



RCI BANQUE SA

HALF YEAR FINANCIAL REPORT

June 2022

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

30 June 2022

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 28th 2022

French original signed by
Chairman of the board of Directors
Clotilde DELBOS



BUSINESS REPORT

30 June 2022



Business report

First half 2022

RCI Banque S.A.
OPERATING UNDER THE COMMERCIAL BRAND

MØBILIZE
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 for 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 "vehicle as a service" 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 each 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⁽²⁾ brand dealer networks** by financing inventories (of new vehicles, used vehicles and spare parts), as well as short-term cash flow requirements.

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

Launched in 2012, the savings business is present in seven markets: France, Germany, Austria, 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 €21.5 billion, i.e., around 47% of net assets at the end of June 2022⁽³⁾.

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 expects to benefit from the operating leasing market growth and intends to roll-out subscription offers, leveraging on the skills of Bipi that we acquired in 2021.

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

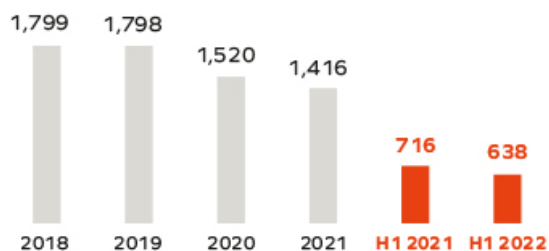
To support the shift from ownership to usage, Mobilize Financial Services will expand its range of services around two main areas: innovative auto insurance, leveraging vehicle connectivity to launch usage-based insurance products and a payment ecosystem.

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.

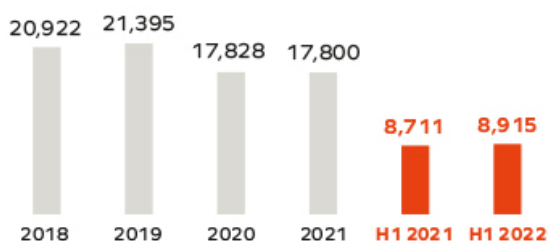
Total number of vehicle contracts

(in thousands)



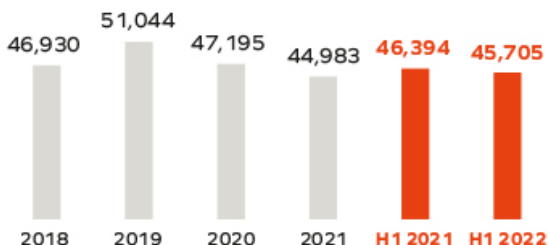
New Financings

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



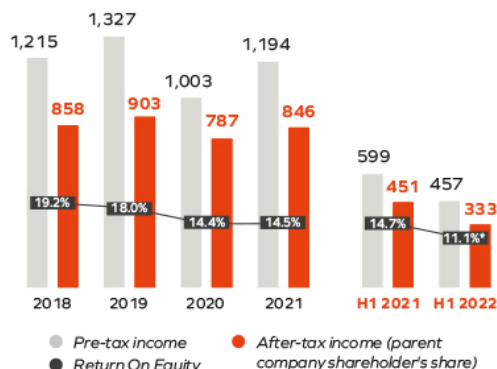
Net assets at end⁽³⁾

(in millions of euros)



Results

(in millions of euros)



(*) Excluding one-off provision on the equity investment in RN Bank Russia, ROE reached 13.1%.

(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) worldwide, and Nissan, mainly in Europe, Brazil, Argentina, South Korea and in the form of joint ventures India, and Mitsubishi Motors in the Netherlands.

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

Business activity H1 2022

Despite an automotive market still penalized by electronic components shortage, Mobilize Financial Services new financings increase by 2.3% compared to the first half of 2021, thanks to the increasing number of Used Car Financing contracts and the improved average financed amount.

In an automotive market down 13.4%⁽¹⁾, the volumes of the Alliance brands stood at 1.15 million vehicles in the first half of 2022, down 22.4%. Excluding equity affiliated companies (Russia, Turkey, India), penetration rate amounts to 46.5%⁽²⁾ up 2.2pt compared to the first half of 2021.

Mobilize Financial Services financed 638,474 contracts on the first semester of 2022, down 10.9% compared to H1 2021. Used Car Financing grew by 1.6% compared to H1 2021 with 181,520 financed contracts. Electric Car Financing increased by 20% compared to H1 2021 with 38,375 financed contracts.

New financings (excluding credit cards and personal loans) stood at €8.9 billion, up 2.3%, thanks to the used car financing activity and the 14.8% increase of the average financed amount.

Average performing assets (APA)⁽²⁾ related to the Retail Activity totaled €38 billion on the first semester of 2022. The amount increased by 1.3%, thanks to the progression observed on the new financings.

Average performing assets linked to the Wholesale Activity amounted to €5.7 billion, down 28.3%, due to electronic component shortage and stock optimization policy in the dealer network implemented by Renault Group. Overall, average performing assets totaled €43.7 billion, down 3.9% compared to the first semester of 2021.

The number of insurances and services sold over the first half of 2022 account for 2.2 million down 6.8% compared to the first half of 2021 especially due to the fall of registrations and number of new financing contracts.

Europe region remains the main pillar for Mobilize Financial Services activity, with new financings (excluding credit cards and personal loans) totaling €7.8 billion, up 2.5% compared to June 2021, and representing 87% of Mobilize Financial Services new financings. The growth is mostly concentrated in the UK and Germany.

Americas region, strongly impacted by the sanitary crisis, during the first semester of 2021 is back in the black with new financings up 15.9% compared to June 2021, reaching €0.6 billion. All countries within the region are improving compared to previous year, Brazil and Colombia being positively impacted by foreign exchange rate effect.

New financings for Africa - Middle-East - India and Pacific region amounted to €0.4 billion, down 1.5% compared to H1 2021. This decrease is mainly due to backwards registrations level for the Alliance brands in Korea.

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

(2) Average Performing Assets: APA correspond to the average performing outstandings in addition to the 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) ⁽⁴⁾		Of which Customer net assets at year-end (in millions of euros)		Of which Dealer net assets at year-end (in millions of euros)	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
PC + LUV⁽³⁾ market												
EUROPE	49.5%	45.9%	513	543	7,756	7,564	41,291	42,133	34,871	34,462	6,420	7,671
of which Germany	52.0%	42.1%	74	68	1,241	1,014	7,501	8,121	6,720	6,816	781	1,305
of which Spain	54.1%	50.2%	42	49	578	636	3,654	3,883	3,223	3,362	431	521
of which France	51.7%	50.3%	188	210	2,669	2,914	15,919	15,806	12,531	12,375	3,388	3,431
of which Italy	65.8%	66.7%	73	80	1,124	1,152	5,323	5,526	4,953	4,902	370	624
of which United Kingdom	51.1%	33.7%	62	55	1,208	911	4,607	4,225	4,143	3,695	464	530
of which other countries	33.5%	33.0%	74	80	935	937	4,287	4,572	3,301	3,312	986	1,260
AMERICAS	33.1%	37.1%	59	72	626	540	2,582	2,295	2,097	1,959	485	336
of which Argentina	22.6%	19.3%	9	7	98	42	225	136	115	72	110	64
of which Brazil	31.8%	35.8%	34	46	344	330	1,662	1,574	1,330	1,363	332	211
of which Colombia	48.5%	65.0%	16	18	183	168	695	585	652	524	43	61
AFRICA - MIDDLE-EAST - INDIA AND PACIFIC	30.6%	32.1%	43	45	415	421	1,810	1,962	1,698	1,862	112	100
EURASIA	10.4%	13.8%	24	57	118	186	22	4	22	4	-	-
TOTAL MOBILIZE F.S.	39.5%	36.1%	638	716	8,915	8,711	45,705	46,394	38,688	38,287	7,017	8,107

(3) Figures refer to passenger car (PC) and light commercial vehicle (LCV) markets.

(4) Net assets at end: net total outstandings + operational lease transactions net of depreciation and impairment. Figures related to commercial activity (penetration rate, new contracts processed, new financings) include companies consolidated using equity method.

Consolidated financial highlights H1 2022

Excluding exceptional items related to the situation in Russia, Mobilize Financial Services financial performance remains robust driven by a strong increase of the Net Banking Income.

Results

Net banking income (NBI) amounts to 1,014 M€, up 7.8 % compared to the first semester of 2021. This increase is mainly driven by the positive effect of swaps valuation (not qualified for hedge accounting purposes) coming from interest rate increase. It is worth noting the swap valuation impact is a temporary effect and will trend towards a zero impact at the maturity of the swaps. The contribution of Services activities in the NBI represents 34.1 % almost stable compared to the first half of 2021.

Operating expenses totalize 326 M€, up 21 M€ million compared to June 2021. They represent 1.51 % of APA, a 15 basis points increase compared to the first half-year 2021. This 15 basis point increase is explained by wholesale APA decrease and by the investments on new activities such as new activities and digitalization.

The cost of risk for the Customer business (financing for private and business customers) stands at 0.57 % of APA at the end of June 2022 compared to 0.32 % of APA at the end of June 2021. This increase is mainly linked to risk parameters normalization. The cost of risk for the Dealer business (financing for dealerships) is a release of - 0,21 % of APA at end of June 2022 compared to a release of - 0.56 % of APA in June 2021. This variation is mainly linked to decreasing wholesale outstanding on the first half of 2021. The total cost of risk stands at 0.48 % of APA compared to 0.16 % at the end of June 2021.

Pre-tax income stands at 457 M€ compared to 598 M€ at end of June 2021. This decrease is mainly explained by a 101.4 M€ one-off provision on the equity investment in the Russian joint-venture (RN Bank).

The consolidated net income - parent company shareholders' share - reaches 333 M€ in 2022, compared to 451 M€ on the first half-year 2021.

Balance sheet

In the first half of 2022, the average performing assets⁽¹⁾ of the client business increased thanks to the growth in new financing. The network activity's average productive assets were negatively impacted by the semiconductor shortage as well as the new optimization policy for vehicle inventories in the dealer network. At the end of June 2022, they reached € 45.7 billion, compared to €46.4 billion at the end of June 2021 (- 1.5%).

Consolidated equity amounted to €5,864 million compared to €6,725 million at the end of June 2021 (- 12.8%).

Profitability

ROE⁽²⁾ is down to 11.12% compared to 14.7% in June 2021 and RoRWA⁽³⁾ reaches 2.01% in the first half of 2022 versus 2.52% in the first half of 2021. Lower ROE and RoRWA are due to the declining consolidated net income, mostly explained by the one-off provision on the equity investment in the Russian joint venture (RN Bank).

Solvency

The total capital ratio⁽⁴⁾ came to 17.18% at the end of June 2022 (of which CET1 ratio was 14.71%), compared to 17.68% at the end of December 2021 (of which CET1 ratio was 14.76%). The decrease in the total capital ratio is explained by the increase in RWA on the commercial portfolio (+€665m) and by the integration of structural exchange rate risk in the market risk component⁽⁵⁾ (+€773m in REA⁽⁶⁾). The CET1 ratio is stable, the netting of EL/PROV⁽⁷⁾ resulting in an increase in CET1 capital (+€180m) offsetting the increase in RWA.

Consolidated income statement (in millions of euros)	06/2022	06/2021	12/2021	12/2020
Net banking income	1,014	940	1,828	1,955
General operating expenses ⁽¹⁾	(345)	(309)	(576)	(600)
Cost of risk	(105)	(36)	(62)	(353)
Share in net income (loss) of associates and joint ventures	(93)	10	19	19
Gains less losses on non-current assets ⁽²⁾				(1)
Income (loss) on exposure to inflation ⁽³⁾	(14)	(6)	(14)	(15)
Goodwill impairment			(1)	(2)
PRE-TAX INCOME	457	599	1,194	1,003
CONSOLIDATED NET INCOME (parent company shareholder' share)	333	451	846	787

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

(2) Capital losses on the disposal of subsidiaries.

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

Consolidated balance sheet (in millions of euros)	06/2022	06/2021	12/2021	12/2020
Net total outstandings of which	44,363	44,998	43,639	45,777
Retail customer loans	23,035	22,799	22,689	22,975
Financial lease rentals	14,311	14,092	14,180	13,908
Dealer loans	7,017	8,107	6,770	8,894
Operational lease transactions net of depreciation and impairment	1,342	1,396	1,344	1,418
Other assets	10,388	10,439	11,253	11,691
Shareholders' equity of which	6,744	7,605	7,115	7,163
Equity	5,864	6,725	6,222	6,273
Subordinated debts	880	880	893	890
Bonds	12,285	15,463	13,811	17,560
Negotiable debt securities (CD, CP, BT, BMTN)	1,125	1,145	1,063	1,172
Securitization	3,710	3,135	3,097	3,259
Customer saving accounts - Ordinary saving accounts	16,574	15,272	15,723	14,714
Customer term deposit accounts	4,934	5,801	5,296	5,794
Banks and other lenders (including Schuldschein)	7,137	5,011	6,746	5,584
Other liabilities	3,584	3,401	3,385	3,640
TOTAL BALANCE SHEET	56,093	56,833	56,236	58,886

(1) Net assets at year-end: net total outstandings + 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 income 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) Ratio including the interim profits net of provisional dividends, following the regulator's approval in accordance with Article 26 § 2 of Regulation (EU) 575/2013.

(5) Guideline (EBA/GL/2020/09) on structural foreign exchange positions applicable from 1 January 2022.

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

(7) The calculation of EL/PROV deductions at performing or default portfolio level rather than at the contract level leads to an increase in CET1 capital (+€180m) partially offset by a decrease in T2 (-€113m) (In line with article 159 of the CRR and confirmed by Q&A 2013_573).

Financial policy

The resurgence of Covid in China and Russia's invasion of Ukraine impacted global economic activity and financial markets in the first half of the year. Rising inflation (mainly driven by the increase in commodity prices), the normalization of quantitative easing policies and rate hikes by major central banks led markets to revise growth expectations downwards.

The U.S. economy remained strong in the first few months of the year. Labor market indicators are dynamic with an unemployment rate of 3.6% at the end of May (close to the lowest levels in the last ten years) and household income growth remains robust. Annualized GDP did decline by 1.4% in the first quarter of 2022 (after a 6.9% increase in the fourth quarter of 2021). However the Fed considers that this decline does not reflect a recessionary situation, since household consumption grew by 3.1%, but essentially stems from the weakness of exports in a context of supply constraints

The persistence of a tight labor market and high inflation led the Fed to begin its monetary tightening cycle in March. The Fed Funds rate target was raised by 150 bps to 1.50-1.75%.

The ECB raised its key rate by 0.5% in July, the deposit facility rate moving back into positive territory at 0%, and announced that it would stop its asset purchase program. Markets anticipate several rate hikes to come.

The Bank of England (BoE), one of the first central banks to have started the monetary tightening cycle, has raised its key rate four times to 1.25% from 0.25% at the end of 2021. It also ended its asset purchase program and announced the sale of its corporate bonds on the market.

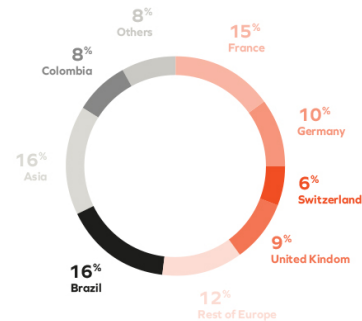
Fears of stagflation led to high volatility in the financial markets. In Europe, bond yields rose in the path of US rates. The ten-year German sovereign bond rate rose above the 1% mark to 1.33%, compared to a level of -0.19% at the end of 2021. Equities and corporate bonds have suffered since the beginning of the year, with stock market index falling (-20% for the Euro Stoxx 50) and credit spreads widening since Russia's invasion of Ukraine. The IBOXX Corporate Bond index stood at 135 bps at the end of June compared with 61 bps at the end of December 2021.

The group took advantage of the favorable market environment in January and issued a 3.5 years bond for €750 million. This transaction attracted an order book of more than €4.5 billion from over 180 subscribers. RCI Banque S.A. also returned to the Swiss market with the placement of a CHF 110 million three years bond. In June, the Bank successfully placed its first green bond issue for €500 million that will be settled in July. Proceeds will be used to finance Battery Electric Vehicles (BEVs) and charging infrastructures. This last transaction demonstrates the group's willingness to support the transition to electric mobility and tackle climate change.

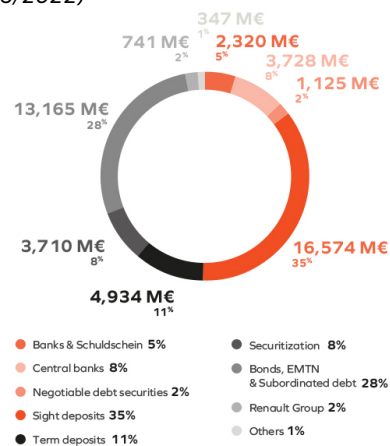
In the securitization market, the group sold approximately €700 million of notes backed by French auto loans and increased its private securitization in the UK for £ 100 million.

Against this backdrop of highly volatile markets, the retail savings activity proved to be particularly resilient and competitive in terms of funding cost compared with wholesale funding sources. Retail deposits increased by €476 million since the beginning of the year to €21.5 billion.

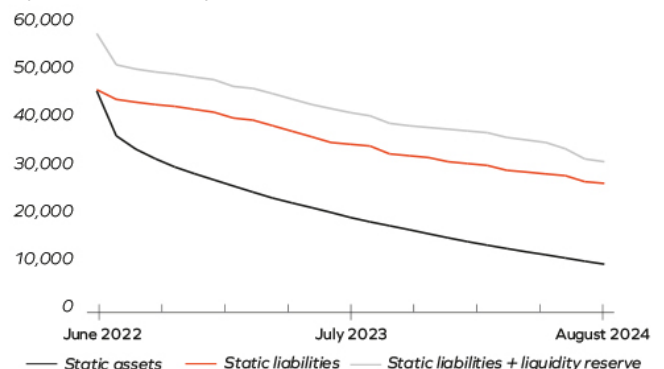
Geographical breakdown of new resources with a maturity of one year or more (excluding deposits and TLTRO) (as at 30/06/2022)



Structure of total debt (as at 30/06/2022)



Static liquidity⁽¹⁾ (in millions of euros)



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

(1) Scope: Europe

Financial Policy

These resources, to which should be added, based on the European scope, €4.3 billion in undrawn confirmed bank lines, €2.7 billion in collateral eligible for Central Bank monetary policy operations, and €4.7 billion in highly liquid assets (HQLA), enable RCI Banque to maintain the financing granted to its customers for more than 11 months without access to external liquidity. At 30 June 2022, RCI Banque's liquidity reserve (European scope) stood at €12.0 billion.

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

As of 30 June 2022, a parallel rise in rates⁽¹⁾ would have an impact on the group's net interest margin (NII) of:

- / +€0.5 million in EUR;
- / -€0.3 million in BRL;
- / +€0.1 million in KRW;
- / -€0.4 million in GBP;
- / +€0.6 million in PLN;
- / +€0.9 million in CHF.

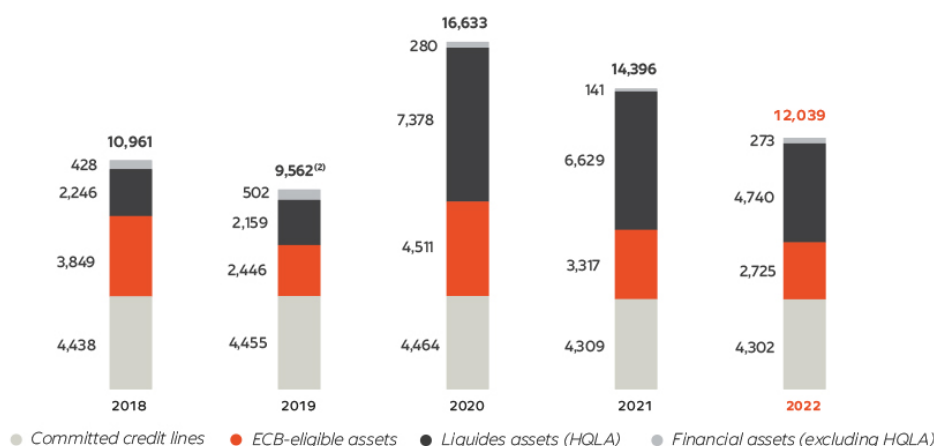
The sum of the absolute values of the sensitivities to a parallel interest rate shock⁽¹⁾ in each currency amounts to €5.3 million.

The group consolidated transactional foreign exchange position⁽²⁾ is €7.3 million.

(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. Over 2021, the currency rate shocks were: +100 bps for EUR, CHF, KRW, GBP, PLN, MAD, HUF, JPY, USD and SKK; +150 bps for SEK and DKK; +200 bps for CZK and RON; +300 bps for BRL; +500 bps for ARS and RUB.

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

• Liquidity reserve⁽¹⁾ (in millions of euros)



(1) Scope Europe.

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

RCI Banque group's programs and issuances

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

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

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

Issuer ⁽¹⁾	Instrument	Market	Amount	S&P	Moody's	Other
RCI Banque S.A.	Euro MTN Program	euro	€23,000 million	BBB- (stable outlook)	Baa2 (negative outlook)	
RCI Banque S.A.	NEU CP Program ⁽²⁾	French	€4,500 million	A-3	P2	
RCI Banque S.A.	NEU MTN Program ⁽³⁾	French	€2,000 million	BBB- (stable outlook)	Baa2 (negative outlook)	
RCI Banque S.A.	Tier 2 Subordinated Notes n°19-517	euro	€850 million	BB	Ba2 (negative outlook)	
DIAC S.A.	NEU CP Program ⁽²⁾	French	€1,000 million	A-3		
DIAC S.A.	NEU MTN Program ⁽³⁾	French	€1,500 million	BBB- (stable outlook)		
Rombo Compania Financiera S.A.	Bond Program	Argentinian	ARS6,000 million		A+ (arg) (stable outlook)	Fix Scr: AA (arg) (stable outlook)
RCI Financial Services Korea Co Ltd	Bonds	South Korean	KRW 1,490 billion ⁽⁴⁾			KR, KIS, NICE: A+
Banco RCI Brasil S.A.	Bonds	Brazilian	BRL3,718 million ⁽⁴⁾		AA+.br (stable outlook)	
RCI Finance Maroc	BSF Program	Moroccan	MAD3,500 million			
RCI Finance Maroc	Tier 2 Subordinated	Moroccan	MAD68 million			
RCI Colombia S.A. Compañia de Financiamiento	Bonds	Colombian	COP451 billion ⁽⁴⁾	AAA.co		
RCI Colombia S.A. Compañia de Financiamiento	CDT: Certificado de depósito a Término	Colombian	COP676 billion ⁽⁴⁾	AAA.co		

(1) RCI Banque & Subsidiaries fully consolidated.

(2) Negotiable European Commercial Paper (NEU CP), new name for Certificates of Deposit.

(3) Negotiable European Medium-Term Note (NEU MTN), new name for Negotiable Medium-Term Notes.

(4) Outstandings.



AUDITORS' REPORT

30 JUIN 2022



Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex



Tour EQHO - 2 Avenue Gambetta - CS 60055
92066 Paris la Défense Cedex
France

RCI Banque S.A.

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

For the period from January 1 to June 30, 2022

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.

Limited company with a share capital of 100 000 000 €

15 rue d'Uzès 75002 Paris

RCS : Paris 306 523 358

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

For the period from January 1 to June 30, 2022

To the Shareholders,

- In compliance with the assignment entrusted to us by your 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 condensed half-yearly consolidated financial statements of RCI Banque S.A., for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed 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.

Conclusion on 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 condensed half-yearly consolidated financial statements are not prepared, in all material respects, in

accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

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

The Statutory Auditors

Mazars

Paris La Défense, July 29, 2022

KPMG S.A.

Paris La Défense, July 29, 2022

Anne Veaute

Partner

Ulrich Sarfati

Partner



RCI BANQUE

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

The group decided to change its brand name to “Mobilize Financial Services.”

SUMMARY

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CONSOLIDATED BALANCE SHEET

ASSETS - In millions of euros	Notes	06/2022	12/2021
Cash and balances at central banks	2	4 788	6 745
Derivatives	3	261	147
Financial assets at fair value through other comprehensive income	4	982	837
Financial assets at fair value through profit or loss	4	147	137
Amounts receivable at amortised cost from credit institutions	5	1 853	1 294
Loans and advances at amortised cost to customers	6 et 7	44 828	44 074
Current tax assets	8	92	21
Deferred tax assets	8	210	179
Tax receivables other than on current income tax	8	151	112
Adjustment accounts & miscellaneous assets	8	1 135	957
Investments in associates and joint ventures		54	146
Operating lease transactions	6 et 7	1 342	1 344
Tangible and intangible non-current assets		111	94
Goodwill		139	149
TOTAL ASSETS		56 093	56 236

LIABILITIES AND EQUITY - In millions of euros	Notes	06/2022	12/2021
Central Banks	9.1	3 728	3 738
Derivatives	3	182	44
Amounts payable to credit institutions	9.2	2 320	1 997
Amounts payable to customers	9.3	22 597	22 030
Debt securities	9.4	17 120	17 971
Current tax liabilities	10	153	136
Deferred tax liabilities	10	742	670
Taxes payable other than on current income tax	10	22	21
Adjustment accounts & miscellaneous liabilities	10	1 863	1 916
Provisions	11	191	162
Insurance technical provisions	11	431	436
Subordinated debt - Liabilities	13	880	893
Equity		5 864	6 222
- <i>Of which equity - owners of the parent</i>		5 863	6 208
<i>Share capital and attributable reserves</i>		814	814
<i>Consolidated reserves and other</i>		4 994	4 950
<i>Unrealised or deferred gains and losses</i>		(278)	(402)
<i>Net income for the year</i>		333	846
- <i>Of which equity - non-controlling interests</i>		1	14
TOTAL LIABILITIES & EQUITY		56 093	56 236

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	06/2022	06/2021	12/2021
Interest and similar income	19	973	919	1 766
Interest expenses and similar charges	20	(372)	(304)	(599)
Fees and commission income	21	342	316	639
Fees and commission expenses	21	(148)	(139)	(282)
Net gains (losses) on financial instruments at fair value through profit or loss		65	2	8
Income of other activities	22	494	546	1 091
Expense of other activities	22	(340)	(400)	(795)
NET BANKING INCOME		1 014	940	1 828
General operating expenses	23	(335)	(300)	(556)
Depreciation and impairment losses on tangible and intangible assets		(10)	(9)	(20)
GROSS OPERATING INCOME		669	631	1 252
Cost of risk	24	(105)	(36)	(62)
OPERATING INCOME		564	595	1 190
Share in net income (loss) of associates and joint ventures (2)		(93)	10	19
Gains less losses on non-current assets				
Impact of Profit & Loss for Subsidiaries in Hyperinflation Context		(14)	(6)	(14)
Goodwill impairment				(1)
PRE-TAX INCOME		457	599	1 194
Income tax	25	(122)	(138)	(328)
NET INCOME		335	461	866
Of which, non-controlling interests		2	10	20
Of which owners of the parent		333	451	846
Number of shares		1 000 000	1 000 000	1 000 000
Net Income per share (1) in euros		332,94	451,48	846,42
Diluted earnings per share in euros		332,94	451,48	846,42

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

(2) RN Bank's equity-method value was fully impaired at 30 June 2022, due to the uncertainties regarding the recoverability of this asset, representing a negative impact on the equity-method entities' net income of €101 million for the period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	06/2022	06/2021	12/2021
NET INCOME	335	461	866
Actuarial differences on post-employment benefits	12	5	8
<i>Total of items that will not be reclassified subsequently to profit or loss</i>	<i>12</i>	<i>5</i>	<i>8</i>
Unrealised P&L on cash flow hedge instruments	97	22	47
Unrealised P&L on financial assets	(5)	(1)	(3)
Exchange differences	27	52	53
Other unrealised or deferred P&L			(0)
<i>Total of items that will be reclassified subsequently to profit or loss</i>	<i>119</i>	<i>73</i>	<i>97</i>
Other comprehensive income	131	78	105
TOTAL COMPREHENSIVE INCOME	466	539	971
Of which Comprehensive income attributable to non-controlling interests	9	15	27
Of which Comprehensive income attributable to owners of the parent	457	524	944

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital	Attribut. reserves	Consolid. reserves	Translation adjust.	Unrealized or deferred P&L	Net income	Equity	Equity	Total Consolidated equity
	(1)	(2)		(3)	(4)	(Shareholders of the parent company)	(Shareholders of the parent company)	(Non-controlling interests)	
Equity at 31 December 2020	100	714	5 159	(454)	(46)	787	6 260	13	6 273
Appropriation of net income of previous year			787			(787)			
Equity at 1 January 2021	100	714	5 946	(454)	(46)		6 260	13	6 273
Change in value of financial instruments recognized in equity					15		15	6	21
Actuarial differences on defined-benefit pension plans					5		5		5
Exchange differences				53			53	(1)	52
Net income for the year (before appropriation)						451	451	10	461
Total comprehensive income for the period				53	20	451	524	15	539
Effect of acquisitions, disposals and others			(3)				(3)		(3)
Dividend for the period			(69)				(69)	(6)	(75)
Repurchase commitment of non-controlling interests								(9)	(9)
Equity at 30 June 2021	100	714	5 874	(401)	(26)	451	6 712	13	6 725
Change in value of financial instruments recognized in equity					20		20	3	23
Actuarial differences on defined-benefit pension plans					3		3		3
Exchange differences				2			2	(1)	1
Net income for the year (before appropriation)						395	395	10	405
Total comprehensive income for the period				2	23	395	420	12	432
Effect of acquisitions, disposals and others			4				4		4
Dividend for the period			(931)				(931)	(14)	(945)
Repurchase commitment of non-controlling interests			3				3	3	6
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)			
Equity at 1 January 2022	100	714	5 796	(399)	(3)		6 208	14	6 222
Change in value of financial instruments recognized in equity					91		91	1	92
Actuarial differences on post-employment benefits					12		12		12
Exchange differences				21			21	6	27
Net income for the year (before appropriation)						333	333	2	335
Total comprehensive income for the period				21	103	333	457	9	466
Dividend for the period (5)			(800)				(800)	(12)	(812)
Repurchase commitment of non-controlling interests			(2)				(2)	(10)	(12)
Equity at 30 June 2022	100	714	4 994	(378)	100	333	5 863	1	5 864

- (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 2022 relates primarily to Argentina, Brazil, Colombia, South Korea, Morocco, the United Kingdom, Switzerland, Poland, Switzerland and Turkey. At 31 December 2021, it related primarily to Argentina, Brazil, Colombia, South Korea, India, Morocco, Turkey, the United Kingdom, Switzerland and Czech Republic.
- (4) Includes the fair value of derivatives used as cash flow hedges and fair value on debt instrument for €106 and IAS 19 actuarial gains and losses for -€6m at end June 2022.
- (5) Distribution to the shareholder Renault of a dividend on the 2021 result for €800 million.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	06/2022	06/2021	12/2021
Net income attributable to owners of the parent company	333	451	846
Depreciation and amortization of tangible and intangible non-current assets	10	9	19
Net allowance for impairment and provisions	61	(49)	(89)
Share in net (income) loss of associates and joint ventures	93	(10)	(19)
Deferred tax (income) / expense	11	35	62
Net loss / gain from investing activities		5	5
Net income attributable to non-controlling interests	2	10	20
Other (gains/losses on derivatives at fair value through profit and loss)	(64)	9	13
Cash flow	446	460	857
Other movements (accrued receivables and payables)	(156)	(503)	(222)
Total non-monetary items included in net income and other adjustments	(43)	(495)	(212)
Cash flows on transactions with credit institutions	(130)	(749)	1 289
- Inflows / outflows in amounts receivable from credit institutions	(58)	27	165
- Inflows / outflows in amounts payable to credit institutions	(72)	(776)	1 124
Cash flows on transactions with customers	(25)	1 456	2 774
- Inflows / outflows in amounts receivable from customers	(625)	1 089	2 525
- Inflows / outflows in amounts payable to customers	600	367	249
Cash flows on other transactions affecting financial assets and liabilities	(1 076)	(2 021)	(3 998)
- Inflows / outflows related to AFS securities and similar	(162)	285	(71)
- Inflows / outflows related to debt securities	(769)	(2 230)	(3 914)
- Inflows / outflows related to collections	(145)	(76)	(13)
Cash flows on other transactions affecting non-financial assets and liabilities	(2)	(2)	(57)
Net change in assets and liabilities resulting from operating activities	(1 233)	(1 316)	8
Net cash generated by operating activities (A)	(943)	(1 360)	642
Flows related to financial assets and investments	(10)		(101)
Flows related to tangible and intangible non-current assets	(22)	(1)	(15)
Net cash from / (used by) investing activities (B)	(32)	(1)	(116)
Net cash from / (to) shareholders	(812)	(75)	(1 020)
- Dividends paid	(812)	(75)	(1 020)
Net cash from / (used by) financing activities (C)	(812)	(75)	(1 020)
Effect of changes in exchange rates and scope of consolidation on cash and equivalents (D)	7	68	88
Change in cash and cash equivalents (A+B+C+D)	(1 780)	(1 368)	(406)
Cash and cash equivalents at beginning of year:	7 705	8 111	8 111
- Cash and balances at central banks	6 729	7 289	7 289
- Balances in sight accounts at credit institutions	976	822	822
Cash and cash equivalents at end of year:	5 925	6 743	7 705
- Cash and balances at central banks	4 749	5 979	6 729
- Credit balances in sight accounts with credit institutions	1 735	1 161	1 236
- Debit balances in sight accounts with credit institutions	(559)	(397)	(260)
Change in net cash	(1 780)	(1 368)	(406)

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 Bobigny 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 2022 were established by the Board of Directors on 28 July 2022 which authorized their publication.

The Mobilize Financial Services group's consolidated financial statements for the year 2021 were established by the Board of Directors on 12 February 2022 and approved at the General Meeting on 20 May 2022. It was decided to pay shareholders a dividend of €800 million on the 2021 result.

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

2. KEY HIGHLIGHTS

"Mobilize Financial Services" trade name change

In order to reinforce its ties to Mobilize, Groupe Renault's mobility branch, and to benefit from a strong brand everywhere in the world, the group decided to change the name of its trademark "RCI Bank and Services." As a result, the name was changed to "Mobilize Financial Services".

This change did not impact the company's name at all, which remains RCI Banque S.A.

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

The main exposure to Russia comes from the investment in RN Bank, a self-financed entity in which the Group holds a 30% economic interest and which is consolidated using the equity method. Due to the uncertainties regarding the recoverability of this asset, its holdings in RN Bank were subject to a provision for their full value at 30 June 2022. The negative impact in the first half year amounted to €101 million on net income and €48 million in balance sheet. After the impairment allowance, a translation difference of -€30 million was recognized 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 (€2 million) and the shareholder loans of 1.5 billion rubles (equivalent to €26 million) were eliminated as part of the treatment of intragroup transactions.

The Mobilize Financial Services group has taken steps to withdraw from its investments in Russia.

In the event of the deconsolidation of RNL Leasing, a loss could be recorded under shareholder loans.

New issues of securitization funds

In the securitization market, the group invested around €700 million in May backed by car loans granted by its French subsidiary DIAC (of which €650 million in senior notes and around €50 million in subordinated notes).

Covid-19 health crisis:

The "Covid-19" moratoria have been applied within the framework of the EBA definitions and according to the situation in each country. Given that they were not renewed in 2021, the Mobilize Financial Services group no longer has any outstandings subject to active moratoria at the end of June 2022.

Note: The Mobilize Financial Services group is not involved in the granting of government-guaranteed loans (PGE).

As the economic context remains uncertain, the cautious approach adopted at the end of 2021 was retained.

- on the criteria for reclassifying certain receivables to bucket 2 (receivables impaired since origination).

These are non-model adjustments, mainly concerning a) corporate exposures outside the dealer network on which an individual review is carried out on a regular basis, and b) clients under expired moratoria.

Better understanding of situations through external data and/or hindsight make it possible to now assess the behavior of outstandings with longer moratoria, leading to impairment of €21 million in Italy (forbearance).

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

Concerning adjustments on Corporate exposures subject to individual reviews, a significant reversal was made in France for €12 million due to a decrease in the estimated risk on these counterparties.

Furthermore, the estimate of the forward-looking provision was completed for customer segments deemed particularly affected by the crisis. In the absence of any late payments, the segments concerned were retained in their original bucket. These all relate to Corporate exposures on clients operating in business sectors particularly affected by the crisis, but for which an individual analysis was not possible. The outstandings concerned amount to €1,391 million. Once again, the adjustment made was to bring the provisioning rate to the rate recorded for the outstandings of the same segments recognized in bucket 2.

In customer activity, the provisioning rate for bucket 2 deteriorated slightly from 5.2% to 5.4% due to the unfavorable effect of the LGD parameter, partly offset by an improvement in the PD parameter, while the provisioning rate of bucket 3 went from 54.5% to 58.5% between the end of 2021 and the end of June 2022, due to the effect of the LGD parameter, specifically in France and Brazil. The provisioning rate for bucket 1 remained stable at 0.8%.

Cost of risk

IFRS 9 introduces the notion of forward-looking into the credit risk-related expected loss (ECL) calculation. Through this notion, new requirements in terms of monitoring and measuring credit risk are introduced with the use of forward-looking data, in particular macroeconomic data. The principles for calculating provisions for credit risk are described in Section 4.3.3.5 of the 2021 annual report.

The cumulative cost of customer risk at the end of June 2022 amounted to 105 millions euros (0.48% of average performing assets) with 108 millions euros for retail (0,57% of average performing assets) and a release of 6,0 millions euros for dealer network (-0,21% of average performing assets).

Compared with the first half of 2021 (cost of risk €36 million, 0.16% APA), the total cost of risk at the end of June 2022 increased (cost of risk) by €69 million. This change is mainly due to:

- An increase, over the first six months of 2022, in impairment allowances for customer receivables (note 7) of €59 million compared to a decrease of €23 million over the first six months of 2021. This difference is mainly due to:
 - the change in coverage rates on impaired receivables: in June 2021, the total coverage rate was stable compared to December 2020 (2.22%) while in June 2022, it increased by 9 basis points (2.35% in June 2022 versus 2.26% in December 2021).
 - the change in customer outstandings increased by €811 million over the first six months of 2022 compared to a decrease in outstandings of €814 million over the same period in 2021.
- The increase in the total coverage rate is mainly due to the IFRS 9 calculation parameter update and more specifically Loss Given Default. In June 2021, LGD reflected “exceptional” debt collection performance following the end of the Covid-19 crisis in late 2020. In June 2022, LGD took into account average debt collection performance without exceptional items.

For the dealer network, the cost of risk consists of a reversal of provisions for impairment of €6 million compared to December 2021.

The forward-looking adjustment included in these figures includes a macroeconomic component and a collective component.

For customers, the forward-looking adjustment was an reversal of €7 million:

- There was a €4.5 million increase for the update of the macroeconomic component in which the weighting of the adverse scenario was increased in all countries except Brazil in order to limit the differences between countries.
- An decrease of €11.5 million for the collective provision for economic players in sectors most affected by the Covid-19 crisis.

For the dealer network, the forward-looking adjustment was an increase of €1.2 million.

The proportion of customer receivables in default was stable at 2.5% compared to December 2021.

The breakdown of customer loans and provisions associated with each IFRS 9 category is detailed in notes 7.

Significant assumptions for IFRS 9 expected loss calculations:

These are close to those used for the 2021 financial year, to which is added the forecast adverse effect on the amount of provisions for the application of the new definition of default for the scope treated under the advanced method.

Forward-looking

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

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": the most optimistic scenario that uses the parameters of the European Central Bank (ECB) stress tests of February 2021 and thus making it possible to stress the PDs and LGDs, and therefore the ECLs for the G7 countries in the Mobilize Financial Services group's provision tool;
- "Adverse": least optimistic scenario, which also stems from the ECB stress tests for the retail part and internal historical data for the wholesale activity.

The scenarios are then weighted to take account of macroeconomic projections (GDP, unemployment, etc.) and thus obtain a forward-looking statistic by comparison with the IFRS 9 accounting provisions.

Since the Covid-19 crisis, the forward-looking statistic includes a sectoral provision and is therefore composed of a statistical + sectoral provision. The calculation is performed after restatement in the statistical provision of the sectoral provisions to avoid double provisions for outstandings. The calculation is made after the restatement of the statistical provision in the sector provision to ensure no double provision is made for outstandings.

Forward-looking - Sector approach

The method for the sector-based approach was changed this year with new segments added following the INSEE note and others withdrawn. In addition, the sector-based forward-looking provision now includes individuals working for an employer in high-risk sectors.

Since end of 2020, additional hedging was assigned to the main business sectors affected by the Covid-19 crisis (hotels, catering, passenger transport, etc.) by applying the hedging ratio for B2 outstandings to B1 exposures. They were occasionally supplemented by a small number of sectors specific to certain countries. This adjustment represented €35.6 million at the end of June 2022, compared with €47 million at the end of 2021.

Forward-looking – Statistical approach

The conflict in Ukraine has clouded economic recovery projections in many countries due to disruptions in logistics chains and changes in the prices of certain raw materials. Thus, with respect to the weightings at 31 December 2021, the Mobilize Financial Services group decided to increase the weight of the "adverse" scenario in most countries and reduce the spread.

- Retail scenarios: the Adverse scenarios for all countries excluding Brazil were increased by 5 points in order to take into account the deterioration in the OECD economic outlook between December 2021 and June 2022.
The Adverse scenario for Brazil's retail business was reduced from 40% to 35% in order to take into account the OECD's best economic outlook for employment in the country.
- Wholesale scenarios: The adverse scenarios of certain countries were increased by 5 points except for Italy and Spain, which were already at 40%.
The dealer network business scenario in Brazil was reduced by 5 points in order to not exceed 40% for the adverse scenario across all countries.

Following these changes in weightings, the statistical forward-looking provision is €93.3 million, compared with €87.6 million in December 2021.

Forward-looking statistical sensitivity:

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 €93.3 million.

The application of a weighting of 100% to the baseline scenario would lead to a reduction of €173.3 million in the statistical impairment.

The application of a weighting of 100% to the adverse scenario would lead to an increase of €246.7 million in the statistical impairment.

The statistical and sectoral provision stood at €128.9 million compared to €134.8 million in December 2021.

In millions of euros	Customer			Dealer financing			Total 06/2022
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	
France	20,2	7,5	6,2	10,4	0,3	0,0	44,6
Brazil	4,6	7,0	2,4	0,9	0,1		15,1
Italy	3,2	1,0	1,7	1,8	0,3	0,2	8,2
Spain	4,5	2,8	2,2	2,9	1,0	0,1	13,4
Morocco	5,4	1,2	1,3	1,4	0,3	0,1	9,6
United Kingdom	4,6	0,9	0,6	0,4	0,0	0,0	6,6
Germany	2,6	2,5	0,7	1,0	0,1	0,0	7,0
Colombia	3,3	1,1	0,7	0,1	0,1	0,0	5,2
Portugal	3,3	0,2	0,0	1,1	0,0	0,0	4,6
Austria	2,3	0,4	0,0	0,5	0,0	0,0	3,3
Poland	2,0	0,6	0,4	0,6		0,0	3,7
Czech Rep	0,8	0,0	0,0	0,2	0,0	0,0	1,1
Other	1,6	1,9	0,6	2,1	0,6	0,0	6,7
Total	58,2	27,0	17,0	23,3	2,8	0,5	128,9

In millions of euros	Customer			Dealer financing			Total 12/2021
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	
France	27,3	5,8	5,6	9,5	0,4	0,0	48,6
Brazil	3,6	6,0	2,2	1,3	0,2		13,3
Italy	5,8	2,5	2,0	2,0	0,4	0,4	13,0
Spain	4,3	2,9	2,1	2,7	0,8	0,1	12,9
Morocco	5,8	1,3	1,4	1,1	0,3	0,1	9,9
United Kingdom	4,9	1,7	0,7	0,4	0,0		7,7
Germany	3,2	2,1	0,8	1,0	0,1	0,0	7,2
Colombia	3,1	0,8	0,7	0,1	0,1	0,0	4,7
Portugal	3,2	0,2	0,1	1,0	0,0	0,0	4,5
Austria	2,2	0,3	0,1	0,4	0,0		3,0
Poland	1,5	0,3	0,3	0,6		0,1	2,8
Czech Rep	0,9	0,0	0,0	0,1	0,0	0,0	1,1
Other	1,9	1,5	0,5	1,7	0,5	0,0	6,1
Total	67,5	25,5	16,5	21,9	2,8	0,7	134,8

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 six categories: Moratoria / Vulnerable customers, Fraud, Rentacar / Short-Term Renting, Individual, Risk Parameters, Others.

Vulnerable customers

Depending on the procedures applied in each country when granting Covid-19 moratoriums, an additional provision was applied to the exposures that benefited from them in 2020-2021, irrespective of whether or not they had been downgraded to forbearance. Essentially, the method applied involved assessing the risk on these portfolios on the basis of external data and/or with sufficient hindsight on the behavior of exposures at the end of moratoriums.

At the end of 2022, the adjustment represents a provision of €37.5 million compared with €47 million at the end of 2021.

Fraud

The hedging of the exposures identified as fraud was adjusted in 2022 with a provision reversal of €1.4 million, resulting from write-offs and the maturing of defaulted contracts, which resulted in a higher statistical coverage rate.

Rentacar / Short Term Renting

These are appraisals related to short-term leasing companies. This appraisal's inventory represented €2.8 million at the end of June 2022.

Individual

In the event of non-model adjustments following an individual review of corporate counterparties (excluding wholesale), the healthy exposure is downgraded to B2.

Forbearance should not lead to systematic downgrading from one bucket to another (and in particular from Bucket 1 to Bucket 2). Instead, counterparties should be analyzed (on an individual or collective basis) to differentiate those suffering real deterioration in their credit risk over the life of the assets from those only encountering “temporary liquidity problems”.

These appraisals are applied during individual company reviews based on a minimum threshold of outstandings. They represented €23.4 million at the end of June 2022, a reversal of €10.6 million compared to the end of December 2021. This reversal was concentrated in France and reflects the improvement of the financial indicators of companies subject to individual review.

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 €35.3 million at the end of June 2022 compared to €36.7 million at the end of December 2021.

Others

This type of appraisal includes those that have not been classified in one of the other five categories. They totaled €21.2 million at the end of June 2022.

Application of the new definition of default

In 2021, the Mobilize Financial Services Group finalized its project to comply with the new definition of default for countries using the advanced method (France, Italy, Spain, Germany, the United Kingdom, and South Korea) and for countries using the standardized method (Brazil and non-G7 countries).

The provisioning parameters (probability of default, measurement of the loss incurred in the event of a counterparty default) are currently set according to the methods applicable to the new default (reconstruction of the calculation history, adapted "days past due" counter, etc.). The loss incurred in the event of counterparty default parameter has been updated on a monthly basis for all countries since June 2022.

Affectation of Bipi goodwill

The group has finalized the determination of the fair values of the assets acquired and liabilities assumed from Bipi Mobility SL and its subsidiaries, of which it acquired 100% in July 2021 at a price of €67 million. This company is developing its offering in flexible vehicle leasing. The main adjustments relate to the brand, recognized for €8 million, and the technology, recognized for €5 million. The final goodwill is calculated at €59 million.

3. ACCOUNTING RULES AND METHODS

The interim financial statements for the six months to 30 June 2022 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 2021.

The Mobilize Financial Services group's financial statements for the year ended 30 June 2022 were prepared in accordance with the IFRS (International Financial Reporting Standards) guidelines published by the IASB (International Accounting Standards Board) as at 30 June 2022 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 2021.

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 2021.

➤ New regulations that must be applied at January 1, 2022

Amendment IAS 16	Revenue generated before its intended use
Amendment IFRS 3	Update of the reference to the conceptual framework
Amendment IAS 37	Costs to be taken into account to determine whether the contract is onerous
Annual improvements (2018-2020 cycle)	Annual standards improvement process

The application of the other standards and amendments from January 1, 2022 has no significant effect on the Group's financial statements.

➤ Published standards and amendments that are not yet applicable

Amendment IAS 1	Information regarding significant accounting policies	January 1, 2023
Amendment IAS 8	Definition of accounting estimates	January 1, 2023
IFRS 17 et amendements	Insurance contracts	January 1, 2023

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 the amendments to IAS 1 and IAS 8.

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 will be applicable for fiscal years starting on or after 1st January 2023.

IFRS 17 mainly applies within the group to insurance contracts issued and reinsurance contracts taken out by insurance companies in the Sales Financing sector. 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 group will apply the simplified retrospective approach to address the impact of the transition on the financial statements at 1st January 2023.

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

Amendment IAS 1	Classification of liabilities as current or non-current liabilities.	January 1, 2023
Amendment IAS 12	Deferred tax on assets and liabilities arising from the same transaction	January 1, 2023
Amendment IFRS 17	First-time application of IFRS 17 and IFRS 9 - Comparative information	January 1, 2023

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

➤ **Interpretation of the IFRS IC related to the recognition of “Targeted Long Term Refinancing Operations” (IFRS 9 and IAS 20)**

The IFRS IC decision aiming to clarify the analysis and recognition of TLTRO III transactions was made final in March 2022. This decision applies to the TLTRO III drawdowns performed by the Sales Financing sector, to which the Group has chosen to apply IFRS 9. More details are provided regarding these transactions in Note 9.

➤ **Interpretation of the IFRIC on the costs of configuring and customizing a SaaS contract for software (IAS 38).**

With regard to the interpretation of the IFRIC of April 2021, relating to the recognition of the costs of configuration and customization of a SaaS type contract for software, no significant impact has been identified at this stage.

B. Estimates and judgments

Given the particular reporting context, the changes made to the judgments and assumptions in December 2021 were maintained at June 30, 2022 :

- **Forward-looking data** (maintaining sectoral expertise, see paragraph "Cost of risk")
- **Provision estimation models:**
Estimation models have not been adapted.

The main areas of judgements and estimations in preparing the condensed consolidated financial statements for the period ending June 30, 2022 are identical to those set out in Note 4.3.3 to the 2021 annual financial statements.

C. Changes in presentation

At June 30, 2022, there are no changes in presentation compared with the previous year.

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. Since the start of the financial crisis in 2008, 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.

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.

Lastly, the deposit collection activity, launched in February 2012, completes this diversification and strengthens the long-term structural liquidity ratio (NSFR).

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 confirmed lines of credit, assets eligible as collateral in European Central Bank 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

Following 2021, which was marked by the Covid-19 pandemic and the adaptation of acceptance and debt collection processes to this particular context, and in which an end to loan payment extensions was also envisaged and planned in all countries to support our customers in continuing the reimbursement of their loan payments and help them get through this difficult period, the first half of 2022 saw a certain stability in the processes.

The implementation of these actions made it possible to stabilize the lending portfolio's quality in 2022 (2.52% of customer outstandings in default at June 2022, identical to December 2021) following a decrease of 10.7% in outstandings in default in 2021.

In addition, in terms of the loan granting policy, the 2021 methods were renewed in most cases in the first half of 2022. They aimed to keep the acceptance criteria in order to maintain a production lending quality compatible with the risk appetite requirements. Studies and actions are underway to adapt the granting criteria to the context of high inflation.

Lastly, non-model adjustments were used. In particular, when an increase in credit risk appeared likely, they covered exposures that benefited from susceptible moratorium periods in 2020-2021 (in Morocco, Spain, Italy, Brazil, and Colombia) or customers identified as vulnerable, with the help, if applicable, of external data (in the UK, Spain, Italy). The approach aimed at systematizing the identification and treatment 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 subsidiary 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 2022.

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 resurgence of Covid in China and Russia's invasion of Ukraine impacted global economic activity and financial markets in the first half of the year. Rising inflation (mainly driven by the increase in commodity prices), the normalization of quantitative easing policies and rate hikes by major central banks led markets to revise growth expectations downwards.

The U.S. economy remained strong in the first few months of the year. Labor market indicators are dynamic with an unemployment rate of 3.6% at the end of May (close to the lowest levels in the last ten years) and household income growth remains robust. Annualized GDP did decline by 1.4% in the first quarter of 2022 (after a 6.9% increase in the fourth quarter of 2021), but the Fed considers that this decline does not reflect a recessionary situation, since household consumption grew by 3.1%, but essentially stems from the weakness of exports in a context of supply constraints.

The persistence of a tight labor market and high inflation led the Fed to begin its monetary tightening cycle in March. The Fed Funds rate target was raised by 150 bp to 1.50-1.75%.

The ECB raised its key rate by 0.5% in July, the deposit facility rate moving back into positive territory at 0%, and announced that it would stop its asset purchase program. Markets anticipate several rate hikes to come.

The Bank of England (BoE), one of the first central banks to have started the monetary tightening cycle, has raised its key rate four times to 1.25% from 0.25% at the end of 2021. It also ended its asset purchase program and announced the sale of its corporate bonds on the market.

Fears of stagflation led to high volatility in the financial markets. In Europe, bond yields rose in the path of US rates. The ten-year German sovereign bond rate rose above the 1% mark to 1.33%, compared to a level of -0.19% at the end of 2021. Equities and corporate bonds have suffered since the beginning of the year, with stock market indices falling (-20% for the Euro Stoxx 50) and credit spreads widening since Russia's invasion of Ukraine. The IBOXX Corporate Bond index stood at 135 bps at the end of June compared with 61 bps at the end of December 2021.

5. REFINANCING

The group took advantage of the favorable market environment in January and issued a 3.5 years bond for €750 million. This transaction attracted an order book of more than 4.5 billion euros from over 180 subscribers. The group also made returned to the Swiss market with the placement of a CHF 110 million 3 years bond. In June, the Bank successfully placed its first green bond issue for €500 million that will be settled in July. Proceeds will be used to finance Battery Electric Vehicles (BEVs) and charging infrastructures. This last transaction demonstrates the group's willingness to support the transition to electric mobility and tackle climate change.

In the securitization market, the group sold approximately €700 million of notes backed by French auto loans and increased its private securitization in the UK for £100 million.

Against this backdrop of highly volatile markets, the retail savings activity proved to be particularly resilient and competitive in terms of funding cost compared with wholesale funding sources. Retail deposits increased by €476 million since the beginning of the year to €21.5 billion.

These resources, together with €4.3 billion in undrawn confirmed bank lines, €2.7 billion in collateral eligible for Central Bank monetary policy operations, and €4.7 billion in highly liquid assets (HQLA), enable the Mobilize Financial Services groupe to maintain the financing granted to its customers for more than 11 months without access to external liquidity. At June 30, 2022, the Mobilize Financial Services group's liquidity reserve (European scope) stood at €12.0 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 2022, 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 06/2022
Average performing loan outstandings	36 680	5 686		42 366
Net banking income	796	86	132	1 014
Gross operating income	526	62	81	669
Operating income	417	66	81	564
Pre-tax income	309	66	82	457

In millions of euros	Customer	Dealer financing	Other	Total 12/2021
Average performing loan outstandings	36 254	7 146		43 400
Net banking income	1 516	181	131	1 828
Gross operating income	1 031	135	86	1 252
Operating income	932	172	86	1 190
Pre-tax income	937	171	86	1 194

In millions of euros	Customer	Dealer financing	Other	Total 06/2021
Average performing loan outstandings	36 184	7 934		44 118
Net banking income	769	102	69	940
Gross operating income	522	78	31	631
Operating income	464	100	31	595
Pre-tax income	467	100	32	599

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	06/2022	12/2021
Cash and balances at central banks	4 749	6 729
Cash and balances at Central Banks	4 749	6 729
Term deposits at Central Banks	39	16
Accrued interest	39	16
Total cash and balances at central banks	4 788	6 745

Note 3 : Derivatives

In millions of euros	06/2022		12/2021	
	Assets	Liabilities	Assets	Liabilities
Fair value of financial assets and liabilities recognized as derivatives held for trading purposes	71	14	12	17
Interest-rate derivatives	62		7	1
Currency derivatives	9	14	5	16
Fair value of financial assets and liabilities recognized as derivatives used for hedging	190	168	135	27
Interest-rate and currency derivatives: Fair value hedges	3	160	84	6
Interest-rate derivatives: Cash flow hedges	186	8	51	21
Currency derivatives: Net Investment Hedge	1			
Total derivatives	261	182	147	44

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

Derivatives qualifying as cash flow hedging are backed by variable rate debts and, since the application of the third strand of IFRS 9 since January 2020, by groupings made up of a fixed-rate debt and payer variable swap.

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 positively impacted by a valuation effect of €58 million for these swaps due to the current increase in interest rates. It should be noted that this valuation impact is temporary and will tend towards a zero impact when these swaps mature.

The Mobilize Financial Services group has been required to hedge the impact of structural exchange rates since 2022. These hedging instruments are classified as “Hedges of net investments.”

Nominal values of derivative instruments by maturity and management intent

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 06/2022	Related parties
Hedging of currency risk					
<u>Forward forex contracts</u>					
Sales	1 405			1 405	
Purchases	1 374			1 374	
<u>Spot forex transactions</u>					
Loans	8			8	
Borrowings	8			8	
<u>Currency swaps</u>					
Loans	116	77		193	
Borrowings	118	79		197	
Hedging of interest-rate risk					
<u>Interest rate swaps</u>					
Lender	14 603	10 013	250	24 866	
Borrower	14 603	10 013	250	24 866	

In millions of euros	< 1 year	1 year to 5 years	> 5 years	Total 12/2021	Related parties
Hedging of currency risk					
<u>Forward forex contracts</u>					
Sales	922			922	
Purchases	912			912	
<u>Currency swaps</u>					
Loans	187	72		259	
Borrowings	195	73		268	
Hedging of interest-rate risk					
<u>Interest rate swaps</u>					
Lender	13 410	9 303	750	23 463	
Borrower	13 410	9 303	750	23 463	

Note 4 : Financial assets

In millions of euros	06/2022	12/2021
Financial assets at fair value through other comprehensive income	982	837
Government debt securities and similar	874	713
Bonds and other fixed income securities	107	123
Interests in companies controlled but not consolidated	1	1
Financial assets at fair value through profit or loss	147	137
Variable income securities	30	30
Bonds and other fixed income securities	70	70
Interests in companies controlled but not consolidated	47	37
Total financial assets (*)	1 129	974
<i>(*) Of which related parties</i>	18	8

Note 5 : Amounts receivable at amortised cost from credit institutions

In millions of euros	06/2022	12/2021
Credit balances in sight accounts at credit institutions	1 735	1 236
Ordinary accounts in debit	1 632	1 175
Overnight loans	102	61
Accrued interest	1	
Term deposits at credit institutions	118	58
Term loans in bucket 1	105	58
Term loans in bucket 2	13	
Total amounts receivable from credit institutions (*)	1 853	1 294
<i>(*) Of which related parties</i>	4	

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 €1 058 million at end-June 2022 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	06/2022	12/2021
Loans and advances to customers	44 828	44 074
Customer finance transactions	30 517	29 894
Finance lease transactions	14 311	14 180
Operating lease transactions	1 342	1 344
Total customer finance transactions and similar	46 170	45 418

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 €262 million at 30 June 2022, compared to €272 million at 31 December 2021. It was impaired in the amount of €81 million at 30 June 2022, compared with €80 million at December 31, 2021.

6.1 - Customer finance transactions

In millions of euros	06/2022	12/2021
Loans and advances to customers	30 648	29 985
Healthy factoring	367	164
Factoring with a significant increase in credit risk since initial recognition	15	13
Other healthy commercial receivables	4	4
Other healthy customer credit	27 542	27 105
Other customer credit with a significant increase in credit risk since initial recognition	1 704	1 687
Healthy ordinary accounts in debit	354	339
Defaulted receivables	662	673
Interest receivable on customer loans and advances	53	62
Other non-defaulted customer credit	40	41
Non-defaulted ordinary accounts	10	17
Defaulted receivables	3	4
Total of items included in amortized cost - Customer loans and advances	610	594
Staggered handling charges and sundry expenses - Received from customers	(62)	(67)
Staggered contributions to sales incentives by manufacturer or dealers	(278)	(307)
Staggered fees paid for referral of business	950	968
Impairment on loans and advances to customers	(794)	(747)
Impairment on healthy receivables	(146)	(134)
Impairment on receivables with a significant increase in credit risk since initial recognition	(108)	(98)
Impairment on defaulted receivables	(429)	(409)
Impairment on residual value	(111)	(106)
Total customer finance transactions, net	30 517	29 894

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	06/2022	12/2021
Finance lease transactions	14 455	14 334
Other healthy customer credit	12 670	12 384
Other customer credit with a significant increase in credit risk since initial recognition	1 432	1 584
Defaulted receivables	353	366
Accrued interest on finance lease transactions	6	7
Other non-defaulted customer credit	6	6
Defaulted receivables		1
Total of items included in amortized cost - Finance leases	133	116
Staggered handling charges	38	49
Staggered contributions to sales incentives by manufacturer or dealers	(249)	(273)
Staggered fees paid for referral of business	344	340
Impairment on finance leases	(283)	(277)
Impairment on healthy receivables	(53)	(51)
Impairment on receivables with a significant increase in credit risk since initial recognition	(65)	(72)
Impairment on defaulted receivables	(164)	(153)
Impairment on residual value	(1)	(1)
Total finance lease transactions, net	14 311	14 180

6.3 - Operating lease transactions

In millions of euros	06/2022	12/2021
Fixed asset net value on operating lease transactions	1 360	1 360
Gross value of tangible assets	2 044	1 985
Depreciation of tangible assets	(684)	(625)
Receivables on operating lease transactions	16	12
Non-defaulted receivables	12	9
Defaulted receivables	10	9
Income and charges to be staggered	(6)	(6)
Impairment on operating leases	(34)	(28)
Impairment on defaulted receivables	(8)	(7)
Impairment on residual value	(26)	(21)
Total operating lease transactions, net (*)	1 342	1 344

(*) Of which related parties

(1)

(1)

Note 7 : Customer finance transactions by business segment

In millions of euros	Customer	Dealer financing	Other	Total 06/2022
Gross value	39 727	7 087	467	47 281
Healthy receivables	35 700	6 926	465	43 091
<i>On % of total receivables</i>	89,9%	97,7%	99,6%	91,1%
Receivables with a significant increase in credit risk since initial recognition	3 044	118		3 162
<i>On % of total receivables</i>	7,7%	1,7%		6,7%
Defaulted receivables	983	43	2	1 028
<i>On % of total receivables</i>	2,5%	0,6%	0,4%	2,2%
Impairment allowance	(1 039)	(70)	(2)	(1 111)
Impairment on healthy receivables	(299)	(37)	(1)	(337)
<i>On % of total impairment</i>	28,8%	52,9%	50,0%	30,3%
Impairment on receivables with a significant increase in credit risk since initial recognition	(165)	(8)		(173)
<i>On % of total impairment</i>	15,9%	11,4%		15,6%
Impairment on defaulted receivables	(575)	(25)	(1)	(601)
<i>On % of total impairment</i>	55,3%	35,7%	50,0%	54,1%
Coverage rate	2,6%	1,0%	0,4%	2,3%
Healthy receivables	0,8%	0,5%	0,2%	0,8%
Receivables with a significant increase in credit risk since initial recognition	5,4%	6,8%		5,5%
Defaulted receivables	58,5%	58,1%	50,0%	58,5%
Net value (*)	38 688	7 017	465	46 170
<i>(*) Of which: related parties (excluding participation in incentives and fees paid)</i>	<i>1</i>	<i>583</i>	<i>191</i>	<i>775</i>

In millions of euros	Customer	Dealer financing	Other	Total 12/2021
Gross value	39 188	6 845	437	46 470
Healthy receivables	35 073	6 619	436	42 128
<i>On % of total receivables</i>	89,5%	96,7%	99,8%	90,7%
Receivables with a significant increase in credit risk since initial recognition	3 124	165		3 289
<i>On % of total receivables</i>	8,0%	2,4%		7,1%
Defaulted receivables	991	61	1	1 053
<i>On % of total receivables</i>	2,5%	0,9%	0,2%	2,3%
Impairment allowance	(975)	(75)	(2)	(1 052)
Impairment on healthy receivables	(274)	(37)	(2)	(313)
<i>On % of total impairment</i>	28,1%	49,3%	100,0%	29,8%
Impairment on receivables with a significant increase in credit risk since initial recognition	(161)	(9)		(170)
<i>On % of total impairment</i>	16,5%	12,0%		16,2%
Impairment on defaulted receivables	(540)	(29)		(569)
<i>On % of total impairment</i>	55,4%	38,7%		54,1%
Coverage rate	2,5%	1,1%	0,5%	2,3%
Healthy receivables	0,8%	0,6%	0,5%	0,7%
Receivables with a significant increase in credit risk since initial recognition	5,2%	5,5%		5,2%
Defaulted receivables	54,5%	47,5%		54,0%
Net value (*)	38 213	6 770	435	45 418
<i>(*) Of which: related parties (excluding participation in incentives and fees paid)</i>	<i>9</i>	<i>505</i>	<i>264</i>	<i>778</i>

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

Regarding customer activity, the update of the LGD risk parameter in May 2022 in France and June 2022 in Brazil contributed to an increase in provisions of €41 million and €32 million (of which €23.6 million and €19.1 million, respectively, in B3), which partly explains the increase in the provisioning rate of B3 to 58.5% compared to 54.5% at the end of December 2021.

Note 7.1 : Change of customer finance transactions

In millions of euros	12/2021	Increase (1)	Reclas. (2)	repayment	Write off	06/2022
Healthy receivables	42 128	24 382	(737)	(22 682)		43 091
Receivables with a significant increase in credit risk since initial recognition	3 289		469	(596)		3 162
Defaulted receivables	1 053		268	(213)	(80)	1 028
Customer finance transactions (GV)	46 470	24 382		(23 491)	(80)	47 281

(1) Increase = New production

(2) Reclassification = Transfert beetwen buckets

Note 7.2 : Change of impairments of customer finance transactions

In millions of euros	12/2021	Increase (1)	Decrease (2)	Reclas. (3)	Variations (4)	Other (5)	06/2022
Impairment on healthy receivables (*)	313	43	(34)	(101)	111	5	337
Impairment on receivables with a significant increase in credit risk since initial recognition	170	14	(12)	(7)	5	3	173
Impairment on defaulted receivables	569	29	(108)	108	(9)	12	601
Impairments of customer finance transactions	1 052	86	(154)		107	20	1 111

(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

Note: increases (1), decreases (2), and variations (3) are accounted for in the income statement under Net banking income or cost of risk.

Other movements (4) and (5) are balance sheet changes only.

(*) Impairment on performing receivables includes impairments on residual values (vehicles and batteries) for an amount of €138 million as at 30 June 2022, compared to €129 million at 31 December 2021.

Note 8 : Adjustment accounts & miscellaneous assets

In millions of euros	06/2022	12/2021
Tax receivables	453	312
Current tax assets	92	21
Deferred tax assets	210	179
Tax receivables other than on current income tax	151	112
Adjustment accounts and other assets	1 135	957
Social Security and employee-related receivables	1	1
Other sundry debtors	639	476
Adjustment accounts - Assets	97	63
Other assets	2	2
Items received on collections	312	310
Reinsurer part in technical provisions	84	105
Total adjustment accounts – Assets and other assets (*)	1 588	1 269
<i>(*) Of which related parties</i>	<i>302</i>	<i>169</i>

Note 9 : Liabilities to credit institutions and customers & debt securities**9.1 - Central Banks**

In millions of euros	06/2022	12/2021
Term borrowings	3 727	3 738
Accrued interest	1	
Total Central Banks	3 728	3 738

At 30 June 2021, the book value of the collateral presented to the Bank of France (3G) amounted to €6,627 million, i.e. €6,108 million in securities issued by securitization vehicles, €519 million in private accounts receivable.

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

- €750 million maturing 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 maximum interest rate applicable to these financings is calculated on the basis of the average European Central Bank Main Refinancing Operations (MRO) rate, currently 0% less a margin of 0.50%. This rate is subsidized according to credit growth criteria.

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. It applies in the same way to all banks benefiting from the program and the ECB can unilaterally change the MRO rate at any time.

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, the changes in the interest rate conditions decided in the European Central Bank's decision 2121/124 of 29 January 2021 had no impact on the estimated future debt flows and therefore had no effect on the recognition of drawdowns.

On June 10, the group received confirmation that the lending targets for the special additional reference period (October 2020 - December 2021) had been reached and will consequently receive a bonus over the corresponding special interest rate period (June 2021 - June 2022). In accordance with the current provisions of IFRS 9, this rate bonus resulted in an adjustment of the value of the debt lines related to the TLTRO of €14 million.

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 (1.25% at 30 June 2022) 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.

9.2 - Amounts payable to credit institutions

In millions of euros	06/2022	12/2021
Sight accounts payable to credit institutions	559	260
Ordinary accounts	16	16
Overnight borrowings	14	
Other amounts owed	529	244
Term accounts payable to credit institutions	1 761	1 737
Term borrowings	1 677	1 669
Accrued interest	84	68
Total liabilities to credit institutions	2 320	1 997

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	06/2022	12/2021
Amounts payable to customers	22 425	21 928
Ordinary accounts in credit	242	202
Term accounts in credit	704	723
Ordinary saving accounts	16 566	15 715
Term deposits (retail)	4 913	5 288
Other amounts payable to customers and accrued interest	172	102
Other amounts payable to customers	75	65
Accrued interest on ordinary accounts in credit	68	21
Accrued interest on ordinary saving accounts	8	8
Accrued interest on customers term accounts	21	8
Total amounts payable to customers (*)	22 597	22 030
<i>(*) Of which related parties</i>	<i>759</i>	<i>740</i>

Term accounts in credit include a €700m 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 €489 million (of which €851 million in sight deposits and -€362 million in term deposits) in the first half of 2022 to reach €21,508 million (of which €16,574 million in sight deposits and €4,934 million in term deposits) classified as other interest-bearing debt.

9.4 - Debt securities

In millions of euros	06/2022	12/2021
Negotiable debt securities (1)	1 125	1 063
Certificates of deposit	933	1 050
Commercial paper and similar	170	
Accrued interest on negotiable debt securities	22	13
Other debt securities (2)	3 710	3 097
Other debt securities	3 709	3 095
Accrued interest on other debt securities	1	2
Bonds and similar	12 285	13 811
Bonds	12 156	13 695
Accrued interest on bonds	129	116
Total debt securities	17 120	17 971

(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	06/2022	12/2021
Taxes payable	917	827
Current tax liabilities	153	136
Deferred tax liabilities	742	670
Taxes payable other than on current income tax	22	21
Adjustment accounts and other amounts payable	1 863	1 916
Social security and employee-related liabilities	55	61
Other sundry creditors	913	857
Debt on rented asset	62	58
Adjustment accounts - liabilities	553	569
Accrued interest on other sundry creditors	261	366
Collection accounts	19	5
Total adjustment accounts - Liabilities and other liabilities (*)	2 780	2 743
<i>(*) Of which related parties</i>	<i>136</i>	<i>212</i>

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 : Provisions

In millions of euros	12/2021	Charge	Reversals		Other (*)	06/2022
			Used	Not Used		
Provisions on banking operations	476	153	(21)	(130)	(2)	476
Provisions for signature commitments	8	5		(4)	(1)	8
Provisions for litigation risks	6	1		(1)	1	7
Insurance technical provisions	436	142	(20)	(126)	(1)	431
Other provisions	26	5	(1)	1	(1)	30
Provisions on non-banking operations	122	24	(9)	(1)	10	146
Provisions for pensions liabilities and related	51	2	(2)		(16)	35
Provisions for restructuring	15	18	(6)			27
Provisions for tax and litigation risks	53	1		(1)	25	78
Other	3	3	(1)		1	6
Total provisions	598	177	(30)	(131)	8	622

(*) 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.

The provisions on banking operations mainly consist of the insurance technical provision for captive insurance company commitments towards policy holders and beneficiaries. The insurance technical provision came to June €431 million at end-June 2022.

The other changes in the provision for tax and litigation risks are mainly due to the statement of financial position reclassification of the Brazilian Pis & Cofin provision in June 2022, originally classified as "Other sundry creditors."

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

Provisions for litigation risks on banking operations relate to administration/processing fees billed to business customers.

Note 12 : Impairments allowances to cover counterparty risk

In millions of euros	12/2021	Charge	Reversals		Other (*)	06/2022
			Used	Not Used		
Impairments on banking operations	1 052	223	(106)	(78)	20	1 111
Customer finance transactions	1 052	223	(106)	(78)	20	1 111
<i>Ow impairment on healthy receivables</i>	<i>313</i>	<i>77</i>	<i>(25)</i>	<i>(33)</i>	<i>5</i>	<i>337</i>
<i>Ow impairment on receivables with a significant increase in credit risk since initial recognition</i>	<i>170</i>	<i>45</i>	<i>(27)</i>	<i>(18)</i>	<i>3</i>	<i>173</i>
<i>Ow Impairment on defaulted receivables</i>	<i>569</i>	<i>101</i>	<i>(54)</i>	<i>(27)</i>	<i>12</i>	<i>601</i>
Impairment on non-banking operations	3			(1)		2
Impairment for signature commitments	3			(1)		2
Impairment on banking operations	14	6		(5)		15
Provisions for signature commitments	8	5		(4)	(1)	8
Provisions for litigation risks	6	1		(1)	1	7
Total provisions to cover counterparty risk	1 069	229	(106)	(84)	20	1 128

(*) 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 13 : Subordinated debt - Liabilities

In millions of euros	06/2022	12/2021
Liabilities measured at amortized cost	866	876
Subordinated securities	856	856
Accrued interest on subordinated securities	10	20
Hedged liabilities measured at fair value	14	17
Participating loan stocks	14	17
Total subordinated liabilities	880	893

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 14 : 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 06/2022
Financial assets	15 254	13 833	23 220	552	52 859
Cash and balances at central banks	4 749	13	26		4 788
Derivatives	13	68	178	2	261
Financial assets	697	163	121	148	1 129
Amounts receivable from credit institutions	1 853				1 853
Loans and advances to customers	7 942	13 589	22 895	402	44 828
Financial liabilities	19 680	7 327	18 249	1 571	46 827
Central Banks	1	750	2 977		3 728
Derivatives	8	13	161		182
Amounts payable to credit institutions	751	602	967		2 320
Amounts payable to customers	17 668	1 644	2 585	700	22 597
Debt securities	1 252	4 309	11 559		17 120
Subordinated debt		9		871	880

In millions of euros	Up to 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total 12/2021
Financial assets	15 979	14 057	22 671	527	53 234
Cash and balances at central banks	6 729	15	1		6 745
Derivatives	8	19	120		147
Financial assets	375	343	118	138	974
Amounts receivable from credit institutions	1 294				1 294
Loans and advances to customers	7 573	13 680	22 432	389	44 074
Financial liabilities	19 461	5 864	19 027	2 321	46 673
Central Banks	1		3 737		3 738
Derivatives	14	19	8	3	44
Amounts payable to credit institutions	621	567	809		1 997
Amounts payable to customers	17 152	1 525	2 653	700	22 030
Debt securities	1 654	3 752	11 820	745	17 971
Subordinated debt	19	1		873	893

Central Bank borrowings correspond to the long-term financing operations (TLTRO) introduced at the end of 2014 and gradually being used by RCI Banque S.A. The Mobilize Financial Services group was also able to benefit from the TFSME program issued by the Bank of England in 2020.

**Note 15 : Juste Valeur des actifs et passifs financiers (en application d'IFRS 7 et d'IFRS 13)
et décomposition par niveau des actifs et des passifs à la juste valeur**

En millions d'euros - 30/06/2022	Valeur Comptable	Fair Value				Ecart (*)
		Niveau 1	Niveau 2	Niveau 3	JV (*)	
Actifs financiers	52 859	1 081	6 902	44 773	52 756	(103)
Caisse et Banques centrales	4 788		4 788		4 788	
Instruments dérivés	261		261		261	
Actifs financiers	1 129	1 081		48	1 129	
Prêts et créances sur les établissements de crédit	1 853		1 853		1 853	
Prêts et créances sur la clientèle	44 828			44 725	44 725	(103)
Passifs financiers	46 827	15	46 234		46 249	578
Banques centrales	3 728		3 729		3 729	(1)
Instruments dérivés	182		182		182	
Dettes envers les établissements de crédit	2 320		2 103		2 103	217
Dettes envers la clientèle	22 597		22 597		22 597	
Dettes représentées par un titre	17 120		16 949		16 949	171
Dettes subordonnées	880	15	674		689	191

(*) JV : Juste valeur - Ecart : Gains ou pertes latents

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.

En millions d'euros - 31/12/2021	Valeur Comptable	Fair Value				Ecart (*)
		Niveau 1	Niveau 2	Niveau 3	JV (*)	
Actifs financiers	53 234	936	8 186	43 823	52 945	(289)
Caisse et Banques centrales	6 745		6 745		6 745	
Instruments dérivés	147		147		147	
Actifs financiers	974	936		38	974	
Prêts et créances sur les établissements de crédit	1 294		1 294		1 294	
Prêts et créances sur la clientèle	44 074			43 785	43 785	(289)
Passifs financiers	46 673	17	46 734		46 751	(78)
Banques centrales	3 738		3 690		3 690	48
Instruments dérivés	44		44		44	
Dettes envers les établissements de crédit	1 997		2 065		2 065	(68)
Dettes envers la clientèle	22 030		22 030		22 030	
Dettes représentées par un titre	17 971		18 140		18 140	(169)
Dettes subordonnées	893	17	765		782	111

(*) JV : Juste valeur - Ecart : Gains ou pertes latents

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 16 : 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 - 30/06/2022	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	1 124		1 124	162	698		264
Derivatives	261		261	162			99
Network financing receivables (1)	863		863		698		165
Liabilities	182		182	162			20
Derivatives	182		182	162			20

(1) The gross book value of dealer financing receivables breaks down into €526 million for the Renault Retail Group, whose exposures are hedged for up to €526 million by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €337 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 - 31/12/2021	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	878		878	26	586		266
Derivatives	147		147	26			121
Network financing receivables (1)	731		731		586		145
Liabilities	44		44	26			18
Derivatives	44		44	26			18

(1) The gross book value of dealer financing receivables breaks down into €452 m for the Renault Retail Group, whose exposures are hedged for up to €452m by a cash warrant agreement given by the Renault manufacturer (see note 9.3) and €279m for dealers financed by Banco RCI Brasil S.A, whose exposures are hedged for up to €134 m by pledge of *letras de cambio* subscribed to by the dealers.

Note 17 : Commitments given

In millions of euros	06/2022	12/2021
Financing commitments	4 508	3 400
Commitments to customers	4 508	3 400
Guarantee commitments	184	29
Commitments to credit institutions	182	27
Customer guarantees	2	2
Other commitments given	104	58
Commitments given for equipment leases and real estate leases	104	58
Total commitments given (*)	4 796	3 487
<i>(*) Of which related parties</i>	<i>15</i>	<i>2</i>

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 €110 million at the end of June 2022.

Note 18 : Commitments received

In millions of euros	06/2022	12/2021
Financing commitments	5 057	4 608
Commitments from credit institutions	5 057	4 608
Guarantee commitments	17 980	17 146
Guarantees received from credit institutions	174	159
Guarantees from customers	6 364	6 150
Commitments to take back leased vehicles at the end of the contract	11 442	10 837
Other commitments received	105	52
Other commitments received	105	52
Total commitments received (*)	23 142	21 806
<i>(*) Of which related parties</i>	<i>5 871</i>	<i>5 726</i>

At 30 June 2022, Mobilize Financial Services group had €4,557 million in unused confirmed lines of credit, as well as broadly diversified short-term and medium-term issuance programs. It also had €2,725 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 19 : Interest and similar income

In millions of euros	06/2022	06/2021	12/2021
Interests and similar incomes	1 386	1 329	2 604
Transactions with credit institutions	46	15	36
Customer finance transactions	912	920	1 811
Finance lease transactions	356	346	661
Accrued interest due and payable on hedging instruments	52	40	74
Accrued interest due and payable on Financial assets	20	8	22
Staggered fees paid for referral of business:	(413)	(410)	(838)
Customer Loans	(309)	(313)	(639)
Finance leases	(104)	(97)	(199)
Total interests and similar income (*)	973	919	1 766
<i>(*) Of which related parties</i>	265	310	575

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 20 : Interest expenses and similar charges

In millions of euros	06/2022	06/2021	12/2021
Transactions with credit institutions	(117)	(95)	(194)
Customer finance transactions	(44)	(51)	(94)
Finance lease transactions	(4)	(3)	(8)
Accrued interest due and payable on hedging instruments	(22)	(28)	(43)
Expenses on debt securities	(177)	(122)	(248)
Other interest and similar expenses	(8)	(5)	(12)
Total interest and similar expenses	(372)	(304)	(599)

Note 21 : Fees and commissions

In millions of euros	06/2022	06/2021	12/2021
Fees and commissions income	342	316	639
Commissions	10	10	20
Fees	7	8	16
Commissions from service activities	60	55	111
Insurance brokerage commission	31	26	54
Incidental insurance commissions from finance contracts	125	117	236
Incidental maintenance commissions from finance contracts	74	68	138
Other incidental commissions from finance contracts	35	32	64
Fees and commissions expenses	(148)	(139)	(282)
Commissions	(14)	(14)	(29)
Commissions on service activities	(49)	(42)	(83)
Incidental insurance commissions from finance contracts	(22)	(17)	(35)
Incidental maintenance commissions from finance contracts	(50)	(46)	(98)
Other incidental commissions from finance contracts	(13)	(20)	(37)
Total net commissions (*)	194	177	357
<i>(*) Of which related parties</i>	5	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 22 : Net income or expense of other activities

In millions of euros	06/2022	06/2021	12/2021
Other income from banking operations	490	536	1 072
Income from insurance activities	210	204	415
Income related to non-doubtful lease contracts	131	182	363
of which reversal of impairment on residual values	21	41	106
Income from operating lease transactions	140	133	267
Other income from banking operations	9	17	27
of which reversal of charge to reserve for banking risks	2	9	12
Other expenses of banking operations	(336)	(391)	(776)
Cost of insurance activities	(56)	(55)	(113)
Expenses related to non-doubtful lease contracts	(114)	(169)	(317)
of which allowance for impairment on residual values	(30)	(47)	(114)
Distribution costs not treatable as interest expense	(47)	(42)	(98)
Expenses related to operating lease transactions	(104)	(97)	(201)
Other expenses of banking operations	(15)	(28)	(47)
of which charge to reserve for banking risks	(5)	(5)	(10)
Other operating income and expenses		1	
Other operating income	4	10	19
Other operating expenses	(4)	(9)	(19)
Total net income (expense) of other activities (*)	154	146	296

(*) Of which related parties

2

(3)

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.

Income and expenses of service activities include the income and expenses booked for insurance policies issued by the group's captive insurance companies.

Note 23 : General operating expenses and personal costs

In millions of euros	06/2022	06/2021	12/2021
Personnel costs	(182)	(147)	(305)
Employee pay	(114)	(96)	(206)
Expenses of post-retirement benefits - Defined-contribution pension plan	(9)	(9)	(19)
Expenses of post-retirement benefits - Defined-benefit pension plan			6
Other employee-related expenses	(36)	(35)	(72)
Other personnel expenses	(23)	(7)	(14)
Other administrative expenses	(153)	(153)	(251)
Taxes other than current income tax	(43)	(44)	(48)
Rental charges	(4)	(4)	(9)
Other administrative expenses	(106)	(105)	(194)
Total general operating expenses (*)	(335)	(300)	(556)
<i>(*) Of which related parties</i>	<i>4</i>		<i>(1)</i>

Other personnel expenses include amounts charged to and reversed from provisions for restructuring and for personnel related risks totaling €18 million as at June 30, 2022 compared to a charges of €4 million as at June 30, 2021.

Note 24 : Cost of risk by customer category

In millions of euros	06/2022	06/2021	12/2021
Cost of risk on customer financing	(108)	(59)	(98)
Impairment allowances	(179)	(276)	(448)
Reversal of impairment	134	279	465
Losses on receivables written off	(77)	(79)	(145)
Amounts recovered on loans written off	14	17	30
Cost of risk on dealer financing	6	22	37
Impairment allowances	(20)	(20)	(28)
Reversal of impairment	26	42	67
Losses on receivables written off			(2)
Other cost of risk	(3)	1	(1)
Change in allowance for impairment of other receivables		1	
Other valuation adjustments	(3)		(1)
Total cost of risk (*)	(105)	(36)	(62)

(*) Of which related parties

1

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

The cost of risk on customer financing increased by €49 million mainly due to the IFRS 9 Loss Given Default (LGD) update for the French and Brazilian entities. As indicated in point 2 (key highlight - Cost of risk) the June 2021 LGDs for these two entities took into account exceptional post-Covid debt collection performance while the June 2022 LGD was calculated based on debt collection performance without any exceptional items.

With respect to customer activity, the transactions that took place in the first half of 2022 were:

- A €35 million increase in the provision for non-performing outstandings;
- A €7 million increase in the provision for performing outstandings.

Regarding the Dealer network activity (dealer financing), the cost of risk showed a provision reversal of €6 million, of which €4 million for non-performing outstandings related to the decrease in doubtful portfolios in Poland and Italy.

Note 25 : Income tax

In millions of euros	06/2022	06/2021	12/2021
Current tax expense	(111)	(103)	(266)
Current tax expense	(111)	(103)	(266)
Deferred taxes	(11)	(35)	(62)
Income (expense) of deferred taxes, gross	(11)	(35)	(62)
Total income tax	(122)	(138)	(328)

The RCI Banque group's effective tax rate was 26.70% at 30 June 2022, compared with 23.02% at 30 June 2021 and 27.44% at 31 December 2021

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 -€1,9 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 26 : Events after the end of the reporting period

No events occurred between the reporting period end date and 28 July 2022, when the Board of Directors approved the financial statements that might have a significant impact on the financial statements ended 30 June 2022.