

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

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CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

Directors	Brian Muldoon Aine Hickey Kathleen Athayde (Alternate Director)
Secretary	Intertrust Finance Managment (Ireland) Limited 1-2 Victoria Buildings, Haddington Road, Dublin 4 Ireland
Company number	463656
Registered office	1-2 Victoria Buildings, Haddington Road, Dublin 4 Ireland
Auditors	BDO Statutory Audit Firm Beaux Lane House Mercer Street Lower Dublin 2 Ireland
Banks	AIB 52 Upper Baggot Street Dublin 4 Ireland Deutsche Bank AG London Branch 1 Great Winchester Street London United Kingdom EC2N 2DB United Kingdom
Transaction Agent	Credit Agricole Corporate and Investment Bank 9 qual su Preaisent Paul Doumer 92920 Paris La Degende Cedex France
Issuer Cash Manager	Deutsche Bank AG London Branch 1 Great Winchester Street London United Kingdom EC2N 2DB United Kingdom
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for Carfin Finance International Designated Activity Company (the "Company") for the financial year ended 31 December 2016

Companies Act 2014

Effective 1 June 2015, all Companies must comply with the Companies Act 2014 which replaces the Companies Act 1963 - 2013. Under the Companies Act 2014, the Company has converted to a Designated Activity Company (DAC) and the change of name is effective as of 30 August 2016.

Directors and secretary and their interests

The directors of the Company during the financial year ended 31 December 2016, and subsequently, were:

Áine Hickey (Appointed 14 March 2016)
Brian Muldoon (Appointed 24 March 2017)
Kathleen Athayde (Alternate Director) (Appointed 24 March 2017)
Karen McCrave (Resigned 24 March 2017)
Siobhán Hallissey (Alternate Director) (Appointed 14 March 2016) (Resigned 27 May 2016)
Jonathan Hanly (Resigned 14 March 2016)
Fiona de Lacy Murphy (Alternate Director) (Resigned 14 March 2016)
Rachel Martin (Alternate Director) (Resigned 14 March 2016)

Intertrust Finance Management (Ireland) Limited acted as secretary for the financial year ended 31 December 2016.

None of the directors or secretary have any beneficial interest in the ordinary share capital of the Company.

Directors' responsibility statement with regards to the Directors' Report and financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council as promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Practices in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland. The Company has adopted Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2015 by the FRC, in these financial statements. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial period end date and of the profit or loss of the Company for the financial period and otherwise comply with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Act 2014. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 2014.

DIRECTORS' REPORT (CONTINUED)

Directors' and Company secretary's shareholdings

The directors and their immediate relatives and the Company secretary did not hold an interest in any shares of the Company as at 31 December 2016 or at any time during or since the financial year end.

Books of account

The directors believe that they have complied with the requirements of section 285 of the Companies Act 2014 with regard to adequate accounting records by employing a service provider with appropriate expertise and by providing adequate resources to the finance function. The accounting records are maintained at 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

Relevant Audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant auditor information for which the Company's statutory auditors are unaware.

Principal activities, review of the business and future developments

The Company was incorporated on 24 October 2008 and remained dormant until March 2013. On 20 March 2013 the Company entered into a trade receivable securitisation transaction. The Company makes advances available to three special purpose securitisation entities (the "FleetCos") who apply such funds, among other things, to purchase vehicles from manufacturers and dealers. There are currently three FleetCos within the structure, the Dutch FleetCo; the Italian FleetCo and the French FleetCo. Each FleetCo will lease the vehicles it purchases to an Avis operating company in the relevant jurisdiction.

Funds were raised by the Company by issuing senior secured debt by way of a variable funding note facility (the "Senior Notes"). The Senior Notes are listed on the Channel Islands Stock Exchange. The Senior Notes are complemented by secured subordinated debt (the "Subordinated Loan") which will be provided directly to the Company by Avis Finance Company Ltd (the "Subordinated Lender"). Credit Agricole Corporate and Investment Bank, Natixis, Scotiabank Europe PLC, Deutsche Bank AG, London, Blue Finn S.a.r.l, Jupiter Securitization Company LLC, Elektra Purchase No.34 Limited, Matchpoint Finance Public Limited, & Lloyds Bank Plc hold the Senior Notes at 31 December 2016.

Due to limitations in the effectiveness of the original interest rate cap two new interest rate cap agreements were entered into during 2015. On 21 May 2015 the Company entered into an interest rate cap transaction with the Credit Agricole Corporate and Investment Bank and on 18 December 2015 the Company entered into an interest rate cap transaction with the Bank of Nova Scotia. These interest rate caps continued into 2016. The mark to market value of the interest rate cap at 31 December 2016 is €363,760 (31 December 2015: €106,783).

In April 2016 it was agreed to increase the Senior Noteholder commitment from €1,000,000,000 to €1,400,000,000. There were no further developments during the year.

The directors expect that the present level of activity will be sustained in the near future.

Results

Profit after tax for the financial year was €750 (2015: €750). The main assets and liabilities at 31 December 2016 were loans issued to FleetCos of €1,049,718,723 (2015: €697,943,723), Senior Notes of €854,006,000 (2015: €494,000,000) and a Subordinated Loan of €203,442,325 (2015: €208,357,349).

Dividends

The directors recommend that no dividend be paid for the financial year ended 31 December 2016 (2015: nil).

DIRECTORS' REPORT (CONTINUED)

Transactions involving directors

Intertrust Finance Management (Ireland) Limited provides corporate services to the company at arm's length commercial rates. Ms Karen McCrave was also a director of Intertrust Finance Management (Ireland) Limited, and in that capacity had an interest in transactions conducted with the Company.

There were no other contracts in the financial year of any significance in relation to the business of the Company in which the directors had any interest, as defined in section 329 of the Companies Act 2014.

Subsequent events

On 24 March 2017 Karen McCrave resigned as director. Brian Muldoon resigned as alternate director and was appointed director. Kathleen Athayde was appointed as alternate director. There have been no significant subsequent events since the balance sheet date which require disclosure in these financial statements.

Financial risk management

The financial risk management policies of the Company and the associated market, credit and liquidity risks are discussed in detail in note 18 to the financial statements.

Corporate governance statement

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Powers of directors

The board of directors ("the board") is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to Avis and other parties, subject to supervision and direction by the directors. The directors have delegated the day to day administration of the Company to certain third party service providers.

The Articles of Association provide that the directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property or any part thereof and may delegate these powers to the appropriate third parties.

Financial reporting process

The board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing Intertrust Finance Management (Ireland) Limited (the "corporate services provider"), to independently maintain the accounting records of the Company. They are contractually obliged to assist the Company to maintain proper books and records as required by the Corporate Services Agreement.

The board evaluates and discusses significant accounting and reporting issues as the need arises. Periodically the board also examines and evaluates the corporate services provider's financial accounting and reporting routine and monitors and evaluates the external auditors' performance, qualifications and independence.

Risk assessment

The board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED)

Control activities

The control structures in place within the Company include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The board has an annual process in place to ensure that appropriate measures are taken to consider and address any shortcomings identified and measures recommended by the independent auditors.

Capital structure

There are no restrictions on voting rights. With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Audit committee

The provisions of the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations, 2010 (S.I. 220 of 2010) state that if the sole business of a company relates to the issuing of asset backed securities, the company is exempt from the requirement to establish an audit committee (under Regulation 91(9) (d) of the Regulations). In this respect, the Company is not required to establish an audit committee.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year ended 31 December 2016.

Relevant Audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant auditor information for which the Company's statutory auditors are unaware.

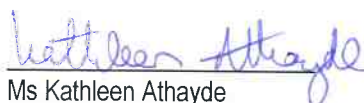
Auditors

BDO, have expressed their willingness to continue in office in accordance Section 383(2) of the Companies Act 2014.

On behalf of the Board



Mr Brian Muldoon
Director
17 October 2017



Ms Kathleen Athayde
Alternate Director
17 October 2017



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Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Independent Auditors Report

To the shareholders of Carfin Finance International Limited

We have audited the financial statements of Carfin Finance International Limited for the financial year ended 31 December 2016, which comprise the Profit and loss account, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express our opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the assets, liabilities and financial position of the Company as at 31 December 2016 and of its profit for the financial year ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and in particular with the requirements of the Companies Act 2014.

Other Offices:
Four Michael Street
Limerick

Michael Costello (Managing Partner)
Andrew Bourg
Katharine Byrne
Maurice Carr
Kevin Doyle
John Gilmore Gavin

Chartered Accountants

Jim Hamilton
Sinead Heaney
Diarmuid Hendrick
Derek Henry
Liam Hession
Gerard Holliday

Brian Hughes
Ken Kilmartin
Teresa Morahan
Paul Nestor
John O'Callaghan
Con Quigley
Gavin Smyth

Peter Carroll
Eddie Doyle
Stewart Dunne
Ivor Feerick
Brian Gartlan
David Giles
Derry Gray

Denis Herlihy
David McCormick
Brian McNery
Ciarán Medlar
David O'Connor
Patrick Sheehan
Noel Taylor



Independent Auditors' Report - continued

To the shareholders of Carfin Finance International Limited

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Brian Hughes
For and on behalf of
BDO

Dublin
Statutory Audit Firm
AI223876

Date 17/10/17

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 €	2015 €
Interest and other similar income	3	32,894,733	20,837,153
Interest expense and other similar expenses	4	(32,880,615)	(20,679,474)
Net interest income		<u>14,118</u>	<u>157,679</u>
Unrealised gain on derivative financial instruments	11	256,977	103,950
Other operating expenses	5	(270,095)	(260,629)
Profit on ordinary activities before taxation		<u>1,000</u>	<u>1,000</u>
Taxation	7	(250)	(250)
Profit on ordinary activities after taxation	16	<u>750</u>	<u>750</u>

All amounts relate to continuing activities. There were no gains or losses for the year ended 31 December 2016 other than those dealt with through the profit and loss account. Therefore, no statement of recognised gains and losses has been prepared.

The notes to the financial statements on pages 13 to 21 form an integral part of the financial statements


CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

BALANCE SHEET AS AT 31 DECEMBER 2016

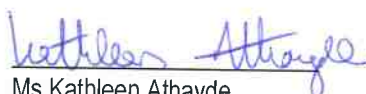
	Note	2016 €	2015 €
Non-Current Assets			
Investment in associate undertakings	8	24,000	24,000
Current Assets			
Financial Assets	9	1,049,718,723	697,943,723
Cash at Bank	10	60,474	59,809
Derivative financial Instruments	11	363,760	106,783
Debtors	12	8,323,504	4,788,694
Total Current Assets		1,058,466,461	702,899,009
Total Assets		1,058,490,461	702,923,009
Creditors: amounts falling due within one year	13	(1,014,511)	(538,785)
Total Assets Less Current Liabilities		1,057,475,949	702,384,224
Creditors: amounts falling due after one year	14	(1,057,448,325)	(702,357,349)
Net Assets		27,625	26,875
Capital and Reserves			
Called up share capital presented as equity	15	1,001	1,001
Share premium	15	23,999	23,999
Profit and loss account		2,625	1,875
Total Shareholders' Funds		27,625	26,875

The notes to the financial statements on pages 13 to 21 form an integral part of the financial statements.

On behalf of the Board,



Mr Brian Muldoon
Director
17 October 2017



Ms Kathleen Athayde
Alternate Director
17 October 2017

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2016	Share Capital €	Share Premium €	Retained Earnings €	Total €
Balance as at 1 January 2016	1,001	23,999	1,875	26,875
Issued share capital	-	-	-	-
Profit for the year	-	-	750	750
Balance as at 31 December 2016	1,001	23,999	2,625	27,625
2015	Share Capital €	Share Premium €	Retained Earnings €	Total €
Balance as at 1 January 2015	1,001	23,999	1,125	26,125
Issued share capital	-	-	-	-
Profit for the year	-	-	750	750
Balance as at 31 December 2015	1,001	23,999	1,875	26,875

The notes to the financial statements on pages 13 to 21 form an integral part of the financial statements.

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY
STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 €	2015 €
Operating activities		
Profit on ordinary activities after taxation	750	750
Adjustments for:		
(Increase)/Decrease in Debtors	(3,534,810)	673,683
Increase/(Decrease) in Creditors	475,726	(115,864)
Movement in derivative financial instruments	(256,977)	(103,950)
Net cash flow from operating activities	<u>(3,315,311)</u>	<u>454,619</u>
Investing activities		
Loans Issued to FleetCos	(1,121,110,000)	(808,041,000)
Repayments from FleetCos	769,335,000	518,485,000
Net cash outflow from investing activities	<u>(351,775,000)</u>	<u>(289,556,000)</u>
Financing activities		
Issue of Notes	1,657,062,000	1,098,365,000
Repayment of Notes	(1,297,056,000)	(829,365,000)
Subordinated Loan Drawdowns	1,462,599,750	899,475,533
Subordinated Loan Repayments	(1,467,514,774)	(879,373,332)
Net cash inflow from financing activities	<u>355,090,976</u>	<u>289,102,201</u>
Net increase in cash at bank	665	820
Opening cash and cash equivalents	<u>59,809</u>	<u>58,989</u>
Closing cash and cash equivalents	<u>60,474</u>	<u>59,809</u>

The notes to the financial statements on pages 13 to 21 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. Significant accounting policies**

The principal accounting policies that the Company applied in preparing its financial statements for the financial year ended 31 December 2016 are set out below.

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Act 2014. Accounting standards generally accepted in Ireland in preparing financial statements that give a true and fair view are those promulgated by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council. The financial statements have been prepared under the historical cost convention.

Reporting entity

The Company is incorporated in Ireland under the Companies Act 2014. The address of the registered office is 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The nature of the Company's operations and its principal activities are set out in the directors' report on pages 3 to 6.

Statement of compliance

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2014. Prior to the mandatory application of FRS 102 from 1 January 2015, the financial statements were prepared in accordance with Irish Generally Accepted Accounting Practice (including FRS 26/29) ("old Irish GAAP").

The format of the financial statements has been adapted from the format specified in the Companies Act 2014 in order to reflect more clearly the nature of the company's business. The financial statements have been prepared under the historical cost convention.

Reporting currency

The financial statements are expressed in Euro (€), which is the functional currency of the company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies have been translated at the exchange rates in effect at the balance sheet date. All exchange differences are dealt with in arriving at profit before taxation.

Financial assets

Financial assets comprise of loans issued to FleetCos. Financial assets are carried at cost, less any repayments received on the loans in the period and adjusted for any provision for impairment.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from valuation techniques, including discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised immediately in the profit and loss account under "Unrealised gain/(loss) on derivatives".

Interest income and interest expense

Interest income and expense are recognised within 'Interest income and other similar income' and 'Interest expense and other similar expenses' in the profit and loss account. Accrued interest income and accrued interest expense are recognised in debtors and creditors in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial liabilities

Financial liabilities are initially recognised at fair value at the date of issuance of the liability, and are subsequently measured at amortised cost using the effective interest rate method.

Operating income and expenses

All income and expenses are accounted for on an accruals basis.

Taxation

The charge for taxation is based on the results for the financial year.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is not discounted.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. Directors and employees

The Company has no employees. The directors received no remuneration from the Company in respect of qualifying services rendered during the financial year.

3. Interest and other similar income

	2016 €	2015 €
Income on Italian Loan Receivables	10,680,786	6,439,020
Income on Dutch loan Receivables (German Pool)	7,300,758	5,894,438
Income on Dutch loan Receivables (Spanish Pool)	7,007,213	6,233,457
Income on Dutch loan Receivables (Dutch Pool)	4,189,561	1,480,267
Income on French loan Receivables	3,716,415	789,971
	<u>32,894,733</u>	<u>20,837,153</u>

Income on loan receivables comprises interest income from loans issued to special purpose securitisation entities and fee income from these entities to cover expenses and recharge costs.

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. Interest expense and other similar expenses**

	2016	2015
	€	€
Interest expense: Subordinated Loan	(14,842,524)	(8,110,680)
Interest expense: Senior Notes	(12,433,129)	(8,052,342)
Non utilisation fee	(3,632,962)	(3,863,952)
Interest rate cap expense	(1,972,000)	(652,500)
	<u>(32,880,615)</u>	<u>(20,679,474)</u>

5. Other operating expenses

	2016	2015
	€	€
Other operating expenses	(256,393)	(247,495)
Audit and taxation fees	(13,702)	(13,134)
	<u>(270,095)</u>	<u>(260,629)</u>

6. Profit on ordinary activities before taxation

	2016	2015
	€	€
This has been arrived at after charging:		
Statutory auditors remuneration (excluding VAT)		
Statutory Audit fees	(8,000)	(8,000)
Tax advisory services	(2,678)	(2,678)
	<u>(10,678)</u>	<u>(10,678)</u>

7. Taxation on profit on ordinary activities

	2016	2015
	€	€
Analysis of the Company tax charge in the year:		
Current tax	(250)	(250)
	<u>(250)</u>	<u>(250)</u>
Profit for the year before taxation	1,000	1,000
Profit on ordinary activities multiplied by the standard rate of Irish corporation tax for the period of 12.5%	(125)	(125)
Higher tax rate applicable under Section 110 TCA, 1997	(125)	(125)
Tax charge for the year	<u>(250)</u>	<u>(250)</u>

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Investment in associate undertakings**

	2016	2015
	€	€
Investment in Italian FleetCo	24,000	24,000
	<u>24,000</u>	<u>24,000</u>

On 1 March 2013 the Company purchased 24 ordinary shares in Avis Budget Italia S.p.A Fleet Co. S.A.p.A, the Italian FleetCo for purchase price equal to the nominal value of relevant shares of €24,000 (2015: €24,000).

9. Financial assets

	2016	2015
	€	€
Dutch loan receivables (German pool)	215,004,460	216,004,460
Dutch loan receivables (Spanish pool)	157,462,017	115,162,017
Dutch loan receivables (Dutch pool)	42,665,000	32,165,000
Italian Loan Receivables	421,826,246	230,151,246
French Loan Receivables	212,761,000	104,461,000
	<u>1,049,718,723</u>	<u>697,943,723</u>

Loan receivables consist of loans issued by the Company to special purpose securitisation entities to purchase vehicles from manufacturers and dealers, or, in the case of Dutch loan receivables (German pool) from the German Avis operating company and the Dutch loan receivables (Spanish pool) from the Spanish Avis operating company.

10. Cash at bank

Cash is held with Deutsche Bank AG London Branch and Allied Irish Banks, p.l.c.

11. Derivative financial instruments

On 21 May 2015 the Company entered into an interest rate cap transaction with the Credit Agricole Corporate and Investment Bank and on 18 December 2015 the Company entered into an interest rate cap transaction with the Bank of Nova Scotia. The unrealised gain on interest rate caps for the financial year amounted to €256,977 (2015: €103,950). At the balance sheet date there is no payment receivable by the Company, nor has there been any payments made during the financial year related to the interest rate cap. The table below shows the fair value of the interest rate caps and their notional amounts.

	Notional Amount	Currency	2016 €	2015 €
Interest rate cap - Credit Agricole	700,000,000	EUR	181,880	32,035
Interest rate cap - Bank of Nova Scotia	700,000,000	EUR	181,880	74,748
			<u>363,760</u>	<u>106,783</u>

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12. Debtors**

	2016	2015
	€	€
Loan to FleetCos for startup expenses	3,777,333	2,432,608
Interest receivable	830,609	441,337
Prepayments	14,620	14,297
Income accrued	170,200	97,511
Reimbursement due from Avis	3,530,741	1,802,941
	<u>8,323,503</u>	<u>4,788,694</u>

Loan to FleetCos for startup expenses relates to expenses paid by the Company on behalf of the FleetCos at the commencement of the securitisation transaction that the FleetCos will reimburse the Company for.

13. Creditors: amounts falling due within one year

	2016	2015
	€	€
Accrued interest on Subordinated Loan	(443,605)	(205,583)
Accrued interest on Senior Notes	(387,003)	(239,542)
Accrued non-utilisation fee on Senior Notes	(156,498)	(79,958)
Accrued expenses	(27,404)	(13,702)
	<u>(1,014,511)</u>	<u>(538,785)</u>

14. Creditors: amounts falling due after one year

	2016	2015
	€	€
Subordinated Loan	(203,442,325)	(208,357,349)
Senior Notes (Bank of America)	(91,501,000)	(61,750,000)
Senior Notes (Deutsche Bank)	(137,251,000)	(86,450,000)
Senior Notes (Scotiabank Europe)	(45,750,000)	(37,050,000)
Senior Notes (Credit Agricole CI)	(198,251,000)	(135,850,000)
Senior Notes (Natixis)	(91,501,000)	(61,750,000)
Senior Notes (Jupiter Securitization)	(61,000,000)	(49,400,000)
Senior Notes (Elektra Purchase No.34 Ltd)	(91,501,000)	(61,750,000)
Senior Notes (Matchpoint)	(61,000,000)	-
Senior Notes (Lloyds)	(76,251,000)	-
	<u>(1,057,448,325)</u>	<u>(702,357,349)</u>

Avis Finance Company Ltd provided the funding for the subordinated loan facility. This facility has been used to supplement the Senior Notes in financing the Loans issued to the FleetCos and also to pay expenses incurred as part of setup of the securitisation structure in March 2013. The subordinated loan outstanding at 31 December 2016 was repaid on 5 January 2016 and subsequently redrawn.

The Senior Notes issued by the Company are listed on the Channel Islands stock exchange. The maximum senior facility amounts to €1,400,000,000 with total drawn at 31 December 2016 of €854,005,000 (2015: €494,000,000). The maturity date of the revolving Senior Notes facility is 12 December 2018. The interest rate applicable to the Notes is the 1 week EURIBOR rate plus a margin of 1.50%. The Senior Notes outstanding at 31 December 2016 were repaid on 4 January 2017 and subsequently redrawn.

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. Share capital**

	2016 €	2015 €
Authorised		
50,000 ordinary shares of €1 each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid		
1,001 Ordinary shares of €1 each	<u>1,001</u>	<u>1,001</u>

The authorised share capital of the Company is €50,000 divided into 50,000 ordinary shares of €1 each, of which one thousand and one shares are issued. On 1 March 2013 one share of €1 with a premium of €23,999 was allotted to CarFin Finance Holdings Limited. The consideration received for the allotment of the share to CarFin Finance Holdings Limited was 24 ordinary shares in Avis Budget Italia S.p.A Fleet Co. S.A.p.A, the Italian FleetCo for price equal to the nominal value of relevant shares of €24,000.

16. Related party transactions

The Company is owned by two Irish incorporated companies, TMF Management (Ireland) Limited (75% shareholding) and CarFin Finance Holdings Limited (25% shareholding).

The ultimate controlling party is TMF Management (Ireland) limited who hold the shares on a discretionary trust basis for the benefit of a charity.

Intertrust Finance Managment (Ireland) Limited provide corporate services to the Company. During the year fees of €68,004 (2015 €68,828) were paid to Intertrust Finance Managment (Ireland) Limited in respect of corporate services provided to the Company. Karen McCrave had an interest in this fee in the capacity as director of Intertrust Finance Managment (Ireland) Limited.

17. Management of capital

The Company's capital comprises of the issued ordinary shares together with the balance of undistributed reserves on the Profit and Loss account. The Directors maintain the Company's capital at a level to provide appropriate income and liquidity to finance the Company's administrative expenses. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
18. Financial risk management

The principal risks arising from the Company's financial instruments are: credit risk, liquidity risk and market risk. The Company has established policies for managing these risks as outlined below.

Credit risk

Credit risk is the risk of impairment and partial or total loss of a receivable due to the deterioration of credit quality on the part of counterparty. The financial assets of the Company are primarily cash held on deposit and loans to FleetCos and Investments held in associate entities.

	2016	2015
	€	€
Cash at Bank	60,474	59,809
Loans	1,049,718,723	697,943,723
Investment in Associates	24,000	24,000
Debtor	8,323,504	4,788,694
Derivative Financial Instruments	363,760	106,783

The cash on deposit is held with AIB and Deutsche Bank. The long and short-term counterparty Standard and Poor's credit rating by are (A+/ A-1) and (BBB+/A-2) respectively.

Liquidity risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity management is to ensure that sufficient funds are available to meet the Company's commitments.

The table below analyses the undiscounted cash flows of the financial liabilities at the balance sheet date into relevant maturity groupings. The calculations have been based on the interest rates effective at the balance sheet date, and are based on the assumption that the loans will not be repaid until the contractual maturity of the facilities in place.

2016	Less than 1 month	1 Month to 1 year	1 year to to 5 years	Over 5 years
	€	€	€	€
Senior Notes	-	-	(854,006,000)	-
Subordinated Loan	-	-	(203,442,325)	-
Accrued Interest	(830,609)	-	-	-
Non Utilisation Fee	(156,498)	-	-	-
Total Liabilities	(987,107)	-	(1,057,448,325)	-

2015	Less than 1 month	1 Month to 1 year	1 year to to 5 years	Over 5 years
	€	€	€	€
Senior Notes	-	-	(494,000,000)	-
Subordinated Loan	-	-	(208,357,349)	-
Accrued Interest	(445,125)	-	-	-
Non Utilisation Fee	(79,958)	-	-	-
Total Liabilities	(525,083)	-	(702,357,349)	-

CARFIN FINANCE INTERNATIONAL DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Market risk

Market risk refers to the potential loss arising from changes in foreign currency rates, interest rates, price or rate volatilities and other market rates and prices such as commodity prices.

Currency risk

All of the Company's financial assets and liabilities are denominated in Euro and therefore the Company is not exposed to foreign currency risk.

Interest rate risk

The Company is exposed to interest rate risk as loan interest receivable from FleetCos is variable and the Company is required to make interest payments on the Senior Notes at a rate of 1 week EURIBOR plus margin of 1.50% and on the subordinated loans at a rate of EURIBOR plus margin of 5.4%. Interest rate risk is managed by charging an interest rate on FleetCo loans based on a blended rate to ensure sufficient interest income to cover expenses. The table below summarises the assets and liabilities between floating, fixed and non-interest bearing.

2016	Floating	Fixed	Non Interest bearing	Total
Assets	€	€	€	€
Cash	60,474	-	-	60,474
Loans	1,049,718,723	-	-	1,049,718,723
Derivative Financial Instruments	363,760	-	-	363,760
Accrued Interest	-	-	830,609	830,609
Investments in associates	-	-	24,000	24,000
Other assets	7,308,075	-	170,200	7,478,275
Total Assets	1,057,451,032	-	1,024,808	1,058,475,840
Liabilities				
Senior Notes	(716,755,000)	-	-	(716,755,000)
Subordinate Loan	(203,442,325)	-	-	(203,442,325)
Accrued interest	-	-	(830,609)	(830,609)
Other liabilities	-	-	(183,902)	(183,902)
Total Liabilities	(920,197,325)	-	(1,014,510)	(921,211,835)
2015	Floating	Fixed	Non Interest bearing	Total
Assets	€	€	€	€
Cash	59,809	-	-	59,809
Loans	697,943,723	-	-	697,943,723
Derivative Financial Instruments	106,783	-	-	106,783
Accrued Interest	-	-	441,337	441,337
Investments in associates	-	-	24,000	24,000
Other assets	4,235,548	-	97,512	4,333,060
Total Assets	702,345,862	-	562,849	702,908,711
Liabilities				
Senior Notes	(494,000,000)	-	-	(494,000,000)
Subordinate Loan	(208,357,349)	-	-	(208,357,349)
Accrued interest	-	-	(445,125)	(445,125)
Other liabilities	-	-	(93,661)	(93,661)
Total Liabilities	(702,357,349)	-	(538,785)	(702,896,134)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Price risk

The price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of the financial assets held by the Company will be borne by the subordinated loan provider.

19. Subsequent events

On 24 March 2017 Karen McCrave resigned as director. Brian Muldoon resigned as alternate director and was appointed director. Kathleen Athayde was appointed as alternate director. There have been no significant subsequent events since the balance sheet date which require disclosure in these financial statements.

20. Approval of the financial statements

The financial statements were approved by the Board and authorised for issue on 17 October 2017.