MOBILIZE
FINANCIAL SERVICES

HALF YEAR FINANCIAL REPORT

JUNE 2023

This half-yearly financial report is a reproduction in PDF Format, translated in English, of the official version of the semestrial financial report in PDF Format and in French filed with the AMF on September 4th of 2023 and available on our website www.mobilize-fs.com.

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

30 June 2023

Statement by the person responsible for the Half-Year Financial Report

Translation of the French original

I hereby declare that, to the best of my knowledge, the half-year consolidated accounts are prepared in accordance with the applicable accounting standards and give a true and fair picture of the assets and liabilities, the financial position and the results of the Group and all the entities included in the consolidation perimeter.

I declare that the half-year business report attached presents an accurate picture of the main events arisen during the first six months of the year, their incidence on the accounts, as well as a description of the key risks and uncertainties for the remaining six months of the year.

July 25 th 2023

French original signed by
Chairman of the board of Directors
Gianluca DE FICCCHY

MOBILIZE
FINANCIAL SERVICES

BUSINESS REPORT

30 June 2023

business report

FIRST HALF 2023

RCI Banque S.A.
OPERATING UNDER THE COMMERCIAL BRAND

MOBILIZE
FINANCIAL SERVICES

MOBILIZE FINANCIAL SERVICES[1] IN BRIEF

In May 2022, RCI Bank and Services reached a new milestone and adopted a new commercial identity, becoming Mobilize Financial Services, the brand reference for all car-related usage-based mobility needs. As a partner who cares about all its customers, Mobilize Financial Services creates innovative financing services to build sustainable mobility for all.

As the automotive industry undergoes major changes, the strengthening of links between Mobilize and Mobilize Financial Services allows Renault Group's strategy to go beyond the automotive industry thanks to a mobility services value chain model. To support Mobilize's development, Mobilize Financial Services leverages on its 100 years of expertise, its commercial and financial performance, and its regular contacts with more than 4 million customers, whose satisfaction is constantly increasing. Mobilize Financial Services offers innovative services and digital experiences which allow customers to reduce their usage cost while accessing a greener mobility.

Tailor-made offers for every type of customer

For Retail customers, we offer financing solutions and services adapted to their usages to facilitate, support and enrich their experience, throughout their automotive mobility journey. Our solutions and services apply to both new and used vehicles.

For Professional customers, we provide a wide range of mobility solutions to free them from the constraints of managing their vehicle fleet and allow them to focus on their core business.

We provide active support to **the Alliance brand dealer networks**[2] by financing inventories (of new vehicles, used vehicles and spare parts), as well as short-term cash requirements.

The savings bank business, a pillar of the company's refinancing

Launched in 2012, the savings business is present on seven markets: France, Germany, Austria, the United Kingdom, Brazil, Spain and the Netherlands. The collection of deposits is a lever for diversifying the refinancing sources of the group's business. The amounts collected totaled €26.7 billion, i.e., around 50% of net assets at the end of June 2023.

Almost 4,000 employees are fully committed to create sustainable mobility for all

Mobilize Financial Services focuses on three key priorities:

Develop operating lease and car subscription offers

Mobilize Financial Services aims to grow the operating lease market and intends to offer subscription offers by relying on its subsidiary Mobilize Lease&Co, which develops usage-based solutions.

Thus, it relies on Bipi multi-brand platform reference in car offers subscription for used vehicles or the MeinAuto digital platform, its latest acquisition, which distributes in Germany all brands and models configured on demand.

With these solutions, Mobilize Lease&Co continues to develop a panel of offers to benefit from the growth of the market for long-term rental and reach a fleet of one million vehicles by 2030.

Expand on the used vehicle segment by optimizing its financing through the entire life cycle

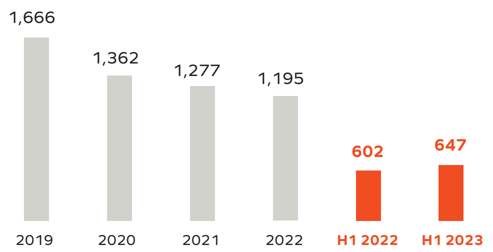
Mobilize Financial Services will accelerate its used vehicle financing activity by focusing on the entire life cycle and offering an integrated service, refurbishing, and remarketing journey.

Offer disruptive services focusing on car insurance and payments.

To support the shift from ownership to usage, Mobilize Financial Services will expand its range of services around two main areas: innovative auto insurance, leveraging vehicle connectivity to launch usage-based insurance products and a payment ecosystem. In order to achieve all these objectives, Mobilize Financial Services is developing new working methods based on increased cross-functional working, using collective intelligence. Relying on nearly 100 years of expertise in automotive financing, our ambition is to develop used vehicle financing as well as subscription and operational leasing offers. These will enable us to eventually have used vehicles that will facilitate the development of our financing and underwriting activity in this niche segment. In this context, exposure to residual value risk will increase.

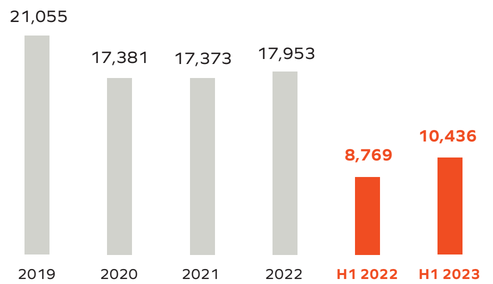
TOTAL NUMBER OF VEHICLE CONTRACTS

(in thousands)



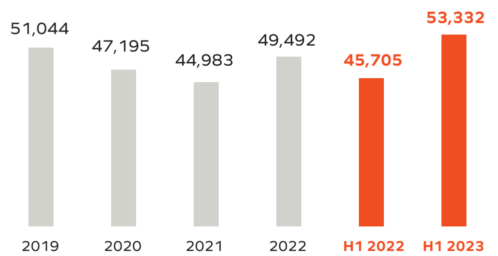
NEW FINANCINGS

(excluding personal loans and credit cards/in millions of euros)



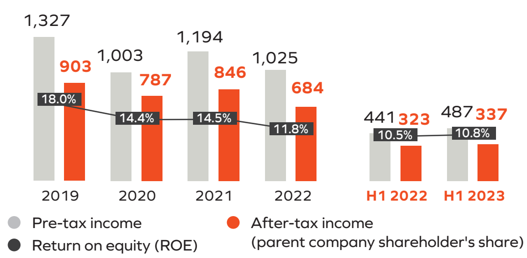
NET ASSETS AT YEAR-END[3]

(in millions of euros)



RESULTS

(in millions of euros)



(1) RCI Banque S.A. has been operating under RCI Bank and Services trading name since February 2016 and adopted Mobilize Financial Services as a new commercial identity in May 2022. Its legal name remains unchanged and is still RCI Banque S.A.

(2) Mobilize Financial Services supports Renault Group brands (Renault, Dacia, Alpine, Renault Korea Motors and Mobilize) worldwide, and Nissan, mainly in Europe, Brazil, Argentina, South Korea and in the form of joint ventures India, and Mitsubishi Motors in France, Netherlands and Italy.

(3) Net assets at year-end = Net total outstandings + Operating lease transactions net of depreciation and impairment.

BUSINESS ACTIVITY[(1)] H1 2023

The amount of new financing for Mobilize Financial Services increased by 19.0% compared to the first half of 2022 thanks to the increase in the average amounts financed and Alliance registrations.

In an automotive market up 16.1%[(2)], the volumes of the Alliance brands stood at 1.09 million vehicles in 2023, a 19.7% increase. The penetration rate amounted to 43.3%, down 3.2 pts compared to the first half of 2022.

Mobilize Financial Services financed 646,739 contracts over the first half of 2023, up 7.4% compared to the first half of 2022. The Used Vehicle Financing business was down by 2.4% over the same period to reach 172,342 contracts financed.

Electric vehicle financing reached 35,602 units in the first half of 2023, i.e. 5,5% of the number of contracts financed.

New financing (excluding credit cards and personal loans) amounted to €10.4 billion, up 19.0% as a result of the growth in registrations and the 10.8% increase of the average amount financed.

Average performing assets (APA)[(3)] related to the Retail Activity amounted to €39.6 billion over the first half of 2023. They were up 4.2%, driven by the growth in new financing. Average performing assets related to the Dealer Network business, which fell to a low in 2021-2022 due to semiconductor shortages, returned to a level close to pre-Covid levels and amounted to €10.3 billion. Overall, average performing assets amounted to €49.9 billion, down 14.2% compared to the first half of 2022.

Mobilize Financial Services sold 1.9 million insurance and service contracts in the first half of 2023, up 1.3% compared to the same period in 2022.

The Europe Region remains the heart of Mobilize Financial Services business, with new financing (excluding credit cards and personal loans) amounting to €9.6 billion, up 23.5% compared to the first half of 2022, and representing 92% of Mobilize Financial Services new financing.

For the Americas Region, new financing amounted to €0.6 billion, down 3.2% compared to the first half of 2022, due to the development of business in Colombia and Argentina.

New financing in the Africa – Middle-East – India and Pacific Region amounted to €0.3 billion, down 35.5% compared to the end of June 2022. This decrease is mainly due to the decline of Renault Group registrations in Korea.

(1) Excluding equity-affiliated companies. A pro forma on 2022 commercial data has been performed.

(2) On the scope of Mobilize Financial Services' subsidiaries.

(3) Average performing assets: APA correspond to the average performing loans, financial lease and assets arising from operating lease transactions. For retail customers, it means the average of performing assets at month-end. For dealers, it means the average of daily performing assets.

	Financing penetration rate *(in %)*		New vehicle contracts processed *(in thousands)*		New financings excluding cards and PL *(in millions of euros)*		Net assets at year-end *(in millions of euros)*[(5)]		Of which Customer net assets at year-end *(in millions of euros)*		Of which Dealer net assets at year-end *(in millions of euros)*	
PC + LUV market[(4)]	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
EUROPE	**45,3 %**	**49,5 %**	**566**	**513**	**9 580**	**7 756**	**48 874**	**41 291**	**37 938**	**34 871**	**10 936**	**6 420**
of which Germany	56,8 %	52,0 %	85	74	1 624	1 241	8 692	7 501	7 093	6 720	1 599	781
of which Spain	49,7 %	54,1 %	52	42	825	578	4 250	3 654	3 488	3 223	762	431
of which France	50,3 %	51,7 %	205	188	3 254	2 669	18 399	15 919	13 479	12 531	4 920	3 388
of which Italy	55,2 %	65,8 %	76	73	1 336	1 124	6 182	5 323	5 299	4 953	883	370
of which United Kingdom	38,6 %	51,1 %	66	62	1 338	1 208	5 780	4 607	4 981	4 143	799	464
of which other countries	29,4 %	33,5 %	82	74	1 203	935	5 571	4 287	3 598	3 301	1 973	986
AMERICAS	**32,5 %**	**33,1 %**	**61**	**59**	**606**	**626**	**2 928**	**2 582**	**2 263**	**2 097**	**665**	**485**
of which Argentina	22,7 %	22,6 %	10	9	69	98	218	225	85	115	133	110
of which Brazil	34,2 %	31,8 %	39	34	384	344	1 863	1 662	1 415	1 330	448	332
of which Colombia	43,0 %	48,5 %	12	16	154	183	847	695	763	652	84	43
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	**35,4 %**	**39,1 %**	**20**	**30**	**250**	**388**	**1530**	**1810**	**1 366**	**1 698**	**164**	**112**
EURASIA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**-**	**22**	**-**	**-**
Total MOBILIZE F.S.	**43,3 %**	**46,5 %**	**647**	**602**	**10 436**	**8 769**	**53 332**	**45 705**	**41 567**	**38 688**	**11 765**	**7 017**

(4) Figures refer to passenger car (PC) and light utility vehicle (LUV) markets.

(5) Net assets at year-end = Net total outstandings + Operating lease transactions net of depreciation and impairment. Figures related to commercial activity (penetration rate, new contracts processed, new financings) exclude companies consolidated using the equity method.

CONSOLIDATED FINANCIAL HIGHLIGHTS H1 2023

Mobilize Financial Services posted an increase in net income thanks to good management of its cost of risk.

Results

Net banking income (NBI) amounted to €974 million, down 2.0% compared to the first half of 2022.

This decrease was mainly due to the impact of interest rate swaps hedging sight deposits, which are recognized at market value. These interest rate swaps had a positive effect of +€58 million in the first half of 2022 compared to a negative impact of -€37 million in the first half of 2023. In a context of rising interest rates, there was therefore a -€95 million difference. The contribution of Services activities to NBI represented 35.9%, up 3.1 pts compared to the first half of 2022.

Operating expenses totaled €356 million, up €34 million compared to the end of June 2022. They represent 1.44% of APA, a 5 basis point increase compared to the first half of 2022.

The total cost of risk was 0.38% of APA in the first half of 2023, compared to 0.49% in the first half of 2022. Pre-tax income amounted to €487 million, compared to €441 million at the end of June 2022. The share of income from associates increased by +€86 million, as the 2022 financial year was marked by an exceptional impairment of €101.4 million on the holdings of the share capital of RN Bank Russia.

Consolidated net income - parent company shareholders' share - amounted to €337 million at the end of June 2023, compared to €323 million at the end of June 2022.

Balance sheet

In the first half of 2023, assets increased thanks to the growth in new financing. At the end of June 2023, net assets(1) amounted to €53.3 billion, up 16.7% from €45.7 billion.

Consolidated equity amounted to €6,220 million compared to €6,021 million at the end of June 2022 (+3.3%). As of January 1, 2022, IFRS 17 applies to insurance contracts issued by RCI Banque S.A. Contracts will now be evaluated according to the general model (also known as the "building blocks approach") consisting of: (1) estimates of future cash flows discounted and weighted by their probability of occurrence, (2) an adjustment for non-financial risk, and (3) the contractual service margin. The contractual service margin will be recognized in the income statement according to the coverage units provided during the period. The financial statements were restated to take into account the application of this standard. The impact of the first-time application of IFRS 17 on equity at the beginning of 2022 was +€167 million.

The results of the insurance activities are presented in the income statement of the Mobilize Financial Services Group. The restatements represented a net income impact of -€10 million in the first half of 2022 and of -€16 million over 2022. Income from insurance activities amounted to €106 million in the first half of 2023 compared to €89 million in the first half of 2022.

Profitability

ROE(2) was stable at 10.8% compared to 10.5% in the first half of 2022. RoRWA(3) amounted to 1.83% in the first half of 2023 compared to 1.95% over the same period in 2022, down 12 basis points due to the negative impact of the valuation of interest rate swaps on NBI.

Solvency

The overall solvency ratio came to 16.16% (including a CET1 ratio of 13.95%), compared to 16.84% (including a CET1 ratio of 14.47%) at the end of December 2022. The decrease in the overall ratio was the increase in REA(4) (+€2,754 million) mainly due to the increase in credit exposures on the corporate (+€1,229 million) and retail customer segments (+€908 million). This increase was partially offset by an increase in CET1 equity (+ €197 million) largely due to the application of IFRS 17(5) to the Malta entity.

CONSOLIDATED NET INCOME

(in millions of euros)	06/2023	06/2022 Restated *	12/2022 Restated *	12/2021
Net banking income	974	994	2 016	1 828
General operating expenses(1)	(360)	(341)	(638)	(576)
Cost of risk	(100)	(105)	(195)	(62)
Share in net income (loss) of associates and joint ventures	(7)	(93)	(127)	19
Income exposed to inflation(2)	(20)	(14)	(31)	(14)
Goodwill impairment				(1)
Pre-tax income	**487**	**441**	**1 025**	**1 194**
CONSOLIDATED NET INCOME (Shareholders of the parent com pany)	**337**	**323**	**684**	**846**

1) Including: a provision for business exemptions and amortization and impairment on tangible and intangible assets.

2) Restatement of the earnings of the Argentinian entities, now in hyperinflation.

CONSOLIDATED BALANCE SHEET

(in millions of euros)	06/2023	06/2022 Restated *	12/2022 Restated *	12/2021
Net total outstandings of which	51 816	44 363	48 109	43 639
Retail Customer loans	24 269	23 035	22 950	22 689
Finance leases	15 782	14 311	14 730	14 180
Dealer loans	11 765	7 017	10 429	6 770
Operational lease transactions net of depreciation and impairment	1 516	1 342	1 383	1 344
Other assets	9 416	10 354	10 905	11 253
Shareholders' equity (including pro fit (loss) for the year) of which	7 094	6 901	7 347	7 115
Equity	6 220	6 021	6 461	6 222
Subordinated debt	874	880	886	893
Bonds	13 206	12 285	13 568	13 811
Negotiable debt securities (CD, CP, BT, BMTN)	1 492	1 125	1 221	1 063
Securitization	3 826	3 710	3 319	3 097
Customer saving accounts - Ordinary saving accounts	18 713	16 574	17 661	15 723
Customer term deposit accounts	7 970	4 934	6 780	5 296
Banks and other lenders (including Schuldschein)	6 626	7 137	6 759	6 746
Other liabilities	3 821	3 393	3 742	3 385
TOTAL BALANCE SHEET	**62 748**	**56 059**	**60 397**	**56 236**

* The 2022 financial statements were restated pursuant to IFRS 17 for insurance contracts.

(1) Net assets at year-end: net total outstandings on loans and financial leases + operating lease transactions net of depreciation and impairment.

(2) The ROE (Return on equity) is calculated by dividing net income for the period by the average net equity (excluding profit (loss) for the period).

(3) Return on Risk-Weighted Assets (RoRWA) highlights the profitability or return (R) of the Risk-Weighted Assets (RWA). It is the ratio between the net income (parent company shareholder's share) and the average RWA over a given period. This indicator allows banks and financial institutions to improve the monitoring of their performance and to facilitate decision-making processes in relation to the associated risks.

(4) Risk Exposure Amount: RWA (Credit Risk), CVA, Operational Risk and Market Risk.

(5) Pursuant to the new IFRS 17 standards as per the decision of 06/30/2023, which had a positive €151 million impact on regulatory capital and increased RWAs related to equity interests in insurance companies by €377 million. Total impact CET1 ratio +24 bp.

OUTLOOK FOR THE SECOND HALF OF 2023

After a period initially impacted by shortages of semiconductors, followed by logistical difficulties, the Alliance brands anticipate more normal supply conditions during the second half of 2023. This situation should lead to a robust level of sales and an increase in new vehicle financing and outstanding financing.

In the second half of 2023, the Mobilize Financial Services Group intends to consolidate the resilience of its financial performance in a context of lower inflation compared to 2022 and the first half of 2023, but which nonetheless is expected to remain high and be characterized by a decline in global economic growth.

Notwithstanding the above, given the Company's prudent provisioning policy, the cost of risk over the second half of 2023 is expected to be in line with historical averages.

FINANCIAL POLICY

The central banks continued their monetary tightening intending to fight against persistent inflation. The first half of 2023 was marked by a return of volatility in the financial markets and periods of risk aversion, in particular following the difficulties encountered by some regional banks. The decline in inflation observed at the end of the first half of the year in the United States led the FED to leave its rates unchanged at its monetary policy meeting in June. In the eurozone, the ECB raised its inflation forecasts and maintained its upward cycle.

In the United States, faced with persistent inflationary tensions and the robustness of the labor market, key rate increases continued until May (+75bps increase since 22 December, +500 bps since March 2022). Job creation remained higher than forecast and the unemployment rate remained at low levels (3.6% at the end of June). Inflation remained high at 3% in June 2023 but gradually improved (5% in March, 6% in February and 6.4% in January).

The rise in interest rates weakened the financial position of some banks, which held significant portfolios of bonds with unrealized capital losses. The US authorities have put in place rescue measures to protect the depositors of these institutions. In the middle of the half-year, the financial markets experienced a phase of volatility and risk aversion.

The improvement in statistics in May (lower inflation and production prices, less pressure on the job market), the release of the US debt ceiling and the commitment of future government spending cuts led to the FED to leave its key rates unchanged at its meeting of 13 June. The extension of this pause in July, remains however subject to the next statistics (inflation, employment).

In Europe, the ECB increased its key rate by 150 bps during the first half of 2023 (+400 bps since the start of the tightening cycle initiated in July 2022) andstarted to reduce it's balance sheet of March 2023, as announced in December 2022. The "APP" asset purchase program portfolio was thus reduced by an average of €15 billion per month. As in the United States, European markets experienced significant volatility in the middle of the half-year.

Even though inflation had started to slow since May (5.5% in June, 6.1% in May compared to 8.6% in January), the ECB increased its inflation forecasts (5.1% in 2023 vs. 4.6% previously, 3.0% in 2024 vs. 2.5% and 2.3% in 2025 vs. 2.2%) during its last monetary policy meeting in June, and it raised its key rates by 25 bps while indicating that a further rate hike in July was highly likely. The search for a balance between price stability and financial stability should prompt the ECB to pause after the July decision, even if these decisions will be dependent on inflation and employment statistics.

The Bank of England (BoE), one of the first central banks to have initiated the monetary tightening cycle, raised its key rate by 150 bps in the first half of 2023, bringing it to 5%, i.e., a total increase of 490 bps since the start of the monetary tightening cycle in December 2021. Noting the persistence of high inflation and tensions on the job market, the BOE raised its rates by 50 bps in June, which was higher than market expectations.

German 2-year bond yields increased by 43 bps to 3.19% compared to 2.76% at the end of 2022. At the same time, the rate on 10-year German government bonds stood at 2.39% at the end of June compared to 2.57% at the end of December 2022. This decrease reflects expectations of a decline in inflation.

The equity markets continued their recovery that began in the fourth quarter of 2022. The Eurostoxx 50 and the S&P 500 are up +15.9% year-to-date. After an episode of volatility in the middle of the half-year, during which the IBOXX Corporate Bond Euro index reached a high of 115.6 bps, the index ended the half-year at 96.6 bps, a level very close to that observed at the end of last December.

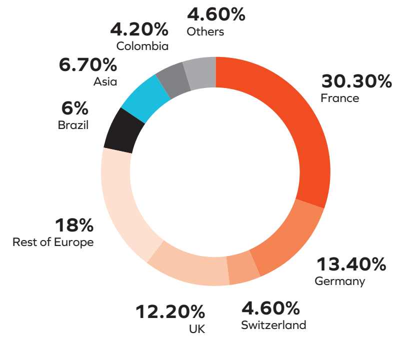
In this context, the Group issued the equivalent of €2.5 billion on the bond market in the first half of 2023. In particular, it launched its second green bond issue for €750 million. The success of this operation shows that the Group's ESG strategy is appreciated by the market and confirms MFS's commitment to the fight against climate change. The group also issued 200 million Swiss francs with a 5-year maturity and two tranches of €750 million, with maturities of 3.5 and 4 years, respectively.

In the securitization market, the group placed €719 million in notes backed by auto loans granted by its German subsidiary. Private securitizations of car loans in the United Kingdom and leasing in Germany saw their revolving periods extended for an additional year and their amount slightly increased to reach £600 million in the United Kingdom and €400 million in Germany.

The retail savings activity proved to be very dynamic and competitive in terms of funding cost. Deposits mitigated the impact of the rising costs of market funding, thus demonstrating the relevance of the financing diversification strategy initiated 10 years ago. Savings deposits received increased by €2.2 billion since the beginning of the year, to stand at €26.7 billion.

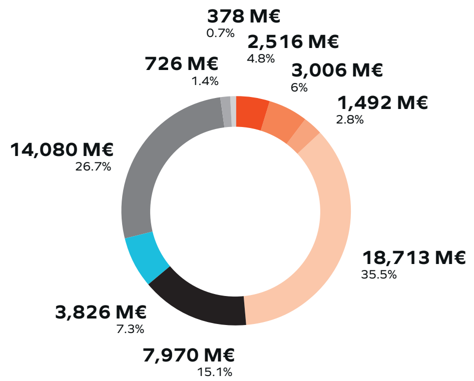
GEOGRAPHICAL BREAKDOWN OF NEW RESOURCES WITH A MATURITY OF ONE YEAR OR MORE (EXCLUDING DEPOSITS AND TLTRO)

(as at 30/06/2023)



STRUCTURE OF TOTAL DEBT

(as at 30/06/2023)



FINANCIAL POLICY

These resources, to which should be added, on the European scope, €4.4 billion in undrawn confirmed bank lines, €5.1 billion in collateral eligible for Central Bank monetary policy operations and €3.7 billion in high-quality liquid assets (HQLA), enable the Mobilize Financial Services group to maintain the financing granted to its customers for 12 months without access to external liquidity. At 30 June 2023, the Mobilize Financial Services group's liquidity reserve (European scope) stood at €13.3 billion.

RCI Banque's overall sensitivity to interest rate risk remained below the group's limit of €70 million.

As of 30 June 2023, a parallel rise in rates would have an impact on the group's net interest income (NII) of +€6.3 million, with the following contribution by currency:

- / +€3.6 million in EUR;
- / -€7.1 million in GBP;
- / +€4.8 million in CHF.
- / +€1.3 million in PLN;
- / +€1.3 million in MAD;
- / +€1.7 million in COP.

The sum of the absolute values of the sensitivities to a parallel interest rate shock[1] in each currency amounts to €15.9 million.

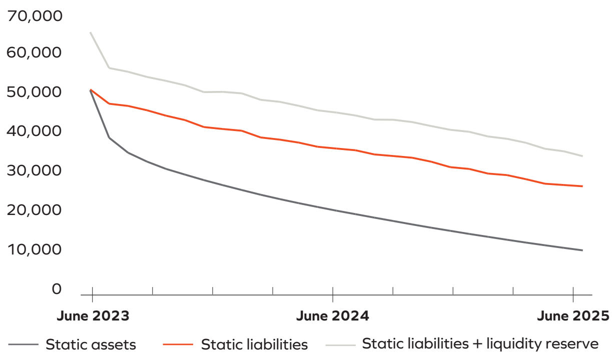
The RCI Banque group's consolidated transactional foreign exchange position[2] is €16 million at the end of June.

(1) Since 2021 and in accordance with the guidelines of the regulator (IRRBB Guidelines of 2018), the magnitude of interest rate shocks depends on the currency. At 30 June 2023, the interest rate shocks applied for each currency were: +100 bps for EUR, CHF, DKK and MAD; + 150 bps for SEK and GBP; +200 bps for CZK; +250 bps for HUF; +300 bps for RON, COP, PLN and BRL; +350 bps for the BRL; +500 bps for ARS and RUB.

(2) Foreign exchange position excluding holdings in the share capital of subsidiaries.

STATIC LIQUIDITY

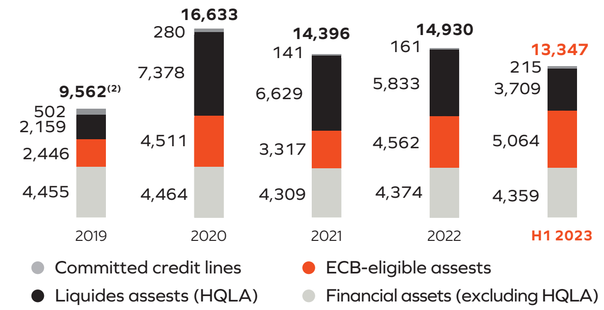
(in millions of euros)



Static assets: Assets runoff over time assuming no renewal.
Static liabilities: Liabilities runoff over time assuming no renewal.

LIQUIDITY RESERVE[1]

(in millions of euros)



(1) Scope: Europe.

(2) Liquidity reserve is calibrated to achieve the internal business continuity target in a stress scenario. The lower level in December 2019 reflects a lower level of bond redemption for the following year (bond repayments respectively €1.8 billion in 2020 and €2.8 million in 2019).

RCI Banque group's programs and issuances

The group's consolidated issues are made by seven issuers: RCI Banque, Diac, Rombo Compañía Financiera (Argentina), RCI Financial Services Korea Co, Ltd (South Korea), Banco RCI Brasil (Brazil), RCI Finance Maroc (Morocco) and RCI Colombia S.A. Compañía De Financiamiento (Columbia)

RCI Banque short term: S&P: **A-3**/Moody's: **P-2**

RCI Banque long term: S&P: **BBB-** (Stable)/Moody's: **Baa2** (Stable)

DIAC S.A. short term: S&P: **A-3**

DIAC S.A. long term: S&P: **BBB-** (Stable)

Rombo Compania Financiera S.A.: Moody's: **A + (arg)** (Stable) / Fix Scr: **AA (arg)** (Stable)

RCI Financial Services Korea Co, Ltd: KR, KIS, NICE: **A +**

Banco RCI Brasil S.A.: Moody's: **AA + (bre)** (Stable)

RCI Colombia S.A Compañia de Financiamiento: S&P: **AAA (col)**

MOBILIZE FINANCIAL SERVICES

AUDITOR'S REPORT

30 June 2023

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RCI BANQUE S.A.

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023

RCI BANQUE S.A.
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75002 PARIS

This report contains 3 pages

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This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

RCI BANQUE S.A.

RCI BANQUE S.A.15, rue d'Uzès, 75002 PARIS

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying half-yearly consolidated financial statements of RCI BANQUE S.A., for the period from January 1, 2023, to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

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 half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2023 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the matter set out in note 11 to the half-yearly consolidated financial statements regarding the change in accounting methods relating to the implementation of IFRS 17.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Paris La Défense, July 28, 2023

Paris La Défense, July 28, 2023,

The statutory auditors
French original signed by

KPMG S.A.

Mazars

Ulrich SARFATI

Anne VEAUTE

MOBILIZE
FINANCIAL SERVICES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2023	12/2022 Restated*
Cash and balances at central banks	2	3 794	5 874
Derivatives	3	370	434
Financial assets at fair value through other comprehensive income	4	502	521
Financial assets at fair value through profit or loss	4	139	119
Amounts receivable at amortised cost from credit institutions	5	1 668	1 690
Loans and advances at amortised cost to customers	6 et 7	52 409	48 631
Current tax assets	8	84	41
Deferred tax assets	8	242	220
Tax receivables other than on current income tax	8	250	125
Insurance and reinsurance contrats asset	8	25	36
Adjustment accounts & miscellaneous assets	8	1 397	978
Non-current assets held for sale		9	19
Investments in associates and joint ventures		82	66
Operating lease transactions	6 et 7	1 516	1 383
Tangible and intangible non-current assets		124	123
Goodwill		137	137
TOTAL ASSETS		**62 748**	**60 397**

* The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2023	12/2022 Restated*
Central Banks	9.1	3 005	3 715
Derivatives	3	390	351
Amounts payable to credit institutions	9.2	2 516	2 012
Amounts payable to customers	9.3	27 788	25 473
Debt securities	9.4	18 524	18 108
Current tax liabilities	10	191	108
Deferred tax liabilities	10	889	899
Taxes payable other than on current income tax	10	26	25
Adjustment accounts & miscellaneous liabilities	10	1 952	2 004
Non-current liabilities held for sale			1
Liability on insurance contracts held	11	172	166
Provisions	12	201	188
Subordinated debt - Liabilities	14	874	886
Equity		6 220	6 461
- Of which equity - owners of the parent		*6 219*	*6 460*
Share capital and attributable reserves		*814*	*814*
Consolidated reserves and other		*5 245*	*5 160*
Unrealised or deferred gains and losses		*(177)*	*(198)*
Net income for the year		*337*	*684*
- Of which equity - non-controlling interests		*1*	*1*
TOTAL LIABILITIES & EQUITY		**62 748**	**60 397**

* The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	06/2023	06/2022 Restated*	12/2022 Restated*
Interest and similar income	20	1 579	973	2 152
Interest expenses and similar charges	21	(920)	(372)	(883)
Fees and commission income	22	376	342	679
Fees and commission expenses	22	(184)	(148)	(311)
Net gains (losses) on financial instruments at fair value through profit or loss		(56)	65	69
Insurance revenue	11	196	178	359
Insurance service expenses	11	(23)	(43)	(65)
Net expenses from reinsurance contracts held	11	(1)	1	1
Net finance income or expenses on insurance contracts	11	(9)	1	(10)
Income of other activities	23	359	284	601
Expense of other activities	23	(343)	(287)	(576)
NET BANKING INCOME		**974**	**994**	**2 016**
General operating expenses	24	(352)	(331)	(618)
Depreciation and impairment losses on tangible and intangible assets		(8)	(10)	(20)
GROSS OPERATING INCOME		**614**	**653**	**1 378**
Cost of risk	25	(100)	(105)	(195)
OPERATING INCOME		**514**	**548**	**1 183**
Share in net income (loss) of associates and joint ventures (2)		(7)	(93)	(127)
Gains less losses on non-current assets				
Impact of Profit & Loss for Subisidiaries in Hyperinflation Context (3)		(20)	(14)	(31)
PRE-TAX INCOME (4)		**487**	**441**	**1 025**
Income tax	26	(145)	(116)	(321)
NET INCOME		**342**	**325**	**704**
Of which, non-controlling interests		5	2	20
Of which owners of the parent		337	323	684
Number of shares		1 000 000	1 000 000	1 000 000
Net Income per share (1) in euros		336,97	322,94	684,12
Diluted earnings per share in euros		336,97	322,94	684,12

(1) Net income - Owners of the parent compared to the number of shares

(2) The disposal of RN Bank had a positive impact on equity method income, which amounted to €8.6 million over the period. The impairment of Mobility Trader Holding Gmbh (Heycar) had a negative impact on equity method income, in the amount of -€16.7 million.
(3) Hyperinflation Argentina
(4) Within the impact of discontinued operations for €0,2 million
** The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**06/2023**	**06/2022 Restated***	**12/2022 Restated***
NET INCOME	**342**	**325**	**704**
Actuarial differences on post-employment benefits	(1)	12	11
Total of items that will not be reclassified subsequently to profit or loss	***(1)***	***12***	***11***
Unrealised P&L on cash flow hedge instruments	(19)	97	199
Unrealised P&L on financial assets		(5)	(8)
Exchange differences	41	27	(1)
Total of items that will be reclassified subsequently to profit or loss	***22***	***119***	***190***
Other comprehensive income	**21**	**131**	**201**
TOTAL COMPREHENSIVE INCOME	**363**	**456**	**905**
Of which Comprehensive income attributable to non-controlling interests	5	9	17
Of which Comprehensive income attributable to owners of the parent	358	447	888

* The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital (1)	Attribut. reserves (2)	Consolid. reserves	Translation adjust. (3)	Unrealized or deferred P&L (4)	Net income (Shareholders of the parent company)	**Equity** (Shareholders of the parent company)	Equity (Non-controlling interests)	**Total Consolidated equity**
Equity at 31 December 2021	**100**	**714**	**4 950**	**(399)**	**(3)**	**846**	**6 208**	**14**	**6 222**
Appropriation of net income of previous year			846			(846)			
Restatement of Equity opening amount IFRS17			167				167		167
Equity at 1 January 2022	**100**	**714**	**5 963**	**(399)**	**(3)**		**6 375**	**14**	**6 389**
Change in value of financial instruments recognized in equity					91		91	1	92
Actuarial differences on defined-benefit pension plans					12		12		12
Exchange differences				21			21	6	27
Net income for the year (before appropriation)						323	323	2	325
Total comprehensive income for the period				***21***	***103***	***323***	***447***	***9***	***456***
Dividend for the period			(800)				(800)	(12)	(812)
Repurchase commitment of non-controlling interests			(2)				(2)	(10)	(12)
Equity at 30 June 2022*	**100**	**714**	**5 161**	**(378)**	**100**	**323**	**6 020**	**1**	**6 021**
Change in value of financial instruments recognized in equity					103		103	(4)	99
Actuarial differences on defined-benefit pension plans					(1)		(1)		(1)
Exchange differences				(22)			(22)	(6)	(28)
Net income for the year (before appropriation)						361	361	18	379
Total comprehensive income for the period				***(22)***	***102***	***361***	***441***	***8***	***449***
Effect of acquisitions, disposals and others			(11)				(11)		(11)
Repurchase commitment of non-controlling interests			10				10	(8)	2
Equity at 31 December 2022*	**100**	**714**	**5 160**	**(400)**	**202**	**684**	**6 460**	**1**	**6 461**
Appropriation of net income of previous year			684			(684)			
Equity at 1 January 2023	**100**	**714**	**5 844**	**(400)**	**202**		**6 460**	**1**	**6 461**
Change in value of financial instruments recognized in equity					(13)		(13)	(6)	(19)
Actuarial differences on post-employment benefits					(1)		(1)		(1)
Exchange differences				35			35	6	41
Net income for the year (before appropriation)						337	337	5	342
Total comprehensive income for the period				***35***	***(14)***	***337***	***358***	***5***	***363***
Effect of acquisitions, disposals and other			(1)				(1)		(1)
Dividend for the period (5)			(600)				(600)	(30)	(630)
Repurchase commitment of non-controlling interests			2				2	25	27
Equity at 30 June 2023	**100**	**714**	**5 245**	**(365)**	**188**	**337**	**6 219**	**1**	**6 220**

(1) The share capital of RCI Banque S.A. (100 million euros) consists of 1,000,000 fully paid up shares with par value of 100 euros each, of which 999,999 shares are owned by Renault s.a.s.

(2) Attributable reserves include the share premium account of the parent company.

(3) The change in translation adjustments at 30 June 2023 relates primarily to Argentina, Brazil, Colombia, South Korea, India, Poland, Czech Republic, the United Kingdom, Switzerland and Turkey. At 31 December 2022, it related primarily to Argentina, Brazil, Colombia, India, Morocco, Poland, the United Kingdom, Switzerland and Turkey.

(4) Includes the fair value of derivatives used as cash flow hedges and fair value on debt instrument for €196 and IAS 19 actuarial gains and losses for -€8m at end June 2023.

(5) Distribution to the shareholder Renault of a dividend on the 2022 result for €600 million.

* The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	06/2023	06/2022 Restated*	12/2022 Restated*
Net income attributable to owners of the parent company	**337**	**323**	**684**
Depreciation and amortization of tangible and intangible non-current assets	8	10	19
Net allowance for impairment and provisions	63	77	137
Share in net (income) loss of associates and joint ventures	7	93	127
Deferred tax (income) / expense	(13)	5	33
Net loss / gain from investing activities			(11)
Net income attributable to non-controlling interests	5	2	20
Other (gains/losses on derivatives at fair value through profit and loss)	79	(64)	(80)
Cash flow	**486**	**446**	**929**
Other movements (accrued receivables and payables)	(155)	(156)	172
Total non-monetary items included in net income and other adjustments	***(6)***	***(33)***	***418***
Cash flows on transactions with credit institutions	(546)	(130)	107
- Inflows / outflows in amounts receivable from credit institutions	*(63)*	*(58)*	*5*
- Inflows / outflows in amounts payable to credit institutions	*(483)*	*(72)*	*102*
Cash flows on transactions with customers	(1 547)	(25)	(1 258)
- Inflows / outflows in amounts receivable from customers	*(3 629)*	*(625)*	*(4 953)*
- Inflows / outflows in amounts payable to customers	*2 082*	*600*	*3 695*
Cash flows on other transactions affecting financial assets and liabilities	145	(1 076)	557
- Inflows / outflows related to AFS securities and similar	*21*	*(162)*	*285*
- Inflows / outflows related to debt securities	*258*	*(769)*	*397*
- Inflows / outflows related to collections	*(134)*	*(145)*	*(125)*
Cash flows on other transactions affecting non-financial assets and liabilities	(39)	(2)	11
Net change in assets and liabilities resulting from operating activities	**(1 987)**	**(1 233)**	**(583)**
Net cash generated by operating activities (A)	**(1 656)**	**(943)**	**519**
Flows related to financial assets and investments	(36)	(10)	(15)
Flows related to tangible and intangible non-current assets	(23)	(22)	(53)
Net cash from / (used by) investing activities (B)	**(59)**	**(32)**	**(68)**
Net cash from / (to) shareholders	(630)	(812)	(819)
- Dividends paid	*(630)*	*(812)*	*(812)*
- Inflows / outflows related to non-controlling interests			*(7)*
Net cash from / (used by) financing activities (C)	**(630)**	**(812)**	**(819)**
Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)	**67**	**7**	**(46)**
Change in cash and cash equivalents (A+B+C+D)	**(2 278)**	**(1 780)**	**(414)**
Cash and cash equivalents at beginning of year:	7 291	7 705	7 705
- Cash and balances at central banks	*5 836*	*6 729*	*6 729*
- Balances in sight accounts at credit institutions	*1 455*	*976*	*976*
Cash and cash equivalents at end of year:	5 013	5 925	7 291
- Cash and balances at central banks	*3 783*	*4 749*	*5 836*
- Credit balances in sight accounts with credit institutions	*1 554*	*1 735*	*1 638*
- Debit balances in sight accounts with credit institutions	*(324)*	*(559)*	*(183)*
Change in net cash	**(2 278)**	**(1 780)**	**(414)**

* The 2022 financial statements have been adjusted in application of IFRS 17 insurance contracts (see accounting rules and methods).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RCI Banque S.A., the group's parent company, is a limited company (*Société Anonyme* under French law) with a Board of Directors and a fully paid up share capital of 100,000,000 euros. It is subject to all legislation and regulations applicable to credit institutions and is listed on the Paris Register of Trade and Companies under number 306 523 358.

RCI Banque S.A's registered office is located at 15, rue d'Uzès 75002 Paris.

RCI Banque S.A.'s main business is to provide financing for the Renault - Nissan Alliance brands.

The condensed consolidated interim financial statements of the Mobilize Financial Services group for the six months ended 30 June relate to the Company and its subsidiaries, and to the group's interests in associates and jointly-controlled entities.

1. APPROVAL OF FINANCIAL STATEMENTS - DISTRIBUTIONS

The summary consolidated financial statements of the Mobilize Financial Services group for the six months to 30 June 2023 were established by the Board of Directors on 25 July 2023 which authorized their publication.

The Mobilize Financial Services group's consolidated financial statements for the year 2022 were established by the Board of Directors on 10 February 2023 and approved at the General Meeting on 19 May 2023. It was decided to pay shareholders a dividend of €600 million on the 2022 result.

The consolidated financial statements are expressed in millions of euros unless otherwise indicated.

2. KEY HIGHLIGHTS

War in Ukraine

The conflict in Ukraine and the economic and trade sanctions progressively levied against Russia, as well as the counter-sanctions levied by Russia impacted the group's business during the quarter. The areas in question mainly include employee security, the risk of a shortage of financing in Russia, the risk of cyberattacks, and information systems failure.

The Mobilize Financial Services group has investments in both Russia and Ukraine.

The Mobilize Financial Services group complies strictly with the regulations in force and has diligently implemented the necessary measures to comply with international sanctions.

Given the way the bank operates in these two countries, the statement of financial position exposure to Russia and Ukraine is limited.

In Ukraine

RCI Banque S.A. owns 100% of a non-consolidated subsidiary. The Group does not have any loan exposures to this company.

RCI Banque S.A.'s net investment is limited to the share of this subsidiary's capital (€0.3 million) that was fully provisioned during the first half of 2022.

In Russia

On 20 June 2023, RN Bank was sold for 7 billion Russian rubles (€76.4 million). The Group held a 30% interest in this company through the holding company RN SF B.V., which is consolidated using the equity method. These RN SF B.V. shares were fully impaired in 2022.

This disposal led to a change in interests in associates and joint ventures in the amount of +€24.4 million, of which +€8.6 million recognized in income and +€15.8 million in foreign exchange reserves.

The group also owns 100% of RNL Leasing, a leasing company consolidated using the equity method. RNL leasing's contribution to the group’s equity was not significant (€0.4 million) and the shareholder loans of 1.5 billion rubles (equivalent to €14.9 million) were eliminated as part of the treatment of intragroup transactions.

The Company’s net assets, in the amount of €16.8 million, were classified as non-current assets and liabilities held for sale, and were impaired for an amount of €7.2 million compared to €2.7 million at the end of December 2022. This impairment takes into account the most advanced negotiations conducted by the Group with a view to the sale of the subsidiary.

New issues of securitization funds

In the securitization market, the group invested around €719 million in March backed by car loans granted by its German branch (of which €700 million in senior notes and around €19 million in subordinated notes).

3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2023 were prepared in accordance with the principles set out in IAS 34 "Interim Financial Reporting". They do not include all the information required when preparing annual consolidated financial statements and must therefore be read in conjunction with the financial statements for the year ended 31 December 2022.

The Mobilize Financial Services group's financial statements for the year ended 30 June 2023 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) and according to the ANC 2022-01 recommendation as at 30 June 2023 and as adopted in the European Union by the statement closing date. With the exception of the changes indicated hereafter, the accounting rules and methods used are identical to those applied in the consolidated financial statements for the year ended 31 December 2022.

A – Changes in accounting policies

The Mobilize Financial Services group applies the standards and amendments published in the Official Journal of the European Union, application of which has been mandatory since 1 January 2023.

➢ **New regulations that must be applied at January 1, 2023**

IFRS 17 et amendements	Insurance contracts
Amendment IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendment IAS 1	Information regarding significant accounting policies
Amendment IAS 8	Definition of accounting estimates

The application of the amendments IAS 12, IAS 1 and IAS 8 from January 1, 2023 has no significant effect on the group’s financial statements. The impact of the application of IFRS 17 is presented on the dedicated paragraph below.

➢ **Other standards and amendments not yet adopted by the European Union**

Amendment IAS 12	International Tax Reform - Pillar II	January 1, 2023
Amendment IAS 7	Supplier finance arrangements	January 1, 2024
Amendment IAS 1	Classification of liabilities as current or non-current Non-current liabilities covenants	January 1, 2024
Amendment IFRS 16	Lease liability in a sale and leaseback	January 1, 2024

The Group is in the process of analyzing the potential impacts. At this stage, the Group does not anticipate any significant impact to the consolidated financial statements due to the application of these amendments.

B. Application of IFRS 17

IFRS 17 “Insurance contracts”, published on 18 May 2017, and amended by the amendments of 25 June 2020, sets out the principles of recognition, measurement, presentation, and disclosures for insurance contracts. It replaces IFRS 4 “Insurance contracts” and is applicable from 1 January 2023. The Mobilize Financial Services Group did not adopt the proposed exemption and already applied IFRS 9 since 1 January 2018. The financial investments of the insurance activities are included in financial assets at fair value through equity.

➢ **Impacts in terms of classification and estimation**

IFRS 17 applies mainly to insurance contracts issued and reinsurance treaties held by the Group's insurance companies.

This standard sets out the accounting principles for an economic and forward-looking estimate of technical insurance provisions.

These technical provisions were valued according to the general model (so-called "building blocks approach") for the entire portfolio. The insurance portfolio does not include any direct participating contract that would justify the application of the VFA model. Moreover, the insurance portfolio does not meet the eligibility conditions for the application of the PAA model (multi-year contract with a non-linear risk profile and whose evolution materially differs from the general model). The reinsurance portfolio is amortized and not material. The MFS Group decided to use the option ("OCI option") making it possible to spread insurance financial income or financial expenses for the period between income and other comprehensive income.

Pursuant to the general model, technical insurance provisions break down as follows: (1) estimates of future cash flows discounted and weighted by their probability of occurrence, (2) an adjustment for non-financial risk and (3) the contractual service margin.

In accordance with the standard, contracts are grouped into portfolios (similar risks, by shared management method) then divided into an annual cohort (contracts issued at intervals of no more than one year) then by profitability group. In this respect, it should be noted that, as part of the transition, no onerous contract was identified for the portfolio.

The estimates of the cash flows of the insurance portfolio were defined on the basis of actuarial models and relevant best estimate technical assumptions. These cash flows were discounted using discount rates defined according to a bottom-up approach corresponding to the risk-free yield curve, with the addition of a liquidity premium defined by the EIOPA.

The risk adjustment represents the "risk premium" used to hedge the uncertainty of the amount and the schedule of cash flows contingent on non-financial risks. This risk adjustment was calibrated on the basis of the distribution of the frequency of claims, the main risk factor of the portfolio, according to a quantile of 90%.

The contractual service margin (CSM) corresponds to the inventories of expected future profits generated by the contracts in the portfolio. The CSM is amortized in the income statement under insurance income at the rate of services rendered, on the basis of the hedging units for the period. The hedging profile used corresponds to the profile of the at-risk amounts of the cohorts of contracts.

- **Impacts of the transition**

As the Group did not consider it possible to obtain all the historical data required to estimate the contracts in the portfolio at the transition date by using the full retrospective approach without incurring excessive costs and efforts, only the modified retrospective approach was used to recognize the impact of the transition on the financial statements at 1 January 2022.

The impact of the transition generated a positive impact on equity in the amount of €167 million in the statement of financial position at the start of the period, as at 1 January 2022. This positive impact is explained by the faster recognition of insurance contract profits under IFRS 17 than under IFRS 4. In the Payment Protection Insurance (PPI) portfolio, the profile of the hedging units is decreasing because it reflects the decrease in outstandings financed. Per IFRS 4, the insurance premium was previously recognized on a straight-line basis.

The Group changed the presentation of its financial position, and now presents reinsurance contracts held as assets. Technical provisions related to insurance liabilities are still presented separately in liabilities, and are now broken down into the estimated future cash flows, the risk adjustment and the contractual service margin (this breakdown is presented in the Note 11). In the income statement, the Group isolated the income generated by insurance activities, which is itself broken down into income related to insurance activities, expenses related to insurance activities and income and expenses related to reinsurance contracts held.

As required by IFRS 17, the comparative financial statements were restated to take into account the application of the standard as at 1 January 2022. Insurance liabilities and reinsurance assets at 1 January 2022 and 31 December 2022 were estimated by applying the general model to the existing portfolio at these dates. Insurance liabilities measuring the value of insurance contracts are presented on a dedicated line - "Liabilities on insurance contracts issued" - in the statement of financial position. They represented €436 million at 31 December 2021, and €132 million at 1 January 2022 after applying IFRS 17, and €166 million at 31 December 2022 and €172 million at 30 June 2023.

en Meur	31/12/2021	01/01/22 Retraité	Ajustement	30/06/2022	30/06/2022 Retraité	Ajustement	31/12/2022	31/12/2022 Retraité	Ajustement
Contrats d'assurance et réassurance actifs	105	59	-46	84	50	-34	63	36	-27
Passif sur contrats d'assurance émis	-436	-132	304	-431	-155	276	-425	-166	259
Passifs d'impôts courants			-90			-85			-81
Retraitement en situation nette			**167**			**157**			**151**

The income from insurance activities is presented on four dedicated lines in the income statement of the Mobilize Financial Services Group. They represented an impact on net income of €89 million over the first half of 2022, of €185 million over 2022 and of €106 million over the first half of 2023.

en Meur	30/06/2022	01/01/22 Retraité	Ajustement	31/12/2022	31/12/2022 Retraité	Ajustement
Résultat d'assurance	157	137	-20	314	285	-29
PNB	157	137	-20	314	285	-29
Résultat avant impôt	153	137	-16	310	285	-25
Résultat net	99	89	-10	202	185	-16

C. Estimates and judgments

- **Forward-looking**

The forward-looking provision comprises a statistical provision and a sectoral expertise provision.

Reminder of the changes in the parameters used to calculate the statistical Forward Looking provision carried out at 31 December 2022:

Mobilize Financial Services (MFS) has developed internal models (for portfolios where this was possible, i.e. with sufficient volume and data quality) and used these models to calculate the statistical forward-looking provisions in 2022.

Proxies have been set up for portfolios without internal models (Example of proxies used: Average of the results of portfolios with internal models for portfolios without internal models)

Sector approach

The forward looking provision also includes a sectoral provision that serves, on the one hand, to identify new at-risk segments and, on the other, to group together retail customers working for an employer located in a high-risk sector.

At the end of June 2023, the sectors identified as at-risk due to the increase in raw material and energy prices were hotels, catering, passenger transport, textiles and clothing distribution. These sectors were additionally hedged by applying the B2 coverage rate to B1 exposures.

The calculation is made after restating the statistical provision for sectoral provisions in order to avoid double provisioning of outstandings.

This adjustment represented €44.8 million at the end of June 2023, compared with €46.9 million at the end of 2022.

Statistical approach

The statistical provision is based on three scenarios:

- "Stability": which provides for three years of stability of the expected credit loss provision parameters (ECL: Expected Credit Losses), based on the latest available risk parameters;
- "Baseline": Use of stress parameters from internal models. Projections are based on macroeconomic data used for the institution’s Internal Capital Adequacy Assessment Process (ICAAP) dating from 01/2023. This enables the PD and LGD, and therefore the ECL (Expected Credit Losses), to be stressed on portfolios with models;
- “Adverse”: Similar approach to the “Baseline” scenario but with the use of deteriorated macroeconomic data leading to higher ECLs.

The various scenarios are then weighted to take into account the latest OECD macroeconomic projections (GDP, unemployment rate and inflation) and thus calculate a statistical forward-looking provision (amount of the provision obtained by comparison with the IFRS 9 accounting provisions of the stability scenario).

The European economy avoided a recession during the winter of 2022-2023, accelerating slightly in the first quarter of 2023 despite the international context and significant interest rate increases aimed at combating inflation. According to the European Commission, the European economy is expected to grow faster than forecast this year and the next, despite inflation that remains high and rising interest rates. The OECD forecasts GDP growth in key countries in Europe, such as France, Germany and Italy. In Brazil, macroeconomic indicators proved to be more resilient than expected, and growth is expected to pick up towards the end of the year. The Spanish economy is expected to slow in 2023, but without going into recession. The change in the unemployment rate should be positive with a more favorable OECD forecast for several countries which are significant for the Group, including Germany, Italy, Spain and the United Kingdom, and fairly stable in France. With regard to inflation, most countries experienced very high inflation in 2022, but should see it gradually decrease, approaching the Baseline scenario.

Due to the use of internal models in statistical forward-looking calculations and the gradual normalization of the macroeconomic situation, the Baseline scenario is the scenario whose macroeconomic projections are most in line with those of the OECD (OECD projections dated June 2023) and therefore remains the most likely scenario.

Given the high volatility observed in recent years (Covid-19 crisis, lockdowns, war in Ukraine, semiconductor crisis) and the macroeconomic changes seen in 2022 (acceleration of inflation), the probability of occurrence of the Stability scenario in 2022 was considered to be relatively low. Due to the gradual stabilization of the economic environment and the announced end of monetary tightening cycles, the Stability scenario is now considered to be more likely than expected at the end of 2022. The weighting of this scenario was therefore revised upwards.

However, the Adverse scenario is much more stressed than it was at the end of 2022, while the macroeconomic situation is tending to stabilize and the OECD forecasts are approaching the forecasts of the Baseline scenario. MFS thus decided to reduce its weighting by an average of 10%, as the new projections of macroeconomic indicators between the OECD and the Adverse scenario are less correlated and the scenario is considered less likely than in December 2022.

Retail	FL Scenario Poids - Decembre 2022			FL Scenario Poids - June 2023			Dec 2022 vs June 2023		
	stability	Baseline	Adverse	stability	Baseline	Adverse	stability	Baseline	Adverse
France	0.10	0.65	0.25	0.25	0.65	0.10	0.15	0.00	-0.15
Germany	0.10	0.60	0.30	0.25	0.65	0.10	0.15	0.05	-0.20
Italy	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05
UK	0.10	0.65	0.25	0.25	0.60	0.15	0.15	-0.05	-0.10
Brazil	0.55	0.10	0.35	0.20	0.55	0.25	-0.35	0.45	-0.10
Spain	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05
Korea	0.10	0.65	0.25	0.25	0.60	0.15	0.15	-0.05	-0.10
Hors G7 (ECLAT)	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05

Réseau	FL Scenario Poids - Decembre 2022			FL Scenario Poids - June 2023			Dec 2022 vs June 2023		
	stability	Baseline	Adverse	stability	Baseline	Adverse	stability	Baseline	Adverse
France	0.10	0.65	0.25	0.25	0.65	0.10	0.15	0.00	-0.15
Germany	0.10	0.60	0.30	0.25	0.65	0.10	0.15	0.05	-0.20
Italy	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05
UK	0.10	0.65	0.25	0.25	0.60	0.15	0.15	-0.05	-0.10
Brazil	0.55	0.05	0.40	0.20	0.55	0.25	-0.35	0.50	-0.15
Spain	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05
Korea							0.00	0.00	0.00
Hors G7 (ECLAT)	0.10	0.65	0.25	0.25	0.55	0.20	0.15	-0.10	-0.05

- Customer financing activity:

Following these changes in weightings, the statistical forward-looking provision on customer financing is €109.8 million, compared with €99.6 million in December 2022.

According to the new OECD forecasts, the French and German economies are growing moderately compared to 2022. We reduced the Adverse scenario to 10% and increased the Stability scenario to 25%, in view of lower inflation and higher GDP.

For the United Kingdom and Korea, inflation continued to decline since its peak at the end of 2022; the GDP and unemployment rate trend was down slightly, and very close to the Baseline scenario. Based on these elements, the Forward Looking Committee decided to allocate an Adverse weighting of 15% compared to 25% in December 2022.

For Italy and Spain, the Forward Looking Committee assigned a weighting of 20% to the adverse scenario, compared to 30% in December 2022. Despite forecasts of a slowdown in GDP, unemployment and inflation rates should continue to improve in 2023 and 2024. The Forward Looking Committee considers the Baseline scenario to be the most probable, with a weighting of 55%.

Historically, smaller countries have a tendency to take longer to react to an economic downturn. The Forward Looking Committee decided to allocate 20% to the Adverse and 55% to the Baseline scenario.

The significant increase in the Forward Looking provision for Korea and Colombia is justified by the deterioration in default rates in the first half of 2023, consequently impacting the Probability of Default and Loss Given Default used to calculate the ECL of the Stability, Baseline and Adverse scenarios. MFS reacted quickly to implement an action plan to address this recent increase in credit risk.

As in recent years, we continued to observe very high volatility in the GDP and unemployment rate in Brazil. According to forecasts, the Brazilian economy will slow to 0.8% in 2023, after increasing by 2.9% in 2022, before recovering to 2.0% in 2024. Several factors, such as slower employment growth and tighter lending conditions, are expected to limit consumer spending and investment. In view of the economic uncertainty observed historically in Brazil, a prudence of 25% on the Adverse scenario and 20% on the Stability scenario were assigned.

- Dealer network financing activity

The weighting of each scenario has been aligned with the weightings for the customer financing activity.

Following these changes in weightings, the statistical forward-looking provision on dealer network financing is €2.7 million, compared with €1.4 million in December 2022.

Forward-looking statistical sensitivity compared to December 2022:

The application of a weighting of 100% to the stability scenario would be equivalent to calculating the ECL without applying stress and would lead to a reduction in the statistical impairment of €103.1 million.

The application of a weighting of 100% to the baseline scenario would lead to an increase of €7.7 million in the statistical impairment.

The application of a weighting of 100% to the adverse scenario would lead to an increase of €177.3 million in the statistical impairment.

<u>The statistical and sectoral provision stood at €157.3 million compared to €147.9 million in December 2022.</u>

En millions d'euros	Customer			Dealer financing			Total 06/2023
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	
France	23.5	12.3	2.5	0.9	0.0	0.0	39.2
Brésil	2.7	3.0	2.6	0.3	0.1	0.0	8.7
Italie	6.6	8.7	0.2	0.1	0.0	0.1	15.7
Espagne	13.0	4.0	1.0	0.0	0.0	0.0	18.0
Maroc	5.9	1.7	1.2	0.1	0.1	0.0	9.0
Royaume-Uni	7.9	3.4	0.7	0.1	0.0	0.0	12.1
Allemagne	7.5	7.1	2.0	0.0	0.0	0.0	16.6
Colombie	3.5	9.6	1.0	0.0	0.0	0.0	14.1
Portugal	1.9	0.5	0.1	0.1	0.0	0.0	2.6
Autriche	1.1	0.3	0.0	0.1	0.0	0.0	1.5
Pologne	2.3	1.4	0.3	0.1	0.0	0.0	4.1
Corée du sud	5.8	4.7	0.3	0.0	0.0	0.0	10.8
Rep. Tchèque	0.8	0.1	0.0	0.0	0.0	0.0	0.9
Autres	1.8	1.2	0.4	0.3	0.1	0.2	4.0
Total	**84.3**	**58.0**	**12.3**	**2.1**	**0.3**	**0.3**	**157.3**

In millions of euros	Customer			Dealer financing			Total 12/2022
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	
France	28.8	16.8	1.2	1.0	0.0	0.0	47.9
Brésil	1.2	1.7	2.3	0.1	0.0		5.4
Italie	7.7	9.1	0.8	(0.0)	(0.0)	0.1	17.7
Espagne	10.9	6.4	1.6			0.1	18.9
Maroc	6.0	2.0	0.6	0.0	0.0	0.0	8.7
Royaume-Uni	9.5	2.7	0.3				12.5
Allemagne	7.3	6.2	0.9			0.0	14.4
Colombie	1.9	4.1	0.4			0.0	6.5
Portugal	1.8	0.8	0.0	0.0	(0.0)	0.0	2.7
Autriche	3.0	0.6	0.0	0.0			3.6
Pologne	2.2	1.2	0.2	0.0	(0.0)	0.0	3.6
Corée du sud	0.9	0.5	0.3				1.7
Rep. Tchèque	0.7	0.1	0.0	0.0			0.8
Autres	1.2	2.4	0.2	0.1	0.0	0.0	3.5
Total	**83.1**	**54.6**	**8.8**	**1.2**	**0.0**	**0.2**	**147.9**

- **Provisions for appraisals (additional non-model adjustments)**

An expert adjustment of the provisions may be made locally if necessary. The expert can adjust the allocation of an exposure in buckets 1 and 2 and the calculated ECL if he/she has additional information. These adjustments must be justified and are classified into five categories: Vulnerable customers, Rentacar / Short-Term Renting, Individual, Risk Parameters, Default & unpaid reclassification. These adjustments represent in total €90.9 million.

<u>Vulnerable customers</u>

The specific credit risk on customers who benefited from deferrals or maturity extensions during the Covid-19 crisis is now assessed as low or zero, as all customers have resumed their loan repayments for more than one year. However, in Italy, where a significant proportion of the portfolio was able to benefit from payment moratoria, an appraisal was kept on the basis of a counterparty quality screening by a credit bureau. At the end of June 2023, this appraisal inventory still represented a provision of €5.9 million, compared to €6.4 million at the end of 2022 for all countries concerned.

The system for vulnerable customers has been extended and strengthened in 2022 to enable early detection of Retail customers likely to be in difficulty, using decision trees or scores specific to each country. Bucket 1 customers who were assigned a medium or high severity grade were then hedged at the bucket 2 rate. At the end of June 2023, the adjustment represents a provision of €12.7 million compared with €17.4 million at the end of 2022.

Rentacar / Short Term Renting

These are appraisals related to short-term leasing companies. This appraisal's inventory represented €1.2 million at the end of June 2023 compared with €3.7 million at the end of 2022 due to the regularization of two major counterparties in France.

Individual

These appraisals are applied during individual company reviews based on a minimum threshold of outstandings. They represented €29.1 million at the end of June 2023, an increase of €9.9 million compared to the end of December 2022. This increase was concentrated in France. This is explained by a higher estimated risk on certain counterparties (provision of €15 million), mitigated by the improvement in the financial indicators of the other companies subject to the individual review (reversal of €5 million).

Risk Parameters

These appraisals are performed in order to cover biases or uncertainties regarding the risk parameters. They can also be applied to anticipate changes in parameters or model changes. They amounted to €11.7 million at the end of June 2023 compared to €19.6 million at the end of December 2022.The change was mainly due to an appraisal to hedge a bias in the provisioning method concerning Colombia (negative appraisal of €7.3 million), where the extension of the duration of loans is not fully taken into account by the model.

Default / Unpaid reclassification

This type of appraisal is related to the reclassification of Bucket 3 outstandings as technical arrears. France contributes the most to this appraisal. Following the transition to the new definition of default (NDoD), a certain number of customers systematically remain in default. This is related to the B3 retention due to the 3-month probation period once the customer is no longer in arrears. And more specifically for the company Diac Location, which does not have the status of bank and for which it is more difficult to enforce the rules of payment terms. They totaled a decrease in provisions of €9 million at the end of June 2023 compared to €7.2 million at the end of 2022. The change in appraisals mainly concerns France with the abandonment of the correction of the factoring coverage rates, in the amount of €0.6 million, the decrease in B3 NDoD appraisals, in the amount of €0.4 million, and the decrease in the appraisal of the minimum NPE coverage rate, in the amount of €0.2 million.

D. Changes in presentation

At June 30, 2023, there are no changes in presentation compared with the previous year except for those that la related to the application of IFRS 17 detailed on the section 3-B (below).

4. ADAPTING TO THE ECONOMIC AND FINANCIAL ENVIRONMENT

In a mixed economic environment, the Mobilize Financial Services group continues to implement a prudent financial policy and reinforces its liquidity management and control system.

Liquidity

The Mobilize Financial Services group pays great attention to diversifying its sources of access to liquidity. During the previous years, the company has largely diversified its sources of funding. In addition to its traditional bond investor base in euros, new investment areas have also been successfully worked.

The deposit collection business, launched in February 2012, is now present in seven different countries (France, Germany, Austria, the United Kingdom, Brazil, Spain and the Netherlands). It made it possible to create an alternative refinancing resource and is now the Group’s main source of financing.

By extending the maximum maturities of its issues in Euros to eight years, new investors looking for longer-term assets have been reached. In addition, the group has access to the bond markets in multiple currencies, whether to finance European assets or to support its development outside Europe.

Recourse to funding through securitization transactions in private and public format also helps to expand the investor base.

Oversight of the Mobilize Financial Services group's liquidity risk takes into account EBA recommendations on the Internal Liquidity Adequacy Assessment Process (ILAAP) and is based on the following components:

- **Risk appetite**: This component is determined by the Board of Directors' Risk Committee.

- **Refinancing**: The funding plan is constructed with a view to diversifying access to liquidity by product, by currency and by maturity. Funding requirements are regularly reviewed and clarified so that the funding plan can be adjusted accordingly.

- **Liquidity reserve**: The company's aim is to have available at all times a liquidity reserve consistent with its appetite for liquidity risk. The liquidity reserve consists of unused confirmed lines of credit, assets eligible as collateral in European Central Bank or Bank of England monetary policy transactions, High Quality Liquid Assets (HQLA), and financial assets. It is reviewed every month by the Finance Committee.

- **Transfer prices**: Refinancing for the group's European entities is mainly delivered by the group Finance and Treasury Division, which centralizes liquidity management and pools costs. Internal liquidity costs are reviewed at regular intervals by the Finance Committee and are used by sales subsidiaries to construct their pricing.

- **Stress scenarios**: Every month, the Finance Committee is informed of the length of time for which the company would be able to maintain its business activity using its liquidity reserve in various stress scenarios. The stress scenarios used include assumptions about runs on deposits, loss of access to new funding, partial unavailability of certain components of the liquidity reserve, and forecasts of new gross lending. Assumptions about runs on deposits under stress are very conservative and are regularly back-tested.

- **Emergency plan**: An established emergency plan identifies the steps to be taken in the event of stress on the liquidity position.

Retail credit risk

The quality of the loan portfolio in 2023 (measured by the rate of non-performing loans) was maintained at 2.4% of customer outstandings in default in June 2023, identical to December 2022. Outstandings in default have therefore seen the same growth as total outstandings since December 2022.

Moreover, in terms of the credit granting policy, the procedures for accepting retail and corporate customers were reviewed. The implementation of the new rules began in the first half of 2023 for retail customers, and will start in the second half of 2023 for corporate customers. These reviews aim to define acceptance criteria in order to maintain a production credit quality compatible with regulatory and internal requirements in terms of risk appetite. Notably, rules were defined to adapt the lending criteria to the context of high inflation.

Lastly, non-model adjustments represented €90.9 million at the end of June 2023. In particular, when an increase in credit risk appeared likely, they covered exposures that benefited from likely moratorium periods in 2020-2021 (in

Italy), exposures sensitive to inflation risk on the basis of the distribution of disposable income, and an estimate of the increase in the cost of living in line with inflation and the increase in energy costs, or customers identified as vulnerable, with the help, if applicable, of external data (in the UK, Spain, Italy) or internal score (in France and Germany). The approach aimed at systematizing the identification and processing of vulnerable customers is an in-depth approach.

The Mobilize Financial Services group continues to aim to maintain an overall credit risk at a level compatible with the expectations of the financial community and its profitability targets.

Profitability

The Mobilize Financial Services group regularly reviews the costs of internal liquidity used to price customer transactions, thereby maintaining a margin on new lending in line with budget targets. Similarly, the pricing of financing granted to dealers is indexed on an internal base rate reflecting the cost of borrowed resources and liquidity cushions needed for business continuity. This method maintains a steady return for this business.

Governance

Liquidity indicators are the subject of particular scrutiny at each monthly financial committee meeting.

The country management committees also monitor risk and instant projected margin indicators more systematically, thereby supplementing the routine assessments of subsidiaries’ profitability.

Exposure to non-commercial credit risk

Financial counterparty risk arises from the investment of cash surpluses, invested in the form of short-term bank deposits with leading banks, investments in money market funds, the purchase of bonds (issued by governments, supranational issuers, government agencies, or corporates) with an average duration of less than one year at 30 June 2023.

All these investments are made with counterparties of superior credit quality previously authorized by the Finance Committee. The Mobilize Financial Services group pays close attention to diversifying its counterparties.

Furthermore, to meet regulatory requirements resulting from implementation of the 30-day liquidity coverage ratio (LCR), the Mobilize Financial Services group invests in liquid assets as defined in the European Commission’s Delegated Act. These liquid assets mainly consist of deposits with the European Central Bank and securities issued by governments or supranational issuers held directly. The average duration of the securities portfolio was less than one year.

In addition, RCI Banque S.A. has also invested in a fund whose assets consist of debt securities issued by European agencies and sovereigns and by supranational issuers. Targeted average exposure to credit risk is six years with a limit at nine years. The fund is aiming for zero exposure to the interest rate risk with a maximum of two years.

In addition, interest rate or foreign exchange hedging transactions using derivatives may expose the Company to counterparty risk. In Europe, where the group is subject to EMIR regulations, derivatives are subject to counterparty risk mitigation techniques through bilateral collateral exchange or registration in a clearing house. Outside Europe, the group pays close attention to the credit quality of the bank counterparties it uses for derivatives.

Macroeconomic environment

The central banks continued their monetary tightening intending to fight against persistent inflation. The first half of 2023 was marked by a return of volatility in the financial markets and periods of risk aversion, in particular following the difficulties encountered by some regional banks. The decline in inflation observed at the end of the first half of the year in the United States led the FED to leave its rates unchanged at its monetary policy meeting in June. In the eurozone, the ECB raised its inflation forecasts and maintained its upward cycle.

In the United States, faced with persistent inflationary tensions and the robustness of the labor market, key rate increases continued until May (+75 bps increase since 22 December, +500 bps since March 2022). Job creation remained higher than forecast and the unemployment rate remained at low levels (3.6% at the end of June). Inflation remained high at 3% in June 2023 but gradually improved (5% in March, 6% in February and 6.4% in January).

The rise in interest rates weakened the financial position of some banks, which held significant portfolios of bonds with unrealized capital losses, which led the US authorities to implement rescue measures to protect the depositors of these institutions. In the middle of the half-year, the financial markets experienced a phase of volatility and risk aversion.

The improvement in statistics in May (lower inflation and production prices, less pressure on the job market), the release of the US debt ceiling and the commitment of future government spending cuts led to the FED to leave its key rates unchanged at its meeting of 13 June. The extension of this pause in July, remains however subject to the next statistics (inflation, employment).

In Europe, the ECB increased its key rate by 150 bps during the first half of 2023 (+400 bps since the start of the tightening cycle initiated in July 2022) and started to reduce its balance sheet of March 2023, as announced in December 2022. The "APP" asset purchase program portfolio was thus reduced by an average of €15 billion per month. As in the United States, European markets experienced significant volatility in the middle of the half-year.

Even though inflation had started to slow since May (5.5% in June, 6.1% in May compared to 8.6% in January), the ECB increased its inflation forecasts (5.1% in 2023 vs. 4.6% previously, 3.0% in 2024 vs. 2.5% and 2.3% in 2025 vs. 2.2%) during its last monetary policy meeting in June, and it raised its key rates by 25 bps while indicating that a further rate hike in July was highly likely. The search for a balance between price and financial stability should prompt the ECB to pause after the July decision, even if these decisions will be dependent on inflation and employment statistics.

The Bank of England (BoE), one of the first central banks to have initiated the monetary tightening cycle, raised its key rate by 150 bps in the first half of 2023, bringing it to 5%, i.e., a total increase of 490 bps since the start of the monetary tightening cycle in December 2021. Noting the persistence of high inflation and tensions on the job market, the BOE raised its rates by 50 bps in June, which was higher than market expectations.

German 2-year bond yields increased by 43 bps to 3.19% compared to 2.76% at the end of 2022. At the same time, the rate on 10-year German government bonds stood at 2.39% at the end of June compared to 2.57% at the end of December 2022. This decrease reflects expectations of a decline in inflation.

The equity markets continued their recovery that began in the fourth quarter of 2022. The Eurostoxx 50 and the S&P 500 are up +15.9% year-to-date. After an episode of volatility in the middle of the half-year, during which the IBOXX Corporate Bond Euro index reached a high of 115.6 bps, the index ended the half-year at 96.6 bps, a level very close to that observed at the end of last December.

5. REFINANCING

In this context, the Group issued the equivalent of €2.5 billion on the bond market in the first half of 2023. In particular, it launched its second green bond issue for €750 million. The success of this transaction shows that the Group's ESG strategy is appreciated by the market and confirms MFS's commitment to the fight against climate change. The group also issued 200 million Swiss francs with a 5-year maturity and two tranches of €750 million, with maturities of 3.5 and 4 years, respectively.

In the securitization market, the group placed €719 million in notes backed by auto loans granted by its German subsidiary. Private securitizations of car loans in the United Kingdom and leasing in Germany saw their revolving periods extended for an additional year and their amount slightly increased to reach £600 million in the United Kingdom and €400 million in Germany.

The retail savings activity proved to be very dynamic and competitive in terms of funding cost. Deposits mitigated the impact of the rising costs of market funding, thus demonstrating the relevance of the financing diversification strategy initiated 10 years ago. Savings deposits received increased by €2.2 billion since the beginning of the year, to stand at €26.7 billion.

These resources, together with €4.4 billion in undrawn confirmed bank lines, €5.1 billion in collateral eligible for Central Bank monetary policy operations, and €3.7 billion in highly liquid assets (HQLA), enable the Mobilize Financial Services group to maintain the financing granted to its customers for more than 12 months without access to external liquidity. At June 30, 2023, the Mobilize Financial Services group's liquidity reserve (European scope) stood at €13.3 billion.

6. REGULATORY REQUIREMENTS

In accordance with the prudential banking regulations transposing EU Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and EU Regulation 575/2013 into French law, the Mobilize Financial Services group is subject to compliance with the solvency ratio and liquidity ratios, risk division ratio and balance sheet balancing (leverage ratio).

At 30 June 2023, the ratios calculated do not show any non-compliance with the regulatory requirements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : Segment information

In millions of euros	Customer	Dealer financing	Other	Total 06/2023
Average performing loan outstandings	38 179	10 306		48 485
Net banking income	756	190	28	974
Gross operating income	468	157	(11)	614
Operating income	368	157	(11)	514
Pre-tax income	341	157	(11)	487

In millions of euros	Customer	Dealer financing	Other	Total 12/2022
Average performing loan outstandings	36 936	6 443		43 379
Net banking income	1 557	215	244	2 016
Gross operating income	1 033	160	185	1 378
Operating income	817	181	185	1 183
Pre-tax income	662	181	182	1 025

In millions of euros	Customer	Dealer financing	Other	Total 06/2022
Average performing loan outstandings	36 680	5 686		42 366
Net banking income	776	86	132	994
Gross operating income	510	62	81	653
Operating income	401	66	81	548
Pre-tax income	293	66	82	441

Contributions by market are analyzed, for the different periods presented, for the main aggregates on the income statement and for average performing loans outstanding.

At the Net Banking Income level, given that most of the Mobilize Financial Services group's segment income comes from interest, the latter are shown net of interest expenses.

The earnings of each business segment are determined on the basis of internal analytical conventions for intercompany billing and valuation of funds allocated. The equity allocated to each business segment is the capital effectively made available to the affiliates and branches and then divided among them according to internal analytical rules.

Average performing loans outstanding is the operating indicator used to monitor outstandings. As this indicator is the arithmetic mean of outstandings, its value therefore differs from the outstandings featuring in the Mobilize Financial Services group's assets, as presented in Notes 6 and 7: Customer finance transactions and similar/Customer finance transactions by business segment.

Average Performing Assets (APA) is another indicator used to monitor outstandings. It is equal to average performing outstandings plus assets arising from operating lease operations.

For retail customers, it means the average of performing assets at end-period. For Dealers, it means the average of daily performing assets.

Note 2 : Cash and balances at central banks

In millions of euros	06/2023	12/2022
Cash and balances at central banks	**3 783**	**5 836**
Cash and balances at Central Banks	3 783	5 836
Term deposits at Central Banks	**11**	**38**
Accrued interest	11	38
Total cash and balances at central banks	**3 794**	**5 874**

Note 3 : Derivatives

In millions of euros	06/2023		12/2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	**57**	**55**	**105**	**29**
Interest-rate derivatives	49	18	91	5
Currency derivatives	8	37	14	24
Fair value of financial assets and liabilities recognized as derivatives used for hedging	**313**	**335**	**329**	**322**
Interest-rate and currency derivatives: Fair value hedges	1	321		315
Interest-rate derivatives: Cash flow hedges	312	14	329	7
Total derivatives	**370**	**390**	**434**	**351**

These lines mainly include OTC derivatives contracted by the Mobilize Financial Services group as part of its currency and interest-rate risk hedging policy.

The impact of the change in the fair value of derivatives used to hedge cash flows was -€13 million in H1 2023. This impact, due to the amortization of tradings swaps carried out in 2022 partially offset by the increases in interest rates recorded in H1 2023, was included in the “Cash flow hedges” item in the consolidated statement of comprehensive income.

Derivatives qualifying as cash flow hedging are backed by variable rate debts and, since the application of the third strand of IFRS 9, by groupings made up of a fixed-rate debt and payer variable swap. The derivatives not qualifying as hedging according to IFRS 9 are included in financial assets at fair value through profit or loss.

As part of the hedging of certain variable-rate liabilities (Deposits and TLTROs), the Mobilize Financial Services group has set up interest rate derivatives that do not qualify as hedging derivatives for accounting purposes according to the provisions of IFRS 9.Net banking income was impacted by a valuation effect of these swaps, in the amount of -€37 million. This impact is explained by the amortization of the tradings swaps carried out in 2022, which, at the time, benefited from the increase in interest rates.

Nominal values of derivative instruments by maturity and management intent

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 06/2023	*Related parties*
Hedging of currency risk					
Forward forex contracts					
Sales	1 455			1 455	
Purchases	1 405			1 405	
Spot forex transactions					
Loans	17			17	
Borrowings	17			17	
Currency swaps					
Loans	42	137		179	
Borrowings	41	136		177	
Hedging of interest-rate risk					
Interest rate swaps					
Lender	10 293	11 822	250	22 365	
Borrower	10 293	11 822	250	22 365	

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 12/2022	*Related parties*
Hedging of currency risk					
Forward forex contracts					
Sales	1 489			1 489	
Purchases	1 451			1 451	
Spot forex transactions					
Loans	1			1	
Borrowings	1			1	
Currency swaps					
Loans	122	136		258	
Borrowings	122	137		259	
Hedging of interest-rate risk					
Interest rate swaps					
Lender	11 172	12 628	250	24 050	
Borrower	11 172	12 628	250	24 050	

Note 4 : Financial assets

In millions of euros	06/2023	12/2022
Financial assets at fair value through other comprehensive income (**)	**502**	**521**
Government debt securities and similar	353	401
Bonds and other fixed income securities	149	119
Interests in companies controlled but not consolidated		1
Financial assets at fair value through profit or loss	**139**	**119**
Variable income securities	36	36
Bonds and other fixed income securities	72	71
Interests in companies controlled but not consolidated	31	12
Total financial assets (*)	**641**	**640**
(*) Of which related parties	*31*	*13*
(*) Of which financial AJ31assets dedicated to insurance	*197*	*180*

The increase of interests in companies controlled but not consolidated is due to the capital increase of the company Mobilize Insurance in 2023.

Note 5 : Amounts receivable at amortised cost from credit institutions

In millions of euros	06/2023	12/2022
Credit balances in sight accounts at credit institutions	**1 554**	**1 638**
Ordinary accounts in debit	1 499	1 589
Overnight loans	55	49
Term deposits at credit institutions	**114**	**52**
Term loans in bucket 1	114	27
Term loans in bucket 2		25
Total amounts receivable from credit institutions (*)	**1 668**	**1 690**
(*) Of which related parties		*2*

Credit balances in sight accounts are included in the "Cash and cash equivalents" line in the cash flow statement.

Current bank accounts held by the FCTs (*Fonds Commun de Titrisation*) contribute in part to the funds' credit enhancement. They totaled €961 million at end-June 2023 and are included in "Ordinary Accounts in debit".

Overnight loan transactions with Central Banks are included in "Cash and balances at Central Banks".

Note 6 : Customer finance transactions and similar

In millions of euros	06/2023	12/2022
Loans and advances to customers	**52 409**	**48 631**
Customer finance transactions	36 627	33 901
Finance lease transactions	15 782	14 730
Operating lease transactions	**1 516**	**1 383**
Total customer finance transactions and similar	**53 925**	**50 014**

The gross value of restructured outstandings (including non-performing), following all measures and concessions to borrowing customers who encounter (or are likely in future to encounter) financial difficulties, amounts to €223 million at 30 June 2023, compared to €238 million at 31 December 2022. It was impaired in the amount of €63 million at 30 June 2023, compared with €78 million at December 31, 2022.

6.1 - Customer finance transactions

In millions of euros	06/2023	12/2022
Loans and advances to customers	**36 808**	**34 046**
Healthy factoring	465	217
Factoring with a significant increase in credit risk since initial recognition	4	7
Other healthy commercial receivables	4	3
Other healthy customer credit	33 358	31 038
Other customer credit with a significant increase in credit risk since initial recognition	1 823	1 729
Healthy ordinary accounts in debit	456	375
Defaulted receivables	698	677
Interest receivable on customer loans and advances	**124**	**80**
Other non-defaulted customer credit	46	41
Non-defaulted ordinary accounts	75	36
Defaulted receivables	3	3
Total of items included in amortized cost - Customer loans and advances	**530**	**560**
Staggered handling charges and sundry expenses - Received from customers	(33)	(59)
Staggered contributions to sales incentives by manufacturer or dealers	(310)	(265)
Staggered fees paid for referral of business	873	884
Impairment on loans and advances to customers	**(835)**	**(785)**
Impairment on healthy receivables	(161)	(151)
Impairment on receivables with a significant increase in credit risk since initial recognition	(123)	(110)
Impairment on defaulted receivables	(422)	(409)
Impairment on residual value	(129)	(115)
Total customer finance transactions, net	**36 627**	**33 901**

The securitization transactions were not intended to result in derecognition of the receivables assigned. The assigned receivables as well as the accrued interest and impairment allowances on them continue to appear on the asset side of the group's balance sheet.

The factoring receivables result from the acquisition by the group of the Renault-Nissan Alliance's commercial receivables. Impairment on residual value concerns credit (risk borne and not borne).

6.2 - Finance lease transactions

In millions of euros	06/2023	12/2022
Finance lease transactions	**15 958**	**14 878**
Other healthy customer credit	13 997	13 029
Other customer credit with a significant increase in credit risk since initial recognition	1 576	1 512
Defaulted receivables	385	337
Accrued interest on finance lease transactions	**8**	**8**
Other non-defaulted customer credit	7	7
Defaulted receivables	1	1
Total of items included in amortized cost - Finance leases	**143**	**162**
Staggered handling charges	22	28
Staggered contributions to sales incentives by manufacturer or dealers	(278)	(229)
Staggered fees paid for referral of business	399	363
Impairment on finance leases	**(327)**	**(318)**
Impairment on healthy receivables	(69)	(79)
Impairment on receivables with a significant increase in credit risk since initial recognition	(85)	(75)
Impairment on defaulted receivables	(172)	(163)
Impairment on residual value	(1)	(1)
Total finance lease transactions, net	**15 782**	**14 730**

6.3 - Operating lease transactions

In millions of euros	06/2023	12/2022
Fixed asset net value on operating lease transactions	**1 538**	**1 402**
Gross value of tangible assets	2 350	2 148
Depreciation of tangible assets	(812)	(746)
Receivables on operating lease transactions	**19**	**19**
Non-defaulted receivables	15	12
Defaulted receivables	12	13
Income and charges to be staggered	(8)	(6)
Impairment on operating leases	**(41)**	**(38)**
Impairment on non-defaulted receivables	(1)	
Impairment on defaulted receivables	(9)	(9)
Impairment on residual value	(31)	(29)
Total operating lease transactions, net (*)	**1 516**	**1 383**
(*) Of which related parties	*(2)*	*(1)*

Note 7 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer financing	Other	Total 06/2023
Gross value	**42 719**	**11 813**	**596**	**55 128**
Healthy receivables	38 433	11 586	594	50 613
On % of total receivables	*90,0%*	*98,1%*	*99,7%*	*91,8%*
Receivables with a significant increase in credit risk since initial recognition	3 240	176		3 416
On % of total receivables	*7,6%*	*1,5%*		*6,2%*
Defaulted receivables	1 046	51	2	1 099
On % of total receivables	*2,4%*	*0,4%*	*0,3%*	*2,0%*
Impairment allowance	**(1 152)**	**(48)**	**(3)**	**(1 203)**
Impairment on healthy receivables	(368)	(22)	(2)	(392)
On % of total impairment	*31,9%*	*45,8%*	*66,7%*	*32,6%*
Impairment on receivables with a significant increase in credit risk since initial recognitio	(203)	(5)		(208)
On % of total impairment	*17,6%*	*10,4%*		*17,3%*
Impairment on defaulted receivables	(581)	(21)	(1)	(603)
On % of total impairment	*50,4%*	*43,8%*	*33,3%*	*50,1%*
Coverage rate	***2,7%***	***0,4%***	***0,5%***	***2,2%***
Healthy receivables	*1,0%*	*0,2%*	*0,3%*	*0,8%*
Receivables with a significant increase in credit risk since initial recognition	*6,3%*	*2,8%*		*6,1%*
Defaulted receivables	*55,5%*	*41,2%*	*50,0%*	*54,9%*
Net value (*)	**41 567**	**11 765**	**593**	**53 925**
(*) Of which: related parties (excluding participation in incentives and fees paid	*(2)*	*518*	*264*	*780*

In millions of euros	Customer	Dealer financing	Other	Total 12/2022
Gross value	**40 154**	**10 477**	**524**	**51 155**
Healthy receivables	36 083	10 261	522	46 866
On % of total receivables	*89,9%*	*97,9%*	*99,6%*	*91,6%*
Receivables with a significant increase in credit risk since initial recognition	3 091	167		3 258
On % of total receivables	*7,7%*	*1,6%*		*6,4%*
Defaulted receivables	980	49	2	1 031
On % of total receivables	*2,4%*	*0,5%*	*0,4%*	*2,0%*
Impairment allowance	**(1 091)**	**(48)**	**(2)**	**(1 141)**
Impairment on healthy receivables	(354)	(20)	(1)	(375)
On % of total impairment	*32,4%*	*41,7%*	*50,0%*	*32,9%*
Impairment on receivables with a significant increase in credit risk since initial recognitio	(179)	(6)		(185)
On % of total impairment	*16,4%*	*12,5%*		*16,2%*
Impairment on defaulted receivables	(558)	(22)	(1)	(581)
On % of total impairment	*51,1%*	*45,8%*	*50,0%*	*50,9%*
Coverage rate	***2,7%***	***0,5%***	***0,4%***	***2,2%***
Healthy receivables	*1,0%*	*0,2%*	*0,2%*	*0,8%*
Receivables with a significant increase in credit risk since initial recognition	*5,8%*	*3,6%*		*5,7%*
Defaulted receivables	*56,9%*	*44,9%*	*50,0%*	*56,4%*
Net value (*)	**39 063**	**10 429**	**522**	**50 014**
(*) Of which: related parties (excluding participation in incentives and fees paid	*1*	*489*	*207*	*697*

The “Other” category mainly includes buyer and ordinary accounts with dealers and the Groupe Renault.

As the economic context remains uncertain, the prudent approach adopted at the end of 2022 was maintained.

- for the criteria to reclassify certain receivables to Bucket 2 (receivables downgraded since origination).

These are non-model adjustments, mainly relating to a) corporate exposures outside the Dealer network for which an individual review is carried out on a regular basis, and b) customers under expired moratoriums.

As a further development of the analysis of the situations through external data and/or greater hindsight now makes it possible to assess the behavior of outstandings with longer moratoria, downgrading was applied to previous years, in the amount of €23 million in Italy (forbearance) and €2.5 million in Morocco.

- In the provisioning of the same receivables; these are non-model adjustments (mainly on expired moratoria when signs of a possible deterioration are identified).

As regards adjustments to Corporate exposures subject to individual reviews, a significant allocation was made in France, in the amount of €9.1 million.

As it was at 31 December 2022, the key Forward Looking provision was reviewed in June 2023. The statistical Forward Looking portion resulted in an allocation of €10 million. The sectoral portion, which covers customer segments deemed particularly at risk for which an individual analysis was not possible, resulted in a reversal of €2 million. The outstandings concerned amounted to €1,605 million. Again, the adjustment made was to align the provisioning rate with the rate recorded for outstandings in the same segments recognized in Bucket 2. For Retail customers working in these business sectors, the outstandings concerned in France and the United Kingdom were hedged at the Bucket 2 rate and amounted to €658 million.

For customer business, the provisioning rate for Bucket 1 remained stable at 0.6%. The Bucket 2 provisioning rate increased from 5.8% to 6.3% due to the unfavorable impact of the PD lifetime scope in Korea and Spain, and of LGD in the United Kingdom.

For customer business, in 2023, the LGD decreases in Brazil and Italy, as well as sales of compromised portfolios in Italy and Korea, respectively, of €16.8 million at a coverage rate of 77.3% and of €4 million at a coverage rate of 90%, explain the decrease in the B3 provisioning rate to 55.3%, compared to 57.3% at the end of December 2022.

For the Dealer network business, the coverage rate for Bucket 1 was stable, and the coverage rate for Bucket 2 was 2.8% at end-May 2023 vs. 3.6% at end-December 2022, an improvement mainly due to the positive change of outstandings broken down by risk class. For Bucket 3, the coverage rate was 41.2% vs. 44.9% at the end of December 2022, a change explained notably by the decrease in the coverage rate in Spain (lower LGD given the maturity at default due to the entry into Default of one counterparty in May), and a decrease in the coverage rate in Brazil with the entry into Default of two counterparties with outstandings fully hedged by guarantees.

Note 7.1 : Change of customer finance transactions

In millions of euros	12/2022	Increase (1)	Reclas. (2)	repayment	Write off	06/2023
Healthy receivables	46 866	32 215	(1 216)	(27 252)		50 613
Receivables with a significant increase in credit risk since initial recognition	3 258		880	(722)		3 416
Defaulted receivables	1 031		336	(180)	(88)	1 099
Customer finance transactions (GV)	**51 155**	**32 215**		**(28 154)**	**(88)**	**55 128**

(1) Increase = New production

(2) Reclassification = Transfert beetwen buckets

Note 7.2 : Change of impairments of customer finance transactions

In millions of euros	12/2022	Increase (1)	Decrease (2)	Reclas. (3)	Variations (4)	Other (5)	06/2023
Impairment on healthy receivables (*)	375	60	(41)	(114)	106	6	392
Impairment on receivables with a significant increase in credit risk since initial recognition	185	18	(20)	(5)	27	3	208
Impairment on defaulted receivables	581	29	(133)	119	(5)	12	603
Impairments of customer finance transactions	**1 141**	**107**	**(194)**		**128**	**21**	**1 203**

(1) Increase = Allowance due to new production

(2) Decrease = Reversal of allowance due to reimbursement, disposals or writte-off

(3) Reclassification = Transfert beetwen buckets

(4) Variations = Variation due to risk criteria adjustments (PD, LGD, ECL...)

(5) Other = Reclassification, currency translation effects, changes in scope of consolidation

Impairments on performing loans increased due to the contribution of increases in new production in France, Spain and the United Kingdom and, to a lesser extent, Italy.

(*) Impairment on performing receivables includes impairments on residual values (vehicles and batteries) for an amount of €162 million as at 30 June 2023, compared to €144 million at 31 December 2022.

Note 8 : Adjustment accounts & miscellaneous assets

In millions of euros	06/2023	12/2022
Tax receivables	**576**	**386**
Current tax assets	84	41
Deferred tax assets	242	220
Tax receivables other than on current income tax	250	125
Adjustment accounts and other assets	**1 397**	**978**
Social Security and employee-related receivables	1	1
Other sundry debtors	874	537
Adjustment accounts - Assets	106	84
Other assets	5	3
Items received on collections	411	353
Insurance and reinsurance contrats asset	**25**	**36**
Reinsurance contracts held	25	36
Total adjustment accounts – Assets and other assets (*)	**1 998**	**1 400**
(*) Of which related parties	*385*	*223*

Note 9 : Liabilities to credit institutions and customers & debt securities

9.1 - Central Banks

In millions of euros	06/2023	12/2022
Term borrowings	2 978	3 711
Accrued interest	27	4
Total Central Banks	**3 005**	**3 715**

9.2 - Amounts payable to credit institutions

In millions of euros	06/2023	12/2022
Sight accounts payable to credit institutions	**324**	**183**
Ordinary accounts	21	12
Overnight borrowings	2	
Other amounts owed	301	171
Term accounts payable to credit institutions	**2 192**	**1 829**
Term borrowings	2 073	1 734
Accrued interest	119	95
Total liabilities to credit institutions	**2 516**	**2 012**

Sight accounts are included in the “Cash and cash equivalents” line item in the cash flow statement.

9.3 - Amounts payable to customers

In millions of euros		06/2023	12/2022
Amounts payable to customers		**27 530**	**25 367**
Ordinary accounts in credit		248	256
Term accounts in credit		701	701
Ordinary saving accounts (**)		18 678	17 647
Term deposits (retail) (**)		7 903	6 763
Other amounts payable to customers and accrued interest		**258**	**106**
Other amounts payable to customers		141	60
Accrued interest on ordinary accounts in credit		14	14
Accrued interest on term accounts in credit		1	1
Accrued interest on ordinary saving accounts		35	14
Accrued interest on customers term accounts		67	17
Total amounts payable to customers (*)		**27 788**	**25 473**
(*) Of which related parties		*742*	*769*
(*) Of which covered by a specific insurance mechanism	*Meur*	*23 742*	*21 764*
	%	*89,3%*	*89,2%*

Term accounts in credit include a €700 million cash warrant agreement given to RCI Banque S.A. by the manufacturer Renault, covering, without any geographical exceptions, against the risks of the Renault Retail Group defaulting.

The Mobilize Financial Services group launched its savings business in France in February 2012, in Germany in February 2013, in Austria in April 2014, in the United Kingdom in June 2015 and in Brazil in March 2019 and Spain in November 2020 marketing both savings accounts and term deposits accounts. In July 2021 RCI Banque initiated a partnership with a Raisin, a German fintech, to offer savings accounts in the Netherlands via the raisin.nl platform.

Deposit collection increased by €2,243 million (of which €1 054 million in sight deposits and €1,190 million in term deposits) in the first half of 2023 to reach €26,684 million (of which €18,715 million in sight deposits and €7,969 million in term deposits) classified as other interest-bearing debt. 89.3% of these deposits are covered by a specific insurance mechanism compared with 89.2% at the end of 2022.

9.4 - Debt securities

In millions of euros	06/2023	12/2022
Negotiable debt securities (1)	**1 492**	**1 221**
Certificates of deposit	1 269	1 013
Commercial paper and similar	176	175
Accrued interest on negotiable debt securities	47	33
Other debt securities (2)	**3 826**	**3 319**
Other debt securities	3 822	3 317
Accrued interest on other debt securities	4	2
Bonds and similar	**13 206**	**13 568**
Bonds	12 934	13 369
Accrued interest on bonds	272	199
Total debt securities	**18 524**	**18 108**

(1) Certificates of deposit, treasury notes and commercial paper are issued by RCI Banque S.A., Banco RCI Brasil S.A., RCI Banque S.A. Succursale Italiana, RCI Colombia S.A. Compania de Financiamiento and Diac S.A.

(2) Other debt securities consist primarily of the securities issued by the SPVs created for the German (RCI Banque S.A. Niederlassung Deutschland), UK (RCI Financial Services Ltd), Brazilian (Banco RCI Brasil S.A. and Corretora de Seguros RCI Brasil S.A.) securitizations, French (Diac S.A.), and Italian (RCI Banque Succursale Italiana).

Note 10 : Adjustment accounts & miscellaneous liabilities

In millions of euros	06/2023	12/2022
Taxes payable	**1 106**	**1 032**
Current tax liabilities	191	108
Deferred tax liabilities	889	899
Taxes payable other than on current income tax	26	25
Adjustment accounts and other amounts payable	**1 952**	**2 004**
Social security and employee-related liabilities	57	64
Other sundry creditors	1 021	952
Debt on rented asset	66	69
Adjustment accounts - liabilities	505	508
Accrued interest on other sundry creditors	290	400
Collection accounts	13	11
Total adjustment accounts - Liabilities and other liabilities (*)	**3 058**	**3 036**
(*) Of which related parties	*221*	*119*

The item other sundry creditors includes debts on leased assets activated under IFRS 16. In addition, other sundry creditors and accruals on sundry creditors mainly concern accrued invoices, provisions for commissions payable for referral of business, insurance commissions payable by the Maltese entities and the valuation of put options on minority interests.

Note 11 : Liability on insurance contracts held

Technical insurance reserves by components

In millions of euros	Present value of cash flows	Risk adj. for non-financial risk	Contract. service margin	Total
Insurance and reinsurance contracts Assets	32	3	1	36
Insurance and reinsurance contracts Liabilities	186	(19)	(333)	(166)
Net opening balance at 01/01/2023	**218**	**(16)**	**(332)**	**(130)**
Changes that relate to current services	**28**	**(1)**	**96**	**123**
CSM recognised for services provided			96	96
Change in risk adjustment		(1)		(1)
Experience adjustments	28			28
Changes that relate to future services	**102**	**(3)**	**(54)**	**45**
Contracts initially recognised in the year	102	(3)	(54)	45
Changes that relate to past services	**1**	**2**	**2**	**5**
Changes to liabilities for incurred claims fulfilment	4		1	5
Experience adjustments in claims and other expenses	(3)	2	1	
Insurance service result	**131**	**(2)**	**44**	**173**
Net income or expenses on reinsurance contracts			**(1)**	**(1)**
Net finance income or expenses on insurance contracts	**(3)**		**(6)**	**(9)**
Other movements	(3)		(6)	(9)
Total Changes in the statement of profit or loss and OCI	**128**	**(2)**	**37**	**163**
Cash Flows	**(143)**		**(37)**	**(180)**
Premiums and premium tax received	(246)		50	(196)
Claims and other insurance service expenses paid	27		(4)	23
Insurance acquisition cash flows	76		(83)	(7)
Net closing balance at 30/06/2023	**203**	**(18)**	**(332)**	**(147)**
Insurance and reinsurance contracts Assets	23	2		25
Insurance and reinsurance contracts Liabilities	180	(20)	(332)	(172)

In millions of euros	Present value of cash flows	Risk adj. for non-financial risk	Contract. service margin	Total
Insurance and reinsurance contracts Assets	57	3		60
Insurance and reinsurance contracts Liabilities	155	(13)	(274)	(132)
Net opening balance at 01/01/2022	**212**	**(10)**	**(274)**	**(72)**
Changes that relate to current services	**(14)**	**(1)**	**170**	**155**
CSM recognised for services provided			170	170
Change in risk adjustment		(1)		(1)
Experience adjustments	(14)			(14)
Changes that relate to future services	**374**	**(6)**	**(230)**	**138**
Contracts initially recognised in the year	317	(6)	(174)	137
Changes in estimates that adjust the CSM	57		(56)	1
Changes that relate to past services	**1**			**1**
Changes to liabilities for incurred claims fulfilment	2	(2)		
Experience adjustments in claims and other expenses	(1)	2		1
Insurance service result	**361**	**(7)**	**(60)**	**294**
Net income or expenses on reinsurance contracts			**1**	**1**
Net finance income or expenses on insurance contracts	**(12)**	**1**	**1**	**(10)**
Other movements	(12)	1	1	(10)
Total Changes in the statement of profit or loss and OCI	**349**	**(6)**	**(58)**	**285**
Cash Flows	**(343)**			**(343)**
Premiums and premium tax received	(398)			(398)
Claims and other insurance service expenses paid	51			51
Insurance acquisition cash flows	4			4
Net closing balance at 31/12/2022	**218**	**(16)**	**(332)**	**(130)**
Insurance and reinsurance contracts Assets	32	3	1	36
Insurance and reinsurance contracts Liabilities	186	(19)	(333)	(166)

Technical insurance reserves by coverages

In millions of euros	Liabilities for remaining coverage Excl loss	Liabilities for remaining coverage Loss	Liabilities for incurred claims	Total
Insurance and reinsurance contracts Assets	21	(1)	16	36
Insurance and reinsurance contracts Liabilities	(99)		(67)	(166)
Net opening balance at 01/01/2023	**(78)**	**(1)**	**(51)**	**(130)**
Total insurance revenue	**196**			**196**
CSM recognized for services provided	96			96
Change in risk adjustment for non-financial risk for risk expired	2			2
Expected insurance service expenses incurred - Claims	23			23
Expected insurance service expenses incurred - Expenses	7			7
Recovery of insurance acquisition cash flows	68			68
Total insurance service expenses	**3**		**(26)**	**(23)**
Incurred insurance services expenses - Claims			(31)	(31)
Incurred insurance services expenses - Expenses			(5)	(5)
Incurred insurance services expenses - Other movements			1	1
Amortisation of insurance acquisition cash flows	3			3
Changes that relate to past services			9	9
Insurance service result	**199**		**(26)**	**173**
Net income or expenses on reinsurance contracts	**(1)**			**(1)**
Net finance income or expenses on insurance contracts	**(9)**			**(9)**
Other movements	(9)			(9)
Total Changes in the statement of profit or loss and OCI	**189**		**(26)**	**163**
Cash Flows	**(203)**		**23**	**(180)**
Premiums and premium tax received	(196)			(196)
Claims and other insurance service expenses paid			23	23
Insurance acquisition cash flows	(7)			(7)
Net closing balance at 30/06/2023	**(92)**	**(1)**	**(54)**	**(147)**
Insurance and reinsurance contracts Assets	15	(1)	11	25
Insurance and reinsurance contracts Liabilities	(107)		(65)	(172)

In millions of euros	Liabilities for remaining coverage Excl loss	Liabilities for remaining coverage Loss	Liabilities for incurred claims	Total
Insurance and reinsurance contracts Assets	38		22	60
Insurance and reinsurance contracts Liabilities	(71)		(61)	(132)
Net opening balance at 01/01/2022	**(33)**		**(39)**	**(72)**
Total insurance revenue	**359**			**359**
CSM recognized for services provided	170			170
Change in risk adjustment for non-financial risk for risk expired	4			4
Expected insurance service expenses incurred - Claims	33			33
Expected insurance service expenses incurred - Expenses	15			15
Recovery of insurance acquisition cash flows	137			137
Total insurance service expenses		**(1)**	**(64)**	**(65)**
Incurred insurance services expenses - Claims			(54)	(54)
Incurred insurance services expenses - Expenses			(16)	(16)
Incurred insurance services expenses - Other movements			4	4
Changes that relate to past services			2	2
Losses and reversal of losses on onerous contract		(1)		(1)
Insurance service result	**359**	**(1)**	**(64)**	**294**
Net income or expenses on reinsurance contracts	**1**			**1**
Net finance income or expenses on insurance contracts	**(12)**		**2**	**(10)**
Other movements	(12)		2	(10)
Total Changes in the statement of profit or loss and OCI	**348**	**(1)**	**(62)**	**285**
Cash Flows	**(394)**		**51**	**(343)**
Premiums and premium tax received	(398)			(398)
Claims and other insurance service expenses paid			51	51
Insurance acquisition cash flows	4			4
Net closing balance at 31/12/2022	**(79)**	**(1)**	**(50)**	**(130)**
Insurance and reinsurance contracts Assets	21	(1)	16	36
Insurance and reinsurance contracts Liabilities	(100)		(66)	(166)

Note 12 : Provisions

In millions of euros	12/2022	Charge	Reversals		Other (*)	06/2023
			Used	Not Used		
Provisions on banking operations	**45**	**20**	**(1)**	**(15)**	**(3)**	**46**
Provisions for signature commitments (**)	11	14		(12)	(2)	11
Provisions for litigation risks	9				(6)	3
Other provisions	25	6	(1)	(3)	5	32
Provisions on non-banking operations	**143**	**18**	**(11)**		**5**	**155**
Provisions for pensions liabilities and related	37	3	(5)		1	36
Provisions for restructuring	22	3	(6)			19
Provisions for tax and litigation risks	79	12			4	95
Other	5					5
Total provisions	**188**	**38**	**(12)**	**(15)**	**2**	**201**

(*) Other = Reclassification, currency translation effects, changes in scope of consolidation

(**) Provisions for signature commitments = Mainly financing commitments

Each of the known disputes in which RCI Banque or the group's companies are involved was reviewed at the closing date. On the advice of legal counsel, provisions were established when deemed necessary to cover estimated risks.

Every so often, the group's companies are subject to tax audits in the countries where they are based. Uncontested deficiency notices are booked by means of tax provisions. Contested deficiency notices are recognized case by case on the basis of estimates taking into account the merit of the claims against the company concerned and the risk that it may not prevail in its case.

Provisions for restructuring are for the work exemption plan, a career development scheme funded by the company

The other changes in the provision for tax and litigation risks are mainly due to provision of VAT adjustment in Italy and a correction of VAT of DIAC LocationS.A.

Note 13 : Impairments allowances to cover counterparty risk

In millions of euros	12/2022	Charge	Reversals		Other (*)	06/2023
			Used	Not Used		
Impairments on banking operations	**1 141**	**275**	**(148)**	**(86)**	**21**	**1 203**
Customer finance transactions	1 141	275	(148)	(86)	21	1 203
Ow impairment on healthy receivables	*375*	*126*	*(63)*	*(52)*	*6*	*392*
Ow impairment on receivables with a significant increase in credit risk since initial recognition	*185*	*69*	*(28)*	*(21)*	*3*	*208*
Ow Impairment on defaulted receivables	*581*	*80*	*(57)*	*(13)*	*12*	*603*
Impairment on non-banking operations	**2**					**2**
Impairment for signature commitments	2					2
Impairment on banking operations	**20**	**14**		**(12)**	**(8)**	**14**
Provisions for signature commitments	11	14		(12)	(2)	11
Provisions for litigation risks	9				(6)	3
Total provisions to cover counterparty risk	**1 163**	**289**	**(148)**	**(98)**	**13**	**1 219**

(*) Other = Reclassification, currency translation effects, changes in scope of consolidation

A breakdown by market segment of allowances for impairment of assets in connection with customer finance operations is provided in note 7.

Note 14 : Subordinated debt - Liabilities

In millions of euros	06/2023	12/2022
Liabilities measured at amortized cost	**861**	**872**
Subordinated securities	856	856
Accrued interest on subordinated securities	5	16
Hedged liabilities measured at fair value	**13**	**14**
Participating loan stocks	13	14
Total subordinated liabilities	**874**	**886**

Participating loan stocks of 500,000,000 Francs were issued in 1985 by Diac SA.

The system of remuneration includes:

- a fixed part equal to 60% of the AMR (Annual Monetary Rate)
- a variable part obtained by applying to 40% of the AMR the rate of increase of consolidated net income in the last fiscal year divided by that of the previous year.

Annual remuneration is between 100% and 130% of the AMR, with a floor rate of 6.5%.

It is a perpetual loan.

Note 15 : Financial assets and liabilities by remaining term to maturity

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 06/2023
Financial assets	**15 140**	**17 493**	**25 687**	**562**	**58 882**
Cash and balances at central banks	3 784	1	9		3 794
Derivatives	8	116	246		370
Financial assets	216	95	191	139	641
Amounts receivable from credit institutions	1 668				1 668
Loans and advances to customers	9 464	17 281	25 241	423	52 409
Financial liabilities	**23 060**	**7 295**	**20 530**	**2 212**	**53 097**
Central Banks	508	520	1 977		3 005
Derivatives	35	41	309	5	390
Amounts payable to credit institutions	714	650	1 152		2 516
Amounts payable to customers	19 948	3 288	3 852	700	27 788
Debt securities	1 855	2 788	13 240	641	18 524
Subordinated debt		8		866	874

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2022
Financial assets	**16 691**	**16 386**	**23 676**	**516**	**57 269**
Cash and balances at central banks	5 836	31	7		5 874
Derivatives	42	76	316		434
Financial assets	160	205	155	120	640
Amounts receivable from credit institutions	1 690				1 690
Loans and advances to customers	8 963	16 074	23 198	396	48 631
Financial liabilities	**21 752**	**9 059**	**17 515**	**2 219**	**50 545**
Central Banks	4	1 750	1 961		3 715
Derivatives	19	23	301	8	351
Amounts payable to credit institutions	446	594	972		2 012
Amounts payable to customers	18 907	2 573	3 293	700	25 473
Debt securities	2 361	4 119	10 988	640	18 108
Subordinated debt	15			871	886

At 30 June 2023, the book value of the collateral presented to the Bank of France (3G) amounted to €7,549 million, i.e. €6,641 million in securities issued by securitization vehicles, €907 million in private accounts receivable.

The group has access to the TLTRO III program, and made three drawdowns during 2020:

- €750 million reimbursed in June 2023
- €500 million maturing in September 2023
- €500 million maturing in December 2023

Two new drawdowns were made in 2021:

- €750 million maturing in September 2024
- €750 million maturing in December 2024

The group has chosen to apply IFRS 9 to the drawdowns made on the TLTRO III program, considering that the ECB rate is a market rate. The initial effective interest rate of the drawdowns takes into account the group's achievement of the lending targets set for the reference period ending in March 2021. The ECB confirmed achievement of these objectives in September 2021.

Based on its predictions to date, the group has not incorporated into its estimates achievement of the lending targets over the additional special reference period. As a result, and in accordance with the current provisions of IFRS 9, the achievement of the lending targets for the special additional reference period (October 2020 - December 2021) resulted in an adjustment of the value of the TLTRO-related credit lines of €14 million in June 2022.

The interest rate applicable to this financing is now calculated on the basis of the European Central Bank's average deposit facility rate.

TFSME program

The group was also able to avail itself of the TFSME program issued by the Bank of England in 2020 and draw down £409.3 million in 2021 with a maturity in September and October 2025.

The interest rate applicable to this financing is calculated on the basis of the Bank of England base rate (5% at 30 June 2023) plus a 0.25% spread.

The group applied IFRS 9 to its financing, considering this rate to be adjustable like a market rate applicable to all banks benefiting from the TFSME program.

Note 16 : Fair value of assets and liabilities (in accordance with IFRS 7 & IFRS 13) and breakdown of assets and liabilities

In millions of euros - 30/06/2023	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**58 882**	**610**	**5 832**	**51 718**	**58 160**	**(722)**
Cash and balances at central banks	3 794		3 794		3 794	
Derivatives	370		370		370	
Financial assets	641	610		31	641	
Amounts receivable from credit institutions	1 668		1 668		1 668	
Loans and advances to customers	52 409			51 687	51 687	(722)
Financial liabilities	**53 097**	**13**	**53 089**		**53 102**	**(5)**
Central Banks	3 005		3 082		3 082	(77)
Derivatives	390		390		390	
Amounts payable to credit institutions	2 516		2 516		2 516	
Amounts payable to customers	27 788		27 788		27 788	
Debt securities	18 524		18 554		18 554	(30)
Subordinated debt	874	13	759		772	102

(*) FV : Fair value - Difference : Unrealized gain or loss

Financial assets classified as Level 3 are holdings in non-consolidated companies.

Trade receivables, classified as Level 3, are measured at amortized cost on the balance sheet. Fair value calculations are provided for information and should be interpreted as estimates only. In most cases, the values provided are not intended to be realized and generally cannot be in practice. These values are not indicators used for the purposes of managing the activities of the bank, for which the management model is based on collecting the expected cash flow.

The assumptions used to calculate the fair value of instruments at the impaired cost are presented below.

In millions of euros - 31/12/2022	Book Value	Fair Value				Gap (*)
		Level 1	Level 2	Level 3	FV (*)	
Financial assets	**57 269**	**627**	**7 998**	**48 317**	**56 942**	**(327)**
Cash and balances at central banks	5 874		5 874		5 874	
Derivatives	434		434		434	
Financial assets	640	627		13	640	
Amounts receivable from credit institutions	1 690		1 690		1 690	
Loans and advances to customers	48 631			48 304	48 304	(327)
Financial liabilities	**50 545**	**15**	**50 414**		**50 429**	**116**
Central Banks	3 715		3 760		3 760	(45)
Derivatives	351		351		351	
Amounts payable to credit institutions	2 012		1 986		1 986	26
Amounts payable to customers	25 473		25 473		25 473	
Debt securities	18 108		18 085		18 085	23
Subordinated debt	886	15	759		774	112

(*) FV : Fair value - Difference : Unrealized gain or loss

Assumptions and methods used:

The three-level hierarchy for financial instruments recognized on the balance sheet at fair value, as required by IFRS 7 is as follows:

- Level 1: measurements based on quoted prices on active markets for identical financial instruments.
- Level 2: measurements based on quoted prices on active markets for similar financial instruments or measurements for which all significant data are based on observable market data.
- Level 3: measurement techniques for which significant data are not based on observable market data.

Estimated fair values have been determined using available market information and appropriate valuation methods for each type of instrument.

However, the methods and assumptions used are by nature theoretical, and a substantial amount of judgment comes into play in interpreting market data. Using different assumptions and/or different valuation methods could have a significant effect on the estimated values.

Fair values have been determined on the basis of information available at the closing date of each period, and thus do not reflect later changes.

As a general rule, whenever a financial instrument is traded on an active, liquid market, its most recent quoted price is used to calculate market value. For instruments without a quoted price, market value is determined by applying recognized valuation models that use observable market parameters. If the Mobilize Financial Services group does not have the necessary valuation tools, including for complex products, valuations are obtained from leading financial institutions.

The main assumptions and valuation methods used are the following:

- Financial assets

Fixed-rate loans have been estimated by discounting future cash flows at the interest rates offered by the Mobilize Financial Services group at 31 December 2021 and at 30 June 2022 for loans with similar conditions and maturities.

Level 3 securities are non-consolidated holdings for which there is no quoted price.

- Loans and advances to customers

Sales financing receivables have been estimated by discounting future cash flows at the interest rate that would have applied to similar loans (conditions, maturity and borrower quality) at 31 December 2021 and at 30 June 2022.

Customer receivables with a term of less than one year are not discounted, as their fair value is not significantly different from their net book value.

- Financial liabilities

Fair value of financial liabilities has been estimated by discounting future cash flows at the interest rates offered to the Mobilize Financial Services group at 31 December 2021 and 30 June 2022 for borrowings with similar conditions and maturities. Projected cash flows are therefore discounted according to the zero-coupon yield curve, augmented by the spread specific to RCI Banque S.A. for issues on the secondary market against 3 months.

Note 17 : Netting agreements and other similar commitments

Master Agreement relating to transactions on forward financial instruments and similar agreements

The Mobilize Financial Services group negotiates its forward derivative agreements under International Swaps and Derivatives Association (ISDA) and FBF (Fédération Bancaire Française) Master Agreements.

The occurrence of an event of default entitles the non-defaulting party to suspend performance of its payment obligations and to payment or receipt of a settlement amount for all terminated transactions.

ISDA and FBF Master Agreements do not meet the criteria for offsetting in the financial statements. The Mobilize Financial Services group currently only has a legally enforceable right to offset booked amounts in the event of default or a credit event.

Synthesis of financial assets and liabilities agreements

In millions of euros - 30/06/2023	Gross book value before agreement	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability	Guarantees on the liability	Off-balance sheet guarantees	
Assets	**1 572**		**1 572**	**347**	**891**		**334**
Derivatives	370		370	347			23
Network financing receivables (1)	1 202		1 202		891		311
Liabilities	**390**		**390**	**347**			**43**
Derivatives	390		390	347			43

(1) The gross book value of dealer financing receivables breaks down into €749 million for the Renault Retail Group, whose exposures are hedged for up to €693 million by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €453 million for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €173 million by pledge of *letras de cambio* subscribed to by the dealers.

In millions of euros - 31/12/2022	Gross book value before agreement	Netted gross amounts	Net amount in balance sheet	Non compensated amount			Net Exposure
				Financial instruments on the liability	Guarantees on the liability	Off-balance sheet guarantees	
Assets	**1 346**		**1 346**	**334**	**720**		**292**
Derivatives	434		434	334			100
Network financing receivables (1)	912		912		720		192
Liabilities	**351**		**351**	**334**			**17**
Derivatives	351		351	334			17

(1) The gross book value of dealer financing receivables breaks down into €538 million for the Renault Retail Group, whose exposures are hedged for up to €531 million by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €374 million for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €189 million by pledge of *letras de cambio* subscribed to by the dealers.

Note 18 : Commitments given

In millions of euros	06/2023	12/2022
Financing commitments	**4 145**	**4 209**
Commitments to customers	4 145	4 209
Guarantee commitments	**255**	**305**
Commitments to credit institutions	188	140
Customer guarantees	67	165
Other commitments given	**110**	**86**
Commitments given for equipment leases and real estate leases	110	86
Total commitments given (*)	**4 510**	**4 600**
(*) Of which related parties	*7*	*3*

The “Commitments to credit institutions” line includes the commitment given by RCI Banque S.A. to Unicredit to cover the put on non-controlling interests in an amount of €16 million at the end of June 2023.

Note 19 : Commitments received

In millions of euros	06/2023	12/2022
Financing commitments	**4 652**	**4 714**
Commitments from credit institutions	4 652	4 714
Guarantee commitments	**20 222**	**18 242**
Guarantees received from credit institutions	176	175
Guarantees from customers	6 872	6 511
Commitments to take back leased vehicles at the end of the contract	13 174	11 556
Other commitments received	**110**	**88**
Other commitments received	110	88
Total commitments received (*)	**24 984**	**23 044**
(*) Of which related parties	*5 811*	*5 869*

At 30 June 2023, Mobilize Financial Services group had €4,652 million in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also had €5,037 millions of receivables eligible as European Central Bank collateral (after haircuts and excluding securities and receivables already in use to secure financing at period-end).

Most of the commitments received from related parties concern commitments to take back vehicles agreed with manufacturers as part of finance leases.

Guarantees and collateral

Guarantees and collateral offer partial or total protection against the risk of losses due to debtor insolvency (mortgages, pledges, comfort letters, bank guarantees on first demand for the granting of loans to dealers and private customers in certain cases). Guarantors are the subject of internal or external rating updated at least annually.

With a view to reducing its risk-taking, the Mobilize Financial Services group actively and rigorously manages its sureties, among other things by diversifying them (e.g. credit insurance, personal and other guarantees).

Note 20 : Interest and similar income

In millions of euros	06/2023	06/2022	12/2022
Interests and similar incomes	**1 979**	**1 386**	**2 965**
Transactions with credit institutions **	216	46	154
Customer finance transactions	1 251	912	1 950
Finance lease transactions	402	356	730
Accrued interest due and payable on hedging instruments	82	52	80
Accrued interest due and payable on Financial assets	28	20	51
Staggered fees paid for referral of business:	**(400)**	**(413)**	**(813)**
Customer Loans	(279)	(309)	(603)
Finance leases	(121)	(104)	(210)
Total interests and similar income (*)	**1 579**	**973**	**2 152**
(*) Of which related parties	*325*	*265*	*546*

As the receivables assigned under the securitization transactions have not been derecognized, interest on those receivables continues to appear under interest and similar income in customer finance transactions.

Note 21 : Interest expenses and similar charges

In millions of euros	06/2023	06/2022	12/2022
Transactions with credit institutions	(220)	(117)	(240)
Customer finance transactions	(260)	(44)	(158)
Finance lease transactions	(3)	(4)	(8)
Accrued interest due and payable on hedging instruments	(72)	(22)	(31)
Expenses on debt securities	(355)	(177)	(429)
Other interest and similar expenses	(10)	(8)	(17)
Total interest and similar expenses (*)	**(920)**	**(372)**	**(883)**
(*) Of which related parties	*(10)*		*(3)*

Note 22 : Fees and commissions

In millions of euros	06/2023	06/2022	12/2022
Fees and commissions income	**376**	**342**	**679**
Commissions	16	10	20
Fees	10	7	17
Commissions from service activities	74	60	126
Insurance brokerage commission	30	31	61
Incidental insurance commissions from finance contracts	138	125	244
Incidental maintenance commissions from finance contracts	78	74	150
Other incidental commissions from finance contracts	30	35	61
Fees and commissions expenses	**(184)**	**(148)**	**(311)**
Commissions	(23)	(14)	(31)
Commissions on service activities	(58)	(49)	(98)
Incidental insurance commissions from finance contracts	(25)	(22)	(47)
Incidental maintenance commissions from finance contracts	(62)	(50)	(108)
Other incidental commissions from finance contracts	(16)	(13)	(27)
Total net commissions (*)	**192**	**194**	**368**
(*) Of which related parties	*10*	*5*	*9*

The services and the costs of ancillary finance contract services and the income and costs of service activities primarily concern insurance and maintenance services.

Note 23 : Net income or expense of other activities

In millions of euros	06/2023	06/2022	12/2022
Other income from banking operations	**347**	**280**	**573**
Income related to non-doubtful lease contracts	165	131	258
of which reversal of impairment on residual values	*61*	*21*	*49*
Income from operating lease transactions	164	140	295
Other income from banking operations	18	9	20
of which reversal of charge to reserve for banking risks	*4*	*2*	*7*
Other expenses of banking operations	**(336)**	**(283)**	**(561)**
Expenses related to non-doubtful lease contracts	(168)	(114)	(229)
of which allowance for impairment on residual values	*(77)*	*(30)*	*(67)*
Distribution costs not treatable as interest expense	(34)	(47)	(85)
Expenses related to operating lease transactions	(115)	(104)	(213)
Other expenses of banking operations	(19)	(18)	(34)
of which charge to reserve for banking risks	*(6)*	*(5)*	*(8)*
Other operating income and expenses	**5**		**13**
Other operating income	12	4	28
Other operating expenses	(7)	(4)	(15)
Total net income (expense) of other activities (*)	**16**	**(3)**	**25**
(*) Of which related parties	*4*	*2*	*2*

Incidental income from and Expenses of services related to finance contracts as well as income and expenses of service activities are presented in Note 21.

Note 24 : General operating expenses and personnal costs

In millions of euros	**06/2023**	**06/2022**	**12/2022**
Personnel costs	**(175)**	**(180)**	**(360)**
Employee pay	(118)	(112)	(231)
Expenses of post-retirement benefits - Defined-contribution pension plan	(15)	(9)	(22)
Expenses of post-retirement benefits - Defined-benefit pension plan	3		(1)
Other employee-related expenses	(37)	(36)	(77)
Other personnel expenses	(8)	(23)	(29)
Other administrative expenses	**(177)**	**(151)**	**(258)**
Taxes other than current income tax	(49)	(43)	(54)
Rental charges	(5)	(4)	(7)
Other administrative expenses	(123)	(104)	(197)
Total general operating expenses (*)	**(352)**	**(331)**	**(618)**
(*) Of which related parties	*4*	*4*	*11*

Other personnel expenses include amounts charged to and reversed from provisions for restructuring and for personnel related risks totaling €4 million as at June 30, 2023 compared to a charges of €18 million as at June 30, 2022.

Note 25 : Cost of risk by customer category

In millions of euros	**06/2023**	**06/2022**	**12/2022**
Cost of risk on customer financing	**(93)**	**(108)**	**(210)**
Impairment allowances	(182)	(179)	(331)
Reversal of impairment	154	134	221
Losses on receivables written off	(82)	(77)	(128)
Amounts recovered on loans written off	17	14	28
Cost of risk on dealer financing		**6**	**21**
Impairment allowances	(23)	(20)	(25)
Reversal of impairment	23	26	54
Losses on receivables written off			(8)
Other cost of risk	**(7)**	**(3)**	**(6)**
Change in allowance for impairment of other receivables	(1)		(3)
Other valuation adjustments	(6)	(3)	(3)
Total cost of risk	**(100)**	**(105)**	**(195)**

This item includes the net increase (decrease) in impairment allowances, losses on receivables written off, and amounts recovered on receivables written off.

At the end of June 2023, the total cost of risk was a net provision of €100 million, of which €93 million on customer financing (i.e. 0.47% of Average Productive Assets) and a zero charge/reversal on Dealer network financing.

For customer business, regarding the cost of risk (-€92.9 million), the main changes in the first half of 2023 were:

- a €12.9 million increase in the net provision for non-performing outstandings;
- a €15.5 million increase in the net provision for performing outstandings;
- a write-off of receivables net of provisions and of recovery of €64.5 million.

For the Dealer network business (dealer financing), the cost of risk (+€0 million) includes:

- a net reversal of a provision of €1.9 million on non-performing loans;
- a €1.9 million increase in the provision for performing outstandings.

For other business, the cost of risk was mainly related to the impairment of RNL Leasing shareholder loans (-€6 million).

Note 26 : Income tax

In millions of euros	06/2023	06/2022	12/2022
Current tax expense	**(158)**	**(111)**	**(288)**
Current tax expense	(158)	(111)	(288)
Deferred taxes	**13**	**(5)**	**(33)**
Income (expense) of deferred taxes, gross	12	(5)	(33)
Change in allowance for impairment of deferred tax assets	1		
Total income tax	**(145)**	**(116)**	**(321)**

The RCI Banque group's effective tax rate was 29.76% at 30 June 2023, compared with 26.70% at 30 June 2022 and 31.42% at 31 December 2022

The amount of the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises*, a tax computed on the added value generated by the company) includes in current income tax is -€3.6 million.

Current tax expense is equal to the amount of income tax due and payable to tax authorities for the year, under the rules and tax rates applicable in each country.

Certain differences between companies' income for tax purposes and their income for consolidated financial reporting purposes give rise to the recognition of deferred taxes. These differences result mainly from rules for accounting for lease-purchase and long-term rental transactions and for recognizing impairment on doubtful receivables.

Note 27 : Events after the end of the reporting period

On 13 July 2023, Mobilize Lease & Co, a subsidiary of Mobilize Financial Services, announced the acquisition of Mobility Concept and MeinAuto. This transaction will accelerate the growth and development of the long-term leasing offers in Germany. There are no other events after the reporting period to highlight.