**-**	**178.4**

On an annual basis, ALD International performs an impairment test for each cash-generating unit (CGU) to which goodwill has been allocated.

An impairment loss is recognised in the income statement if the carrying amount of CGU, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF). Cash flows were projected on actual financial results and the 5-year business plans, for which Management has assessed and approved the reasonableness of its assumptions by examining the causes of differences between past cash flow projections and actual cash flows.

A discount rate was applied which is built up of a risk-free interest, a market premium multiplied by a market specific beta. There was no impairment recognised in 2016, 2015 and 2014.

The key assumptions used for value-in-use calculations in 2016, 2015 and 2014 are as follows:

Assumptions in 2016, 2015 and 2014:

	Discount Factor 2016	**Discount Factor 2015**	**Discount Factor 2014**	**Perpetuity rate (2016, 2015 and 2014)**
France	6.09%	6.14%	7.17%	2.00%
Germany D	6.86%	7.05%	7.06%	2.00%
Italy	5.43%	4.92%	5.92%	2.00%
Spain	7.54%	7.77%	7.08%	2.00%
UK	6.47%	7.48%	8.02%	2.00%
Benelux	5.28%	5.74%	6.63%	2.00%
Mediterranean Hub	4.95%	6.24%	5.77%	2.00%
Nordics Hub	7.64%	10.45%	11.92%	2.00%
South Eastern Europe Hub	12.38%	12.54%	13.51%	2.00%
North Eastern Europe Hub	9.43%	10.70%	13.93%	2.00%
Central Europe Hub	8.90%	8.92%	9.47%	2.00%

NOTE 17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Year ended December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Balance as at 1 January,	**5.6**	**4.9**	**4.2**
Share of results	0.3	0.6	0.6
Currency translation differences	0.1	0.1	0.1
Balance as at 31 December,	**6.0**	**5.6**	**4.9**

Name	Country of incorporation	Assets	Liabilities (*)	Revenues	Profit/ (Loss)	% interest held
As at January 1, 2014						
ALD Automotive SA Morocco	MOROCCO	37.1	34.1	13.1	0.5	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.3	0.1	-	-	35%
Total		**38.4**	**34.2**	**13.1**	**0.5**	
As at December 31, 2014						
ALD Automotive SA Morocco	MOROCCO	41.0	37.3	14.5	0.6	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	-	-	35%
Total		**42.2**	**37.3**	**14.5**	**0.6**	
As at December 31, 2015						
ALD Automotive SA Morocco	MOROCCO	46.4	42.0	17.6	0.9	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	-	-	35%
Total		**47.6**	**42.0**	**17.6**	**0.9**	
As at December 31, 2016						
ALD Automotive SA Morocco	MOROCCO	49.1	44.3	18.1	0.7	35%
Nedderfeld 95 Immobilien Gmbh & Co. KG	GERMANY	1.2	0.0	-	-	35%
Total		**50.3**	**44.3**	**18.1**	**0.7**	

(*) Excluding net equity

NOTE 18. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates and foreign exchange rates through interest rate and currency swaps respectively. As a matter of policy, derivatives are not used for speculative purposes. Derivative instruments that are measured at fair value on a recurring basis are included in the caption "Derivative financial instruments" in the consolidated balance sheet.

	Year ended December 31,2016		**Year ended December 31,2015**		**Year ended December 31,2014**	
(in EUR million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cash flow hedge	3.0	5.6	0.0	2.2	0.0	2.6
Interest rate swaps - fair value hedge	1.3	1.3	0.8	0.8	1.2	1.5
Foreign Exchange swaps	5.2	24.1	63.5	2.4	16.5	1.1
Trading derivatives	68.8	21.0	65.1	21.1	82.3	85.3
Total	**78.3**	**52.0**	**129.4**	**26.5**	**100.1**	**90.5**
Less non-current portion:						
Interest rate swaps - cash flow hedge	3.0	5.6	0.0	2.2	0.0	0.5
Interest rate swaps - fair value hedge	0.8	1.3	0.0	0.5	0.0	1.2
Foreign Exchange swaps	5.2	21.7	10.5	2.3	14.4	1.0
Trading derivatives	59.9	19.0	54.5	20.8	70.7	85.3
Total non-current portion	**68.9**	**47.6**	**65.0**	**25.8**	**85.1**	**88.0**
Current portion	**9.4**	**4.5**	**64.4**	**0.7**	**15.0**	**2.5**

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Foreign exchange swaps

The notional principal amounts of the foreign exchange swaps contracts at December 31, 2016 were EUR 213.5 million (2015: EUR 221.1 million, 2014: EUR 179.6 million).

The hedged, highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of December 31, 2016 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period.

Interest rate swaps

Interest rate swaps are concluded to cover cash-flows or fair value of its main borrowings.

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2016 were EUR 3,409.6 million (2015: EUR 1,530.9 million, 2014: EUR 1,150.6 million).
At December 31, 2016, the main floating rates are EURIBOR, NIBOR (Norway) and STIBOR (Sweden). Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of December 31, 2016 will be continuously released to the income statement within finance charges until the repayment of the financial debt.

NOTE 19. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Long-term investments (10 years)	979.8	1,072.4	1,127.5
Other current financial assets	288.4	237.6	243.8
Other	0.4	0.2	19.2
Total	**1,268.5**	**1,310.1**	**1,390.6**

Long-term investments are a resource resulting from the policy of the Group and of its shareholder, Société Générale, to monitor the Group’s interest rate risk through the matching of assets and liabilities by maturity. Available equity is considered as a long term resource which needs to be matched with long-term assets (refer to Interest rate risks management in financial risk management section above). Equity reinvestments are made in long term amortizing deposits within Société Générale in order to remain within the interest rate sensitivity limit set for each entity (variation in the net present value of the future residual fixed rate positions, surplus or deficit, for a 1% parallel increase in the yield curve).

In jurisdictions, where feasible, the Group has also implemented equity replacement swaps rather than investing in long term amortising assets.

NOTE 20. INVENTORIES

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Inventories - gross value	221.4	182.8	171.0
Valuation allowance	(11.9)	(8.9)	(9.1)
Inventories net	**209.5**	**173.9**	**161.8**

Inventories are stated at the lower of cost or net realisable value.

NOTE 21. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Amounts receivable under finance lease contracts	512.5	488.7	405.8
Amounts receivable from financial institutions (*)	31.7	18.6	21.4
Trade receivables	812.0	662.0	618.8
Provision for impairment of trade receivables	(85.8)	(80.2)	(73.9)
Total receivables	**1,270.4**	**1,089.2**	**972.2**

(*) Mainly towards Société Générale

The fair value of receivables is equivalent to the carrying value.

A full description of the impairment policy is contained in the Credit Risk Measurement section of the Financial Risk Factors.

The movement in impairment of trade receivables is as follows:

		As at December 31,		
(in EUR million)	**Note**	**2016**	**2015**	**2014**
Balance at January 1		(80.2)	(73.9)	(69.1)
Net Impairment charges	**8**	(23.8)	(20.9)	(18.4)
Receivables written off		22.4	14.6	15.0
Movement in Finance Lease Provision		(1.1)	(0.2)	(0.7)
Currency translation differences		(3.1)	0.2	(0.6)
Balance at December 31		**(85.8)**	**(80.2)**	**(73.9)**

The maturity analysis is as follows:

(in EUR million)	As at December 31, 2016	2015	2014
Trade receivables not overdue	599.1	488.8	441.4
Past due up to 90 days	149.6	112.9	120.9
Past due between 90 - 180 days	18.5	19.4	16.4
Past due over 180 days	44.8	41.0	40.1
Total	**812.0**	**662.0**	**618.8**

NOTE 22. OTHER RECEIVABLES AND PREPAYMENTS

(in EUR million)	As at December 31, 2016	2015	2014
VAT and other taxes	298.8	201.6	137.6
Prepaid motor vehicle tax and insurance premiums	70.9	58.1	51.8
Reclaimable damages	9.3	7.3	2.3
Prepaid expenses	163.7	131.4	106.6
Other	128.1	104.9	224.6
Other receivables and prepayments	**670.8**	**503.3**	**522.8**

The majority of the other receivables and prepayments have a maturity of less than one year.

The other receivables balance includes EUR 54.3 million (2015: EUR 35.8 million, 2014: EUR 32.6 million) relating to rebates receivable from dealers and manufacturers and EUR 23.1 million (2015: EUR 23.5 million, 2014: EUR 21.5 million) of fuel and other costs to be re-billed to customers.

NOTE 23. CASH AND CASH EQUIVALENTS

(in EUR million)	As at December 31, 2016	2015	2014
Cash at bank and on hand	138.4	281.2	205.9
Short-term bank deposits	26.2	49.7	60.5
Cash and cash equivalents excl. bank overdrafts	**164.6**	**330.9**	**266.5**
Bank overdrafts	(189.3)	(48.6)	(91.7)
Cash and cash equivalents, net of bank overdrafts	**(24.7)**	**282.3**	**174.8**

As ALD operates its own re-insurance program the cash balance includes funds required for this business.

NOTE 24. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The Company has no available for sale assets and no derivatives used for hedging. The company's financial assets and liabilities are categorized as follows:

Financial assets

As at December 31, 2016 (EUR million)	Financial asset category: Loans and receivable	Financial asset category: Assets at fair value through profit and loss	Financial asset category: Total net book value per balance sheet	Fair value	Level (*)
Derivative financial instruments		78.3	78.3	78.3	Level 2
Receivables from clients and from financial institutions	1,270.4		1,270.4	1,270.4	Level 2
Other non current and current financial assets		1,268.6	1,268.6	1,268.6	Level 1 and level 2
Cash and cash equivalents		164.6	164.6	164.6	Level 1
Total	**1,270.4**	**1,511.4**	**2,781.9**	**2,781.9**	

(*) Refers to valuation method

As at December 31, 2015 (EUR million)	Financial asset category: Loans and receivable	Financial asset category: Assets at fair value through profit and loss	Financial asset category: Total net book value per balance sheet	Fair value	Level (*)
Derivative financial instruments		129.4	129.4	129.4	Level 2
Receivables from clients and from financial institutions	1,089.2		1,089.2	1,089.2	Level 2
Other non current and current financial assets		1,310.2	1,310.2	1,310.2	Level 1 and level 2
Cash and cash equivalents		330.9	330.9	330.9	Level 1
Total	**1,089.2**	**1,770.5**	**2,859.6**	**2,859.6**	

As at December 31, 2014 (EUR million)	Financial asset category: Loans and receivables	Financial asset category: Assets at fair value through profit and loss	Financial asset category: Total net book value per balance sheet	Fair value	Level (*)
Derivative financial instruments		100.1	100.1	100.1	Level 2
Receivables from clients and from financial institutions	972.2		972.2	972.2	Level 2
Other non current and current financial assets		1,390.7	1,390.7	1,390.7	Level 1 and level 2
Cash and cash equivalents		266.5	266.5	266.5	Level 1
Total	**972.2**	**1,757.2**	**2,729.4**	**2,729.4**	

Financial liabilities

As at December 31, 2016 (EUR million)	Financial liability category: Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	9,950.5			9,950.5	9,950.5	Level 2
Bonds issued	2,916.3			2,916.3	2,926.4	Level 2
Derivative financial instruments		52.0		52.0	52.0	Level 2
Trade payables			-	-	-	Level 2
Total	**12,866.8**	**52.0**	**-**	**12,918.8**	**12,928.9**	

As at December 31, 2015 (EUR million)	Financial liability category: Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	7,767.3			7,767.3	7,767.3	Level 2
Bonds issued	2,971.7			2,971.7	2,998.8	Level 2
Derivative financial instruments		26.5		26.5	26.5	Level 2
Trade payables			552.2	552.2	552.2	Level 2
Total	**10,739.0**	**26.5**	**552.2**	**11,317.7**	**11,344.8**	

As at December 31, 2014 (EUR million)	Financial liability category: Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	7,825.7			7,825.7	7,825.7	Level 2
Bonds issued	2,414.1			2,414.1	2,441.1	Level 2
Derivative financial instruments		90.5		90.5	90.5	Level 2
Trade payables			449.2	449.2	449.2	Level 2
Total	**10,239.8**	**90.5**	**449.2**	**10,779.6**	**10,806.6**	

There were no transfers between levels 1 and 2.

NOTE 25. SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2016, the authorised capital amounted to EUR 606.1 million (2015: EUR 606.1 million, 2014: EUR 550 million), divided into 40,410,364 ordinary shares with a nominal value of EUR 15 each.

At December 31, 2016, share premium amounted to EUR 375.1 million (2015: EUR 475.1 million; 2014: Nil). On December 15, 2016 EUR 100 million of the share premium of ALD International SA was distributed as a dividend to Société Générale

All shares issued by ALD International S.A. were fully paid.

The holders of the shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.

NOTE 26. BORROWINGS FROM FINANCIAL INSTITUTIONS, BONDS AND NOTES ISSUED

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Bank borrowings	7,665.6	5,656.4	6,328.6
Finance lease liabilities			
Non-current borrowings from financial institutions	**7,665.6**	**5,656.4**	**6,328.6**
Bank overdrafts	189.3	48.6	91.7
Bank borrowings	2,095.5	2,062.3	1,405.5
Current borrowings from financial institutions	**2,284.8**	**2,110.9**	**1,497.1**
Total borrowings from financial institutions	**9,950.5**	**7,767.3**	**7,825.7**
Bonds and notes-originated from securitisation transactions	896.7	436.2	461.8
Bonds and notes-originated from EMTN programme	1,020.0	1,520.0	1,520.0
Other non-current bonds issued	-	-	41.5
Non-current bonds and notes issued	**1,916.7**	**1,956.2**	**2,023.3**
Bonds and notes-originated from securitisation transactions	489.9	500.7	379.0
Bonds and notes-originated from EMTN programme	509.7	514.8	11.8
Other current bonds issued	-	-	-
Current bonds and notes issued	**999.6**	**1,015.5**	**390.8**
Total bonds and notes issued	**2,916.3**	**2,971.7**	**2,414.1**
Total borrowings from financial institutions and bonds	**12,866.8**	**10,739.0**	**10,239.8**

Maturity of borrowings and bonds

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Less than 1 year	3,284.0	3,126.4	1,887.9
1-5 years	9,357.2	7,549.6	8,018.9
Over 5 years	225.5	63.0	333.0
Total borrowings and bonds	**12,866.8**	**10,739.0**	**10,239.8**

Currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Euro	9,480.4	7,584.6	7,596.4
UK Pound	1,501.3	1,530.3	1,236.2
Danish Krone	309.4	300.4	285.6
Swedish Kronor	271.0	263.2	229.5
Other currencies	1,304.6	1,060.5	892.1
Total borrowings and bonds	**12,866.8**	**10,739.0**	**10,239.8**

External funding

Local external banks and third parties provide 28% of total funding, representing EUR 3,570 million at December 31, 2016 (33% and EUR 3,544.8 million at December 31, 2015, 27% and EUR 2,772.9 million at December 31, 2014).
An amount of EUR 654 million or 5.1% of total funding is provided by external banks. The residual external funding (EUR 2,916 million) has been raised through asset-backed securitisations and unsecured bonds.

Asset-backed securitisation programme

A new securitisation deal took place in Germany in December 2016 for EUR 500 million.

Full details of the securitisation deals in the Group are shown in section 3.1.2 Treasury risk.

EMTN programme

The Group is engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's ratings services.

No new bonds have been launched by the Group in 2016.

Société Générale funding

Following the external funding raised in recent years, the funding raised through Société Générale has increased from 67 % as at December 31, 2015 to 72% as at December 31, 2016.

Most of the funding provided by the SG group is granted through Société Générale Bank and Trust (SGBT) based in Luxemburg. SGBT provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 20 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 6,649 million at December 31, 2016 (EUR 5,104 million at December 31, 2015, EUR 5,572.9 million at December 31, 2014) with an average maturity of 2.40 years and an average rate of 0.68% (1.92years and 0.92 % at December 31, 2015, 1.90 years and 1.7 % at December 31, 2014).

The remaining SG funding is provided either by local SG branches or SG group Central Treasury in Paris, representing EUR 2,648 million at December 31, 2016 (EUR 2,090.2 million at December 31, 2015, EUR 1,894 million at December 31, 2014).

At December 31, 2016 the Group has undrawn borrowing facilities of EUR 2.6 billion (EUR 2.1 billion at December 31, 2015, EUR 1.9 billion at December 31, 2014).

A guarantee at first demand has been granted to an English Financial institution for an amount of GBP 120 million on behalf of ALD Automotive UK, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

NOTE 27. RETIREMENT BENEFIT OBLIGATIONS AND LONG TERM BENEFITS

Defined contribution plans

Defined contribution plans limit the ALD's liability to the contributions paid to the plan but do not commit ALD to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

Post-employment benefit plans (Defined benefit plans)

Reconciliation of assets and liabilities recorded in the balance sheet

The amount recognised in the balance sheet is determined as follows:

(In EUR million)	**31-Dec-16**	**31-Dec-15**	**31-Dec-14**
A - Present value of funded defined benefit obligations	17.7	15.1	14.8
B - Fair value of plan assets	(11.7)	(10.8)	(9.8)
C = A + B Deficit (surplus)	**5.9**	**4.3**	**5.0**
D - Present value of unfunded defined benefit obligations	**4.0**	**3.8**	**4.2**
E - Change in asset ceiling	**-**	**-**	**-**
F - Separate assets	**-**	**-**	**-**
C + D - E - F = Net balance recorded in the balance sheet	**9.9**	**8.1**	**9.2**

Notes:

1. Post-employment benefit plans include annuity payments, end-of-career indemnities as well as mixed plans (cash balance). Annuity payments are added to pension plans paid by state and mandatory benefit plans.
2. The present values of defined benefit obligations have been valued by independent qualified actuaries

Components of the cost of the defined benefits

		Year ended December 31,	
(In EUR million)	**2016**	**2015**	**2014**
Current service cost including social security contributions	1.2	1.3	1.1
Employee contributions	(0.2)	(0.2)	(0.2)
Past service cost / curtailments	-	-	(0.0)
Settlement	-	-	-
Net interest	0.1	0.1	0.2
Transfer from unrecognised assets	-	-	-
Components recognised in income statement	*1.2*	*1.2*	*1.1*
Expected return on plan assets (*)	0.2	(0.3)	(0.3)
Actuarial gains and losses due to changes in demographic assumptions	(0.4)	0.4	0.1
Actuarial gains and losses due to changes in economical and financial assumptions	1.8	(1.0)	1.8
Actuarial gains and losses due to experience	0.1	(0.1)	(0.3)
Change in asset ceiling		-	-
Components recognised in unrealised or deferred gains and losses	*1.7*	*(1.0)*	*1.3*
Total components of the cost of the defined benefits	2.9	0.2	2.4

(*) Return on plan assets from which the expected return on plan assets included in the net interest cost is deducted

Changes in net liabilities of post-employment benefit plans recorded in the balance sheet

Changes in the present value of defined benefit obligations:

(In EUR million)	2016	2015	2014
Balance at January 1,	**19.0**	**19.1**	**16.2**
Current service cost including social security contributions	1.2	1.3	1.1
Employee contributions	-	-	-
Past service cost / curtailments	-	-	(0.0)
Settlement	-	-	-
Net interest	0.4	0.3	0.5
Actuarial gains and losses due to changes in demographic assumptions	(0.4)	0.4	0.1
Actuarial gains and losses due to changes in economical and financial assumptions	1.8	(1.0)	1.8
Actuarial gains and losses due to experience	0.1	(0.1)	(0.3)
Foreign exchange adjustment	(0.1)	(0.3)	0.0
Benefit payments	(0.4)	(0.7)	(0.9)
Acquisition/(Sale) of subsidiaries	-	-	-
Transfers and others	-	-	0.6
Balance at December 31,	**21.6**	**19.0**	**19.1**

Changes in fair value of plan assets and separate assets:

(In EUR million)	2016	2015	2014
Balance at January 1,	**10.8**	**9.8**	**8.9**
Expected return on plan assets	0.2	0.2	0.3
Expected return on separate assets	-	-	-
Actuarial gains and losses due to assets	(0.2)	0.3	0.3
Foreign exchange adjustment	0.0	0.1	0.0
Employee contributions	0.2	0.2	0.2
Employer contributions to plan assets	0.7	0.8	0.7
Benefit payments	(0.1)	(0.5)	(0.5)
Acquisition/(Sale) of subsidiaries	-	-	-
Transfers and others	-	-	(0.1)
Balance at December 31,	**11.7**	**10.8**	**9.8**

Information regarding funding assets (for all benefits and future contribution)

The breakdown of the fair value of plan assets is as follows: 16 % bonds, 44% equities, 7 % money market instruments and 33 % others.

Employer contributions to be paid to post-employment defined benefit plans for 2016 are estimated at EUR 0.8 million.

Actual returns on funding assets

The actual returns on plan and separate assets were:

(In EUR million)	31-Dec-16	31-Dec-15	31-Dec-14
Plan assets	0.1	0.4	0.6
Separate assets	-	-	-

The assumptions on return on assets are presented in the following section.

Main assumptions detailed by geographical area

The significant actuarial assumptions used to determine the pension benefit obligation amount are as follows:

	31-Dec-16	31-Dec-15	31-Dec-14
Discount rate			
Europe	1.3%	2.0%	1.7%
Long-term inflation			
Europe	1.6%	1.9%	1.9%
Future salary increase			
Europe	1.4%	1.4%	1.4%
Average remaining working lifetime of employees (in years)			
Europe	12.7	13.2	12.5
Duration (in years)			
Europe	15.7	14.8	13.7

Notes:
1. The assumptions by geographical area are averages weighted by the present value of the liabilities (DBO).
2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.
Inflation rates used are the long-term targets of the central banks of the monetary areas above.
3. The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.
4. The assumptions described above have been applied on post-employment benefit plans.

Obligations sensitivities to main assumptions ranges

(Percentage of item measured)	31-Dec-16	31-Dec-15	31-Dec-14
Variation of +1% in discount rate			
Impact on the present value of defined benefit obligations at December 31, N	-14.0%	-14.3%	-13.3%
Variation of +1% in long terme inflation			
Impact on the present value of defined benefit obligations at December 31 N	7.7%	8.2%	6.9%
Variation of +1% in future salary increases			
Impact on the present value of defined benefit obligations at December 31 N	17.6%	18.1%	15.9%

Note:
The disclosed sensitivities are averages of the variations weighted by the present value of defined benefit obligations.

Other long-term benefits

Some entities of ALD may award their employees other long-term benefits, like long-term deferred variable remunerations, time saving accounts (French Term) “Comptes Epargne Temps” or long service awards. They are different from post-employment benefits and termination benefits, which are not fully due within twelve months following the financial year during which the services are rendered by the employees.

The net balance of other long-term benefits is EUR 9.7 million.
The total amount of charges for other long-term benefits is EUR 1.3 million.

NOTE 28. PROVISIONS

(in EUR million)	Damage risk retention	Other	Total
As at January 1, 2014	**144.9**	**15.3**	**160.1**
Additions	170.2	31.3	201.5
Reversal	(142.9)	(0.4)	(143.3)
Transfer total	(0.4)	-	(0.4)
Currency translation differences	(0.6)	0.8	0.2
Scope changes	-	(0.0)	(0.0)
As at December 31, 2014	**171.2**	**46.9**	**218.1**
Of which current	**77.1**	**39.6**	**116.8**
As at January 1, 2015	**171.2**	**46.9**	**218.1**
Additions	51.5	39.8	91.2
Reversal	(58.0)	(15.9)	(73.9)
Transfer total	-	-	-
Currency translation differences	(0.0)	1.2	1.2
Scope changes	-	-	-
As at December 31, 2015	**164.7**	**72.0**	**236.7**
Of which current	**87.2**	**62.4**	**149.6**
As at January 1, 2016	**164.7**	**72.0**	**236.7**
Additions	48.2	(8.1)	40.1
Reversal	(25.3)	(6.5)	(31.8)
Currency translation differences	0.0	(3.3)	(3.3)
Scope changes	0.2	0.3	0.4
As at December 31, 2016	**187.7**	**54.4**	**242.2**
Of which current	**100.6**	**41.5**	**142.1**

Other provisions relate mainly to provisions made against disputed invoices. These are considered separately to impairment of receivables and do not represent a credit risk.

The Group is also subject to competition law and from time to time is engaged in competition proceedings, including currently one such proceeding in Italy brought by Italian anti-trust authorities against all members of the Italian long term leasing association, for which the Group has recorded a provision of €9.8 million.

NOTE 29. TRADE AND OTHER PAYABLES

(in EUR million)	As at December 31, 2016	2015	2014
Trade payables	693.6	552.2	449.2
Deferred leasing income	391.0	346.8	327.5
Other accruals and other deferred income	378.2	320.0	279.3
Advance lease instalments received	229.1	200.0	175.8
Accruals for contract settlements	81.9	67.6	62.8
VAT and other taxes	210.2	149.4	122.9
Other	1.6	1.4	-
Trade and other payables	**1985.6**	**1,637.4**	**1,417.5**

Trade and other payables, includes an amount of EUR 391 million (2015: EUR 346.8 million, 2014: EUR 327.5 million) of deferred leasing income. Deferred leasing income relates to maintenance and tyre revenue which is profiled in line with historical maintenance expenditure in order to match revenue and costs. This policy is explained above in Note 3 Financial Risk Management.

NOTE 30. DIVIDENDS PER SHARE

A dividend that related to the period ended December 31, 2015 for an amount of 149.5 million was paid to Société Générale on December 9, 2016 (A dividend of 100.1 million that related to the period ended December 31, 2014; no dividend that related to the period ended December 31, 2013).

NOTE 31. EARNINGS PER SHARE

Basic earnings per share

(in EUR million)	As at December 31, 2016	2015	2014
Net income attributable to owners of the parent	511.7	424.3	375.5
Weighted average number of ordinary shares (in thousands)	40,410	40,410	40,410
Total basic earning per share	**12.7**	**10.5**	**9.3**

Diluted earnings per share

As ALD Automotive did not issue any dilutive instruments for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 diluted earnings per share equal to basic earnings per share for all the periods presented.

NOTE 32. COMMITMENTS

Operating lease commitments – Group Company as lessee

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various plant and machinery under cancellable operating lease agreements.
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
No later than 1 year	20.9	15.6	15.0
Later than 1 year and no later than 5 years	66.2	40.4	40.7
Later than 5 years	27.5	20.5	13.5
Total	**114.6**	**76.5**	**69.3**

The increase in 2016 is due to the renewal or addition of a number of lease agreements across the group relating to office premises.

NOTE 33. RELATED PARTIES

Identity of related parties

The Group is controlled by Société Générale Group. Transactions with Société Générale and its subsidiaries have been identified as related party transactions. All business relations with Société Générale Group are handled at normal market conditions.

In addition, one member of ALD International board of Directors was also Deputy Chairman of Kjaer Group, a Danish company specialized in import, distribution and servicing of vehicles until September 1, 2016. Business relations of Kjaer Group with ALD Group are however immaterial (ALD leases 4 vehicles to KJAER Group). The same person was also a Non-Executive Director at SBS A/S, a company listed on the Danish stock exchange specialized in developing, manufacturing and distributing brakes parts and related wear parts for cars, motorcycles and for energy and industrial systems including wind turbines until June 1, 2016. There is no business relationship between SBS and ALD Group.
In addition, this member became a Non-Executive Director at the Supervisory Board of a company based in the US, MT Americas (Virginia, US) on November 1, 2015. The company operates within

the recycling industry in the US and South America. There is no business relationship between MT Americas and ALD Group.

Key management compensation

Key management includes members of the Executive Committee of ALD Group. The Executive Committee is composed of executive managers of ALD International and Société Générale as well as regional supervisors of the most important subsidiaries. The members are the Chief Executive Officer, the two Deputy Chief Executive Officers, the Chief Financial Officer, the Chief Administration Officer and the Chief Commercial Officer.

The compensation paid or payable to key management for employee services is shown below:

	As at December 31,		
(in EUR million)	**2016**	**2015 (*)**	**2014**
Salaries and other short term employment benefits	7.8	6.0	5.5
Post employment benefits	0.3	0.3	0.4
Other long term benefits	0.6	0.6	0.8
Total	**8.7**	**6.9**	**6.7**

(*) Restated

The board is composed exclusively of employees of ALD International or Société Générale. There is no fee or compensation for the board members as they already receive compensation as such by either ALD International or its shareholder. The Group has not granted any loans, guarantees or advances to the board members.

Sales of goods and services

Société Générale ("SG") and its subsidiaries are customers of ALD Group. Total fleet leased to SG and its subsidiaries amounts to 7,291 cars in 28 countries. Rentals have been priced at normal market conditions. More than 50% of the total fleet leased to SG Group is leased by ALD France. Rental paid by SG Group to ALD France accounts for EUR 16.4 million, EUR 15.9 million and EUR 14.6 million in the years ended December 31, 2016, December 31, 2015, and December 31, 2014, respectively.

Purchases of goods and services

Information Technology ("IT") Services

ALD Group has a contract with SG Global Services centre (India), with which ALD subcontracted IT services including development, maintenance and support of international applications. The main advantage is to facilitate the roll out of common tools to all subsidiaries while ALD IT teams at a Group level still keep the knowledge of each project, train users and follow up the set up, usage and evolution locally. ALD has also subcontracted some technical infrastructure services to SG, mainly in

France. Overall amount of IT services subcontracted to SG and its subsidiaries amounts to EUR 19.44 million in fiscal year 2016 (2015: EUR 18.27 million, 2014: EUR 19.92 million).

Premises

Some Group entities share premises with SG or with SG business divisions in some countries (mainly ALD International and ALD France which represent around 70 % of the total rentals paid to SG). Rentals have been priced at arm's length and amounted to EUR 2 million in fiscal year 2016 (2015: EUR 2 million, 2014: EUR 2.2 million) for ALD France and ALD International.

Brokerage

Société Générale retail banking network sells long term rental contracts to customers on behalf of ALD International against a commission for each contract sourced. In year 2016, around 14,500 contracts have been signed through Société Générale distribution network in 4 different countries. 84 % of contracts originated through this channel come from the French banking networks of SG Group. The commission paid to SG by ALD France represented EUR 2.51 million for the year ended December 31, 2016 and (2015: EUR 3.55 million, 2014: EUR 2.9 million).

Third Party Liabilities (TPL) Insurance policy

ALD Italy has subscribed a TPL insurance policy for part of their fleet through Sogessur, the Car insurance company of Société Générale Group. Sogessur acts as a frontier and is reinsured through ALD Re, the reinsurance company of ALD Group. Insurance premiums have been fixed at arm's length. The overall amount of insurance premium paid by ALD Italy to Sogessur amount EUR 61 million in fiscal year 2016 (2015: EUR 52 million, 2014: EUR 54.5 million).

Corporate services

Société Générale Group, as a shareholder, provides ALD Group with the following intercompany corporate services:

- Providing support and advice regarding general secretary, tax or compliance matters at a holding level;
- Performing periodical audits in order to verify the effectiveness of governance, risk management, and permanent control;
- Supervising the Human Resources departments of the subsidiaries.

These Corporate services provided by Société Générale have been subject to compensation of EUR 10,3 million in fiscal year 2016 and (2015: EUR 13.5 million, 2014: EUR 13.7 million).

NB: in addition, in fiscal year 2016, there were 48 employees coming from SG (41 in 2015, 31 in 2014) with a temporary detachment contract in ALD Group with duration of 3 to 5 years; they are part of the local management teams and most of them are included in ALD payroll during the detachment period and are therefore not re-billed to SG. Only the employees based in ALD France and ALD International are still paid by SG and re-billed to ALD; the amount re-billed by SG was EUR 3.7 million in 2014, EUR 4.5 million in 2015 and 6.9 million in 2016.

Loans with related parties

Société Générale and its affiliates provide ALD Group with funding either through ALD Treasury centre or directly to ALD subsidiaries at a market rate. 72 % of the Group's funding was provided through SG in fiscal years 2016, i.e. EUR 9,297 million in 2016.

Société Générale provides also bank guarantees on behalf of ALD and its subsidiaries in case of external funding. Overall guarantees released by SG Group amounted up to EUR 789.7 million as of December 31, 2016 and (2015: EUR 715.76 million, 2014: EUR 471 million).).

Société Générale also provides ALD Group with derivatives instruments which have a nominal amount of EUR 4,997 million, and are represented on the balance sheet for a total amount of EUR 77 million in assets and EUR 49.3 million in liabilities.

In compliance with the Asset Liability Management policies of Société Générale, ALD Group reinvests its equity in long term assets in the form of deposits and long term equity replacement swaps with the central treasury of Société Générale. As at December 31, 2016, 2015 and 2014 the total amount of such deposits and swaps were as follows:

	As at December 31,		
(in EUR million)	**2016**	**2015**	**2014**
Equity Reinvested with related parties			
Long term deposits	1,077	1,149	1,193
Equity replacement Swaps	915	827	751
Total	**1,992**	**1,976**	**1,944**

Tax consolidation agreement

In the 1989 financial year, Société Générale opted to apply a tax consolidation regime. At December 31, 2016, ALD International SA, Temsys (France), ALD Automotive A/S (Denmark) and Denmark NF Fleet had signed a tax consolidation agreement with SG Group, under which they are required to record in their accounts the tax expense they would have paid if they had not been consolidated with Société Générale for tax purposes.

NOTE 34. AUDITORS' FEES

The total fees of the Company's auditors, as charged to the consolidated income statement for the year ended December 31, 2016, amounted to:

- For Deloitte & Associés: EUR 865.2K, including EUR 544.2K for the certification of the accounts and EUR 321K for non audit services
- For Ernst & Young & Associés: EUR 950K, including EUR 663K for the certification of the accounts and EUR 287K for non audit services

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

On February 9, 2017, Société Générale has announced in the press release on "Quarterly financial information": it intends to float its ALD subsidiary on the stock market in 2017, subject to market conditions, through the disposal of a limited stake. This strategic operation will enable ALD to accelerate its growth and become a leader in the mobility sector.

The Group is involved in anti-trust proceedings in Italy, which relates to the provision of fleet information to a car leasing trade association by the Group and the other major players in car leasing in Italy, for which it has established provisions as at 31 December 2016 totalling €9.8 million (see note 28). An investigation was initiated by the Italian Competition Authority on 29 July 2015, and, on 7 December 2016, a statement of objection was sent by the Italian authorities to the Group and the other defendants, which closed the investigatory phase and alleged an infringement by the defendants of Article 101 of the Treaty on the Functioning of the European Union (TFUE) on the grounds that the exchange of fleet information was a "concerted practice". Following a hearing on 1 March 2017, the Italian Competition Authority adopted its final decision on 13 April 2017 and found that in light of the facts assessed and the evidences collected in the course of the investigation, no breach of Art. 101 of the Treaty on the Functioning of the European Union was deemed to exist". The decision of the antitrust authorities is subject to appeal by any natural or legal person that can claim a legal interest in such interest. However, the Group does not believe that any such natural or legal person exists, and so expects that the decision of the anti-trust authorities is final. The time limit for ordinary remedies expires after sixty days from the notification, namely on 12 June 2017.

NOTE 36. SCOPE OF CONSOLIDATION

	As at December 31,		
(in %)	2016	2015	2014
ALD International SA	**Parent company**	**Parent company**	**Parent company**
Consolidated companies under global interest %	**integration**	interest %	interest %
ALD Autoleasing D GmbH (*)	100.00	100.00	100.00
ALD Automotive - Russia	100.00	100.00	100.00
ALD Automotive A/S - Denmark	100.00	100.00	100.00
ALD Automotive AB - SWEDEN	100.00	100.00	100.00
ALD Automotive AG - Switzerland	100.00	100.00	100.00
ALD Automotive AS - NORWAY	100.00	100.00	100.00
ALD Automotive D.O.O. Beograd - SERBIA	100.00	100.00	100.00
ALD Automotive Drustvo s Ogranicenom Odgovornoscu za Operativni - Croatia (*)	100.00	100.00	100.00
ALD Automotive for Cars Rental and Fleet Management S.A.E. - EGYPT	100.00	100.00	100.00
ALD Automotive Fuhrparkmanagement und Leasing GmbH - Austria	100.00	100.00	100.00
ALD Automotive Group PLC - UK (*)	100.00	100.00	100.00
ALD Automotive LTDA - BRAZIL	100.00	100.00	100.00
ALD Automotive Magyarorszag KFT - HUNGARY (*)	100.00	100.00	100.00
ALD Automotive Operational Leasing DOO - SLOVENIA	100.00	100.00	100.00
ALD Automotive Polska Spolka z Organiczona Odpowiedzialnoscia - POLAND	100.00	100.00	100.00
ALD Automotive Private Limited - INDIA	100.00	100.00	100.00
ALD Automotive Russia Sas	100.00	100.00	100.00
ALD Automotive S.A. de C.V. - MEXICO	100.00	100.00	100.00
ALD Automotive S.A. Lease of Cars - GREECE	100.00	100.00	100.00
ALD Automotive SA - SPAIN	100.00	100.00	100.00
ALD Automotive SRO - Czech Republic	100.00	100.00	100.00
ALD Automotive Turizm Ticaret Anonim Sirketi - TURKEY	100.00	100.00	100.00
ALD Fleet (SOFOM)	100.00	100.00	100.00
ALD International Participations SAS	100.00	100.00	100.00
ALD International SAS & CO KG (*)	100.00	100.00	100.00
ALD RE Limited - IRELAND	100.00	100.00	100.00
Axus Finland OY	100.00	100.00	100.00
Axus Italiana Sarl	100.00	100.00	100.00
Axus Luxembourg SA	100.00	100.00	100.00
Axus Nederland BV	100.00	100.00	100.00
AXUS SA NV - BELGIUM (*)	100.00	100.00	100.00
First lease Ltd - UKRAINE	100.00	100.00	100.00
SG ALD Automotive Portugal Sociedade Geral de Comercio e Aluguer de Benz sa	100.00	100.00	100.00
TEMSYS - France (*)	100.00	100.00	100.00
ALD Automotive Limitada (Chile)	100.00	100.00	0.00
ALD Automotive Slovakia S.R.O	100.00	100.00	0.00
Parcours Iberia SA	100.00	0.00	0.00
Parcours France	100.00	0.00	0.00
ALD Automotive Peru S.A.	100.00	0.00	0.00
ALD Automotive Algeria SPA	99.99	99.99	99.99
ALD Automotive SRL - ROMANIA	80.00	80.00	80.00
Denmark NF fleet	80.00	80.00	80.00

Finland NF fleet	80.00	80.00	80.00
NF fleet AB - SWEDEN	80.00	80.00	80.00
Norway NF Fleet	80.00	80.00	80.00
ALD Automotive Eesti AS - Estonia	75.00	75.00	75.00
ALD Automotive SIA - LATVIA	75.00	75.00	75.00
UAB ALD Automotive - Lithuania	75.00	75.00	75.00
ALD Bulgaria	51.00	51.00	51.00
ALD Fortune Auto Leasing and Renting Co. Ltd - China	50.00	50.00	50.00
Consolidated companies under equity method			
ALD Automotive SA Morocco	35.00	35.00	35.00
Nedderfeld 95 Immobilien Gmbh & Co. KG	35.00	35.00	35.00

(*) Including subsidiaries

20.1.2 Statutory auditors' audit report for the years ended 31 December 2016, 2015 and 2014

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S à capital variable
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

DELOITTE & ASSOCIES
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de €1.723.040
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD (Formerly named ALD International)

Société Anonyme

15-17, cours Valmy

Tours Société Générale « Chassagne »

92800 Puteaux

Statutory auditors' report on the IFRS consolidated financial statements

Years ended December 31, 2014, 2015 and 2016

To the Chief Executive Officer,

In our capacity as statutory auditors of the company ALD (ex ALD International) and in accordance with Commission Regulation (EC) n°809/2004 in the context of an offer to the public and an admission of equity securities to trading on the regulated market of Euronext Paris, we have audited the accompanying consolidated financial statements prepared for the purpose of the Registration Document under International Financial Reporting Standards (“IFRS”) as adopted by the European Union for the years ended December 31, 2014, 2015 and 2016 (thereafter the "IFRS consolidated financial statements").

These IFRS consolidated financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these IFRS consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the IFRS consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selections, to obtain audit evidence about the amounts and disclosures in the IFRS consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the IFRS consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the IFRS consolidated financial statements prepared for the purpose of the Registration Document, present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at December 31, 2014, 2015 and 2016, and the results of its operations for the years then ended in accordance with IFRS as adopted by the European Union.

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Paris-La Défense et Neuilly-sur-Seine, on May 9, 2017

The Statutory Auditors

ERNST & YOUNG et Autres

DELOITTE & ASSOCIES

Vincent ROTY Micha MISSAKIAN

Jean-Marc MICKELER

20.2 GROUP'S UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY AUDITORS' REVIEW REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2017

20.2.1 Group's unaudited interim condensed consolidated financial statements for the three months ended 31 March 2017

ALD INTERNATIONAL

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

SUMMARY

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

		Quarter ended March 31,	
(In EUR million)	**Notes**	**2017**	**2016**
Leasing contract revenues	**11a,11d**	976.7	821.0
Leasing contract costs - depreciation	**11a**	(748.3)	(662.4)
Leasing contract costs - financing	**11a**	(67.7)	(50.9)
Unrealised gains/losses on financial instruments	**11a**	(31.8)	13.9
Leasing contract margin		**128.8**	**121.6**
Services revenues	**11b,11d**	442.0	397.4
Cost of services revenues	**11b**	(290.2)	(267.7)
Services margin		**151.8**	**129.6**
Proceeds of cars sold	**11c,11d**	634.3	537.6
Cost of cars sold	**11c**	(586.5)	(485.5)
Car sales result		**47.8**	**52.0**
GROSS OPERATING INCOME		**328.4**	**303.3**
Staff expenses		(90.6)	(79.5)
General and administrative expenses		(48.1)	(46.1)
Depreciation and amortisation		(5.9)	(4.0)
Total operating expenses		**(144.5)**	**(129.6)**
Impairment charges on receivables		(5.3)	(4.3)
Non-recurring income (expenses)	**14**	-	-
OPERATING RESULT		**178.5**	**169.4**
Share of profit of associates and jointly controlled entities		0.5	0.2
Profit before tax		**179.0**	**169.6**
Income tax expense	**12**	(34.2)	(37.4)
Net income		**144.8**	**132.3**
Net income attributable to:			
Owners of the Company		**143.6**	**130.9**
Non-controlling interests		1.2	1.3
Earnings per share for net income attributable to the owners of the parent:			
Basic and diluted earnings per share (in cents)	**23**	**0.36**	**0.33**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Quarter ended March 31,	
(in EUR million)	**Notes**	**2017**	**2016**
Net income		**144.8**	**132.3**
Items that will not be reclassified subsequently to profit or loss		**-**	**-**
Changes in actuarial gain/(Loss) on retirement benefit, before tax		-	-
Deferred tax on actuarial gain/(Loss) on retirement benefit		-	-
Items that may be reclassified subsequently to profit or loss		**9.6**	**(17.3)**
Changes in cash flow hedges, before tax		1.1	(12.0)
Deferred tax on cash flow hedges		(0.4)	3.9
Currency translation differences		8.9	(9.1)
Other comprehensive income for the year, net of tax		**9.7**	**(17.3)**
Total comprehensive income for the period		**154.5**	**115.0**
Attributable to			
Owners of the Company		153.3	113.8
Non-controlling interests		1.1	1.1

Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations		153.3	113.8

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(in EUR million)	Notes	March 31, 2017	December 31, 2016
ASSETS			
Rental fleet	**16**	14,573.6	14,075.0
Other property and equipment		81.3	75.3
Goodwill	**15**	424.7	424.4
Other intangible assets		30.6	29.0
Investments in associates and jointly controlled entities		6.4	6.0
Derivative financial instruments		6.8	68.9
Deferred tax assets		121.3	123.6
Other non-current financial assets	**17**	927.4	980.2
Non-current assets		**16,172.1**	**15,782.4**
Inventories		206.0	209.5
Receivables from clients and financial institutions	**18**	1,333.7	1,270.4
Current income tax receivable		77.8	113.3
Other receivables and prepayments		708.3	670.8
Derivative financial instruments		15.0	9.4
Other current financial assets	**17**	286.3	288.4
Cash and cash equivalents	**19**	185.4	164.6
Current assets		**2,812.6**	**2,726.2**
Total assets		**18,984.7**	**18,508.6**
EQUITY AND LIABILITIES			
Share capital		606.2	606.1
Share premium		375.1	375.1
Retained earnings and other reserves		1,851.1	1,484.9
Net income		143.6	511.7
Equity attributable to owners of the parent		**2,976.0**	**2,977.6**
Non-controlling interests		35.9	34.9
Total equity		**3,011.8**	**3,012.6**
Borrowings from financial institutions	**21**	7,486.1	7,665.6
Bonds and notes issued	**21**	1,149.6	1,916.7
Derivative financial instruments		37.5	47.6
Deferred tax liabilities		214.5	206.3
Retirement benefit obligations and long term benefits		19.9	19.5
Provisions		109.0	100.1
Non-current liabilities		**9,016.6**	**9,955.8**
Borrowings from financial institutions	**21**	2,906.7	2,284.8
Bonds and notes issued	**21**	1,766.6	999.6
Trade and other payables	**22**	2,033.5	1,985.6
Derivative financial instruments		3.2	4.4
Current income tax liabilities		92.0	123.4
Provisions		154.2	142.3
Current liabilities		**6,956.2**	**5,540.2**
Total liabilities		**15,972.9**	**15,496.0**
Total equity and liabilities		**18,984.7**	**18,508.6**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR million)	Attributable to equity holders of the company										
	Share capital	**Share premium**	**Translation reserves**	**Hedging reserve**	**Actuarial gain/(loss) reserve**	**Other capital reserves**	**Retained earnings**	**Net income**	**Equity attributable to the owners of the parent**	**Non-controlling interests**	**Total equity**
Balance As at January 1, 2016	**606.1**	**475.1**	**(80.2)**	**(1.9)**	**(3.2)**	**5.5**	**1,304.4**	**424.3**	**2,730.1**	**32.0**	**2,762.1**
Changes in cash flow hedges	-	-	-	(8.1)	-	-	-	-	(8.1)	-	(8.1)
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(8.9)	-	-	-	-	-	(8.9)	(0.2)	(9.1)
Other comprehensive income	**-**	**-**	**(8.9)**	**(8.1)**	**-**	**-**	**-**	**-**	**(17.0)**	**(0.2)**	**(17.2)**
Net income (*)	-	-	-	-	-	-	-	130.8	130.8	1.3	132.1
Total comprehensive income for the period	**-**	**-**	**(8.9)**	**(8.1)**	**-**	**-**	**-**	**130.8**	**113.8**	**1.1**	**114.9**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	0.8	-	-	0.8	-	0.8
Dividends	-	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Scope changes	-	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Appropriation of net income	-	-	-	-	-	-	424.4	(424.4)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at March 31, 2016	**606.1**	**475.1**	**(89.1)**	**(10.0)**	**(3.2)**	**6.3**	**1,728.6**	**130.7**	**2,844.4**	**33.1**	**2,877.5**
Balance As at April 1, 2016	**606.1**	**475.1**	**(89.1)**	**(10.0)**	**(3.2)**	**6.3**	**1,728.6**	**130.7**	**2,844.4**	**33.1**	**2,877.5**
Changes in cash flow hedges	-	-	-	(1.8)	-	-	-	-	**(1.8)**	-	**(1.8)**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	(1.2)	-	-	-	**(1.2)**	-	**(1.2)**
Currency translation differences	-	-	3.8	-	-	-	-	-	**3.8**	(0.1)	**3.7**
Other comprehensive income	**-**	**-**	**3.8**	**(1.8)**	**(1.2)**	**-**	**-**	**-**	**0.8**	**(0.1)**	**0.7**
Net income	-	-	-	-	-	-	-	380.9	**380.9**	2.6	**383.5**
Total comprehensive income for the period	**-**	**-**	**3.8**	**(1.8)**	**(1.2)**	**-**	**-**	**380.9**	**381.7**	**2.5**	**384.2**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	0.9	-	-	**0.9**	-	**0.9**
Dividends	-	-	-	-	-	-	(149.3)	0.2	**(149.1)**	(0.9)	**(150.0)**
Scope changes	-	(100.0)	-	-	-	-	(0.0)	-	**(100.0)**	-	**(100.0)**
Appropriation of net income	-	-	-	-	-	-	(0.1)	0.1	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at December 31, 2016	**606.1**	**375.1**	**(85.3)**	**(11.8)**	**(4.4)**	**7.2**	**1,579.0**	**511.7**	**2,977.7**	**34.8**	**3,012.4**

Balance As at January 1, 2017	**606.1**	**375.1**	**(85.3)**	**(11.8)**	**(4.4)**	**7.2**	**1,579.0**	**511.7**	**2,977.7**	**34.8**	**3,012.4**
Changes in cash flow hedges	-	-	-	0.7	-	-	-	-	**0.7**	-	**0.7**
Actuarial gain/(loss) on post employment benefit obligations	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	9.0	-	-	-	-	-	**9.0**	(0.1)	**8.9**
Other comprehensive income	**-**	**-**	**9.0**	**0.7**	**-**	**-**	**-**	**-**	**9.7**	**(0.1)**	**9.6**
Net income	-	-	-	-	-	-	-	143.6	**143.6**	1.2	**144.8**
Total comprehensive income for the period	**-**	**-**	**9.0**	**0.7**	**-**	**-**	**-**	**143.6**	**153.3**	**1.1**	**154.3**
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-	-
Share-Based payments	-	-	-	-	-	0.4	-	-	**0.4**	-	**0.4**
Dividends	-	-	-	-	-	-	(155.6)	-	**(155.6)**	-	**(155.6)**
Scope changes	-	-	-	-	-	-	(0.0)	-	**(0.0)**	-	**(0.0)**
Appropriation of net income	-	-	-	-	-	-	511.7	(511.7)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Balance As at March 31, 2017	**606.1**	**375.1**	**(76.0)**	**(11.1)**	**(4.4)**	**7.6**	**1,935.0**	**143.6**	**2,976.0**	**35.9**	**3,011.8**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(in EUR million)	**Notes**	**Quarter ended March 31, 2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax excluding discontinued operations		**179.0**	**169.5**
Adjustments for:			
Rental Fleet	**16**	763.6	685.1
Other property and equipment		4.1	3.0
Intangible assets		1.8	0.7
Financial assets		-	-
Regulated prov., contingency and expenses provisions		21.3	20.2
Depreciation and provision		**790.7**	**709.1**
NBV on disposal of other property and equipment		4.2	2.3
NBV on disposal of intangible assets		-	0.1
Profit and losses on disposal of assets		**4.2**	**2.4**
Fair value of derivative financial instruments		34.7	(10.6)
Interest Charges		67.7	50.9
Interest Income		(225.6)	(168.0)
Net interest income	**11b**	**(157.9)**	**(117.1)**
Other (*)		(0.0)	0.6
Amounts received for disposal of rental fleet	**16**	697.5	539.0
Amounts paid for acquisition of rental fleet	**16**	(1,938.9)	(1,589.8)
Change in working capital		(52.2)	(37.8)
Interest Paid		(62.7)	(23.8)
Interest Received		237.7	182.1
Net interest paid		**175.0**	**158.3**
Income taxes paid		(20.2)	(24.4)
Cash generated from operations (continuing activities)		**(288.1)**	**(200.8)**
Net cash inflow/(outflow) from operating activities		**(288.1)**	**(200.8)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment		-	-
Acquisition of other property and equipment		(14.1)	(5.6)
Divestments of intangible assets		-	-
Acquisition of intangible assets		(3.4)	(2.2)
Proceeds from sale of financial assets		-	-
Acquisition of financial assets (non consolidated securities)		-	(2.0)
Effect of change in group structure		-	-
Dividends received		(0.0)	(0.0)
Long term investment		53.2	33.9
Loans and receivables from related parties		0.1	0.2
Other financial investment		1.5	5.2
Cash flows from investing activities (continuing activities)		**37.2**	**29.5**
Cash flows from investing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from investing activities		**37.2**	**29.5**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from financial institutions		1,974.8	1,737.3
Repayment of borrowings from financial institutions		(1,600.3)	(1,321.2)
Proceeds from issued bonds		0.1	0.0
Repayment of issued bonds		(0.1)	(27.9)
Dividends paid to company's shareholders		(155.6)	(0.2)
Dividends paid to minority interest		-	-
Increase/decrease in shareholders capital		-	-
Other		-	-
Cash flows from financing activities (continuing activities)		**218.9**	**388.0**

Cash flows from financing activities (discontinued operations)		-	-
Net cash inflow/(outflow) from financing activities		**218.9**	**388.0**
Exchange gains/(losses) on cash and cash equivalents		**0.8**	**(1.8)**
Effect of change in accounting policies		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**(31.1)**	**214.9**
Cash & cash equivalents at the beginning of the period	**19**	**(24.8)**	**282.3**
Cash & cash equivalents at the end of the period	**19**	**(55.9)**	**497.2**

(*) Including mainly the unrealised foreign exchange gains or losses (note 7.b)

NOTE 1. GENERAL INFORMATION

ALD International ("the Company") and its subsidiaries (together "the Group") is a service leasing and vehicle fleet management group with a fleet of more than 1,406,000 vehicles. The Group provides financing and management services in 41 countries in the world including the following businesses:

- Full service leasing : Under a full-service lease, the clients pays the leasing company a regular monthly payment to cover financing, depreciation of the vehicle and the cost of various services provided in relation to the use such as tyre management, fuel cards, insurance, maintenance, replacement car, etc…;
- Fleet management: Fleet management services include the provision of outsourcing contracts to clients under which the vehicle is not owned by the Group but is managed by the Group and for which the client pays fees for the various fleet management services provided. These services are generally identical to those listed under the full-service leasing above, with the exception of the financing service, as the vehicle is owned by the client.

The company is a French "Société Anonyme" incorporated in Société Générale group. Its registered office is located at 15 Allée de l'Europe, 92110 Clichy.

The company is a wholly-owned subsidiary of the Société Générale Group.

The consolidated financial statements are presented in millions of Euros, which is the Group's presentation currency, and values are rounded to the nearest million, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

These consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 were authorised for issue by ALD International's Board of Directors on May 4, 2017 within the framework of the proposed public offer and the admission of shares to trading on the regulated market Euronext Paris in France.

NOTE 2. BASIS OF PREPARATION

The Group's interim condensed consolidated financial statements for the three months period ended March 31, 2017 and the three months period ended March 31, 2016, have been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31,2016, 2015 and 2014 which have been prepared in accordance with International Financing Reporting Standards (IFRS) as adopted by the European Union and described in Note 4.

NOTE 3. MAJOR EVENTS OF THE PERIOD

On February 9 2017, Société Générale announced in the press release “Quarterly financial information” its intention to float its ALD subsidiary on the stock market in 2017, subject to market conditions, through the disposal of a limited stake. This strategic operation will enable ALD to accelerate its growth and become a leader in the mobility sector.

NOTE 4. ACCOUNTING POLICIES

In the framework of the interim financial accounts the accounting policies adopted are similar with those used for the preparation of the consolidated financial statements of the years ended December 31, 2016, 2015 and 2014, with limited exceptions concerning income tax expenses which are calculated by each subsidiary, applying the relevant tax rate to taxable incomes for the period. Adjustments are made for any significant non-recurring items, and the corresponding tax impacts are reflected within the reported income tax expense.

During the period to March 31,2017 there was an amendment to IAS7: Disclosure Initiative applicable since January 1,2017. Neither this or any other new or amended standards or interpretations that are effective for the first time for this interim period are expected to have a material impact on the Group.

NOTE 5. ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed consolidated financial statements requires the management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the balance sheet date and on items of income and expense for the period.

These estimates and assumptions, which are based on historical experience and other factors believed to be reasonable in the circumstances, are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates if different assumptions or circumstances apply.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 with the exception of assumptions and changes in estimates that are required in determining the provision for income taxes for the interim period (see Note 12 – Income tax expense).

NOTE 6. EXCHANGE RATE

For the three months ended March 31, 2017, the balance sheets, income statements and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in ALD International' s accounts have been translated (i) at the exchange rate prevailing at March 31, 2017 for the balance sheet, and (ii) at the average exchange rate for the period ended at March 31, 2017 for the income statement, statement of comprehensive income and cash flow statement except in the case of significant fluctuations in exchange rates. Translation differences have been recorded in equity.

The main exchange rates used in the interim condensed consolidated financial statements for the three months ended March 31, 2017 and for the three months ended March 31, 2016 are based on Paris stock exchange rates and are as follows:

	March 31,2017		**December 31,2016**	**March 31,2016**
	Period-end Rate	**Average Rate**	**Period-end Rate**	**Average Rate**
EUR / UK Pound:	0.8555	0.8598	0.8562	0.7701
EUR / Danish Krone:	7.4379	7.4353	7.4344	7.4605
EUR / Swedish Krona:	9.5322	9.5050	9.5525	9.3260

NOTE 7. SEASONALITY AND CYCLICALITY

As the Group leases assets to its clients for durations that normally range between three to four years, the impact of seasonality and cyclicality is relatively limited.

NOTE 8. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: credit risk, asset risk, damage risk and treasury risk (including liquidity risk, interest rate risk and foreign exchange risk).

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group’s annual financial statements for the years ended December 31, 2016, 2015 and 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

All derivative financial instruments remain classified at level 2 in 2017. There were no transfers between levels 1 and 2 during the period. There were no changes in valuation techniques during the period.

NOTE 9. SEGMENT INFORMATION

The Board of Directors approves the decisions taken by the Group's Executive Committee which is the main decision making body (comprising of the Group's CEO, Deputy CEOs, CFO and CAO and CCO)[28].

Management considers the performance of the following geographical segments: Western Europe, Central and Eastern Europe, Northern Europe and LatAm, Africa, Asia and Rest of the World.

There were no changes in the segmentation during the first quarter of 2017.

The Group's Executive Committee assesses the performance of the operating segments based on a measure of revenue and profit before tax as presented in the interim condensed consolidated financial statements. They also check to ensure that no customer represents more than 10% of the total revenue.

Revenue and Profit before tax

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

	Quarter ended March 31, 2017		**Quarter ended March 31, 2016**	
(in EUR million)	**Profit before tax**	**Revenue from external customers**	**Profit before tax**	**Revenue from external customers**
Western Europe	132.1	1,350.5	117.0	1,161.7
Nordic	19.9	215.2	28.9	217.5
Continental & Eastern Europe	23.4	183.3	21.8	150.1
LatAm, Africa, Asia & Rest of world	3.5	78.5	2.0	58.8
TOTAL	**179.0**	**1,827.4**	**169.6**	**1,588.1**

	Quarter ended March 31, 2017	**Quarter ended March 31, 2016**
(in EUR million)	**Revenue from external customers**	**Revenue from external customers**
Leasing contract revenues	976.7	821.0
Service revenues	442.0	397.4
Proceeds of cars sold	634.3	537.6
TOTAL	**2,052.9**	**1,756.0**

[28] CEO: Chief Executive Officer, CFO: Chief Financial Officer, CAO: Chief Administration Officer and CCO: Chief Commercial Officer.

Other disclosures

March 31, 2017			
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	11,163.2	15,132.0	11,391.7
Nordic	1,402.2	1,558.5	51.4
Continental & Eastern Europe	1,461.4	1,629.6	1,137.7
LatAm, Africa, Asia & Rest of world	546.9	664.7	543.0
TOTAL	**14,573.6**	**18,984.7**	**13,123.7**

December 31, 2016			
(in EUR million)	**Rental fleet**	**Total assets**	**Net financial debt (*)**
Western Europe	10,748.0	14,662.1	11,004.7
Nordic	1,392.3	1,607.2	59.6
Continental & Eastern Europe	1,413.2	1,606.2	1,122.3
LatAm, Africa, Asia & Rest of world	521.4	633.1	515.6
TOTAL	**14,075.0**	**18,508.6**	**12,702.2**

(*) Net financial debt is defined as the sum of Borrowings from financial institutions (non-current and current) minus cash and cash equivalents, as presented in the Group's consolidated balance sheet

Revenue from external customers and Rental Fleet by countries with yearly Revenues in excess of €100 million are detailed below:

	Quarter ended March 31, 2017 Revenue from external customers (EUR million)	**Quarter ended March 31, 2016 Revenue from external customers (EUR million)**	**March 31, 2017 Rental Fleet (EUR million)**	**December 31, 2016 Rental Fleet (EUR million)**
France	445.0	342.8	3,607.2	3,536.4
Italy	299.4	267.4	2,172.8	2,027.3
UK	203.5	184.7	1,471.5	1,394.1
Germany	153.0	136.3	996.5	959.9
Belgium	128.6	109.7	904.6	885.9
Spain	119.7	104.8	863.2	852.8
Netherlands	93.3	82.6	689.1	646.6
Finland	76.9	78.5	456.1	460.3
Denmark	74.8	77.5	365.9	360.7
Sweden	56.0	49.9	364.9	364.0
Luxembourg	46.4	32.8	245.2	242.2
Brazil	40.0	24.5	214.6	200.0
Turkey	27.2	26.9	214.9	220.6
Norway	28.3	26.8	215.2	207.4
Other Countries	260.7	210.7	1,791.9	1,716.7
	2,052.9	**1,756.0**	**14,573.6**	**14,075.0**

NOTE 10. CHANGES IN THE SCOPE OF CONSOLIDATION

As at March 31, 2017 there was no change in the scope of consolidation since December 31, 2016.

NOTE 11. REVENUES AND COST OF REVENUES

11a. Leasing contract margin

(in EUR million)	Quarter ended March 31, 2017	2016
Leasing contract revenue -operating leases	914.0	798.6
Interest income from finance lease	19.4	17.3
Other interest income	43.3	5.1
Leasing contract revenues	**976.7**	**821.0**
Leasing contract costs - depreciation	(748.3)	(662.4)
Leasing contract costs - financing:		
Interest charges on loans from financial institutions	(56.1)	(39.4)
Interest charges on issued bonds	(4.0)	(7.4)
Other interest charges	(7.6)	(4.2)
Total interest charges	(67.7)	(50.9)
Leasing contract costs - depreciation and financing	**(816.1)**	**(713.3)**
Trading derivatives	(32.9)	10.7
Imperfectness of derivatives at fair value hedges	(0.0)	(0.1)
Imperfectness of derivatives at cash flow hedges	(1.7)	(0.0)
Unrealised gains/losses on derivative financial instruments	(34.7)	10.6
Unrealised Foreign Exchange Gains or Losses	2.8	3.3
Total Unrealised gains/losses on derivative financial instruments	(31.9)	13.9
Leasing contract margin	**128.8**	**121.6**

“Other interest income” comprises income received from financial instruments and also income received for cash deposits with third party counterparts.

Leasing contract costs - depreciation includes the movement in the provision for excess depreciation which is booked in each entity following the fleet revaluation process which is detailed in note 3.1.3 of the consolidated financial statements for the years ended December 31, 2016, 2015 and 2014.

11b. Service margin (group rental and damage risk retention into leases services)

(in EUR million)	Quarter ended March 31, 2017	2016
Services revenue	442.0	397.4
Cost of services revenues	(290.2)	(267.7)
Services margin	**151.8**	**129.6**

Revenues and costs are derived from the various service components included within the contractual lease instalments, such as maintenance and tyres, damage risk retention and replacement vehicles.

11c. Car sales result

On a periodic basis, the Group performs fleet revaluations to identify and calculate any impacts of changes in the estimated residual value of the vehicles under operating leases. Any potential risks are provided for prospectively over the remaining estimated useful life and then released upon disposal. The net impact of this provisioning is included within the Depreciation cost and in the first quarter of 2017 this impact was a net income of EUR 1 million (March 31, 2016: EUR 12 million net charge).

	Quarter ended March 31,	
(in EUR million)	**2017**	**2016**
Proceeds of cars sold	634.3	537.6
Cost of cars sold	(586.5)	(485.5)
Car sales result	**47.8**	**52.0**

11d. Revenues

Revenues that are included within the margins analysed in the sections 11a, 11b and 11c, are shown in the following table. They are analysed into Revenues derived from the Rental activity and Proceeds of Cars sold at the end of the leasing period.

	Quarter ended March 31,	
(in EUR million)	**2017**	**2016**
Services Revenues	**442.0**	**397.4**
Leasing contract revenue - operating leases	914.0	798.6
Interest revenue	62.7	22.5
Leasing contract revenues	**976.7**	**821.0**
Sub-Total - Revenues from Rental Activity	**1,418.6**	**1,218.4**
Proceeds of Cars Sold	634.3	537.6
Total Revenues	**2,052.9**	**1,756.0**
Total Revenues excluding Interest Income	**1,990.3**	**1,733.5**

Total Revenues excluding Interest Income is equal to the Revenues as disclosed in the Interim Condensed Consolidated Income Statement for the three months period ended March 31, 2017 and the three months period ended March 31, 2016.

NOTE 12. INCOME TAX EXPENSE

Income tax expense

(in EUR million)	**Quarter ended March 31,2017**	**Quarter ended March 31,2016**
Current tax	(24.5)	(42.6)
Deferred tax	(9.7)	5.3
Income tax expense	**(34.2)**	**(37.4)**

Income tax expense is recognized based on the tax rate that would be applicable to expected total annual profit or loss. The effective average annual tax rate that is expected to be used for the year ended on December 31, 2017 is 19.1% (22.1% for the year ended December 31, 2016).

In Q1 2017 there was a EUR 3.3 million additional benefit in the current tax due to the Stability Law introduced in Italy, in addition to this there was also some movement of tax charges from current to deferred tax which totalled EUR 11.3 million.

NOTE 13. DIVIDENDS

A dividend related to the period ended December 31, 2016 for an amount of EUR 155.6 million was paid to Société Générale on March 28, 2017 (a dividend of EUR 149.5 million was paid to Société Générale on December 9, 2016 for the period ended December 31, 2015).

NOTE 14. NON-RECURRING OPERATING INCOME (EXPENSES)

There are no Non-recurring operating income or expenses for the period ended March 31, 2017

NOTE 15. GOODWILL

As part of the interim condensed consolidated financial statements, and in accordance with the Group accounting policies, no impairment tests on goodwill were performed at March 31, 2017 since there were no indications of impairment.

NOTE 16. RENTAL FLEET

(in EUR million)	Rental fleet
At 1 January 2016	
Cost	16,550.7
Accumulated depreciation & impairment	(4,876.1)
Carrying amount As at 1 January 2016	**11,674.6**
For the 3 months period ended March 31, 2016	
Opening net book amount	11,674.6
Additions	1,589.8
Disposals	(539.0)
Acquisition of a subsidiary	-
Depreciation charge	(685.1)
Transfer (included transfer to inventories)	0.1
Currency translation differences	(104.6)
Closing net book amount as at March 31, 2016	**11,935.9**
At 31 March 2016	
Cost	16,846.2
Accumulated depreciation & impairment	(4,910.3)
Carrying amount As at March 31, 2016	**11,935.9**
At January 1, 2017	
Cost	19,539.7
Accumulated depreciation & impairment	(5,464.8)
Carrying amount as at January 1, 2017	**14,075.0**
For the 3 months period ended March 31, 2017	
Opening net book amount	14,075.0
Additions	1,938.9
Disposals	(697.5)
Acquisition of a subsidiary	-
Depreciation charge	(763.6)
Transfer (included transfer to inventories)	-
Currency translation differences	20.9
Closing net book amount as at March 31, 2017	**14,573.6**
At 31 March 2017	
Cost	20,187.8
Accumulated depreciation & impairment	(5,614.2)
Carrying amount as at March 31, 2017	**14,573.6**

At March 31, 2017 and March 31, 2016, there were no impairments on the “Rental fleet”.

ALD continues to retain substantially all of the risks and rewards of the lease receivables as in all asset-backed securitisation programmes they subscribed to the first class of notes which will result in ALD bearing any realised losses. Therefore ALD continues to recognise the transferred lease receivables in their entirety for a present value of EUR 2,010 million and a net book value of EUR 2,033 million at March 31, 2017. The transferred lease receivables cannot be sold.

At March 31, 2017, the accounting value of the associated liabilities is GBP 300 million in the UK, EUR 300 million in Belgium, EUR 236 million in the Netherlands and EUR 500 million in Germany.

NOTE 17. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

(in EUR million)	March 31, 2017	December 31, 2016
Long-term investments (10 years)	927.1	979.8
Other current financial assets	286.3	288.4
Other	0.4	0.4
Total	**1,213.8**	**1,268.5**

Long-term investments are a resource resulting from the policy of the Group and of its shareholder, Société Générale, to monitor the Group's interest rate risk through the matching of assets and liabilities by maturity. Available equity is considered as a long term resource which needs to be matched with long-term assets (refer to Interest rate risks management in financial risk management section in the consolidated financial statements for the years ended December 31, 2016, 2015 and 2014). Equity reinvestments are made in long term amortizing deposits within Société Générale in order to remain within the interest rate sensitivity limit set for each entity (variation in the net present value of the future residual fixed rate positions, surplus or deficit, for a 1% parallel increase in the yield curve).

In jurisdictions, where feasible, the Group has also implemented equity replacement swaps rather than investing in long term amortising assets.

NOTE 18. RECEIVABLES FROM CLIENTS AND FINANCIAL INSTITUTIONS

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for debtor risks, where necessary.

(in EUR million)	March 31, 2017	December 31, 2016
Amounts receivable under finance lease contracts	531.9	512.5
Amounts receivable from credit institutions (*)	26.9	31.7
Trade receivables	860.2	812.0
Provision for impairment of trade receivables	(85.3)	(85.8)
Total receivables	**1,333.7**	**1,270.4**

(*) Mainly towards Société Générale

The maturity analysis is as follows:

(in EUR million)	March 31, 2017	December 31, 2016
Trade receivables not overdue	628.6	599.1
Past due up to 90 days	163.1	149.6
Past due between 90 - 180 days	20.7	18.5
Past due over 180 days	47.8	44.8
Total	**860.2**	**812.0**

NOTE 19. CASH AND CASH EQUIVALENTS

(in EUR million)	March 31, 2017	December 31, 2016
Cash at bank and on hand	146.3	138.4
Short-term bank deposits	39.1	26.2
Cash and cash equivalents excl. bank overdrafts	**185.4**	**164.6**
Bank overdrafts	(241.3)	(189.3)
Cash and cash equivalents, net of bank overdrafts	**(55.9)**	**(24.7)**

As ALD operates its own re-insurance program, the cash balance includes funds required for this business.

NOTE 20. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The company has no available for sale assets and no derivatives used for hedging. The company's financial assets and liabilities are categorized as follows:

Financial assets

	Financial asset category				
As at March 31, 2017 (EUR million)	**Loans and receivable**	**Assets at fair value through profit and loss**	**Total net book value per balance sheet**	**Fair value**	**Level (*)**
Derivative financial instruments		21.8	21.8	21.8	Level 2
Receivables from clients and from financial institutions	1,333.7		1,333.7	1,333.7	Level 2
Other non current and current financial assets		1,213.8	1,213.8	1,213.8	Level 1 and level 2
Cash and cash equivalents		185.4	185.4	185.4	Level 1
Total	**1,333.7**	**1,421.0**	**2,754.7**	**2,754.7**	

(*) Refers to valuation method

As at December 31, 2016 (EUR million)	Financial asset category Loans and receivable	Assets at fair value through profit and loss	Total net book value per balance sheet	Fair value	Level (*)
Derivative financial instruments		78.3	78.3	78.3	Level 2
Receivables from clients and from financial institutions	1,270.4		1,270.4	1,270.4	Level 2
Other non current and current financial assets		1,268.6	1,268.6	1,268.6	Level 1 and level 2
Cash and cash equivalents		164.6	164.6	164.6	Level 1
Total	**1,270.4**	**1,511.4**	**2,781.9**	**2,781.9**	

(*) Refers to valuation method

Financial liabilities

As at March 31, 2017 (EUR million)	Financial liability category Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	10,392.9			10,392.9	10,392.9	Level 2
Bonds issued	2,916.3			2,916.3	2,921.1	Level 2
Derivative financial instruments		40.7		40.7	40.7	Level 2
Trade payables			767.5	767.5	767.5	Level 2
Total	**13,309.2**	**40.7**	**767.5**	**14,117.4**	**14,122.2**	

As at December 31, 2016 (EUR million)	Financial liability category Loans and receivables	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total net book value per balance sheet	Fair value	Level
Bank borrowings	9,950.5			9,950.5	9,950.5	Level 2
Bonds issued	2,916.3			2,916.3	2,943.4	Level 2
Derivative financial instruments		52.0		52.0	52.0	Level 2
Trade payables			693.6	693.6	693.6	Level 2
Total	**12,866.8**	**52.0**	**693.6**	**13,612.4**	**13,639.5**	

NOTE 21. BORROWINGS FROM FINANCIAL INSTITUTIONS, BONDS AND NOTES ISSUED

(in EUR million)	March 31, 2017	December 31, 2016
Bank borrowings	7,486.1	7,665.6
Non-current borrowings from financial institutions	**7,486.1**	**7,665.6**
Bank overdrafts	241.3	189.3
Bank borrowings	2,665.5	2,095.5
Current borrowings from financial institutions	**2,906.7**	**2,284.8**
Total borrowings from financial institutions	**10,392.9**	**9,950.5**
Bonds and notes-originated from securitisation transactions	1,149.6	896.7
Bonds and notes-originated from EMTN programme	-	1,020.0
Other non-current bonds issued	-	-
Non-current bonds and notes issued	**1,149.6**	**1,916.7**
Bonds and notes-originated from securitisation transactions	237.3	489.9
Bonds and notes-originated from EMTN programme	1,529.4	509.7
Other current bonds issued	-	-
Current bonds and notes issued	**1,766.6**	**999.6**
Total bonds and notes issued	**2,916.3**	**2,916.3**
Total borrowings from financial institutions and bonds	**13,309.2**	**12,866.8**

Maturity of borrowings and bonds

(in EUR million)	March 31, 2017	December 31, 2016
Less than 1 year	4,673.5	3,284.0
1-5 years	8,312.5	9,357.2
Over 5 years	323.3	225.5
Total borrowings and bonds	**13,309.2**	**12,866.8**

Currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in EUR million)	March 31, 2017	December 31, 2016
Euro	9,793.9	9,480.4
UK Pound	1,593.3	1,501.3
Danish Krone	288.5	309.4
Swedish Kronor	277.7	271.0
Other currencies	1,355.9	1,304.6
Total borrowings and bonds	**13,309.2**	**12,866.8**

External funding

Local external banks and third parties provide 27% of total funding, representing EUR 3,538 million at March 31, 2017 (28% and EUR 3,570 at December 31, 2016).

An amount of EUR 622 million or 4.7% of total funding is provided by external banks. The residual external funding (EUR 2,916 million) has been raised through asset-backed securitisations and unsecured bonds.

EMTN programme

The Group is engaged in a Euro Medium Term Notes (EMTN) programme. The EMTN programme limit is set at EUR 6 billion for the aggregate nominal amount of notes outstanding at any one time. An application has been filed with the Luxembourg Stock Exchange in order for the notes issued under the programme to be listed on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The programme is rated BBB by Standard & Poor's ratings services.

No new bonds have been launched by the Group in Q1 2017.

Société Générale funding

Following the external funding raised in recent years, the funding raised through Société Générale has increased from 72 % as at December 31, 2016 to 73 % as at March, 31, 2017.

Most of the funding provided by the SG group is granted through Société Générale Bank and Trust (SGBT) based in Luxemburg. SGBT provides funds to the ALD Group Central Treasury which then grants loans in different currencies to 20 ALD subsidiaries as well as to the holding companies. The total amount of loans granted by SGBT amounted to EUR 6,896 million at March 31, 2017 (EUR 6,649 million at December 31, 2016) with an average maturity of 2.39 years and an average rate of 0.63%.

The remaining SG funding is provided either by local SG branches or SG Group Central Treasury in Paris, representing EUR 2,875 million at March 31, 2017 (EUR 2,648 million at December 31, 2016).

At March 31, 2017 the Group has undrawn borrowing facilities of EUR 2.5 billion (EUR 2.6 billion at December 31, 2016).

A guarantee at first demand has been granted to an English Financial institution for an amount of GBP 120 million on behalf of ALD Automotive UK, under the conditions negotiated in the frame of the distribution agreement concluded with this financial institution.

NOTE 22. TRADE AND OTHER PAYABLES

(in EUR million)	March 31, 2017	December 31, 2016
Trade payables	767.6	693.6
Deferred leasing income	397.1	391.0
Other accruals and other deferred income	353.6	378.5
Advance lease instalments received	237.3	229.1
Accruals for contract settlements	79.9	81.8
VAT and other taxes	197.8	210.2
Other	0.2	1.3
Trade and other payables	**2,033.5**	**1,985.6**

NOTE 23. EARNINGS PER SHARE

Basic earnings per share

	As at March 31,	
(in EUR million)	**2017**	**2016**
Net income attributable to owners of the parent	143.6	130.9
Weighted average number of ordinary shares (in thousands)*	400,410	400,410
Total basic earning per share (in cents)	**0.36**	**0.33**

** Following the shareholders meeting held on March 17, 2017 it was decided to issue 10 additional shares for each share issued, which resulted in the number of ordinary shares increasing from 40,410,000 to 400,410,000*

Diluted earnings per share

As ALD Automotive did not issue any dilutive instruments for the three months period ended March 31, 2017 and March 31, 2016, diluted earnings per share equal to basic earnings per share for the periods presented.

NOTE 24. RELATED PARTIES

Related party transactions relate mainly to transactions with companies of the Société Générale Group (“SG”), the Group shareholder. There was no material change in the first quarter of 2017 in the nature of the transactions conducted by the group with related parties from those at December 31, 2016 which were referred to note 33 “Related Parties” of the consolidated financial statements for the years ended December 31, 2016, 2015 and 2014.

Significant related party transactions occurred as of March 31, 2017 and March 31, 2016 are disclosed below:

- As at March 31, 2017 73 % of the Group's funding was provided through SG at a market rate representing EUR 9,771 million (respectively 70% representing EUR 7,684 million as at March 31, 2016 and 72 % representing EUR 9,297 million as at December 31, 2016);
- Overall bank guarantees released by SG Group in case of external funding amounted to EUR 796.3 million as at March 31, 2017 (EUR 695.3 million as at March 31, 2016 and EUR 789.7 million as at December 31, 2016);
- SG also provides ALD Group with derivatives instruments for a total amount of EUR 19.3 million in assets and EUR 38.3 million in liabilities as at March 31, 2017 (respectively EUR 108 million in assets and EUR 35 million in liabilities as at March 31, 2016, and EUR 77 million in assets and EUR 49.3 million in liabilities as at December 31, 2016).
- ALD Group has cash deposits, including long-term cash deposits, with SG for a total of EUR 1,020 million as at March 31, 2017 (as at December 31, 2016 the total was EUR 1,992 million, of which EUR 1,077 million in deposits and EUR 915 million in swaps).

  All of the swaps were cancelled in Q1 2017.

20.2.2 Statutory auditors' review report for the three months ended 31 March 2017

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de €1.723.040

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ALD

Limited Company

Tours Société Générale « Chassagne »
15-17 Cours Valmy
92800 Puteaux

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from January 1 to March 31, 2017

To the Chief Executive Officer,

In our capacity as statutory auditors of ALD and in accordance with Commission Regulation (EC) n°809/2004 in the context of an offer to the public and an admission of equity securities to trading on the regulated market of Euronext Paris, we have reviewed the accompanying interim condensed consolidated financial statements for the period from January 1 to March 31, 2017, as they are attached to this report.

We highlight that the first set of interim condensed consolidated financial statements has been prepared on March 31, 2017, consequently we have not audited nor reviewed the corresponding figures relating to the period from January 1 to March 31, 2016.

These interim condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

This report shall be governed by, and construed in accordance with, French law and professional standards applicable in France. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Paris-La Défense and Neuilly-sur-Seine, May 9, 2017

The Statutory Auditors

ERNST & YOUNG et Autres	Deloitte & Associés
Micha MISSAKIAN	Jean-Marc MICKELER

20.3 DATE OF LATEST FINANCIAL INFORMATION

The Group's most recent financial information, which has been the subject of a limited review by the statutory auditors and is included in this Registration Document, is the unaudited consolidated financial statements for the three months ended 31 March 2017.

20.4 DIVIDEND DISTRIBUTION POLICY

The following table sets forth the amount of dividends and the net dividend per share distributed by the Company during the past three years.

	Distribution Year		
	2014	**2015**	**2016**
Total dividend (*in million of €*)	100,106,825.91	149,518,346.80	155,579,901.40
Net dividend per share (*in €*)	2.73	3.70	3.85

In accordance with law and the Company's Bylaws, as adopted by the combined ordinary and extraordinary shareholder's meeting on 20 April 2017, whose effectiveness is subject to condition precedent of the listing of the Company's shares on Euronext Paris, the general shareholders' meeting may decide, at the proposal of the Board of Directors, to distribute dividends.

The Company's future dividend distribution policy is described in Chapter 12 of this Registration Document.

20.5 LEGAL AND ARBITRATION PROCEEDINGS

The Group may be involved in regulatory, legal, and arbitration proceedings in the ordinary course of business. The Company records a provision when there is a sufficient probability that such disputes will result in a loss for the Company or one of its subsidiaries.

In particular, the Group is involved in anti-trust proceedings in Italy, which relates to the provision of fleet information to a car leasing trade association by the Group and the other major players in car leasing in Italy, for which it has established provisions in 2016 totalling €9.8 million which was released in the Group's results for the three months ending 31 March 2017. An investigation was initiated by the Italian Competition Authority on 29 July 2015, and, on 7 December 2016, a statement of objection was sent by the Italian authorities to the Group and the other defendants, which closed the investigatory phase and alleged an infringement by the defendants of Article 101 of the Treaty on the Functioning of the European Union (TFUE) on the grounds that the exchange of fleet information was a "concerted practice". Following a hearing on 1 March 2017, the Italian Competition Authority adopted its final decision on 13 April 2017 and found that in light of the facts assessed and the evidences collected in the course of the investigation, no breach of Art. 101 of the Treaty on the Functioning of the European Union was deemed to exist". The decision of the antitrust authorities is subject to appeal by any natural or legal person that can claim a legal interest in such interest. However, the Group does not believe that any such natural or legal person exists, and so expects that the decision of the anti-trust authorities is final. The time limit for ordinary remedies expires after sixty days from the notification, namely on 12 June 2017.

The Group is also involved in tax proceedings in several countries:

In India, the Group is involved in certain tax proceedings for which it has established provisions as at 31 December 2016 totalling €18.3 million. These provisions mainly relate to the tax treatment of depreciation on vehicles owned by the Group as well as to whether goods or services taxes should be applied to the Group's operating leases. Regarding the depreciation proceedings, the Indian tax authorities allege that the company did not own its vehicles under operating leases and consequently was ineligible for the depreciation allowance. The Group appealed within the internal tax departmental adjudication mechanism ("CIT-Appeals") and then in front of the Income Tax Appellate Tribunal ("ITAT"), which upheld the Group's analysis. The period during which the tax authorities could appeal this determination has now lapsed and in recent assessment orders the tax authorities have allowed the claiming of the depreciation allowance for companies in similar circumstances. Regarding the service tax proceedings, on 14 December 2015, the Indian tax authorities notified the Group that its business should be assessed as a 'Cab rental' services company and therefore should be required to pay a service tax on its total rental for the years 2006 to 2014, on top of the goods and services taxes it had already collected on its operating leases for the same period. The Group appealed this decision in front of the Delhi High Court on 2 February 2016 and the matter will be heard on 17 May 2017.

In addition, the Group is involved in tax proceedings in Brazil, which relate to road taxes and amounts claimable in respect of taxes on services, for which it has established provisions as at 31 December 2016 totalling €8.7 million. Regarding the proceedings on road taxes, Sao Paolo state authorities have issued fines against the Group for not registering its vehicles used in Sao Paolo in that state on the basis of a new law enacted in 2008. The Group and other Brazilian car rental/leasing companies have requested a judgement before the Federal Supreme Court to declare the actions of the Sao Paulo state authorities to be unconstitutional on the grounds that tax rates should be based, as was the case before the 2008 legislation, on the location of the registered offices of car owners rather than on where vehicles are being used. The Group is awaiting the judgement of the authorities in this case. If the Supreme Court decides that the tax should be paid in the State in which the vehicle usually circulates, this may result in a change of the law of the other States and consequently cause operational impacts, which have been reflected in the provisions that have been recorded by the Group. There is no date set for the judgment of the Supreme Court and according to the procedure in force following the decision in the appeal stage, the lower court proceedings will remain suspended pending the decision of the Supreme Court. Regarding the proceedings on tax on services, the Group was notified by the Brazilian tax authorities of a fine of BRL 10.2 million (€2.7 million) on 16 April 2015 due to its allegedly incorrect calculation of federal taxes imposed on gross revenues from the sale of goods and services. In particular, the tax authorities disallowed ALD Brazil's credits claimed on various services. ALD Brazil presented its defence to the Internal Revenue Service of Brazil, at the administrative level, on 15 May 2015 and has not yet received the administrative judgment, following which various administrative and legal appeals will be possible if necessary. The assessment refers to the years 2010 and 2011 with the possibility of a new assessment based on subsequent years. The possibility of new additional assessments has been reflected in the provisions that have been recorded by the Group.

In Spain, the group is involved in tax proceedings for which it has established provisions totalling €2.4 million as at 31 December 2016. These provisions mainly relate to the corporate income tax treatment of senior executive remuneration and the tax treatment of vehicles assigned to employees. The corporate income tax proceedings relate to the deductibility of remuneration of senior executives in respect of board members who are also employees, for which the tax administration is contesting the deductibility. The Group is contesting the position of the tax administration on the basis of a number of rulings that have been rendered in support of the Group's position, including by the tax administration itself. Regarding the proceedings relating to the attribution of vehicles assigned to employees for private use, the attribution of 35% of the value such vehicles to employees is at issue. The initial proceedings for all of the above proceedings are pending in the administrative courts, and the Group expects that the court will issue their decisions later this year or in 2018. If the Group does not prevail in these initial proceedings, it will have an opportunity to appeal in the judicial courts.

The Group is also involved in tax proceedings related to its acquisition of Parcours for which it has incurred, as at the date of this Registration Document, €4.7 million in tax adjustments and penalties, all of which were provisioned in the 2016 accounts, without taking into account the potential benefit of a vendor guarantee and purchase price adjustment provided for in the share sale agreement concluded between the vendor and Temsys on 24 February 2016. This vendor guarantee and purchase price adjustment should cover the adjustments and penalties for certain financial years in relation to which tax adjustments and penalties have been issued (amounting to approximately €4 million of such adjustments and penalties). The Group initiated the implementation of the vendor's guarantee on 1 September 2016, which remains under discussion with the vendor.

In addition, two employees of the Group are involved in criminal proceedings in Italy relating to allegations of violating anti-corruption rules in relation to a tender with a public administrative body. On 23 January 2017, the Group has been acquitted by the Court of Busto Arsizio from the administrative offense linked to the crime of corruption. However, the same court has allowed the subpoena of ALD Automotive Italia as party responsible for the damages caused by the collusive tendering conducts alleged against the employees, which are not statute-barred. The legal person who requested the subpoena of ALD Automotive as a party responsible is not the legal person directly involved in the crime but the holding which owns a stake in such legal person and this holding claimed only a reputation damage. As a result, the potential consequences on ALD’s financial situation are extremely limited (€20,000 maximum). Hearings on this part of the proceedings are still on-going.

Finally, certain entities of the Group are from time to time involved in civil or criminal disputes with customers or co-contractors in relation to their operations, including disputes relating to alleged fraudulent behaviour of the Group's employees or customers. The Group does not expect any of these disputes to have a material effect on its financial situation and no provisions for these disputes have been recorded.

As of the date of this Registration Document, other than the above, the Company is not aware of any administrative, judicial or arbitration proceedings (including any pending or threatened proceedings of which the Group is aware) that are likely to have or have had over the course of the last twelve months a material adverse effect on the Group's business, financial condition or results of operations.

20.6 SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL OR TRADING POSITION

To the Company's knowledge there has been no material change in the financial or commercial position of the Group since 31 March 2017 other than as described in this Registration Document.

CHAPTER 21. ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 Subscribed share capital and authorised but unissued share capital

As of the date of this Registration Document, the Company's share capital amounts to €606,155,460 divided into 404,103,640 shares at par value of €1.5 fully subscribed and paid-up.

The table below presents the financial resolutions, approved by the combined ordinary and extraordinary shareholder's meeting on 20 April 2017, subject to and effective as of date of the listing of the Company's shares on Euronext Paris:

Shareholder's meeting (No of resolution)	Purpose of the Resolution	Maximum Amount	Duration of Authorisation
20 April 2017 (Resolution 10)	Authorization to be granted to the Board of Directors to trade in the Company's shares ..	5% of share capital	18 months
20 April 2017 (Resolution 11)	Delegation of authority to be given to the Board of Directors to decrease the share capital by cancellation of treasury shares	10% of share capital per 24-month period	26 months
20 April 2017 (Resolution 12)	Delegation of power to the Board of Directors to increase the share capital of the Company or of another company through the issuance of shares and/or securities giving immediate or future access to share capital, with preferential subscription rights	€300,000,000 (€1,000,000,000 for debt securities)	26 months
20 April 2017 (Resolution 13)	Delegation of power to the Board of Directors to increase the share capital of the Company or of another company through the issuance of shares and/or securities giving immediate or future access to share capital, without preferential subscription rights, through a public offering	€60,000,000[1] (€1,000,000,000 for debt securities)	26 months
20 April 2017 (Resolution 14)	Delegation of power to the Board of Directors to increase the share capital of the Company or of another company through the issuance of shares and/or securities giving immediate or future access to share capital, without preferential subscription rights, through private placements as described in Article L. 411-2 of the French Monetary and Financial Code	€60,000,000[1] (€1,000,000,000 for debt securities)	26 months
20 April 2017	Delegation of authority to the Board to increase the	15% of the	26 months

Shareholder's meeting (No of resolution)	Purpose of the Resolution	Maximum Amount	Duration of Authorisation
(Resolution 15)	number of shares to be issued in a capital increase, with or without preferential subscription rights	initial issuance[1]	
20 April 2017 (Resolution 16)	Delegation of authority to the Board of Directors to increase share capital by incorporation of premiums, reserves, profits or other items ...	€300,000,000[1]	26 months
20 April 2017 (Resolution 17)	Authorization given to the Board of Directors to issue shares or securities giving immediate or future access to shares to be issued by the Company in consideration of contributions in kind consisting of shares or securities giving access to share capital	10% of share capital	26 months
20 April 2017 (Resolution 18)	Delegation of authority to the Board of Directors to carry out capital increases reserved for participants in Company savings plans without preferential subscription rights for shareholders	0.3% of share capital[1]	26 months
20 April 2017 (Resolution 19)	Authorization to the Board of Directors to grant performance shares (existing or newly issued) to some or all of the Group's employees	0.3% of share capital	38 months

(1)The total maximum nominal amount of capital increases that can be held under this authority counts toward the overall nominal ceiling of €300 million.

21.1.2 Non-equity securities

As of the date of this Registration Document, the Company has not issued any securities not representing share capital.

21.1.3 Shares held by or on behalf of the Company

As of the date of this Registration Document, the Company does not hold any of its own shares and no shares of the Company are held by any of its subsidiaries or by any third party on its behalf.

As of the date of this Registration Document, the Company does not hold any of its own shares, and no shares of the Company are held by any of its subsidiaries or by any third party on its behalf.

The combined ordinary and extraordinary shareholder's meeting held on 20 April 2017 authorised the Board of Directors, for a period of 18 months following such Shareholders' Meeting, subject to and effective as of the date of the listing of the Company's shares on

Euronext Paris, and with the right to sub-delegate as permitted by law, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to purchase or cause the purchase of Company shares in order to carry out the following transactions:

- Cancel shares to increase the return on equity and earnings per share subject to the adoption of the resolution authorising cancellation of the shares by the extraordinary Shareholders' Meeting;

- Meet obligations arising from share options programmes, or other allocation of shares to employees or corporate officers of the Company or of an affiliated company;

- Provide shares upon the exercise of rights attached to securities giving access to the share capital of the Company;

- Ensure that there is a market or liquidity for the shares of the Company through an accredited financial service provider under a liquidity agreement, in accordance with a Code of Ethics recognised by the AMF;

- Retention and subsequent tendering by way of payment or exchange in connection with external growth transactions;

- Carry out any market practice which may be authorised by the law or by the AMF.

Shares may be bought, sold, or transferred up to the limits authorised under applicable laws and regulations and by all means, on regulated markets or multilateral trading facilities, through systematic internalisers or over the counter, including through block trades, at the time the Board of Directors or the person acting under sub-delegation may decide.

Purchases of the Company’s shares may not exceed 5% of the share capital at the purchase date. The total amount allocated to the share buyback program shall not be greater than €600,000,000.

The maximum share purchase price in connection with the buyback program shall be 200% of the price of shares offered to the public in connection with the listing of the Company’s shares on Euronext Paris, as such price shall be stated in the press release announcing the definitive terms of the offering of the Company’s shares and their listing on Euronext Paris (excluding costs) per share, subject to any adjustments resulting from capital transactions.

The Board of Directors shall have all powers, with the power to sub-delegate as permitted by law, to place any stock market order or over-the-counter, to enter into any agreement, to prepare any documents, to set out the terms of the Company's intervention on the market or not, as well as the terms for the acquisition or transfer of the shares , to file any declarations with the AMF or any other competent authority and to carry out all other formalities and, generally, to perform all necessary acts.

The Board of Directors will have full powers to inform the public, under the applicable legal and regulatory conditions, of any amendments to the share buyback program objectives provided for by the law or the AMF.

21.1.4 Other securities giving access to share capital

As of the date of this Registration Document, the Company has not issued any stock options or any securities giving access to its share capital.

21.1.5 Terms of any acquisition rights and/or any obligation over authorised but unissued capital

None.

21.1.6 Share capital of any member of the group that is the subject of an option or of an agreement to put it under option

None.

21.1.7 History of the Company's share capital over the past three years

The table below presents changes in the Company's share capital over the past three years:

Date	Type of operation	Capital before operation	Number of shares before operation	Number of shares after operation	Par value	Capital after operation
19/11/2015	Share capital increase........	550,037,505	36,669,167	38,957,899	15	€584,368,485
30/11/2015	Share capital increase........	€584,368,485	38,957,899	40,410,364	15	€606,155,460
03/04/2017	Reduction in the nominal value of the shares	€606,155,460	40,410,364	404,103,640	1.5	€606,155,460

21.2 MEMORANDUM AND BYLAWS

The Bylaws were prepared in accordance with the laws and regulations applicable to French limited liability companies with a Board of Directors (*société anonyme à conseil d'administration*). The principal provisions described below have been taken from the Company's Bylaws as adopted by the combined ordinary and extraordinary shareholder's meeting on 20 April 2017, whose effectiveness is subject to condition precedent of the listing of the Company's shares on Euronext Paris.

21.2.1 Corporate purpose

Pursuant to article 2 of the Bylaws, the Company's purpose is, in France and abroad, directly or indirectly:

- the acquisition, management and operation, in particular under a lease, with or without an option to purchase, and incidentally, the sale of any equipment, fixed, mobile or rolling stock, machinery and tooling, as well as all land, sea or air vehicles;

- the study, creation, development, operation, management of any business or commercial, industrial, real estate or financial companies;

- the purchase, lease, rental, with or without promise to sale, the building and operation of any plants, workshops, offices and premises;

- the direct or indirect participation in any transactions or undertakings by incorporation of companies, facilities or groups of a real estate, commercial, industrial or financial nature, the participation in their incorporation or the share capital increase of existing companies;

- the management of a portfolio of investments and securities as well as related transactions;

- the ownership and management of all buildings,

and, generally, all industrial, commercial, financial, movable or immovable transactions, directly or indirectly relating to this purpose or any similar or related purpose, or that may be useful or likely to facilitate the successful accomplishment of this purpose.

21.2.2 Board of directors and Statutory Corporate Officers

21.2.2.1 *Members of the Board of Directors (Article 13 of the Bylaws)*

The Company is governed by a Board of Directors composed of at least nine (9) members and no more than twelve (12) members, subject to the exceptions set forth in the applicable legal and regulatory provisions.

Directors are appointed for a four-year term as from the shareholder's meeting on 20 April 2017. By way of exception, the shareholder's meeting on 20 April 2017 appointed/renewed the term of one or more director(s) for a period of two or three years, to ensure staggered renewal of the directors' term.

No person may be appointed or renewed as a director if he/she is over seventy (70) years. Where the permanent representative of a legal entity member of the Board of Directors exceeds the age of seventy (70), the legal entity must, within a three-month period provide for his/her replacement. Failing this, the legal entity will automatically be deemed to have resigned.

21.2.2.2 ***Chairman (Article 15 of the Bylaws)***

The Board of Directors elects a Chairman from among the members of the Board of Directors who are natural persons and determines the term of his/her office, the term of which may not exceed his/her term director's term.

The Chairman organises and manages the work of the Board of Directors and reports on such work to the general shareholders' meeting. The Chairman oversees the proper functioning of the Company's governing bodies and ensures that the directors are able to carry out their duties.

21.2.2.3 ***Chief executive officer and Deputy Chief executive officer(s) (Article 17 of the Bylaws)***

At the option of the Board of Directors, the Company may be managed either by the Chairman of the Board of Directors or a natural person appointed by the Board of Directors with the title of Chief Executive Officer (the "**CEO**").

The Board of Directors determines the term of the CEO's office.

If the Chairman of the Board of Directors is in charge of the Company's general management, the legal, regulatory and Bylaws provisions concerning the CEO apply to the Chairman.

The CEO represents the Company in its relations with third parties. The powers of the CEO are limited by the purpose of the Company and those that the applicable laws and regulations expressly confer to the shareholder's meetings and to the Board of Directors.

On the proposal of the CEO, the Board of Directors may appoint up to five (5) natural persons to assist the CEO with the title of Deputy CEO.

The Deputy Chief Executive Officer(s) may be removed at any time by the Board of Directors only and on the recommendation of the CEO.

The Board of Directors determines with the CEO the scope and duration of the powers granted to the Deputy CEO. The Deputy CEO have the same powers with regard to third parties as the CEO.

21.2.2.4 ***Convening and holding of Board of Directors' meetings (Article 16 of the Bylaws)***

The Board of Directors meets as often as necessary in the Company's interest upon convening by its Chairman or, in the event of his/her incapacity, by at least one-third (1/3) of its members, or, if he/she is a director, by the CEO.

If the members of the Board of Directors have not met for more than two (2) months, at least one-third (1/3) of the members of the Board of Directors may require the Chairman to convene the Board of Directors on a specific agenda.

The CEO may also require the Chairman to convene the Board of Directors on a specific agenda.

Decisions are made under the conditions of quorum and majority set forth by the applicable legal and regulatory provisions.

In compliance with legal and regulatory provisions, the internal rules of the Board of Directors may stipulate that the Directors who participate in the meeting of the Board of Directors by means of videoconference or telecommunications equipment meeting the technical specifications required by the applicable legal and regulatory provisions are deemed to be present for the calculation of the quorum and the majority

The Board of Directors sets its operating procedures in the Internal Regulations in accordance with the law and regulatory provisions and the Bylaws of the Company. It can decide to create committees in charge of the study of questions that the Board of Directors or its Chairman submit to their review. The composition and powers of each of these committees, which carry out their activities under its responsibility, are set by the Board of Directors in its Internal Regulations.

21.2.3 Rights, privileges and restrictions attached to shares (Article 8 of the Bylaws)

21.2.3.1 *Voting rights (Article 8 of the Bylaws)*

Each share gives the right to one vote.

The double voting right provided for by Article L. 225-123 of the French Commercial Code is expressly excluded.

The Bylaws do not contain any provisions restricting the voting rights attached to the shares.

21.2.3.2 *Shareholders' Identification Process (Article 11 of the Bylaws)*

The Company may at any time make use of any legal and regulatory provisions provided in relation to the identification of holders of securities granting immediately, or in the future, voting rights at the shareholder's meeting.

21.2.3.3 *Crossing of Bylaws Thresholds (Article 12 of the Bylaws)*

In addition to the thresholds provided for by applicable laws and regulations, any shareholder, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares or voting rights equal or greater than 1.5% of the Company, must inform the Company within five (5) trading days after crossing such threshold and must also indicate, at the time of such declaration, the number of securities held giving access to the Company's share capital. Investment fund management companies are required to disclose such information for all of the Company's shares held by the funds they manage. Over and above 1.5%, each additional threshold crossing of 0.50% of the share capital or voting rights must also be notified to the Company under the conditions set out above.

Any shareholder, acting alone or in concert, shall also be under obligation to inform the Company within five (5) trading days if the percentage of capital or voting rights held falls below each of the thresholds referred to in this Article.

For the purpose of calculating the thresholds of capital and voting rights notified pursuant to this Article, the shares or voting rights held but also those whose assimilation is required by the applicable legal and regulatory provisions with regard to legal thresholds shall be taken into account. The declarant shall also specify his/her identity and that of the natural or legal persons acting in concert with him/her, the total number of shares or voting rights he/she holds directly or indirectly, alone or in concert, the date and origin of the threshold crossing, and, where applicable, the information referred to in the third paragraph of Article L. 233-7 of the French Commercial Code.

Failure to comply with the above provisions will be sanctioned in accordance with the applicable legal and regulatory provisions upon the request, recorded in the minutes of the shareholder's meeting, of one or more shareholders holding at least 5% of the Company's share capital or voting rights.

21.2.3.4 *Modification of the rights of shareholders*

The rights of the shareholders may be modified in accordance with applicable laws and regulations.

The Bylaws do not contain any particular provisions with respect to modification of the rights of the shareholders that are more stringent than the law.

21.2.4 Shareholders' meeting (Article 18 of the Bylaws)

Shareholders' meetings are convened and held in accordance with the applicable laws and regulations.

Any shareholder has the right to attend shareholders' meetings and participate in the deliberations personally or through an agent, under the conditions defined by the applicable laws and regulations, with proof of his/her identity and the ownership of his/her shares.

On decision of the Board of Directors published in the notice of meeting to use such telecommunications methods, shareholders who attend the meeting via videoconference or other telecommunication or electronic transmission methods, including Internet, which allow identification under the conditions required by the applicable legal and regulatory provisions, are deemed present for the calculation of quorum and majority.

On decision of the Board of Directors, any shareholder may vote remotely or give his/her proxy pursuant to the applicable laws and regulations using a form prepared by the Company and sent to the Company under the conditions defined by the applicable laws and regulations, including electronic or broadcast transmission methods. This form must be received by the Company at least two (2) days prior to the shareholders' meeting, unless shorter period mentioned within the notice of meeting or any legal or regulatory provisions.

Meetings are chaired by the Chairman of the Board of Directors, or in his/her absence, by a member of the Board specifically delegated in this purpose by the Board of Directors. If not, the meeting elects its own chairman.

21.2.5 Annual Accounts – Allocation of Profits (Articles 20 and 21 of the Bylaws)

21.2.5.1 *Fiscal Year (Article 20 of the Bylaws)*

The Company has a fiscal year of twelve months, beginning on 1 January and ending on 31 December of each year.

21.2.5.2 *Annual Accounts (Article 20 of the Bylaws)*

At the end of each financial year, the Board of Directors prepares the inventory and the annual accounts as well as a written management report.

In addition, all other documents required by the applicable laws and regulations shall be drawn up.

21.2.5.3 *Allocation of Profits (Article 21 of the Bylaws)*

The annual results are determined in accordance with applicable laws and regulations.

On the profit of a financial year, less any prior losses if any, it is first collected at least 5% for the constitution of a reserve fund as required by applicable laws and regulations. This collection ceases to be mandatory when the reserve fund reaches one-tenth of the share capital.

The shareholders' meeting may freely dispose of the surplus, and on proposal of the Board of Directors, may either decide to allocate it to the retained earnings account in whole or in part, or to the reserves in whole or in part. It may also decide the distribution in whole or in part.

The shareholders' meeting will have the right to grant to each shareholder, for all or part of the dividends distributed or of the interim dividends, an option between payment in cash and payment in shares.

21.2.6 Control of the Company

There are no provisions in the Bylaws or in the Internal Regulations that could have the effect of delaying, postponing or preventing a change of control of the Company.

21.2.7 Changes in the share capital of the Company

The Bylaws do not contain any particular provisions with respect to modification in the share capital of the Company.

CHAPTER 22. MATERIAL CONTRACTS

No contract (other than those entered into in the ordinary course of business) containing a significant obligation or undertaking for the Group has been entered into by any of its entities as of the date of this Registration Document.

CHAPTER 23. THIRD-PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

None.

CHAPTER 24. PUBLICLY AVAILABLE DOCUMENTS

Copies of this Registration Document are available free of charge at the registered office of the Company. This Registration Document may also be consulted on the Company's dedicated website (**www.aldautomotive.com**) and on the AMF's website (www.amf-france.org).

While this Registration Document is valid, the following documents (or a copy of such documents) may be viewed:

- the Bylaws;
- any report, correspondence or other historical financial information or document, assessment or statement prepared by an expert upon the Company's request, of which a part is included or referred to in this Registration Document; and
- the historical financial information included in this Registration Document.

All such legal and financial documents relating to the Company and made available to shareholders in accordance with applicable regulations may be viewed at the Company's registered office.

As from the listing of the Company's shares on Euronext Paris, regulated information (within the meaning of the AMF's General Regulations) will also be available on the Company's website.

CHAPTER 25. INFORMATION ON HOLDINGS

Information concerning entities in which the Company holds a fraction of share capital likely to have a material impact on the valuation of its assets and liabilities, financial condition or results of operations is included in Section 7.2 "Subsidiaries and equity interests".