# RCI BANQUE

# RISKS – PILLAR III

# December 31, 2021

# STATEMENT ON INFORMATION PUBLISHED IN RESPECT OF PILLAR III

Senior management and the Board of Directors are responsible for implementing and maintaining an effective internal control organization overseeing the company's publications, including those issued in respect of the Pillar Ill report.

In that regard, we certify that RCI Banque publishes the information required under Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council in accordance with the formal policies and internal procedures, systems and controls.

We confirm, after taking all reasonable measures to that end, that the information disclosed as of December 31, 2021 has been subjected to the same degree of internal control and same internal control procedures as other information provided as regards the financial report.

João Miguel Leandro
Chief Executive Officer

Clotilde Delbos
Chairman of the Board of Directors

# INTRODUCTION

The following information concerns RCI Banque's risks and is provided to meet the disclosure requirements of Pillar III of the Basel Agreements, transposed into European law by means of Regulation (EU) 2013/575 (or CRR) amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) and Directive 2013/36/ EU (or CRD IV) amended by Directive 2019/878/EU of May 20, 2019 (CRD V).

It is published on a consolidated basis (Article 13 of the CRR) and meets the requirements set out in part 8 of the CRR (Articles 431 and seq.).

RCI Banque's Pillar III report is published annually as a whole, but certain important or faster changing items are disclosed half-yearly, or only on a transitional basis (Article 492 of the CRR). No material, proprietary or confidential information is omitted (Article 432 of the CRR).

Publication of the risk report is the responsibility of RCI Banque's Company Chief Risk Officer. The information contained in this report has been prepared in accordance with the Pillar III disclosure procedure validated by RCI Banque's Regulatory Committee.

# I - SUMMARY OF RISKS

## 1 - KEY FIGURES

### EU KM1 - Key metrics template

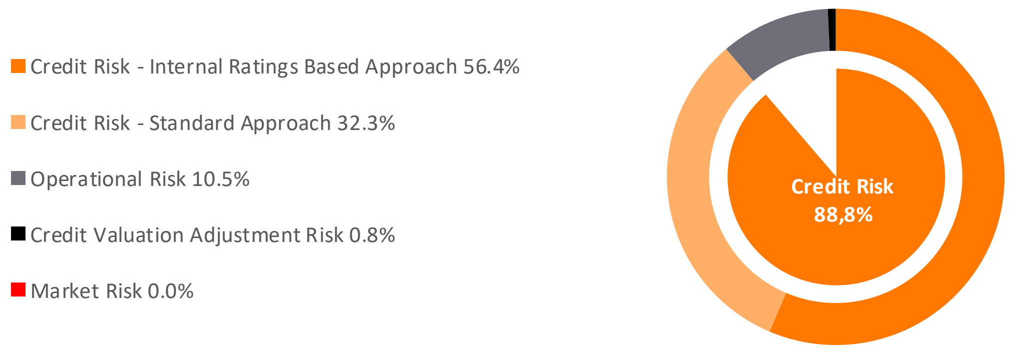
| In millions of euros | 31/12/2021 | 30/06/2021 | 31/12/2020 |
|---|---|---|---|
| **Available own funds (amounts)** | | | |
| Common Equity Tier 1 (CET1) capital | 4 932 | 5 968 | 6 017 |
| Tier 1 capital | 4 932 | 5 968 | 6 017 |
| Total capital | 5 909 | 6 943 | 6 880 |
| **Risk-weighted exposure amounts** | | | |
| Total risk-weighted exposure amount | 33 420 | 35 088 | 34 702 |
| **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | |
| Common Equity Tier 1 ratio (%) | 14,76% | 17,01% | 17,34% |
| Tier 1 ratio (%) | 14,76% | 17,01% | 17,34% |
| Total capital ratio (%) | 17,68% | 19,79% | 19,83% |
| **Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)** | | | |
| Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 2,00% | 2,00% | 2,00% |
| of which: to be made up of CET1 capital (percentage points) | 1,13% | 1,13% | 1,13% |
| of which: to be made up of Tier 1 capital (percentage points) | 1,50% | 1,50% | 1,50% |
| Total SREP own funds requirements (%) | 10,00% | 10,00% | 10,00% |
| **Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)** | | | |
| Capital conservation buffer (%) | 2,50% | 2,50% | 2,50% |
| Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | | | |
| Institution specific countercyclical capital buffer (%) | 0,00% | 0,00% | 0,00% |
| Systemic risk buffer (%) | | | |
| Global Systemically Important Institution buffer (%) | | | |
| Other Systemically Important Institution buffer (%) | | | |
| Combined buffer requirement (%) | 2,50% | 2,50% | 2,50% |
| Overall capital requirements (%) | 12,50% | 12,50% | 12,50% |
| CET1 available after meeting the total SREP own funds requirements (%) | 3 053 | 3 995 | 4 065 |
| **Leverage ratio** | | | |
| Total exposure measure | 58 628 | 58 481 | 59 755 |
| Leverage ratio (%) | 8,41% | 10,21% | 10,07% |

| In millions of euros | 31/12/2021 | 30/06/2021 | 31/12/2020 |
|---|---|---|---|
| **Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)** | | | |
| Additional own funds requirements to address the risk of excessive leverage (%) | | | |
| of which: to be made up of CET1 capital (percentage points) | | | |
| Total SREP leverage ratio requirements (%) | 3,00% | 3,00% | |
| **Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)** | | | |
| Leverage ratio buffer requirement (%) | | | |
| Overall leverage ratio requirement (%) | 3,00% | 3,00% | |
| **Liquidity Coverage Ratio** | | | |
| Total high-quality liquid assets (HQLA) (Weighted value -average) | 6 603 | 5 457 | 4 461 |
| Cash outflows - Total weighted value | 3 930 | 3 731 | 3 469 |
| Cash inflows - Total weighted value | 2 795 | 3 464 | 3 233 |
| Total net cash outflows (adjusted value) | 1 384 | 1 004 | 918 |
| Liquidity coverage ratio (%) | 524,82% | 566,26% | 492,02% |
| **Net Stable Funding Ratio** | | | |
| Total available stable funding | 47 017 | 47 277 | |
| Total required stable funding | 35 616 | 35 156 | |
| NSFR ratio (%) | 132,01% | 134,48% | |

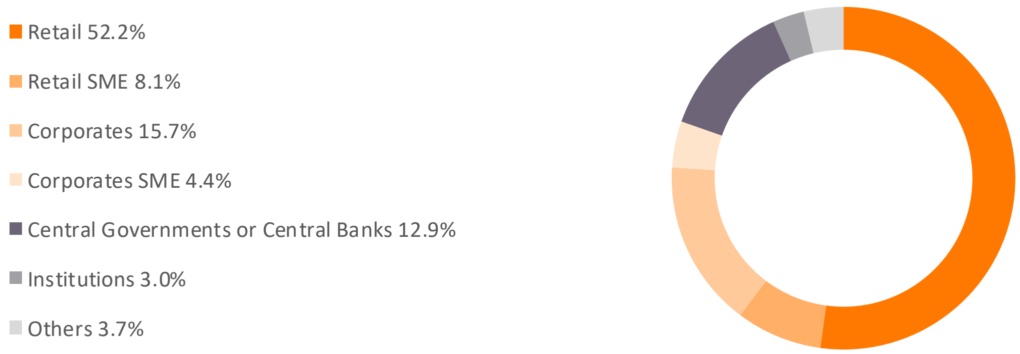
The data relating to the LCR and its aggregates are averages for the 12 months ending on the reporting date mentioned (Article 447 f of CRR2).

# RISKS - PILLAR III

## Own funds requirements by type of risk




## Exposure by exposure class




## ROA (net profit divided by the total balance sheet - CRD IV, Article 90)

| | 31/12/2021 | 30/06/2021 | 31/12/2020 |
|---|---|---|---|
| Return on assets | 1,51% | 1,59% | 1,34% |

## 2 - CONTEXT

In an environment still disrupted by the Covid-19 pandemic, automotive sales were also negatively impacted by supply difficulties in semiconductors. In addition, Renault has introduced a policy of optimizing vehicle inventories in 2021.

These factors have had an impact on the RCI Group's financial performance (average productive assets, interest income, cost of risk). However, no new risks have been identified in the light of these factors.

## 3 - RISK FACTORS

The identification and monitoring of risks is an integral part of RCI Banque's approach to risk management. This approach may be observed through risk-weighted asset levels, but also through other indicators, work and analyses conducted by the Group's steering and risks functions.

In light of the diversity of the Group's business, the management of risks is built around the following major risk types.

- **Interest rate risks and foreign exchange risks**: risk of a drop-in interest rate margin or in the value of the banking portfolio owing to a change in interest rates or foreign exchange rates.
- **Liquidity and funding cost risk**: liquidity risk occurs when RCI Banque is unable to honor its commitments or cannot finance the development of its business in line with its commercial objectives. Funding cost risk corresponds to the risk of RCI Banque not being in a position to finance its activities at a cost that is competitive.
- **Credit risk (Retail customers and Dealer networks)**: risk of losses resulting from customers' inability to meet their financial commitments.
- **Residual value risk**: risk to which the Group is exposed as a result of the depreciation in the net resale value of a vehicle at the end of the financing contract (value below initial estimate).
- **Strategic risk**: risk resulting from the Group's inability to implement its strategy and achieve its medium-term plan.
- **Concentration risk**: risk resulting from a concentration in RCI Banque's exposures (countries, sectors, debtors).
- **Operational risks**: risk of losses or sanctions resulting from ineffective or inadequate internal processes involving staff and/or IT systems, or external events (examples: cyber risks, pandemic etc.) whether deliberate, accidental or natural (IT risks and Business interruption).
- **Non-compliance risks**: risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage, arising due to non-compliance with provisions specific to banking and financial activities (laws and regulations in force, ethics codes, national, European and international banking regulations). These risks include legal and conduct risks, tax risks, risks relating to money-laundering and the financing of terrorism (AML-CFT), risks associated with the protection of personal data, risks of non-compliance with banking regulations, risks related to corruption and influence peddling, and ethical risks.
- **Model risk**: risk associated with a failure in the models used by the Group in the course of its business. This notably relates to the use of inadequate price calculation, revaluation, hedging or risk management models. Failure of such models may be due to either the quality of the data used, the modeling technique or the implementation or use thereof.
- **Climate and environmental risks**: These are the risks related to extreme climate and environmental events (physical risks) and related to changes in technologies, regulations and market sentiment contributing to the transition to a low carbon economy (transition risks).

The various risk types presented above are those identified at this time as being the most significant and typical for RCI Banque, and the materialization of which could have a major adverse effect on its operations, financial position, and/or performance. This is not an exhaustive list of the risks undertaken by the Group as part of its activities or in consideration of its environment.

# II - GOVERNANCE AND ORGANIZATION PRINCIPLES OF RISK MANAGEMENT

## 1 - RISK GOVERNANCE POLICY - RISK APPETITE FRAMEWORK

### EU OVA - Institution risk management approach

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Point (f) of Article 435(1) CRR | (a) | Disclosure of concise risk statement approved by the management body | Part II-3 Risk profile – risk appetite statement |
| Point (b) of Article 435(1) CRR | (b) | Information on the risk governance structure for each type of risk | Part II-2 Organization of risk control |
| Point (e) of Article 435(1) CRR | (c) | Declaration approved by the management body on the adequacy of the risk management arrangements. | Part II-3 Risk profile – risk appetite statement |
| Point (c) of Article 435(1) CRR | (d) | Disclosure on the scope and nature of risk disclosure and/or measurement systems. | Part II-1 Risk governance policy – risk appetite framework<br>Part II-2 Organization of risk control |
| Point (c) of Article 435(1) CRR | (e) | Disclose information on the main features of risk disclosure and measurement systems. | Part II-2 Organization of risk control |
| Point (a) of Article 435(1) CRR | (f) | Strategies and processes to manage risks for each separate category of risk. | Part II-3 Risk profile – risk appetite statement<br>Part III-5 Management of internal capital<br>Part IV-2 Credit risk management process<br>Part VIII Interest rate risk for portfolio positions<br>Part IX-1 Liquidity risk<br>Part X-1 Operational and non-compliance risks<br>Part XI Other risks |
| Points (a) and (d) of Article 435(1) CRR | (g) | Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants. | Part II-1 Risk governance policy – risk appetite framework<br>Part IV Credit risk -2 Credit risk management process +7 Credit risk mitigation techniques + V Advanced method<br>Part X-4 Insurance of operational risks |

## EU OVB - Disclosure on governance arrangements

| Legal basis | Row number | Qualitative information _ Free format | |
|---|---|---|---|
| Point (a) of Article 435(2) CRR | (a) | The number of directorships held by members of the management body. | Part II-2 Organization of risk control § the governing bodies |
| Point (b) of Article 435(2) CRR | (b) | Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise. | Part II-2 Organization of risk control § the governing bodies |
| Point (c) of Article 435(2) CRR | (c) | Information on the diversity policy with regard of the members of the management body. | Part II-2 Organization of risk control § the governing bodies |
| Point (d) of Article 435(2) CRR | (d) | Information whether or not the institution has set up a separate risk committee and the frequency of the meetings. | Part II-2 Organization of risk control § the governing bodies |
| Point (e) Article 435(2) CRR | (e) | Description on the information flow on risk to the management body. | Part II-1 Risk of governance policy – Risk appetite framework<br>Part II-2 – Organization of risk control<br>Part II-3 Risk profile – Risk appetite statement |

### RISK GOVERNANCE POLICY: KEY PRINCIPLES

The capacity to control actual or potential risks in its day-to- day activities, share the right information, take adequate measures in good time and promote responsible conduct at all levels of the company are key performance factors for the RCI group, and the pillars of its risk management mechanism.

Therefore, in accordance with the regulatory requirements (CRD /CRR), the RCI group's Risk Governance policy, adopted by General Management and the Board of Directors of RCI Banque , is built around the following principles:

- Identifying the main risks that RCI Banque has to address, in light of its “business model”, its strategy and the environment in which it operates;
- The Board of Directors determining and formally defining risk appetite and conscious of it when setting strategic and commercial objectives;
- Clarifying the roles of all parties involved in risk management and raising awareness amongst all managers about due compliance with Risk Governance Policy and with limits;
- Improving vertical and horizontal communication channels and reporting lines to ensure alerts escalation to the right level and timely treatment of any overruns of set risk limits;
- Risks are controlled by functions independent from operational functions.

The Risk Governance Policy applies to all consolidated entities in the RCI Group and is deployed at all levels of the organization, in each business line, for all risks and processes.

The list of risks identified in the group's mapping undergoes regular review (at least once a year), and any modifications thereto are subject to a prior consistency check with regard to the ICAAP/ILAAP standards. For its part, the risk appetite framework may be redefined and the control system strengthened whenever the risks of occurrence or seriousness of a risk appear greater.

Risk management guidelines are taken into account when drawing up each business plan and entail an examination of the related risks. This analysis is orchestrated by the Chief Risk Officer and forms an integral part of the plan submitted to the Board of Directors for approval.

The governing bodies (Executive Committee, Board of Directors' Risk Committee) ensure consistency and balance between:

- Business development strategy and commercial objectives, and
- Risk strategy and associated risk guidelines.

RCI Banque's Board of Directors confirms that the risk management systems in place are adequate to preserve the company's liquidity and solvency with regard to its strategy and its risk profile.

***RISK APPETITE FRAMEWORK***

The “RAF” (“Risk Appetite Framework”) defined by the Board of Directors is the group's guiding line of conduct in the field of risk strategy, which lays down the principles and limits of RCI Banque's strategy to be followed within the company.

As part of this framework, “Risk Appetite” is defined for RCI Banque as the aggregate level and types of risks that the Board of Directors is willing to assume, in line with the company's risk capacity to achieve its strategic and commercial objectives.

At operational level, risk appetite is reflected by relevant limits and alert thresholds. The indicators, which may be qualitative and/or quantitative, used to set these limits, are in place for the company's major risks, as is the process of alert escalation up to the Board of Directors.

The RCI Board of Directors' Risk Committee ascertains the smooth running of this process, which is subject to a general review at least once a year. In parallel, the most critical risks are presented quarterly to the Board of Directors' Risk Committee.

## 2 - ORGANIZATION OF RISK CONTROL

The overall risk monitoring process at RCI Banque is managed at three levels by distinct functions:

- **1st level controls** is done by:
  - The operational staff in charge of day-to-day risk management within their own area of responsibility. They decide on and are responsible for risk-taking within the operations they conduct to achieve goals assigned to them. They exercise such responsibility in compliance with the risk management rules and limits set by the "Corporate" risk steering functions;
  - the corporate functional departments in charge of risk definition, rules, management methods, measurement and monitoring at the corporate level. Each department, in its area of expertise, manages and oversees the risk management system via guidelines and country objectives. Risk is monitored by periodic dedicated committees in both the subsidiaries and centrally. These departments rely on local representatives for risk measurement and exposure monitoring and ensure that limits are respected at the group level.
- **2nd level controls comprises:**
  - The Internal Control department, who reports to the Chief Risk Officer, is responsible for directing the general internal control system for the entire Group. In terms of internal control supervision in the RCI Banque group subsidiaries, the Director of the Internal Control department is supported by Internal Controllers who report to him/her functionally. The Internal Controllers report hierarchically to the CEO of the subsidiaries. Similarly, the Director of the Internal Control department is supported by referents within the central functions to manage the internal control supervision system within the RCI Banque group departments. Internal Controllers at Corporate level and in local entities verify the operations compliance level versus the procedures by checking the compliance with the Group rules;
  - The Risk and Banking Regulation department, who reports to the chief Risk Officer, ensures the deployment of the Risk Governance Policy within the Group and ensures its consistency with the Risk Appetite Framework (RAF) defined by the Board of Directors; ensures the reliability of risk measurement indicators, the completeness of risk management systems for each risk and the effective exercise of such management; controls, more specifically, the effectiveness of the reporting and alert feedback channels from the subsidiaries to the corporate departments and prepares a summary report on the risks for the management bodies and the Risks Committee of the Board of Directors, as appropriate; verifies the adequacy of the corrective measures developed in the event of failures and their effective implementation by the management functions; plays a central role in monitoring the group's compliance with applicable prudential regulations.
  - The Group Compliance Division : is in charge of setting up, deployment and control of compliance program across RCIBS. Its scope covers in particular: ethics (codes of ethics and professional conduct, conflicts of interests management, gifts and invitations), financial crimes management including risk of corruption, money laundering and financing of terrorism, internal/external frauds (other than credit-related frauds), sanctions and embargos, personal data protection, customer protection. Also, in its compliance control function, Group Compliance division ensures global consistency and efficiency of compliance control system. Group Compliance Division relies on its local network of compliance correspondents, as well as on other functions and departments involved in risk management and control system, such as : group risk control division, internal control department, internal audit, legal function, performance control.
- **3rd level controls** refers to the Internal Audit, which aims to provide RCI Banque's Board of Directors and General Management with an overview of the effective level of business operations' control and of the risk steering and management performed by the first two levels.

These three risk controlling lines report to the following committees:

- The Board of Directors and its specialist committees, including the Risk Committee and the Audit and Accounting Committee;
- The Executive Committee and the subsidiaries Management board committees, notably via the Internal Control, Operational Risk and Ethics & Compliance Commitee (at local and central level);

- The operational risk management committees within the company's functions (at local and central level).

The content of the information reported to the Board of Directors' Risk Committee is decided upon during meetings of the latter committee on the basis of proposals submitted by the Executive Board member concerned and the Chief Risk Officer. Exposure to each risk is measured at a frequency appropriate (from daily for risks such as the interest rate risk and monitoring of customer deposits, to monthly in general cases). These measurements are made at the individual entity level and then consolidated. The Risk and Banking Regulation department centralizes the production of the quarterly dashboard delivered to the Board of Directors' Risk Committee.

The risk management system covers all the macro processes of the RCI Banque group and includes the following tools:

- the list of main risks for the RCI Banque group for which a coordinator, a level of appetite, alert thresholds and limits (Risk Appetite Framework, or RAF) are defined. This list and the Risk Appetite Framework are updated at least once a year in line with the RCI Banque group’s business model and strategy;
- the operational rules mapping deployed in all of the RCI Banque group’s consolidated subsidiaries identifies operating risks and the ways in which they are controlled. This operational risk mapping is updated regularly by the functional departments, Process owners carry out a self-assessment of the operational rules control device and perform first level of controls in order to regularly check the operations compliance level versus the procedures;
- the incident collection database helps to identify malfunctions that correspond to predefined criteria and enables the corrective and preventive measures required to control risks to be put in place. This database is used for internal and regulatory reporting purposes. The system sets thresholds and criteria for communicating incidents to executive directors, Board of Directors, Renault Ethics and Compliance Committee, the French Prudential Supervision and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution - ACPR*), the European Central Bank and French Banking Federation (FBF).

## THE GOVERNING BODIES

### *THE BOARD OF DIRECTORS*

Board of Directors members, like the executive directors, are appointed on the basis of their reputation, knowledge of the company's activity and lines of business, technical and general skills, and experience, acquired for some of them through their duties in the shareholding company.

In addition, they collectively have the knowledge, expertise and experience to understand all the company's activities, including the main risks to which it is exposed, the sales finance sector, the Renault-Nissan-Mitsubishi Alliance and the automotive industry.

They each devote the time and attention necessary to perform their duties, in accordance with current regulations limiting the number of appointments held.

The principles concerning the selection and appointment of directors, *de facto* managers and holders of key positions in the company are described in RCI Banque's Management Suitability Policy, approved by the Board of Directors on 8 February 2019.

The policy provides in particular a distinct preselection process according to position, a succession plan and an assessment by the Appointments Committee based on specified suitability criteria and taking into consideration a diversity policy for the Board of Directors.

### Positions held by the members of RCI Banque's Board of Directors

*Board of Directors as at 31 December 2021*

| | Position held in RCI Banque S.A | Number of other positions held inside Renault Group | Number of other positions held outside Renault Group |
|---|---|---|---|
| Alain BALLU | Director of the Board | | |
| Philippe BUROS | Director of the Board | 2 executive positions<br>6 non-executive positions | |
| Laurent DAVID | Director of the Board | 1 non-executive position | |
| Clotilde DELBOS | Chairman of the Board | 2 executive positions<br>2 non-executive positions | 1 executive position<br>2 non-executive positions |
| Isabelle LANDROT | Director of the Board | 1 executive position<br>4 non-executive positions | |
| Isabelle MAURY | Director of the Board | | 1 executive position<br>3 non-executive positions |
| Patrick CLAUDE | Director of the Board | 2 executive positions<br>8 non-executive positions | |
| Nathalie RIEZ-THIOLLET | Director of the Board | | 1 non-executive position |

*Other members of the management body in its executive function at 31 December 2021*

| | | | |
|---|---|---|---|
| François GUIONNET | Deputy Chief Executive Officer and VP Territories and Performance | 9 non-executive positions | 1 executive position |
| João Miguel LEANDRO | Chief Executive Officer | 7 non-executive positions | |
| Jean-Marc SAUGIER | Deputy Chief Executive Officer and VP Finance and Treasury | 3 non-executive positions | 1 executive position |

At 31 December 2021, RCI Banque's Board of Directors had eight members, including four female members.

On recommendation by the Nominations Committee, the Board of Directors has set a diversity policy consisting in particular of maintaining a minimum proportion of 40% of directors of each sex.

As part of its oversight remit, in order to guarantee effective and prudential management of the establishment, the Board of Directors determines RCI's risk profile in line with set strategic objectives, gives executive directors and the Executive Committee guidance on risk management for implementation/adaptation within the group, and supervises implementation thereof.

To that end, RCI Banque's Board of Directors relies on specialist committees:

- **The Risk Committee**

The Risk Committee meets at least four times a year. Its role includes examining the risk map and signing off on the definition of risks, and analyzing and authorizing RCI group risk limits in line with the Board's risk appetite and with a view to assisting the Board in terms of oversight. It is also responsible for analyzing action plans in the event that limits or notification thresholds are exceeded, and for examining pricing systems for products and services. In parallel with the remuneration Committee, it also has the task of examining whether the remuneration policy is compatible with the Company's risk exposure. So that it can advise the Board of Directors, this Committee is also responsible for the analysis and approval of the internal control report, the ICAAP and ILAAP systems, the recovery plan, and significant aspects of the rating and estimating processes derived from the Company's internal credit risk models.

- **The Accounts and Audit Committee**

The Accounts and Audit Committee meets three times a year. It is responsible for preparing, presenting and monitoring the financial statements, overseeing the statutory audit of the separate and consolidated financial statements, monitoring the independence of the statutory auditors and the definition of their non-auditing services, recommending the appointment of the statutory auditors and monitoring their rotation, verifying the effectiveness of internal control and risk management systems, reviewing the audit plan, analyzing the audits carried out and reviewing investments in unconsolidated companies.

- **The Remunerations Committee**

The Remunerations Committee meets at least twice a year. Its main task is the annual review of the remuneration policy of management body and Chief Risk Officer. It also prepares decisions for the Board of Directors regarding the remuneration of individuals with an impact on risk and risk management.

- **The Nominations Committee**

The Nominations Committee meets at least twice a year. Its main task is to recommend members for the Board of Directors. It is also in charge of the annual review of the Board of Directors, including its structure, membership, gender diversity and breadth of directors' knowledge, skills and experience. It submits nominations to the Board for Executive Directors, the Chief Executive Officer, Deputy Chief Executive Officers, Chief Risk Officer and Chief Compliance Officer.

### *SENIOR MANAGEMENT*

**Managerial systems**

In accordance with the CRD IV application order and 3 November decree on internal control, the duties of the Chairman and Chief Executive Officer are separate.

As of 31 December 2021, the company's Senior Management and *de facto* managers (within the meaning of Article L.511-13 of France's Monetary and Financial Code) are assumed under the responsibility of João Miguel Leandro, Chief Executive Officer, François Guionnet, Deputy Chief Executive Officer and V.P. Territories and Performance Division, and Jean-Marc Saugier, Deputy Chief Executive Officer and V.P. Finance and Treasury.

The Chief Executive Officer holds the broadest powers to act under any circumstances on the company's behalf, within the limits of the corporate object and conditional on those powers that the law expressly attributes to shareholders' meetings and the Board of Directors. He is authorized to grant sub delegations or substitutions of powers for one or more specific transactions or categories of transaction.

The Deputies Chief Executive Officer hold, as regards third parties, the same powers as the Chief Executive Officer.

***The executive committee***

RCI Banque's Executive Committee contributes to the Group's direction of policy and strategy. It is the reference body which approve action plans when alert thresholds or limits are exceeded. It is also the body that makes trade-off decisions in case when risk reduction measures affect other company objectives. The Executive Committee oversees the activity and risks in accordance with the guidelines ("Risk Appetite Framework") laid down by the Board of Directors via the Risk Committee.

In addition, Senior Management relies in particular on the following committees to manage the Group's risk control:

- the Financial Committee which reviews the following themes: economic analyses and forecasts, cost of the resource, liquidity risk, rate risk and counterparty risk on the Group's various perimeters and subsidiaries. Changes in RCI Holding's balance sheet and profit & loss account are also analyzed to make necessary adjustments to intra-Group transfer prices,
- the Capital and Liquidity Committee which steers the funding plan and ensures that the Group's solvency level enables it to ensure its development while meeting the expectations of the various stakeholders (regulators, rating agencies, investors, shareholder) and maintaining good resilience to stress scenarios,
- the Group Commitments Committee which validates commitments beyond the authority of subsidiaries and to which the Group Commitments Director reports on compliance with commitment standards and powers,
- the Credit Risk Committee. It assesses the quality of customer production and subsidiaries' performance as regards recovery and targets, and analyzes the cost of risk for the Group and the main countries. On dealer network activity, it reviews changes in outstandings and stock rotation indicators as well as changes in the classification of dealerships and outstandings,
- the Regulatory Committee which reviews major changes in regulations, prudential oversight and action plans, and validates internal rating models and the associated management system,
- the Internal Control, Operational Risk and Ethics & Compliance Committee manages the whole of the Group's internal control system, checks its quality and related mechanisms and adapts resources, systems and procedures. It details, runs and monitors the principles of the operational risk management policy and the principles of the compliance monitoring system. It monitors the progress in action plans. An Internal Control, Operational Risks and Compliance Committee operates in RCI Banque group subsidiaries.
- the New Product Committee which validates new products before they are put on the market, ensuring in particular that new products comply with the Group's commercial policy, the Group's budgetary requirements, legislation applicable locally, the protection of the client's interest and the Group's risk governance.
- the IT Committee, which validates the IT orientations and strategy by considering the associated risks, and which reviews the IT projects, the IT security and the IT/IS Budget.

At local level, the dedicated committees control the operational management of risks in line with the defined framework.

## 3 - RISK PROFILE - RISK APPETITE STATEMENT

The Risk Appetite Statement is approved annually by the Board of Directors on the proposal of the Risk Committee. The Group has established a Risk Appetite Framework and a Risk Appetite Statement, which are intended to formalize the RCI Banque Group's tolerance of the risks to which it is exposed.

The risk profile is determined in accordance with the group's values and strategy and considering the environment in which it operates. The risk profile is determined based on all risks inherent in RCI Banque's activities in Europe and worldwide. These are identified in the group's risk mapping and are regularly assessed.

The risk profile is taken into account when working out and implementing rules on managing the said risks, more particularly to steer decision-making on risks in line with the Board of Directors' risk appetite level and RCI group strategy.

The risk profile or risk appetite is implemented within the group by the Executive Committee through the committees it chairs (Financial Committee, Capital and Liquidity Committee, Credit Risk Committee, Internal Control, Operational Risk and Ethics & Compliance Committee, etc.), which are responsible for monitoring the main risks to which the group is exposed. In addition, the group's strategic processes, such as capital and liquidity management, are developed in accordance with the Risk Appetite Statement; during the budgetary exercise, the forecasts for the key indicators of the Risk Appetite Framework are compared with the thresholds defined in the Risk Appetite Framework.

The adequacy of the risk profile and risk exposure is monitored by the Executive Committee and by the Board of Directors through its Risk Committee. The Board of Directors also carries out an annual review and validation of the Risk Appetite Framework.

The implementation of the group's risk appetite is based on four components: (i) the definition of common reference frameworks, (ii) the existence of a set of limits in line with those defined by the regulations, (iii) the allocation of responsibilities and expertise between the central body and the entities, and (iv) the functioning of governance within the group and the various entities, which allows for the effective implementation of the system devoted to risk appetite.

The risk appetite framework may be adjusted at least annually and particularly during the strategic plan development process. Risk appetite is specified through two types of thresholds:

- A limit: the maximum level that the bank is willing to assume

- An alert threshold: the level of risk that triggers a notification to the Board of Directors when it concerns a regulatory ratio and to the Risk Committee for all risks monitored at its level, or a notification to the Executive Committee for all risks.

When a limit is crossed, an action plan is implemented to bring it back to the appropriate level, and the Board of Directors is notified in the case of critical risks and the Executive Committee in the case of significant risks.

The crossing of the alert threshold leads to the planning of a set of risk reduction measures applicable in order to prevent the limit being exceeded.

The risk profile is monitored by means of indicators that are tracked at a frequency that varies from daily to quarterly depending on the indicators and risks. These indicators are the subject of a quarterly risk dashboard produced by the Risk and Banking Regulation department and presented to the Executive Committee and the Board of Directors' Risk Committee. For example, the following indicators are included in the Risk Appetite Framework and are listed in the Key Figures of the section of Part I - Summary of risk:

- the CET1 ratio and the total capital ratio

- the leverage ratio

- The liquidity coverage ratio

- the net stable funding ratio

- the cost of risk

RCI Banque aims to support the business development of the Renault-Nissan-Mitsubishi Alliance's car brands, in particular through its key role in financing dealership networks and in developing customer loyalty. This is reflected in:

- Maintaining high levels of profitability and adequate solvency, which is the guarantee of the reliability of this commitment vis-à-vis the shareholder;
- A refinancing policy based on diversifying funding sources and on building up adequate liquidity reserves;
- A financing and service offer that is constantly adapted to the needs of our clients and is distributed through physical and digital channels that facilitate access;
- A particular attention to the conformity of the products and services marketed and to the quality of the information transmitted to customers, in particular by ensuring compliance with good practices related to sales and ethical issues, which may impact the Group's reputation
- An integration into the group's strategy of issues related to environmental and social transitions and corporate social responsibility challenges.

A responsible and measured approach is in the center of a risk-taking decision process at RCI. The main risks are subject to a strict risk steering framework, in line with the risk appetite defined by the Board of Directors:

- The **solvency risk** is controlled with a view to maintaining:

a) a necessary security margin regarding prudential requirements, to reflect RCI high levels of profitability and capacity to adapt dividend paid to the single shareholder;

b) and an “investment grade” rating level by credit rating agencies;

- The **liquidity risk** is assessed and controlled monthly. It is managed in such a way as to ensure the company's continuity of business for a minimum period in various stress scenarios, including assumptions of financial market closure and mass withdrawals of deposits. A limit of 6 months' business continuity has been set for centrally funded subsidiaries (3 months for locally funded subsidiaries), with the associated alert thresholds set considerably over such levels.

- The **credit risk**:

a) The **retail and corporate customer** risk is monitored from both the portfolio and new business perspectives. Its management is based on tracking the cost of risk in relation to set targets, with strong monitoring of underwriting and collection particularly under stressed conditions;

b) The **wholesale** risk is controlled by monitoring the financial situation of dealers, thus contributing to the control of credit risk on outstandings, while ensuring the sustainability of dealer networks;

For both these risks, the target is to keep the overall cost of risk at a consolidated level below or equal to 1% of outstandings.

- The **residual value risk** is assessed and controlled in order to minimize potential losses on end-of-contracts sales. It has recently been adjusted to support the company's ambitions to develop its used vehicle and operational rental business. Specific monitoring and rules aim at mitigating the risk.

- The **interest-rate risk** is monitored daily. Since March 2021, it has been measured on the basis of scenarios of parallel increase or rotation of the rate curves, the amplitude of which depends on the currency, in accordance with EBA guidelines. Interest rate risk is limited by a sensitivity limit of €70 million;

- **Operational risks** including risks of non-compliance (legal and conduct, tax, AML-CFT, fraud, reputational, IT, personal data protection, corruption etc.) are covered by a relevant risk mapping, specific procedures and controls, and are subject to monitoring by dedicated committees. Reporting at Board of Directors' Risk Committee and/or Executive Board level ensures compliance with alert thresholds and limits, set in order to minimize any risk of penalties or harm to the company's image and reputation.

- **Climate and environmental risks** are among the Group's main risks. The identification of these risks and their criticality rating have been established through the corresponding mapping. The work in progress will lead to the finalization of the risk appetite framework early 2022.

External "interconnections" with third parties that provide significant services to RCI Banque mainly concern: dealer networks, technical solution providers for RCI's (retail) customer deposit systems, banking and insurance partners (through joint ventures or not), Renault for its IT infrastructure, etc. Essential outsourced services are based on strong contracts and partners, which means that continuity of service would be maintained.

Internal "interconnections" concern two main areas:

- Refinancing: RCI Banque SA acts as a central refinancing unit, borrowing on the markets and then making available to some of its subsidiaries and branches the funds they need to finance their business. At the same time, group entities that collect savings or carry out securitizations, as well as insurance companies, deposit their surpluses with RCI Banque SA.

- Information systems: Internal IT solutions are provided by certain countries to RCI entities, such as RCI France for the networks business management system and the accounting system

## 4 - STRESS TESTS

Stress tests or what-if analyses are a favored measurement of the resilience of the group, its activities and portfolios, and form an integral part of its risk management. Stress tests are based on hypothetical, harsh yet plausible economic scenarios.

**The stress tests process includes:**

- An overall annual stress exercise as part of the ICAAP process (Internal Capital Adequacy Assessment Process). It covers all of the group's activities and in 2021 was based on several main scenarios: a central scenario based on the budget trajectory, a macro-economic stress scenario, an idiosyncratic scenario, a combined scenario that includes a combination of macroeconomic and idiosyncratic effects, and reverses stress test. Projections of potential losses in respect of the establishment's risks are estimated over a three-year period;
- Liquidity stress tests ensure that the time frame in which the group can continue to operate is assured in a stressed market environment.
- Stress tests capturing the group's sensitivity to interest rate and foreign exchange risks. Interest rate risk is measured with the aid of yield curve translation and distortion scenarios.
- Stress tests designed by the EBA (European Banking Authority) or conducted within the supervisory framework of the ECB (European Central Bank) on the basis of a methodology common to the participating banks.

## 5 - REMUNERATION POLICY

### EU REMA - Remuneration policy

The remuneration policy for individuals whose professional activities have a significant impact on RCI Banque's risk profile is presented to and approved by the Remuneration Committee and the Board of Directors.

The Remuneration Committee met two times in 2021. As of 31 December 2021, the members of the Remuneration Committee were C. Delbos, P. Buros and I. Landrot.

The fixed component of pay reflects the level of responsibility of the position held.

The variable component of the pay is intended to reward the performance achieved. This variable component depends heavily on the consolidated financial and commercial results achieved by the RCI Banque group.

The variable component of remuneration is capped at a percentage of the fixed salary. This percentage is always lower than 100% or equal to 100%, so RCI Banque complies with regulations on variable remuneration.

The criteria used to measure the performance for the fiscal year 2021 are : the operating margin per country and on a consolidated basis at the group; the sales margin on new financing and services contracts, measured per country and on a consolidated basis ; the RORWA measured on a consolidated basis at the group ; the actions dashboard per country and at the Corporate level ; the NPS « Net Promoter Score » per country and on a consolidated basis at the group; Operating expenses as a % of Group Average Productive Assets; the RCS "Risks/Compliance/Security" KPI, which measures the completion of actions related to Risks, Compliance and Security per country and on a consolidated basis, under the control of Corporate Internal Control Department ; the individual contribution to the objectives of various departments assessed by the employee's line manager. Most of these criteria are consistent with those used in the fiscal year 2020.

In the fiscal year 2021, 95 individuals had significant impact on the risk profile. Their fixed remuneration in 2021 came to a total of 10,105,752 euros. Their variable remuneration in 2021 totaled 2,561,892 euros, representing 25,35% of the total fixed remuneration, or 20,22% of the total fixed and variable remuneration .

RCI Banque's activities relate exclusively to car finance and services. It is a field of business in which sub-fields of business have no significant differences. In addition, remuneration policy is the same across the whole RCI Banque perimeter. Consequently, it is not necessary to break down these amounts per field of business.

According to the type of position, these remunerations breaks down as follows:

- Executive Committee: total fixed remuneration= 2,056,157 euros; total variable remuneration = 735,803 euros
- Control functions: total fixed remuneration = 1,074,610 euros; total variable remuneration = 263,557 euros
- Corporate functions excluding Executive Committee and control: total fixed remuneration = 382,056 euros; total variable remuneration = 115,597 euros
- Other positions: total fixed remuneration = 6,550,930 euros; total variable remuneration = 1,406,935 euros

In 2021, the external directors of the Board of Directors received remuneration for their duties in the amount of 82,000 euros.

No employee receives an annual salary of more than 1,000,000 euros.

RCI Banque does not award shares or stock options.

Part of the variable remuneration awarded to the individuals whose professional activities have a significant impact on the risk profile of RCI Banque is subject to a deferral, the duration of which has been updated starting the fiscal year 2021 from three to five years beyond the first payment, which itself is made at the end of the reference fiscal year. This policy of spreading the variable remuneration has been updated for the fiscal year 2021, in accordance with Directive (EU) 2019/878.

As a reminder, RCI Banque introduced a policy of deferring variable remuneration as of the fiscal year 2016, with initial application in early 2017.

The policy of deferring variable remuneration only applies to the beneficiaries eligible for variable remuneration of more than 50,000 euros; 40% of the variable remuneration is then deferred over a period of five years as indicated above.

During each year of the three years of deferral for years prior to 2021, one-third of the deferred amount may be released, provided that RCI Banque has achieved a certain level of Pre-Tax Income, expressed as a percentage of average performing outstanding:

- The amount allocated in the year following the reference year is paid 50% in cash and 50% by payment of funds into a Subordinate Term Account.
- From the fiscal year 2018 to 2020, the amount paid up over each of the 3 years of deferred is paid in full by the payment of funds into a Subordinate Term Account.
- As from the fiscal year 2021, the amount released during each of the five years of deferral is paid in full by the payment of funds into a Subordinate Term Account

In the event that a serious event affecting RCI Banque's solvency occurs, in accordance with current legislation and regulations, the beneficiary may see the value of the funds allocated to the Subordinated Term Account reduced to zero and the related remuneration definitively lost. In such an event therefore, withdrawal of funds at the end of the retention period is impossible, and no remuneration will be payable.

The Subordinated Term Account shall be fully deleted and its repayment value reduced to zero should any of the following events occur:

- If the CET1 solvency ratio, defined according to the terms of Article 92 (1) (a) of the CRR, is less than 7%;
- If the banking regulator starts resolution proceedings against RCI Banque.

Lastly, if the beneficiary is the subject of an investigation and/or disciplinary proceedings into a potential breach or action or misconduct that could have impacted directly or indirectly on RCI Banque's Pre-Tax Income or Operating Margin, or that might indicate a lack of fitness or propriety, allocation of the deferred amount shall be suspended until such time as the findings of the investigation or disciplinary proceedings are known. If no breach or misconduct is identified and no sanctions imposed, the beneficiary's eligibility for the deferred remuneration will be maintained. If a breach or misconduct is identified and sanctions imposed, then the beneficiary will no longer be eligible for that deferred remuneration.

Thus, in light of the internal organization of RCI Banque Group and its nature, scope and low complexity of its activities, RCI Banque has put in place since 2016 a remuneration policy that guarantees a principle of deferred and conditional payment for individuals whose professional activities have a significant impact on the risk profile. This principle will be re-assessed on a regular basis if the exposure to risks changes.

As of fiscal year 2021, this policy for the spreading of variable compensation is updated to take into account the amendments made to Directive 2013/36/EU by Directive (EU) 2019/878, the transposition of which took effect on December 29, 2020.

At the end of 2021, with the application of the above provisions, the deferred remuneration situation is as follows:

- For the fiscal year 2017, deferred amounts determined in 2018 represented a total of 453,194 euros, spread over 2019, 2020 and 2021. Of that total, amounts that could be paid in 2019, 2020 and 2021 conditional on confirmation were paid in full. There are no further amounts deferred beyond 2021 in respect of the fiscal year 2017;
- For the fiscal year 2018, deferred amounts determined in 2019 represented a total of 511,589 euros, spread over 2020, 2021 and 2022. Of that total, amounts that could be paid in 2020 and 2021 conditional on confirmation were paid in full; they represent a sub-total of 341,060 euros. The amounts that remain deferred in respect of the fiscal year 2018 to 2022 amount to 170,530 euros.
- For the fiscal year 2019, amounts determined in 2020 represented a total deferred of 510,549 euros, spread over 2021, 2022 and 2023. Of this total, the amounts that can be paid in 2021 subject to confirmation have been confirmed and paid for 82.09%; they represent a subtotal of 139,703 euros out of a 100% amount of 170,183 euros. Amounts still to be deferred in respect of the fiscal year 2019 over the years 2022 and 2023 amount to 340,366 euros.
- For the fiscal year 2020, amounts determined in 2021 represented a total deferred of 205,422 euros, spread over 2022, 2023 and 2024.
- Thus, at the end of 2021, there remains no deferred amount for the fiscal year 2017, and for all the fiscal years 2018, 2019 and 2020, the amounts deferred over the years 2022 to 2024 represent a total of 716,318 euros.

No severance payments were made to those whose professional activities have a significant impact on the risk profile of RCI Banque in 2021.

## EU REM1 - Remuneration awarded for the financial year

| | | | a | b | c | d |
|---|---|---|---|---|---|---|
| | | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
| 1 | Fixed remuneration | Number of identified staff | 8 | 3 | 8 | 76 |
| 2 | | Total fixed remuneration | 42 000 | 830 744 | 1 225 413 | 8 007 596 |
| 3 | | Of which: cash-based | 42 000 | 830 744 | 1 225 413 | 8 007 596 |
| 4 | | (Not applicable in the EU) | | | | |
| EU-4a | | Of which: shares or equivalent ownership interests | | | | |
| 5 | | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| EU-5x | | Of which: other instruments | | | | |
| 6 | | (Not applicable in the EU) | | | | |
| 7 | | Of which: other forms | | | | |
| 8 | | (Not applicable in the EU) | | | | |
| 9 | Variable remuneration | Number of identified staff | | | | |
| 10 | | Total variable remuneration | 40 000 | 394 887 | 340 915 | 1 786 089 |
| 11 | | Of which: cash-based | 40 000 | 161 575 | 257 103 | 1 595 087 |
| 12 | | Of which: deferred | | 12 387 | 10 619 | 8 855 |
| EU-13a | | Of which: shares or equivalent ownership interests | | | | |
| EU-14a | | Of which: deferred | | | | |
| EU-13b | | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| EU-14b | | Of which: deferred | | | | |
| EU-14x | | Of which: other instruments | 0 | 233 312 | 83 812 | 191 002 |
| EU-14y | | Of which: deferred | 0 | 233 312 | 83 812 | 191 002 |
| 15 | | Of which: other forms | | | | |
| 16 | | Of which: deferred | | | | |
| 17 | Total remuneration (2 + 10) | | 82 000 | 1 225 631 | 1 566 328 | 9 793 685 |

## EU REM2 - Special payments to staff whose professional activities have a material impact on institutions’ risk profile (identified staff)

| | | a | b | c | d |
|---|---|---|---|---|---|
| | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
| | Guaranteed variable remuneration awards | | | | |
| 1 | Guaranteed variable remuneration awards - Number of identified staff | | | | |
| 2 | Guaranteed variable remuneration awards -Total amount | | | | |
| 3 | Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap | | | | |
| | Severance payments awarded in previous periods, that have been paid out during the financial year | | | | |
| 4 | Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff | | | | |
| 5 | Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount | | | | |
| | Severance payments awarded during the financial year | | | | |
| 6 | Severance payments awarded during the financial year - Number of identified staff | | | | |
| 7 | Severance payments awarded during the financial year - Total amount | | | | |
| 8 | Of which paid during the financial year | | | | |
| 9 | Of which deferred | | | | |
| 10 | Of which severance payments paid during the financial year, that are not taken into account in the bonus cap | | | | |
| 11 | Of which highest payment that has been awarded to a single person | | | | |

No guaranteed variable compensation and/or severance payments have been granted in 2021

## EU REM3 - Deferred remuneration

| | | a | b | c | d | e | f | EU - g | EU - h |
|---|---|---|---|---|---|---|---|---|---|
| | Deferred and retained remuneration | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
| 1 | MB Supervisory function | | | | | | | | |
| 2 | Cash-based | | | | | | | | |
| 3 | Shares or equivalent ownership interests | | | | | | | | |
| 4 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 5 | Other instruments | | | | | | | | |
| 6 | Other forms | | | | | | | | |
| 7 | MB Management function | 379 912 | 97 360 | 282 552 | -8 251 | | | 89 109 | |
| 8 | Cash-based | 12 387 | 12 387 | | | | | 12 387 | |
| 9 | Shares or equivalent ownership interests | | | | | | | | |
| 10 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 11 | Other instruments | 367 525 | 84 973 | 282 552 | -8 251 | | | 76 722 | |
| 12 | Other forms | | | | | | | | |
| 13 | Other senior management | 153 235 | 70 989 | 82 246 | -4 217 | | | 66 772 | |
| 14 | Cash-based | 10 619 | 10 619 | | | | | 10 619 | |
| 15 | Shares or equivalent ownership interests | | | | | | | | |
| 16 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 17 | Other instruments | 142 616 | 60 370 | 82 246 | -4 217 | | | 56 153 | |
| 18 | Other forms | | | | | | | | |
| 19 | Other identified staff | 674 946 | 323 428 | 351 518 | -18 012 | | | 305 416 | |
| 20 | Cash-based | 52 526 | 52 526 | | | | | 52 526 | |
| 21 | Shares or equivalent ownership interests | | | | | | | | |
| 22 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 23 | Other instruments | 622 420 | 270 902 | 351 518 | -18 012 | | | 252 890 | |
| 24 | Other forms | | | | | | | | |
| 25 | Total amount | 1 208 093 | 491 777 | 716 316 | -30 480 | | | 461 297 | |

## EU REM4 - Remuneration of 1 million EUR or more per year

| EUR | Identified staff that are high earners as set out in Article 450(i) CRR |
|---|---|
| 1 000 000 to below 1 500 000 | |
| 1 500 000 to below 2 000 000 | |
| 2 000 000 to below 2 500 000 | |
| 2 500 000 to below 3 000 000 | |
| 3 000 000 to below 3 500 000 | |
| 3 500 000 to below 4 000 000 | |
| 4 000 000 to below 4 500 000 | |
| 4 500 000 to below 5 000 000 | |
| 5 000 000 to below 6 000 000 | |
| 6 000 000 to below 7 000 000 | |
| 7 000 000 to below 8 000 000 | |
| To be extended as appropriate, if further payment bands are needed. | |

No remuneration of 1 million euros or more paid in the year 2021.

## EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff)

| | | a | b | c | d | e | f | g | h | i | j |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Management body remuneration | | | Business areas | | | | | | |
| | | MB Supervisory function | MB Management function | Total MB | Investment banking | Retail banking | Asset management | Corporate functions | Independent internal control functions | All other | Total |
| 1 | Total number of identified staff | | | | | | | | | | 95 |
| 2 | Of which: members of the MB | 8 | 3 | 11 | | | | | | | |
| 3 | Of which: other senior management | | | | | | | 6 | 2 | | |
| 4 | Of which: other identified staff | | | | | 34 | | 3 | 10 | 29 | |
| 5 | Total remuneration of identified staff | 82 000 | 1 225 632 | 1 307 632 | | 4 294 721 | | 1 678 178 | 1 723 970 | 3 663 144 | |
| 6 | Of which: variable remuneration | 40 000 | 394 887 | 434 887 | | 759 298 | | 358 630 | 361 440 | 647 637 | |
| 7 | Of which: fixed remuneration | 42 000 | 830 744 | 872 744 | | 3 535 423 | | 1 319 548 | 1 362 530 | 3 015 507 | |

# III - CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

## 1 - APPLICABILITY - PRUDENTIAL SCOPE

The prudential scope used to calculate the solvency ratio is the scope of consolidation described in the IFRS notes to the financial statements, with the exception of the exemptions described below in respect of CRR prudential consolidation methods.

RCI Banque has not opted for the so-called “conglomerates” option; therefore the solvency ratio is calculated “exclusive of insurance”, eliminating the group insurance companies' contributions from the denominator.

Exemptions in respect of chapter 2 section 2 of the CRR (regulatory consolidation): Insurance companies based in Malta are recognized by the equity method, in accordance with Article 18.7 of the CRR.

Furthermore, entities consolidated for accounting purposes by the proportional consolidation method before application of IFRS 11 and now deemed consolidated for accounting purposes by the equity method, remain prudentially consolidated by the proportional consolidation method in accordance with Article 18.4 of the CRR. Information on these entities and their consolidation method for accounting purposes is presented in note 8 to the consolidated financial statements.

With regard to liquidity ratios, only entities fully consolidated within the prudential scope are retained, in accordance with Article 18.1 of the CRR.

Both the accounting and prudential scopes of consolidation hold the same entities and the differences in methods of consolidation have no impact on the different entries in equity. Therefore no difference is to be noticed between the two scopes of consolidation regarding the different items present in equity.

## EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

| In millions of euros | Carrying values as reported in published financial statements | Carrying values under scope of prudential consolidation | Carrying values of items subject to : | | | | |
|---|---|---|---|---|---|---|---|
| | | | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework | Not subject or deduction from own funds |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| **Assets** | | | | | | | |
| Cash and balances at central banks | 6 745 | 6 745 | 6 745 | | | | |
| Derivatives | 147 | 147 | | 147 | | | |
| Financial assets at fair value through other comprehensive income | 837 | 692 | 692 | | | | |
| Financial assets at fair value through profit or loss | 137 | 137 | 137 | | | | |
| Financial assets at amortised cost | | | | | | | |
| Amounts receivable from credit institutions | 1 294 | 1 267 | 1 267 | | | | |
| Loans and advances to customers | 44 074 | 44 218 | 44 259 | | | | -41 |
| Held-to-maturity financial assets | | | | | | | |
| Current tax assets | 133 | 21 | 21 | | | | |
| Deferred tax assets | 179 | 133 | 129 | | | | 4 |
| Adjustment accounts & miscellaneous assets | 957 | 936 | 905 | | | | 31 |
| Non-current assets held for sale | | | | | | | |
| Investments in associates and joint ventures | 146 | 250 | 250 | | | | |
| Operating lease transactions | 1 344 | 1 344 | 1 344 | | | | |
| Tangible and intangible non-current assets | 94 | 93 | 82 | | | | 11 |
| Goodwill | 149 | 149 | | | | | 149 |
| **Total assets** | **56 236** | **56 132** | **55 831** | **147** | | | **153** |
| **Liabilities** | | | | | | | |
| Central Banks | 3 738 | 3 738 | | | | | 3 738 |
| Derivatives | 44 | 44 | | | | | 44 |
| Financial liabilities at fair value through profit or loss | | | | | | | |
| Amounts payable to credit institutions | 1 997 | 1 997 | | | | | 1 997 |
| Amounts payable to customers | 22 030 | 22 479 | 66 | | | | 22 413 |
| Debt securities | 17 971 | 17 971 | | | | | 17 971 |
| Current tax liabilities | 157 | 72 | | | | | 72 |
| Deferred tax liabilities | 670 | 670 | | | | | 670 |
| Adjustment accounts & miscellaneous liabilities | 1 916 | 1 884 | 5 | | | | 1 879 |
| Non-current liabilities held for sale | | | | | | | |
| Provisions | 162 | 163 | | | | | 163 |
| Insurance technical provisions | 436 | | | | | | |
| Subordinated debt - Liabilities | 893 | 893 | | | | | 893 |
| Equity | 6 222 | 6 222 | | | | | 6 222 |
| **Total liabilities** | **56 236** | **56 132** | **71** | | | | **56 061** |

## EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

| In millions of euros | Total | Items subject to : | | | |
|---|---|---|---|---|---|
| | | Credit risk framework | Counterparty credit risk framework | Securitisation framework | Market risk framework |
| Assets carrying value amount under the scope of prudential consolidation (as per template LI1) | 55 978 | 55 831 | 147 | | |
| Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1) | 71 | 71 | | | |
| **Total net amount under the scope of prudential consolidation** | **55 907** | **55 760** | **147** | | |
| Off-balance-sheet amounts | 3 404 | 3 404 | | | |
| Differences in valuations | -1 | -1 | | | |
| Differences due to different netting rules, other than those already included in row 2 | | | | | |
| Differences due to consideration of provisions | 735 | 735 | | | |
| Differences due to the use of credit risk mitigation techniques (CRMs) | -586 | -586 | | | |
| Differences due to credit conversion factors | -598 | -598 | | | |
| Differences due to Securitisation with risk transfer | | | | | |
| Other differences | 267 | -37 | 304 | | |
| **Exposure amounts considered for regulatory purposes** | **59 128** | **58 677** | **451** | | |

## EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

| Name of the entity | Method of accounting consolidation | Method of prudential consolidation | | | | | Description of the entity |
|---|---|---|---|---|---|---|---|
| | | Full consolidation | Proportional consolidation | Equity method | Neither consolidated nor deducted | Deducted | |
| RCI Services Ltd | Full consolidation | | | | X | | Insurance Company |
| RCI Insurance Ltd | Full consolidation | | | | X | | Insurance Company |
| RCI Life Ltd | Full consolidation | | | | X | | Insurance Company |
| ORFIN Finansman Anonim Sirketi | Equity method | | | | X | | Credit institution |

## EU LIA - Explanations of differences between accounting and regulatory exposure amounts

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Article 436(b) CRR | (a) | Differences between columns (a) and (b) in template EU LI1 | The main differences between the two columns of the EU LI1 table come from the differences in the consolidation method of the Turkish JV and the insurance companies:<br>The Turkish entity is accounted for under the equity method in the accounting scope and proportionally consolidated in the prudential scope.<br>Insurance companies are accounted for using the equity method in the prudential scope but are fully consolidated in the accounting scope<br>Therefore, loans and receivables to customers are higher within the prudential scope. |
| Article 436(d) CRR | (b) | Qualitative information on the main sources of differences between the accounting and regulatoy scope of consolidation shown in template EU LI2 | The main differences come from the addition of off-balance sheet items (financing commitments given to customers) weighted by the CCF, credit risk mitigation techniques (see part 7) and the impairments not taken into account under the advanced method (art. 166)<br><br>The “Other” line mainly includes additional exposures calculated in the context of counterparty credit risk (SA CCR) and, to a lesser extent, shortfalls in the coverage of non-performing exposures under the standard method. |

## EU LIB - Other qualitative information on the scope of application

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Article 436(f) CRR | (a) | Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group | Unless there are any occurences of restrictions that may be imposed by local regulators, there is no impediment to the transfer of equity between subsidiaries.<br>No impediment to the repayment of liabilities within the group. |
| Article 436(g) CRR | (b) | Subsidiaries not included in the consolidation with own funds less than required | There is no non-consolidated bank within the group. |
| Article 436(h) CRR | (c) | Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR | RCI Banque SA and DIAC SA have both received a waiver to the application of prudential requirements on an individual basis. |
| Article 436(g) CRR | (d) | Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation | There is no non-consolidated bank within the group. |

# 2 - SOLVENCY RATIO

### SOLVENCY RATIO (OWN FUNDS AND REQUIREMENTS)

In September 2007 the French Prudential Supervision and Resolution Authority granted RCI Banque individual exemptions from solvency ratio compliance for French credit institutions Diac SA and RCI Banque S.A., as the exemption conditions imposed by Article 4.1 of CRBF regulation 2000-03 were met by the group.

The switch to Directive 2013/36/EU does not call into question the individual exemptions granted by the French Prudential Supervision and Resolution Authority before 1st January 2014, on the basis of previous regulatory provisions.

RCI Banque still complies with the framework of requirements provided in Article 7.3 of the CRR:

- There is no impediment to the transfer of own funds between subsidiaries;
- The risk measuring and control systems within the meaning of the ministerial order of 3 November 2014 on internal control are implemented on a consolidated basis, subsidiaries included.

Accordingly, the RCI Banque group is exempted from compliance on an individual basis with the solvency ratio for each of its French finance companies. However, it monitors changes in this ratio at group consolidated level every month.

The overall "Pillar I" solvency ratio stood at 17.68% as of December 31, 2021 (of which Core Tier one 14.76%) compared to 19.83% as of December 31, 2020 (of which Core Tier one 17.34%). These ratios include the profits for the year 2021 net of the dividend planned for this year. The decrease in regulatory capital of -€971m is explained by an exceptional distribution in 2021 of reserves of €931m.

The variation in Risk Exposure Amount – REA(5) (-€1,282m) is mainly due to a decrease in balance sheet exposure, CVA exposure and Operational Risk. The decrease in on-balance sheet exposures is partially offset by an increase in off-balance sheet exposures due to the increase in the delays of vehicle deliveries.

Prudential own funds are determined in accordance with Regulation (EU) 575/2013 concerning prudential requirements applying to credit institutions and investment firms (CRR).

RCI Banque must apply the following capital buffers:

- A capital conservation buffer of 2.5% of total risk-weighted exposures;
- A countercyclical capital buffer (negligible at the end of 2021 ) applied to some countries as described in CCyB1 table below.

***Notification by the ECB of the Supervisory Review and Evaluation Process (SREP) decision***

At the end of the year 2021, the European Central Bank has notified to RCI Banque its decision regarding the level of additional capital requirement under Pillar 2 (P2R - "Pillar 2 Requirement"). It is set for 2022 at 2,05%, applicable from 1st January 2022.

***Minimum requirement for own funds and eligible liabilities (MREL)***

RCI Banque received, in November 2021, the final notification from the ACPR of its binding minimum requirement for own funds and eligible liabilities (MREL) for RCI Banque SA and DIAC SA. These are set at 10% of risk weight assets (TREA) and 3% of the leverage ratio exposure (LRE) for RCI Banque SA, and these are set at 8% of risk weight assets (TREA) and 3% of the leverage ratio exposure for Diac SA. They apply individually. RCI Banque SA and Diac SA comply with these MREL requirements.

## EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

| In Millions of euros | General credit exposures | | Relevant credit exposures Market risk | | Securitisation exposures Exposure value for non-trading book | Total exposure value | Own funds requirements | | | | Risk-weighted exposure amounts | Own funds requirement weights | Countercyclical capital buffer rate |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exposure value under standardised approach | Exposure value under IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposure for internal models | | | Relevant credit risk exposures - Credit risk | Relevant credit exposures - Market risk | Relevant credit exposures - Securitisation positions in the non-trading book | Total | | | |
| **Breakdown by country** | | | | | | | | | | | | | |
| Argentina | 189 | | | | | 189 | 14 | | | 14 | 180 | 0,62% | |
| Austria | 616 | | | | | 616 | 39 | | | 39 | 483 | 1,66% | |
| Belgium | 201 | | | | | 201 | 15 | | | 15 | 193 | 0,66% | |
| Brazil | 1 380 | | | | | 1 380 | 84 | | | 84 | 1 046 | 3,61% | |
| Swiss | 799 | | | | | 799 | 47 | | | 47 | 593 | 2,04% | |
| Czech Republic | 166 | | | | | 166 | 9 | | | 9 | 113 | 0,39% | 0,50% |
| Germany | 696 | 7 762 | | | | 8 457 | 253 | | | 253 | 3 166 | 10,92% | |
| Spain | 360 | 3 466 | | | | 3 826 | 168 | | | 168 | 2 105 | 7,26% | |
| France | 1 665 | 15 794 | | | | 17 459 | 833 | | | 833 | 10 413 | 35,91% | |
| Great-Britain | 740 | 4 276 | | | | 5 016 | 238 | | | 238 | 2 980 | 10,28% | |
| Hungary | 26 | | | | | 26 | 2 | | | 2 | 26 | 0,09% | |
| Ireland | 332 | | | | | 332 | 20 | | | 20 | 250 | 0,86% | |
| India | 36 | | | | | 36 | 7 | | | 7 | 89 | 0,31% | |
| Italy | 598 | 5 269 | | | | 5 867 | 239 | | | 239 | 2 989 | 10,31% | |
| South Korea | 57 | 1 470 | | | | 1 528 | 49 | | | 49 | 613 | 2,11% | |
| Luxembourg | 69 | | | | | 69 | 7 | | | 7 | 86 | 0,30% | 0,25% |
| Morocco | 598 | | | | | 598 | 38 | | | 38 | 479 | 1,65% | |
| Malta | 131 | | | | | 131 | 25 | | | 25 | 313 | 1,08% | |
| Netherlands | 675 | | | | | 675 | 55 | | | 55 | 690 | 2,38% | |
| Poland | 678 | | | | | 678 | 39 | | | 39 | 484 | 1,67% | |
| Portugal | 579 | | | | | 579 | 38 | | | 38 | 476 | 1,64% | |
| Romania | 361 | | | | | 361 | 22 | | | 22 | 269 | 0,93% | |
| Russia | 16 | | | | | 16 | 1 | | | 1 | 10 | 0,03% | |
| Sweden | 139 | | | | | 139 | 11 | | | 11 | 139 | 0,48% | |
| Slovenia | 228 | | | | | 228 | 14 | | | 14 | 173 | 0,59% | |
| Slovakia | 20 | | | | | 20 | 2 | | | 2 | 21 | 0,07% | 1,00% |
| Turkey | 140 | | | | | 140 | 8 | | | 8 | 104 | 0,36% | |
| Colombia | 646 | | | | | 646 | 41 | | | 41 | 513 | 1,77% | |
| Croatia | 2 | | | | | 2 | 0 | | | 0 | 4 | 0,01% | |
| **Total all countries** | **12 143** | **38 037** | | | | **50 179** | **2 320** | | | **2 320** | **28 995** | **100%** | |

In accordance with the method used to calculate the countercyclical capital buffer, only the own funds requirements stipulated under Article 140(4) of CRD IV are included.

## EU CCyB2 - Amount of institution-specific countercyclical capital buffer

| In Millions of euros | Amounts |
|---|---|
| Total risk exposure amount | 33 420 |
| Institution specific countercyclical capital buffer rate | 0,00% |
| Institution specific countercyclical capital buffer requirement | 1 |

Given the very low weight of assets held by RCI Banque in countries with a non-zero countercyclical buffer, this buffer represents 0.004%, rounded to 0.00%.

RCI Banque is not subject to the buffer required for systemically important institutions (Article 131 of the CRDV), nor to the systemic risk requirement (Article 133 of the CRD V).

## 3 - OWN FUNDS

### COMMON EQUITY TIER ONE ("CET 1")

Common equity Tier 1 capital comprises share capital and the related share premiums, reserves, non-distributed net profit after tax and accumulated other comprehensive income and minority interests.

The amount of equity on the prudential scope of consolidation is identical to that of the accounting scope of consolidation.

This amount of own funds is diminished by the taking into account of the forecast dividend attributable to the profits of year 2021 of €800M.

The following is also deducted from own funds:

The main prudential filters applying to the group are:

- Exclusion of fair value reserves related to gains and losses on cash flow hedges;
- Exclusion of gains and losses recognized by the institution from valuing liabilities at fair value that are due to changes in the institution's credit standing;
- Prudential valuation adjustments (PVA). Total assets & liabilities valued at fair value represent less than €15 billion, therefore RCI applies the simplified method to calculate this additional adjustment to own equity;

Other Adjustments :

- As provided for in Article 84.2 of the CRR, RCI Banque has chosen not to perform the calculation provided for in Article 84.1 for the subsidiaries referred to in Article 81.1. Therefore, all minority interests are deducted from Common Equity Tier 1 capital;
- Deduction of deferred tax assets dependent on future profits linked to unused deficits netted by the corresponding deferred tax liabilities;
- goodwill;
- Intangible assets net of the corresponding deferred tax liabilities;
- Irrevocable payment commitments pledged to Single Resolution Funds and Deposit Guarantee and Resolution Funds ;
- IFB shortfall of credit risk adjustments to expected losses described in articles 158 and 159 (CRR)
- Insufficient coverage for non-performing exposures.

Interests greater than 10% in financial sector entities and IDAs dependent on future profits linked to temporary differences are each inferior to the individual threshold of 10% and the common threshold of 17.5% and therefore receive a weighting of assets by 250%.

No phase-in is applied.

RCI Banque's CET1 core capital represents 83.5% of total capital.

Tier 1 capital fell by -€1,085m compared to December 31, 2020 to €4,932m:

- Distribution of reserves in the amount of -€931m.

- Integration of the result for the year 2021 net of the planned dividend (+€46m).

- Increase in the foreign exchange reserve (+55M€)

- Deduction of additional goodwill essentially due to the consolidation of Bipi Car (-€68m)

- IFB shortfall of credit risk adjustments to expected losses (-€212m)

## ADDITIONAL TIER 1 CAPITAL ("AT1")

This comprises capital instruments, which are free of any repayment incentive or obligation (in particular jumps on yield), as described in Articles 51 and 52 of the CRR.

The RCI Banque group holds no such instruments.

## TIER 2 ("T2")

This includes subordinated debt instruments with a minimum term of 5 years without advance repayment during these first 5 years, as described in Articles 62 and 63 of the CRR.

These instruments are written down during the five-year period preceding their term.

The RCI Banque group classified €7 million of Diac equity securities in this category, the subordinated bond issued in November 2019 for €850M, as well as the subordinated security issued by RCI Finance Maroc SA in December 2020 for €6.3m.

### EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

**- Tier 1 equity instruments**

| | Qualitative or quantitative information |
|---|---|
| Issuer | RCI Banque S.A |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | FR0000131906 |
| Public or private placement | Private |
| Governing law(s) of the instrument | French law |
| Contractual recognition of write down and conversion powers of resolution authorities | N/A |
| Regulatory treatment | |
| Current treatment taking into account, where applicable, transitional CRR rules | N/A |
| Post-transitional CRR rules | N/A |
| Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Consolidated |
| Instrument type (types to be specified by each jurisdiction) | Voting ordinary shares issued directly by public limited companies, private limited liability companies, limited partnership companies |
| Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | 814 MEUR |
| Nominal amount of instrument | Capital of 100 MEUR divided into 1 M shares of a nominal value of 100 EUR |
| Issue price | N/A |
| Redemption price | N/A |

| | |
|---|---|
| Accounting classification | Subscribed capital and related reserves |
| Original date of issuance | 9 Aug 1974 |
| Perpetual or dated | dated |
| Original maturity date | 21 Aug 2073 |
| Issuer call subject to prior supervisory approval | N/A |
| Optional call date, contingent call dates and redemption amount | N/A |
| Subsequent call dates, if applicable | N/A |
| Coupons / dividends | |
| Fixed or floating dividend/coupon | Dividend |
| Coupon rate and any related index | N/A |
| Existence of a dividend stopper | |
| Fully discretionary, partially discretionary or mandatory (in terms of timing) | Full discretionnary |
| Fully discretionary, partially discretionary or mandatory (in terms of amount) | Full Discretionnary |
| Existence of step up or other incentive to redeem | Non |
| Noncumulative or cumulative | cumulative |
| Convertible or non-convertible | non convertible |
| If convertible, conversion trigger(s) | N/A |
| If convertible, fully or partially | N/A |
| If convertible, conversion rate | N/A |
| If convertible, mandatory or optional conversion | N/A |
| If convertible, specify instrument type convertible into | N/A |
| If convertible, specify issuer of instrument it converts into | N/A |
| Write-down features | Yes |
| If write-down, write-down trigger(s) | Capital equity less than half of the registered capital of the Company (art. L 225-248 of the Frnech commercial code) |
| If write-down, full or partial | Partial |
| If write-down, permanent or temporary | Permanent |
| If temporary write-down, description of write-up mechanism | N/A |
| Type of subordination (only for eligible liabilities) | N/A |
| Ranking of the instrument in normal insolvency proceedings | 1 |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Deferred liabilities |
| Non-compliant transitioned features | No |
| If yes, specify non-compliant features | N/A |
| Link to the full term and conditions of the instrument (signposting) | N/A |

## - Tier 2 equity instruments

| | Qualitative or quantitative information |
|---|---|
| Issuer | RCI Banque S.A. |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | FR0013459765 |
| Public or private placement | Public placement |
| Governing law(s) of the instrument | French law |
| Contractual recognition of write down and conversion powers of resolution authorities | Yes |
| *Regulatory treatment* | |
| Current treatment taking into account, where applicable, transitional CRR rules | Tier 2 |
| Post-transitional CRR rules | Tier 2 |
| Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Consolidated |
| Instrument type (types to be specified by each jurisdiction) | CRR Article 63 |
| Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | 850 MEUR |
| Nominal amount of instrument | 100 000 EUR |
| Issue price | 100% |
| Redemption price | N/A |
| Accounting classification | Liabilities - amortized cost |
| Original date of issuance | 18/11/2019 |
| Perpetual or dated | Dated |
| Original maturity date | 18/02/2030 |
| Issuer call subject to prior supervisory approval | Yes |
| Optional call date, contingent call dates and redemption amount | 18/02/2025<br>100% |
| Subsequent call dates, if applicable | N/A |
| *Coupons / dividends* | |
| Fixed or floating dividend/coupon | Fixed till 18/02/25 then floating |
| Coupon rate and any related index | 2,625% till 18/02/25, then<br>EUR 5 year Mid Swap rate +2,85% |
| Existence of a dividend stopper | No |
| Fully discretionary, partially discretionary or mandatory (in terms of timing) | mandatory |
| Fully discretionary, partially discretionary or mandatory (in terms of amount) | mandatory |
| Existence of step up or other incentive to redeem | No |
| Noncumulative or cumulative | No |
| Convertible or non-convertible | non-convertible |
| If convertible, conversion trigger(s) | N/A |
| If convertible, fully or partially | N/A |
| If convertible, conversion rate | N/A |
| If convertible, mandatory or optional conversion | N/A |
| If convertible, specify instrument type convertible into | N/A |
| If convertible, specify issuer of instrument it converts into | N/A |
| Write-down features | No write-down feature |
| If write-down, write-down trigger(s) | N/A |
| If write-down, full or partial | N/A |
| If write-down, permanent or temporary | N/A |
| If temporary write-down, description of write-up mechanism | N/A |
| Type of subordination (only for eligible liabilities) | Subordinated Securities |
| Ranking of the instrument in normal insolvency proceedings | 2 |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Senior unsecured |
| Non-compliant transitioned features | No |
| If yes, specify non-compliant features | N/A |
| Link to the full term and conditions of the instrument (signposting) | N/A |

| | Qualitative or quantitative information - Free format |
|---|---|
| Issuer | RCI Finance Maroc |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | MA0000094930 |
| Public or private placement | Private placement |
| Governing law(s) of the instrument | Morroco |
| Contractual recognition of write down and conversion powers of resolution authorities | Yes |
| *Regulatory treatment* | |
| Current treatment taking into account, where applicable, transitional CRR rules | Tier 2 |
| Post-transitional CRR rules | Tier 2 |
| Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Solo & Consolidated |
| Instrument type (types to be specified by each jurisdiction) | CRR Article 63 |
| Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | 68 MMAD |
| Nominal amount of instrument | 100 000 MAD |
| Issue price | 100% |
| Redemption price | N/A |
| Accounting classification | Liabilities - amortized cost |
| Original date of issuance | 30/12/2020 |
| Perpetual or dated | Dated |
| Original maturity date | 30/12/2030 |
| Issuer call subject to prior supervisory approval | Yes |
| Optional call date, contingent call dates and redemption amount | 30/12/2025<br>100% |
| Subsequent call dates, if applicable | 30/12/2026, 30/12/2027, 30/12/28, 30/12/29 |
| *Coupons / dividends* | |
| Fixed or floating dividend/coupon | Floating |
| Coupon rate and any related index | 52 weeks Morroco Treasury bond rate + 1,70% |
| Existence of a dividend stopper | No |
| Fully discretionary, partially discretionary or mandatory (in terms of timing) | mandatory |
| Fully discretionary, partially discretionary or mandatory (in terms of amount) | mandatory |
| Existence of step up or other incentive to redeem | No |
| Noncumulative or cumulative | No |
| Convertible or non-convertible | non-convertible |
| If convertible, conversion trigger(s) | N/A |
| If convertible, fully or partially | N/A |
| If convertible, conversion rate | N/A |
| If convertible, mandatory or optional conversion | N/A |
| If convertible, specify instrument type convertible into | N/A |
| If convertible, specify issuer of instrument it converts into | N/A |
| Write-down features | No write-down feature |
| If write-down, write-down trigger(s) | N/A |
| If write-down, full or partial | N/A |
| If write-down, permanent or temporary | N/A |
| If temporary write-down, description of write-up mechanism | N/A |
| Type of subordination (only for eligible liabilities) | Subordinated Securities |
| Ranking of the instrument in normal insolvency proceedings | N/A |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Senior unsecured |
| Non-compliant transitioned features | No |
| If yes, specify non-compliant features | N/A |
| Link to the full term and conditions of the instrument (signposting) | N/A |

| | Qualitative or quantitative information - Free format |
|---|---|
| Issuer | DIAC S.A. |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | FR0000047821 |
| Public or private placement | Public placement |
| Governing law(s) of the instrument | French law |
| Contractual recognition of write down and conversion powers of resolution authorities | No |
| *Regulatory treatment* | |
| Current treatment taking into account, where applicable, transitional CRR rules | Tier 2 |
| Post-transitional CRR rules | Tier 2 |
| Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Solo & Consolidated |
| Instrument type (types to be specified by each jurisdiction) | CRR Article 63 |
| Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | 7 MEUR |
| Nominal amount of instrument | 1000 FRF / 152,45 EUR |
| Issue price | 100% |
| Redemption price | N/A |
| Accounting classification | Liabilities - fair value |
| Original date of issuance | 01/04/1985 |
| Perpetual or dated | Perpetual |
| Original maturity date | N/A |
| Issuer call subject to prior supervisory approval | No |
| Optional call date, contingent call dates and redemption amount | N/A |
| Subsequent call dates, if applicable | N/A |
| *Coupons / dividends* | |
| Fixed or floating dividend/coupon | Floating |
| Coupon rate and any related index | TAM+0.40 [(last net result published/penultimate net result published)-1]<br>minimum: 100% of TAM, floored at 6,50%<br>maximum: 130% of TAM |
| Existence of a dividend stopper | No |
| Fully discretionary, partially discretionary or mandatory (in terms of timing) | mandatory |
| Fully discretionary, partially discretionary or mandatory (in terms of amount) | mandatory |
| Existence of step up or other incentive to redeem | No |
| Noncumulative or cumulative | No |
| Convertible or non-convertible | non-convertible |
| If convertible, conversion trigger(s) | N/A |
| If convertible, fully or partially | N/A |
| If convertible, conversion rate | N/A |
| If convertible, mandatory or optional conversion | N/A |
| If convertible, specify instrument type convertible into | N/A |
| If convertible, specify issuer of instrument it converts into | N/A |
| Write-down features | No write-down feature |
| If write-down, write-down trigger(s) | N/A |
| If write-down, full or partial | N/A |
| If write-down, permanent or temporary | N/A |
| If temporary write-down, description of write-up mechanism | N/A |
| Type of subordination (only for eligible liabilities) | Equity securities |
| Ranking of the instrument in normal insolvency proceedings | 3 |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated Securities |
| Non-compliant transitioned features | No |
| If yes, specify non-compliant features | N/A |
| Link to the full term and conditions of the instrument (signposting) | N/A |

Under the advanced approach to credit risk, the negative difference between the balance of provisions and expected losses is deducted from CET1, when the amount of expected losses is less than the value adjustments and collective impairments, the balance is added to T2 capital within the limit of 0.6% of the weighted risks of the exposures processed using the “internal ratings” method.

No transitional filter is applied to Tier 2 equity for the RCI group.

## EU CC1 - Composition of regulatory own funds

**In millions of euros**

| Common Equity Tier 1 (CET1) capital: instruments and reserves | Amounts | Ref CC2 |
|---|---|---|
| Capital instruments and the related share premium accounts | 814 | A |
| *of which: Instrument type 1* | *100* | |
| *of which: Instrument type 2* | *714* | |
| *of which: Instrument type 3* | | |
| Retained earnings | 2 116 | B |
| Accumulated other comprehensive income (and other reserves) | 2 431 | C |
| Funds for general banking risk | | |
| Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1 | | |
| Minority interests (amount allowed in consolidated CET1) | | |
| Independently reviewed interim profits net of any foreseeable charge or dividend | 46 | |
| **Common Equity Tier 1 (CET1) capital before regulatory adjustments** | **5 407** | |

| Common Equity Tier 1 (CET1) capital: regulatory adjustments | Amounts | Ref CC2 |
|---|---|---|
| Additional value adjustments (- amount) | -1 | |
| Intangible assets (net of related tax liability) (- amount) | -156 | Part of E |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (- amount) | -4 | |
| Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value | -16 | |
| - amounts resulting from the calculation of expected loss amounts | -276 | |
| Any increase in equity that results from securitised assets (- amount) | | |
| Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | 10 | D1 |
| Defined-benefit pension fund assets (- amount) | | |
| Direct, indirect and synthetic holdings by an institution of own CET1 instruments (- amount) | | |
| Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (- amount) | | |
| Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (- amount) | | |
| Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (- amount) | | |
| Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative | | |
| *of which: qualifying holdings outside the financial sector (- amount)* | | |
| *of which: securitisation positions (- amount)* | | |
| *of which: free deliveries (- amount)* | | |
| Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (- amount) | | |
| Amount exceeding the 17,65% threshold (- amount) | | |
| *of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities* | | |
| *of which: deferred tax assets arising from temporary differences* | | |
| Losses for the current financial year (- amount) | | |
| Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (- amount) | | |
| Qualifying AT1 deductions that exceed the AT1 items of the institution (- amount) | | |
| Other regulatory adjustments | -31 | |
| **Total regulatory adjustments to Common Equity Tier 1 (CET1)** | **-475** | |
| **Common Equity Tier 1 (CET1) capital** | **4 932** | |

| Additional Tier 1 (AT1) capital: instruments | Amounts | Ref CC2 |
|---|---|---|
| Capital instruments and the related share premium accounts | | |
| *of which: classified as equity under applicable accounting standards* | | |
| *of which: classified as liabilities under applicable accounting standards* | | |
| Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 | | |
| Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1 | | |
| Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1 | | |
| Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | | |
| *of which: instruments issued by subsidiaries subject to phase out* | | |
| **Additional Tier 1 (AT1) capital before regulatory adjustments** | | |

| Additional Tier 1 (AT1) capital: regulatory adjustments | Amounts | Ref CC2 |
|---|---|---|
| Direct, indirect and synthetic holdings by an institution of own AT1 instruments (- amount) | | |
| Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (- amount) | | |
| Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (- amount) | | |
| Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (- amount) | | |
| Qualifying T2 deductions that exceed the T2 items of the institution (- amount) | | |
| Other regulatory adjustments to AT1 capital | | |
| **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | | |
| **Additional Tier 1 (AT1) capital** | | |

| | | |
|---|---|---|
| **Tier 1 capital (T1 = CET1 + AT1)** | **4 932** | |

| Tier 2 (T2) capital: instruments | Amounts | Ref CC2 |
|---|---|---|
| Capital instruments and the related share premium accounts | 864 | D2 |
| Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR | | |
| Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2 | | |
| Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2 | | |
| Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties | | |
| *of which: instruments issued by subsidiaries subject to phase out* | | |
| Credit risk adjustments | 113 | |
| **Tier 2 (T2) capital before regulatory adjustments** | **977** | |

| Tier 2 (T2) capital: regulatory adjustments | Amounts | Ref CC2 |
|---|---|---|
| Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (- amount) | | |
| Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (- amount) | | |
| Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (- amount) | | |
| Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (- amount) | | |
| Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (- amount) | | |
| Other regulatory adjustments to T2 capital | | |
| **Total regulatory adjustments to Tier 2 (T2) capital** | | |
| **Tier 2 (T2) capital** | **977** | |

| | | |
|---|---|---|
| **Total capital (TC = T1 + T2)** | **5 909** | |

| | | |
|---|---|---|
| **Total Risk exposure amount** | **33 420** | |

| Capital ratios and requirements including buffers | Amounts | Ref CC2 |
|---|---|---|
| Common Equity Tier 1 capital | 14,76% | |
| Tier 1 capital | 14,76% | |
| Total capital | 17,68% | |
| Institution CET1 overall capital requirements | 8,13% | |
| *of which: capital conservation buffer requirement* | *2,50%* | |
| *of which: countercyclical capital buffer requirement* | *0,00%* | |
| *of which: systemic risk buffer requirement* | | |
| *of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement* | | |
| *of which: additional own funds requirements to address the risks other than the risk of excessive leverage* | | |
| Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements | 9,13% | |

| Amounts below the thresholds for deduction (before risk weighting) | Amounts | Ref CC2 |
|---|---|---|
| Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | | |
| Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions) | 252 | |
| Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) | 108 | |

| Applicable caps on the inclusion of provisions in Tier 2 | Amounts | Ref CC2 |
|---|---|---|
| Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap) | | |
| Cap on inclusion of credit risk adjustments in T2 under standardised approach | 135 | |
| Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | | |
| Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | 113 | |

| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022) | Amounts | Ref CC2 |
|---|---|---|
| Current cap on CET1 instruments subject to phase out arrangements | | |
| Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on AT1 instruments subject to phase out arrangements | | |
| Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| Current cap on T2 instruments subject to phase out arrangements | | |
| Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | |

## EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

| In millions of euros | Carrying values as reported in published financial statements | Carrying values under scope of prudential consolidation | Reference CC1 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances at central banks | 6 745 | 6 745 | |
| Derivatives | 147 | 147 | |
| Financial assets at fair value through other comprehensive income | 837 | 692 | |
| Financial assets at fair value through profit or loss | 137 | 137 | |
| Financial assets at amortised cost | | | |
| Amounts receivable from credit institutions | 1 294 | 1 267 | |
| Loans and advances to customers | 44 074 | 44 218 | |
| Held-to-maturity financial assets | | | |
| Current tax assets | 133 | 21 | |
| Deferred tax assets | 179 | 133 | |
| Adjustment accounts & miscellaneous assets | 957 | 936 | |
| Non-current assets held for sale | | | |
| Investments in associates and joint ventures | 146 | 250 | |
| Operating lease transactions | 1 344 | 1 344 | |
| Tangible and intangible non-current assets | 94 | 93 | |
| *of which other intangibles* | *11* | *11* | *E* |
| Goodwill | 149 | 149 | E |
| **Total assets** | **56 236** | **56 132** | |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| Central Banks | 3 738 | 3 738 | |
| Derivatives | 44 | 44 | |
| Financial liabilities at fair value through profit or loss | | | |
| Amounts payable to credit institutions | 1 997 | 1 997 | |
| Amounts payable to customers | 22 030 | 22 479 | |
| Debt securities | 17 971 | 17 971 | |
| Current tax liabilities | 157 | 72 | |
| Deferred tax liabilities | 670 | 670 | |
| Adjustment accounts & miscellaneous liabilities | 1 916 | 1 884 | |
| Non-current liabilities held for sale | | | |
| Provisions | 162 | 163 | |
| Insurance technical provisions | 436 | | |
| Subordinated debt - Liabilities | 893 | 893 | |
| *of which Gains or losses on liabilities valued at fair value resulting from changes in own credit standing* | *864* | *864* | *D1* |
| *of which T2 Capital instruments and the related share premium accounts* | *10* | *10* | *D2* |
| **Total liabilities** | **50 014** | **49 910** | |
| **Shareholders' Equity** | | | |
| Capital instruments and the related share premium accounts | 814 | 814 | A |
| Retained earnings | 2 116 | 2 116 | B |
| Accumulated other comprehensive income | 2 431 | 2 431 | C |
| Profit or loss attributable to owners of the parent | 846 | 846 | |
| Minority interests [Non-controlling interests] | 14 | 14 | |
| **Total shareholders' equity** | **6 222** | **6 222** | |

## EU PV1 — Prudent valuation adjustments (PVA)

**In millions of euros**

| Category level AVA | Risk category | | | | | Category level AVA - Valuation uncertainty | | Total category level post-diversification | Of which: Total core approach in the trading book | Of which: Total core approach in the banking book |
|---|---|---|---|---|---|---|---|---|---|---|
| | Equity | Interest Rates | Foreign exchange | Credit | Commodities | Unearned credit spreads AVA | Investment and funding costs AVA | | | |
| Market price uncertainty | | | | | | | | | | |
| Close-out cost | | | | | | | | | | |
| Concentrated positions | | | | | | | | | | |
| Early termination | | | | | | | | | | |
| Model risk | | | | | | | | | | |
| Operational risk | | | | | | | | | | |
| Future administrative costs | | | | | | | | | | |
| **Total Additional Valuation Adjustments (AVAs)** | | | | | | | | 1 | | |

## 4 - CAPITAL REQUIREMENTS

Prudential requirements are determined in accordance with transitional texts and arrangements applying from 1st January 2014 to credit institutions and investment firms, as published in the Official Journal of the European Union on 26 June 2013: Regulation (EU) 575/2013 and Directive 2013/36/EU, transposed by Order 2014-158 of 20 February 2014. This upward trend in capital requirements primarily reflects the overall increase in activity of the RCI Banque group.

RCI Banque does not own any non-consolidated financial institution with an actual amount of capital less than its capital requirement.

### EU OV1 – Overview of total risk exposure amount

| In Millions of euros | Total risk exposure amounts (TREA) | | Total own funds requirements |
|---|---|---|---|
| | 12/2021 | 06/2021 | 12/2021 |
| Credit risk (excluding CCR) | 29 535 | 30 425 | 2 363 |
| *Of which the standardised approach* | *10 681* | *11 906* | *854* |
| *Of which the foundation IRB (FIRB) approach* | *41* | *76* | *3* |
| *Of which: slotting approach* | | | |
| *Of which equities under the simple riskweighted approach* | | | |
| *Of which the advanced IRB (AIRB) approach* | *18 813* | *18 443* | *1 505* |
| Counterparty Credit Risk - CRR | 379 | 659 | 30 |
| *Of which the standardised approach* | *125* | *262* | *10* |
| *Of which internal model method (IMM)* | | | |
| *Of which exposures to a CCP* | | | |
| *Of which credit valuation adjustment - CVA* | *254* | *397* | *20* |
| *Of which other CCR* | | | |
| Settlement risk | | | |
| Securitisation exposures in the non-trading book (after the cap) | | | |
| *Of which SEC-IRBA approach* | | | |
| *Of which SEC-ERBA (including IAA)* | | | |
| *Of which SEC-SA approach* | | | |
| *Of which 1250% deduction* | | | |
| Position, foreign exchange and commodities risks (Market risk) | | | |
| *Of which the standardised approach* | | | |
| *Of which IMA* | | | |
| Large exposures | | | |
| Operational risk | 3 505 | 4 003 | 280 |
| *Of which basic indicator approach* | | | |
| *Of which standardised approach* | *3 505* | *4 003* | *280* |
| *Of which advanced measurement approach* | | | |
| *Amounts below the thresholds for deduction (subject to 250% RW) For information* | *901* | *891* | *72* |
| **Total** | **33 420** | **35 087** | **2 674** |

The 'Amounts below the thresholds for deduction (subject to 250% RW)' have been integrated into the 'Credit Risk (excluding CCR)' total, in accordance with the instructions of Regulation 2021/637.

## 5 - MANAGEMENT OF INTERNAL CAPITAL

### EU OVC - ICAAP information

| Legal basis | Row number | Free format | |
|---|---|---|---|
| Article 438(a) CRR | (a) | Approach to assessing the adequacy of the internal capital | The monitoring of the economic capital is insured by the Internal Capital Adequacy Assessment Process (ICAAP). It is conceived as a continuous process integrated into the overall governance and ensures the adequacy of own funds regarding the risks taken by the bank, based on its internal assessment.<br><br>The ICAAP combines the following main processes:<br>• Risk assessment process: RCI analyses all the risks exposures comprising the regulatory risks: credit risks, operational risks, market risks, and other risks, the capital need for which can be evaluated through quantitative or qualitative measures. The risk assessment process and results are consistent with the risk management framework.<br>• Baseline and stressed scenarios definitions process: RCI, in line with the budget process and its strategy, defines the assumptions of the baseline scenario and the stressed scenarios used for the forecasts.<br>• Economic capital adequacy calculation process: RCI, risk by risk, regularly evaluates needs in economic capital. The comparison is performed between the economic capital requirements and regulatory capital requirements.<br>• Allocation process: RCI ensures that the economic needs are respected on the relevant perimeter.<br>• A three-year forecast for the economic capital process, in line with the capital planning forecasts. |
| Article 438(c) CRR | (b) | Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process | NA |

## 6 - LEVERAGE RATIO

The Basel III/CRD IV regulations introduce the leverage ratio, the main aim of which is to serve as an additional measure to capital requirement based on weighted risks in order to avoid excessive development of exposures in relation to own funds.

Article 429 of the capital requirements regulation (CRR) specifies the methods for calculating the leverage ratio; it has been modified and replaced with delegated regulation (EU) 62/2015 of 10 October 2014, published in the OJEU on 18 January 2015. The leverage ratio shall be calculated as the ratio of the institution's Tier 1 capital to that of institution's total exposure, which includes balance sheet assets and off-balance sheet assets measured using a prudential approach.

Since 1st January 2015, disclosure of the leverage ratio has been mandatory (Article 521-2a of the CRR) at least once a year (CRR a.433), together with the financial statements (BCBS270 Article 45).

The implementation of a 3% minimum regulatory requirement for the leverage ratio was endorsed with the adoption of the banking package (CRR2 / CRD V).

The RCI Banque group's leverage ratio, estimated according to CRR/CRD rules and factoring in the delegated regulation of October 2014, amounts to 8.41% at 31 December 2021.

## EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

| In millions of euros | 31/12/2021 |
|---|---|
| **Total assets as per published financial statements** | **56 236** |
| Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation | -104 |
| (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference) | |
| (Adjustment for temporary exemption of exposures to central banks (if applicable)) | |
| (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR) | |
| Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | |
| Adjustment for eligible cash pooling transactions | |
| Adjustment for derivative financial instruments | 304 |
| Adjustment for securities financing transactions (SFTs) | |
| Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 2 861 |
| (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital) | |
| (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR) | |
| (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR) | |
| Other adjustments | -670 |
| **Total exposure measure** | **58 627** |

RCI has no unrecognized fiduciary assets, in accordance with Article 429a of the CRR.

## EU LR2 - LRCom: Leverage ratio common disclosure

| In millions of euros - CRR leverage ratio exposures | 31/12/2021 | 30/06/2021 |
|---|---|---|
| **On-balance sheet exposures (excluding derivatives and SFTs)** | | |
| On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 55 759 | 56 323 |
| Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework | | |
| (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | | |
| (Adjustment for securities received under securities financing transactions that are recognised as an asset) | | |
| (General credit risk adjustments to on-balance sheet items) | | |
| (Asset amounts deducted in determining Tier 1 capital) | -444 | -291 |
| **Total on-balance sheet exposures (excluding derivatives and SFTs)** | **55 315** | **56 032** |
| **Derivative exposures** | | |
| Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin) | 206 | 228 |
| Derogation for derivatives: replacement costs contribution under the simplified standardised approach | | |
| Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions | 245 | 630 |
| Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach | | |
| Exposure determined under Original Exposure Method | | |
| (Exempted CCP leg of client-cleared trade exposures) (SA-CCR) | | |
| (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach) | | |
| (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method) | | |
| Adjusted effective notional amount of written credit derivatives | | |
| (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | | |
| **Total derivatives exposures** | **451** | **858** |

| In millions of euros - CRR leverage ratio exposures | 31/12/2021 | 30/06/2021 |
|---|---|---|
| **Securities financing transaction (SFT) exposures** | | |
| Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions | | |
| (Netted amounts of cash payables and cash receivables of gross SFT assets) | | |
| Counterparty credit risk exposure for SFT assets | | |
| Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR | | |
| Agent transaction exposures | | |
| (Exempted CCP leg of client-cleared SFT exposure) | | |
| **Total securities financing transaction exposures** | | |
| **Other off-balance sheet exposures** | | |
| Off-balance sheet exposures at gross notional amount | 3 406 | 3 152 |
| (Adjustments for conversion to credit equivalent amounts) | -545 | -1 562 |
| (General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures) | | |
| **Off-balance sheet exposures** | **2 861** | **1 590** |
| **Excluded exposures** | | |
| (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR) | | |
| (Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet)) | | |
| (Excluded exposures of public development banks (or units) - Public sector investments) | | |
| (Excluded exposures of public development banks (or units) - Promotional loans) | | |
| (Excluded passing-through promotional loan exposures by non-public development banks (or units)) | | |
| (Excluded guaranteed parts of exposures arising from export credits) | | |
| (Excluded excess collateral deposited at triparty agents) | | |
| (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR) | | |
| (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR) | | |
| (Reduction of the exposure value of pre-financing or intermediate loans) | | |
| **(Total exempted exposures)** | | |

| In millions of euros - CRR leverage ratio exposures | 31/12/2021 | 30/06/2021 |
|---|---|---|
| **Capital and total exposure measure** | | |
| Tier 1 capital | **4 932** | **5 968** |
| Total exposure measure | **58 627** | **58 480** |
| **Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)** | | |
| Leverage ratio (%) | **8,41%** | **10,21%** |
| Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%) | 8,41% | 10,21% |
| Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%) | 8,41% | 10,21% |
| Regulatory minimum leverage ratio requirement (%) | 3,00% | 3,00% |
| Additional own funds requirements to address the risk of excessive leverage (%) | | |
| of which: to be made up of CET1 capital | | |
| Leverage ratio buffer requirement (%) | | |
| Overall leverage ratio requirement (%) | 3,00% | 3,00% |
| **Choice on transitional arrangements and relevant exposures** | | |
| Choice on transitional arrangements for the definition of the capital measure | | |
| **Disclosure of mean values** | | |
| Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable | | |
| Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | | |
| Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 58 627 | 58 480 |
| Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 58 627 | 58 480 |
| Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 8,41% | 10,21% |
| Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 8,41% | 10,21% |

## EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

| In millions of euros - CRR leverage ratio exposures | 31/12/2021 |
|---|---|
| **Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:** | **55 759** |
| Trading book exposures | |
| Banking book exposures, of which: | 55 759 |
| *Covered bonds* | |
| *Exposures treated as sovereigns* | *7 773* |
| *Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns* | *33* |
| *Institutions* | *1 147* |
| *Secured by mortgages of immovable properties* | |
| *Retail exposures* | *32 941* |
| *Corporates* | *11 190* |
| *Exposures in default* | *478* |
| *Other exposures (eg equity, securitisations, and other non-credit obligation assets)* | *2 197* |

## EU LRA: Disclosure of LR qualitative information

| | |
|---|---|
| Descriptions of the procedures used to manage the excessive leverage risk | RCI Banque monitors its leverage ratio on a monthly basis and keeps the Executive Committee informed thereof. The ratio is also stated in the balanced scorecard of risks provided quarterly to the Board of Directors' Risks Committee. An internal limit has been set and a warning system has been put in place. |
| Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers | RCI Banque disclosed a Basel III leverage ratio of 8.41 % at the end of December 2021 against 10.21% at the end of June 2021. The ratio decreases due to a lower amount of Tier 1 capital from 6.0 Bn€ to 4.9 Bn€, with the exceptional distribution in 2021 of reserves of €931 million, while the risk exposure amount remains almost almost stable at 58.6 Bn€ (+0.15 Md€). |

## 7 - MANAGEMENT OF THE LEVERAGE RATIO

Management of the leverage ratio consists both in calibrating “Tier 1” capital (the numerator of the ratio) and adjusting the group's leveraged exposure (denominator of the ratio) to meet the 6% target ratio the group has set for itself, higher than the minimum of 3% recommended by the Basel Committee.

Monthly monitoring of the leverage ratio ensures that it is in line with the set target.

# IV - CREDIT RISK

## EU CRA: General qualitative information about credit risk

| Qualitative disclosures | | |
|---|---|---|
| (a) | In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile. | RCI Banque has set up an overall cost of credit risk limit at 1% of the average productive assets, for all activities.<br><br>The type of financing provided to customers (loans allocated to the purchase of new or used vehicles) and the rigorous management framework for financing the dealer networks enable RCI Banque to record an average cost of risk of less than 0.5%.<br><br>RCI Banque's business model, which aims to support the sales of Renault Nissan Alliance manufacturers through attractive financing and service offers and a high quality of service, enables it to reach a premium clientele and a high intervention rate.<br><br>RCI Banque also relies on its extensive knowledge of dealer networks to keep its risks in this category under control.<br><br>RCI Banque's presence in certain countries or regions (Morocco, Latin America) slightly increases the Group's credit risk. |
| (b) | When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits. | Within the group credit risk policy, targets of each country for risk at origination & cost of risk in P&L are decided during the budget and review phases (annual budget process and two review processes each year). These objectives take into account market conditions, with pricing designed to achieve profitability objectives on weighted assets.<br><br>Credit risk warning thresholds are based on budgetary commitments. |
| (c) | When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function. | At Head Office level, the Credit division is divided into five departments:<br><br>• Commitment Control (review applications above subsidiaries delegations on Dealers and SME/Corporate, submit them to Group Commitment committee depending on DOA),<br>• Analytics (Design, monitoring and backtesting of A-IRB, acceptance, collection and IFRS9 impairment models. Presentation of models management twice a year to Senior Management, validation of A-IRB models according to the defined governance),<br>• Credit Risk Project & Data (Functional monitoring of the monthly calculation of RWA on A-IRB perimeter, IFRS9 ECL computation on all countries, and Anacredit on several countries. Projects steering through specific committees, like IFRS9, New Definition of Default, BCBS239)<br>• Dealers funding department and Customer Credit Risk department design Group management rules on credit risk including evolutions related to Regulatory and Compliance topics, assess credit risk on new products, monitor IFRS9 impairment, control RAF limits and validate action plans when risk is above alert threshold, report to senior management (through monthly Credit committees and quarterly Board of Directors' Risk Committee)<br><br>At subsidiaries level, the usual organization is a division in charge of "Retail" risk (Individuals and Corporate other than dealers) and a Division in charge of Dealers risk. In large countries, an alternative organization can be found where there is a division in charge of loans origination for |

| | | |
|---|---|---|
| | | "Retail" and management of dealer financing and a division in charge of risk management of "Retail" and collection processes.<br><br>The credit risk control function is organized and structured as described in Part II-2 Risk Control Organization and in section (d) of this table. |
| (d) | When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions. | The Risk Control Division is in charge of the control of the consistency of risk policies with the Risk Appetite Framework, the efficiency of risk measurement, risk monitoring and risk management systems. It challenges the Credit division, as credit risk steering function, on their methodologies and on its decisions linked to risk taking. It ensures a second level of control on Credit Risk steering and its adequacy with RCI Risk Governance Policy and RAF. It has a central role in the supervision of the group compliance with prudential regulations (CRD, CRR, EBA Guidelines, reports to ECB and answers to ECB requests).<br><br>Internal Audit Department (third level of control) includes in its yearly audit plans the review of main risks management devices and particularly credit risk management in subsidiaries and branchesas well as ICAAP, ILAAP and the A-IRB models. It reviews the operational effectiveness of the overall governance framework, including the risk governance framework, and compliance with internal policies and processes, and suggests improvements to existing arrangements.<br><br>For credit risks internal model, please refer to 5 -Advanced Method a) Governance for futher details |

## EU CRB: Additional disclosure related to the credit quality of assets

| Qualitative disclosures | | |
|---|---|---|
| (a) | The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR. | Since 01/01/2021, RCI Banque complies with the new definition of default as ruled by the Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013. Default for regulatory purpose is also applied for accounting purpose to define IFRS9 Stage 3 and non performing exposures. |
| (b) | The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this. | Past due exposures (more than 90 days) are always considered to be impaired |
| (c) | Description of methods used for determining general and specific credit risk adjustments. | General credit risk adjustments:<br>All financial instruments within the scope of IFRS9 standard are being impaired for expected credit losses, since their origination.<br>• At origination, the instrument is impaired with a one year expected credit loss (Bucket 1)<br>• In case of significant increase in credit risk since origination, the instrument is impaired with a lifetime expected credit loss (Bucket 2)<br>• For customers in default (Bucket 3), adjustments are based on the recovery rates given the maturity in default of the customer.<br>Specific credit risk adjustments:<br>Refer to the paragraph "individual analyzes" in the following pages |
| (d) | The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014. | The definition of restructured exposure is compliant with the point (d) of Article 178(3) CRR. |

## 1 - EXPOSURE TO THE CREDIT RISK

RCI Banque uses three risk-classification levels for receivables and writes them down on an individual or collective basis. The valuation presentation and principles are described in part A of the notes to the consolidated financial statements.

These classification levels are:

- Bucket 1: no deterioration or insignificant deterioration in credit risk from origination;
- Bucket 2: significant deterioration of credit risk from origination or non investment grade financial counterparty;
- Bucket 3: deterioration such as ascertained loss (category of default).

**Application of the new definition of default**

The EBA/GL/2016/07 "Guidelines on the application of the default definition" issued by the European Banking Authority (EBA) on 18/01/2017 aims to replace and harmonize the practices of credit institutions in the identification of outstandings. This text applies from 01/01/2021.
In addition, EBA/RTS/2016/06 "Final draft RTS on materiality threshold of past due credit obligations" published on 09/28/2016, introduces a single methodology for counting days in arrears based on the application of absolute and relative materiality thresholds.

In its EU regulation 2018/1845 of 11/21/2018, the ECB has set, for credit institutions in the European Union with the characteristics of RCI Banque :

- The absolute threshold at EUR 100 for retail exposures and at EUR 500 for other exposures
- The 1% threshold (% of a debtor's arrears on balance sheet exposures to this debtor).

In addition, the ECB requests the application of the two materiality thresholds by 31/12/2020 at the latest.

The RCI Banque group launched its project to comply with the new definition of default in 2018. It opted for the "One Step" approach, which consists of applying the new definition of default and making adjustments to its internal models simultaneously for both the Dealer Network portfolio and the Customer portfolio.

For the countries using the standard method to calculate the solvency ratio (non G7 countries and Brazil), the new definition of default has been applied for the Customer and Dealer portfolios from January 1, 2021.

Regarding the countries using the advanced method for calculating the solvency ratio (France, Italy, Spain, Germany, United Kingdom & South Korea), after authorization received by the ECB, the new definition of default was applied for the Dealers network portfolio and the Customer portfolio from December 31, 2021.

It should be noted that the application of the new default does not change the IFRS 9 provisioning methodology

For the scope under the standard method excluding Brazil: no impact, the provisioning rules have remained the same and depend on the duration of the unpaid. Debts identified as doubtful given the new definition of default remain covered using the same method. The application of the new default to countries using the standard method leads to an increase in doubtful debts and a reduction in the coverage rate for these same debts.

On the scope covered by the advanced method, the provisioning parameters (PD, LGD) are based on new default rules (historical dataset built back).

The following items refer to Specific credit risk adjustments:

**Restructured loans**

The gross value of restructured outstanding (including non-performing), following the measures and concessions to borrowers who run into financial difficulties or are about to run into financial difficulties, amounts to €272 million as of end of December 2021 versus €446 million as of end of December 2020. The amount of the impairment is €192 million as of end of December 2021 versus €368 million as of end of December 2020.

The share of the restructuring outstanding related to the Covid-19 amounts to €44.1 million for which there is an impairment of 19.4 million euro (of which €14.8 million by adjustments). This portfolio had a "covid-19" moratoria that was extended in application of usual local practices in Italy and Morocco, and for which the expected deterioration is confirmed by internal or external data. This portfolio is classified in bucket 2 in case it is performing and in bucket 3 otherwise.

The treatment of restructured loans (forbearance) complies with the guidelines of the Basel Committee and the recommendations of the European Central Bank.

**Individual analyzes**

In case of adjustment following an individual review of corporate counterparties (non wholesale), the sound outstanding has been classified in Bucket 2. €317 million as of end of 2021 were reclassified in Bucket 2. It is equivalent to end 2020 exposure, and the corresponding impairment amounts to €35 million as of end of 2021.

The adjustments were completed like at the end of 2020 by an industry sector analysis: The sub-portfolios belonging to a risky industry sectors due to the covid-19 crisis and exposed to a short-term deterioration have been identified based on external macro-economic analysis. These sub-portfolios were not reclassified in bucket 2, but a specific “forward looking” provision was booked, this specific provision remains stable compared to 2020 (charge of €2.7 million).

Based on more stable economic perspectives, the Long-Term Rental sector is at the end of 2021 part of the forward looking – risky industry sector (whilst at the end of 2020 some of the exposures were classified as B2 / B3).

**Frauds**

On the portfolios were fraud cases were material (France, Italy, Spain, Germany, Brazil), our exposures have been covered up to 100% leading to a €34.3 million stock of provision as of end of December 2021, meaning an additional allowance of €13.2 million.

## EU CR1: Performing and non-performing exposures and related provisions

| In millions of euros | Gross carrying amount/nominal amount | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | Accumulated partial write-off | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | | Performing exposures | | | Non-performing exposures | | | | On performing exposures | On non-performing exposures |
| | | Of which stage 1 | Of which stage 2 | | Of which stage 2 | Of which stage 3 | | Of which stage 1 | Of which stage 2 | | Of which stage 2 | Of which stage 3 | | | |
| Cash balances at central banks and other demand deposits | **7 944** | **7 944** | | | | | | | | | | | | | |
| Loans and advances | **44 271** | **40 981** | **3 275** | **1 051** | | **993** | **-462** | **-292** | **-170** | **-568** | | **-540** | | **17 621** | **258** |
| *Central banks* | *16* | *16* | | | | | | | | | | | | | |
| *General governments* | *81* | *58* | *23* | *22* | | *22* | *-1* | *0* | *-1* | *-7* | | *-7* | | *3* | *3* |
| *Credit institutions* | *58* | *58* | | | | | *0* | *0* | | | | | | *58* | |
| *Other financial corporations* | | | | | | | | | | | | | | | |
| *Non-financial corporations* | *15 343* | *13 940* | *1 401* | *345* | | *304* | *-155* | *-84* | *-70* | *-163* | | *-145* | | *13 202* | *159* |
| *Of which SMEs* | *7 257* | *6 515* | *741* | *277* | | *246* | *-91* | *-50* | *-41* | *-138* | | *-122* | | *1 755* | *74* |
| *Households* | *28 773* | *26 910* | *1 851* | *684* | | *667* | *-307* | *-208* | *-98* | *-398* | | *-388* | | *4 359* | *95* |
| Debt securities | **762** | **745** | **17** | | | | **0** | **0** | | | | | | | |
| *Central banks* | *96* | *96* | | | | | *0* | *0* | | | | | | | |
| *General governments* | *592* | *575* | *17* | | | | *0* | *0* | | | | | | | |
| *Credit institutions* | | | | | | | | | | | | | | | |
| *Other financial corporations* | *74* | *74* | | | | | | | | | | | | | |
| *Non-financial corporations* | | | | | | | | | | | | | | | |
| Off-balance-sheet exposures | **3 465** | **3 419** | **46** | **21** | | **12** | **-8** | **-4** | **-4** | **-2** | | **-1** | | | |
| *Central banks* | | | | | | | | | | | | | | | |
| *General governments* | *17* | *16* | *1* | *0* | | *0* | *0* | *0* | *0* | *0* | | *0* | | | |
| *Credit institutions* | *26* | *25* | *1* | | | | *0* | *0* | | | | | | | |
| *Other financial corporations* | | | | | | | | | | | | | | | |
| *Non-financial corporations* | *1 461* | *1 417* | *44* | *19* | | *10* | *-7* | *-3* | *-4* | *-1* | | *-1* | | | |
| *Households* | *1 962* | *1 961* | *0* | *2* | | *1* | *-1* | *-1* | *0* | *0* | | *0* | | | |
| **Total** | **56 441** | **53 089** | **3 339** | **1 072** | | **1 005** | **-471** | **-296** | **-174** | **-569** | | **-541** | | **17 621** | **258** |

## EU CR1-A: Maturity of exposures

| In millions of euros | Net exposure value | | | | | |
|---|---|---|---|---|---|---|
| | On demand | < 1 year | > 1 et <= 5 years | > 5 years | No stated maturity | Total |
| **Loans and advances** | **452** | **20 918** | **22 533** | **389** | | **44 291** |
| **Debt securities** | | **671** | **20** | | **70** | **762** |
| **Total** | **452** | **21 589** | **22 553** | **389** | **70** | **45 053** |

## EU CR2: Changes in the stock of non-performing loans and advances

| In millions of euros | Gross carrying amount |
|---|---|
| **Initial stock of non-performing loans and advances** | **769** |
| Inflows to non-performing portfolios | 571 |
| Outflows from non-performing portfolios | 289 |
| Ow : Outflows due to write-offs | 117 |
| Ow : Outflow due to other situations | 172 |
| **Final stock of non-performing loans and advances** | **1 051** |

## EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

Not applicable as non-performing exposures are less than 5% of total exposure.

## EU CQ1: Credit quality of forborne exposures

| In millions of euros | Gross carrying amount/ Nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Collaterals received and financial guarantees received on forborne exposures | |
|---|---|---|---|---|---|---|---|---|
| | Performing forborne | Non-performing forborne | Of which defaulted | Of which impaired | On performing forborne exposures | On non-performing forborne exposures | | ow on NPE with forbearance measures |
| Cash balances at central banks and other demand deposits | | | | | | | | |
| Loans and advances | **142** | **131** | **131** | **131** | **-16** | **-64** | **6** | |
| *Central banks* | | | | | | | | |
| *General governments* | | | | | | | | |
| *Credit institutions* | | | | | | | | |
| *Other financial corporations* | | | | | | | | |
| *Non-financial corporations* | *18* | *18* | *18* | *18* | *0* | *-10* | *2* | |
| *Households* | *123* | *113* | *113* | *113* | *-16* | *-54* | *4* | |
| Debt securities | | | | | | | | |
| Loan commitments given | | | | | | | | |
| **Total** | **142** | **131** | **131** | **131** | **-16** | **-64** | **6** | |

## EU CQ2: Quality of forbearance

Not applicable as non-performing exposures are less than 5% of total exposure.

## EU CQ3: Credit quality of performing and non-performing exposures by past due days

| In millions of euros | Gross carrying amount / Nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | | Not past due or past due ≤ 30 days | Past due > 30 d and ≤ 90 d | | Unlikely to pay or past due ≤90 days | Past due > 90 and ≤ 180 days | Past due > 180 and ≤ 365 days | Past due > 1 and ≤ 2 years | Past due > 2 and ≤ 5 years | Past due > 5 and ≤ 7 years | Past due > 7 years | Of which defaulted |
| Cash balances at central banks and other demand deposits | **7 944** | **7 944** | | | | | | | | | | |
| Loans and advances | **44 271** | **44 195** | **76** | **1 051** | **868** | **65** | **59** | **52** | **7** | **0** | | **1 051** |
| *Central banks* | *16* | *16* | | | | | | | | | | |
| *General governments* | *81* | *81* | | *22* | *20* | *0* | *1* | *1* | | | | *22* |
| *Credit institutions* | *58* | *58* | | | | | | | | | | |
| *Other financial corporations* | | | | | | | | | | | | |
| *Non-financial corporations* | *15 343* | *15 291* | *52* | *345* | *306* | *19* | *5* | *13* | *2* | *0* | | *345* |
| *Of which SMEs* | *7 257* | *7 227* | *30* | *277* | *243* | *18* | *3* | *10* | *2* | *0* | | *277* |
| *Households* | *28 773* | *28 749* | *24* | *684* | *543* | *45* | *54* | *37* | *5* | *0* | | *684* |
| Debt securities | **762** | **762** | | | | | | | | | | |
| *Central banks* | *96* | *96* | | | | | | | | | | |
| *General governments* | *592* | *592* | | | | | | | | | | |
| *Credit institutions* | | | | | | | | | | | | |
| *Other financial corporations* | *74* | *74* | | | | | | | | | | |
| *Non-financial corporations* | | | | | | | | | | | | |
| Off-balance-sheet exposures | **3 465** | | | **21** | | | | | | | | **21** |
| *Central banks* | | | | | | | | | | | | |
| *General governments* | *17* | | | *0* | | | | | | | | *0* |
| *Credit institutions* | *26* | | | | | | | | | | | |
| *Other financial corporations* | | | | | | | | | | | | |
| *Non-financial corporations* | *1 461* | | | *19* | | | | | | | | *19* |
| *Households* | *1 962* | | | *2* | | | | | | | | *2* |
| **Total** | **56 441** | **52 900** | **76** | **1 072** | **868** | **65** | **59** | **52** | **7** | **0** | | **1 072** |

## EU CQ4: Quality of non-performing exposures by geography

| In millions of euros | Gross carrying/Nominal amount | | | | Accumulated impairment | Provisions on off-balance sheet commitments and financial guarantee given | Accumulated negative changes in FV due to credit risk on non-performing exposures |
|---|---|---|---|---|---|---|---|
| | | Of which non-performing | Of which defaulted | Ow subject to impairment | | | |
| **On balance sheet exposures** | **46 083** | **1 051** | **1 051** | **46 013** | **-1 030** | | |
| *France* | *15 352* | *368* | *368* | *15 352* | *-303* | | |
| *Germany* | *7 647* | *66* | *66* | *7 647* | *-57* | | |
| *Great-Britain* | *4 734* | *44* | *44* | *4 734* | *-142* | | |
| *Italy* | *5 472* | *114* | *114* | *5 472* | *-111* | | |
| *Spain* | *3 715* | *94* | *94* | *3 715* | *-111* | | |
| *Brazil* | *1 581* | *101* | *101* | *1 581* | *-83* | | |
| *South Korea* | *1 564* | *35* | *35* | *1 564* | *-38* | | |
| *Swiss* | *725* | *10* | *10* | *725* | *-6* | | |
| *Poland* | *670* | *41* | *41* | *670* | *-21* | | |
| *Portugal* | *535* | *5* | *5* | *535* | *-11* | | |
| *Netherland* | *549* | *2* | *2* | *549* | *-3* | | |
| *Other countries* | *3 538* | *172* | *172* | *3 468* | *-145* | | |
| **Off balance sheet exposures** | **3 487** | **21** | **21** | | | **-10** | |
| *France* | *1 543* | *17* | *17* | | | *-8* | |
| *Germany* | *506* | *0* | *0* | | | *0* | |
| *Great-Britain* | *403* | *0* | *0* | | | *0* | |
| *Italy* | *382* | *1* | *1* | | | *-1* | |
| *Spain* | *77* | *0* | *0* | | | *0* | |
| *Brazil* | *24* | | | | | | |
| *South Korea* | *9* | | | | | *0* | |
| *Swiss* | *50* | *0* | *0* | | | *0* | |
| *Poland* | *178* | *3* | *3* | | | *0* | |
| *Portugal* | *22* | | | | | *0* | |
| *Netherland* | *14* | | | | | | |
| *Other countries* | *280* | *0* | *0* | | | *0* | |
| **Total** | **49 570** | **1 072** | **1 072** | **46 013** | **-1 030** | **-10** | |

## EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

| In millions of euros | Gross carrying amount | | | | Accumulated impairment | Accum. - changes in FV due to credit risk on non-perf. Expo. |
|---|---|---|---|---|---|---|
| | | Of which non-performing | | ow loans & advances subject to impairment | | |
| | | | Of which defaulted | | | |
| Agriculture, forestry and fishing | 82 | 2 | 2 | 82 | -3 | |
| Mining and quarrying | 7 | 0 | 0 | 7 | 0 | |
| Manufacturing | 712 | 23 | 23 | 712 | -21 | |
| Electricity, gas, steam and air conditioning supply | 106 | 1 | 1 | 106 | -2 | |
| Water supply | 67 | 2 | 2 | 67 | -1 | |
| Construction | 1 205 | 42 | 42 | 1 205 | -36 | |
| Wholesale and retail trade | 9 622 | 129 | 129 | 9 622 | -150 | |
| Transport and storage | 532 | 26 | 26 | 532 | -14 | |
| Accommodation and food service activities | 129 | 6 | 6 | 129 | -4 | |
| Information and communication | 151 | 6 | 6 | 151 | -4 | |
| Real estate activities | 8 | 1 | 1 | 8 | -1 | |
| Financial and insurance actvities | 114 | 7 | 7 | 114 | -5 | |
| Professional, scientific and technical activities | 528 | 20 | 20 | 528 | -18 | |
| Administrative and support service activities | 1 151 | 34 | 34 | 1 151 | -22 | |
| Public administration and defense, compulsory social security | 138 | 12 | 12 | 138 | -5 | |
| Education | 150 | 7 | 7 | 150 | -5 | |
| Human health services and social work activities | 360 | 9 | 9 | 360 | -8 | |
| Arts, entertainment and recreation | 64 | 3 | 3 | 64 | -3 | |
| Other services | 562 | 15 | 15 | 562 | -14 | |
| **Total** | **15 688** | **345** | **345** | **15 688** | **-318** | |

## EU CQ6: Collateral valuation - loans and advances

Not applicable as non-performing exposures are less than 5% of total exposures.

## EU CQ7: Collateral obtained by taking possession and execution processes

Not applicable as non-performing exposures are less than 5% of total exposures.

## EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown

Not applicable as non-performing exposures are less than 5% of total exposures.

The following three templates provide information on exposures subject to legislative and non-legislative moratoria on loan repayments applied in the light of the COVID- 19 crisis, on newly originated exposures subject to public guarantee schemes and the impairment attached to.

## Information on loans and advances subject to legislative and non-legislative moratoria

| | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk | | | | | | | Gross carrying amount |
| | | | Performing | | | Non performing | | | | Performing | | | Non performing | | | |
| | | | | Of which: exposures with forbearance measures | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) | | Of which: exposures with forbearance measures | Of which: Unlikely to pay that are not past-due or past-due <= 90 days | | | Of which: exposures with forbearance measures | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) | | Of which: exposures with forbearance measures | Of which: Unlikely to pay that are not past-due or past-due <= 90 days | Inflows to non-performing exposures |
| 1 | Loans and advances subject to moratorium | **688 660** | **630 423** | **-** | **441 230** | **58 237** | **-** | **-** | - **33 966** | - **14 016** | **-** | - **13 249** | - **19 950** | **-** | **-** | **177 241** |
| 2 | of which: Households | **221 679** | **182 905** | **-** | **85 832** | **38 774** | **-** | **-** | - **16 577** | - **4 995** | **-** | - **4 899** | - **11 582** | **-** | **-** | **15 443** |
| *3* | *of which: Collateralised by residential immovable property* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | of which: Non-financial corporations | **466 981** | **447 518** | **-** | **355 398** | **19 463** | **-** | **-** | - **17 389** | - **9 021** | **-** | - **8 350** | - **8 368** | **-** | **-** | **161 798** |
| *5* | *of which: Small and Medium-sized Enterprises* | **426 726** | **407 263** | **-** | **355 398** | **19 463** | **-** | **-** | - **17 047** | - **8 679** | **-** | - **8 350** | - **8 368** | **-** | **-** | **161 798** |
| *6* | *of which: Collateralised by commercial immovable property* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

At the end of December 2021, on our Individuals and Corporate portfolio (excluding Dealers), exposures under not yet expired moratoria measures solely amounts to €0.7 million.

## Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

| | | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of obligors | Gross carrying amount | | | | | | | |
| | | | | Of which: legislative moratoria | Of which: expired | Residual maturity of moratoria | | | | |
| | | | | | | <= 3 months | > 3 months <= 6 months | > 6 months <= 9 months | > 9 months <= 12 months | > 1 year |
| 1 | Loans and advances for which moratorium was offered | **199 726** | **1 924 195 492** | | | | | | | |
| 2 | Loans and advances subject to moratorium (granted) | **192 394** | **1 754 052 226** | **353 258 103** | **1 753 363 566** | **609 926** | **19 816** | **58 918** | **-** | **-** |
| 3 | of which: Households | | **457 203 233** | **212 115 191** | **456 981 554** | **182 063** | **19 816** | **19 800** | **-** | **-** |
| *4* | *of which: Collateralised by residential immovable property* | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 5 | of which: Non-financial corporations | | **1 296 848 993** | **141 142 912** | **1 296 382 012** | **427 863** | **-** | **39 118** | **-** | **-** |
| *6* | *of which: Small and Medium-sized Enterprises* | | **800 309 133** | **133 758 190** | **799 882 407** | **414 766** | **-** | **11 960** | **-** | **-** |
| *7* | *of which: Collateralised by commercial immovable property* | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

| | | a | b | c | d |
|---|---|---|---|---|---|
| | | Gross carrying amount | | Maximum amount of the guarantee that can be considered | Gross carrying amount |
| | | | of which: forborne | Public guarantees received | Inflows to non-performing exposures |
| 1 | **Newly originated loans and advances subject to public guarantee schemes** | **0** | 0 | 0 | 0 |
| *2* | of which: Households | 0 | | | 0 |
| *3* | of which: Collateralised by residential immovable property | 0 | | | 0 |
| *4* | of which: Non-financial corporations | 0 | 0 | 0 | 0 |
| *5* | of which: Small and Medium-sized Enterprises | 0 | | | 0 |
| *6* | of which: Collateralised by commercial immovable property | 0 | | | 0 |

RCI Banque has not granted any loans nor advances under public guarantee schemes.

## 2 CREDIT RISK MANAGEMENT PROCESS

For both Wholesale and non-Wholesale businesses, the credit risk prevention policy aims to ensure that the cost of risk target of each country and main segments is reached.

RCI Banque uses advanced scoring systems, and external databases whenever the information is available, to assess the capacity of individual and business customers to meet their commitments. An internal rating system is also used to assess loans to Dealers. RCI Banque constantly monitors its underwriting policy to consider the economic environment situation. In this uncertain economic situation that we faced in 2020 as well as in 2021, underwriting policies were reviewed in some countries.

### CUSTOMER RISK MANAGEMENT

The background remained uncertain and contrasted in 2021. Lockdown periods have been in place in almost all countries where RCI Banque operates, however the operational consequences were lower than in 2020. On the one hand, the collection processes were already adjusted, as well as the home office operating mode. On the other hand, local adjustment packages to support the economy and facilitate the short-term working were in place in many countries during a significant part of the year.

**New Production**

The volatile context led to keep in 2021 a specific credit policy to maintain the new production profitability in particular through specific granting criteria by business sector, customer segment or geographical area when the context so requires.

In addition to these temporary actions, granting processes have been optimized in the context of recurring approaches and projects or in response to the new EBA loan origination guideline.

**Collection**

The focus remained strong on collection practices and resources. In particular by planning upfront the end of moratoria in 2021 in countries that have granted a large number of deferral installments within the framework of local legal moratoria (e.g. Morocco and Italy). The specific crisis environment together with the launch of new default definition within the whole RCI group led to optimize the collection time frames and sequences, to offer a wider range of payment options for customers in arrears, and to enhance our internal tools.

**Manual adjustment**

Eventually, like at the end of the last two fiscal years that were impacted by the COVID-19 crisis, adjustments were applied. These were made in consideration of the possible worsening of risk situations from the granted moratoria in 2020 and 2021 (e.g. Morocco, Spain, Italy, Brazil and Colombia) and customers that were identified as fragile thanks to external data (e.g. UK, Spain and Italy). Systematically identifying and processing fragile customers is a fundamental approach that will last along 2022 and above.

In this particular context, all the adjustments amount to 128.7 million euro at the end of 2021, excluding the “forward looking” coverage. The adjustment of identified fragile customers contributes for 47 million euros.

At Corporate level, the customer credit risk department monitors together with the local RCI entities the cost of risk, ensures that it is well understood and analyzed, and monitors the action plans to achieve the targets. The underwriting policies are subject to strict central rules, and the outstanding in collection is deeply monitored. The performances of the subsidiaries regarding the approval quality and efficiency of collection are monitored in the framework of the monthly risk reporting and are presented to Corporate by the subsidiaries during committee meetings, the frequency of these committees is based accordingly to the level of risk in each entity.

A follow-up and a summary are carried out during the monthly Group Commitments Committee. The attendees of this committee are the Senior Management members, e.g. the head of the group credit risk and part of the members of the Executive Committee.

### DEALER RISK MANAGEMENT

For the perimeter of each subsidiary, the Dealers are monitored daily by the means of short-term indicators that, combined with long-term indicators, identify in advance any deal presenting a partial or total risk of non-collection. Within the subsidiaries with internal model in place, the internal rating plays a key role in identifying deals that present a heightened risk of default.

At the Corporate level, the Wholesale Funding department puts in place the corpus of credit risk control procedures. Customers identified as risky are classified as "incident", "pre-alert" or "doubtful". High risk customers are reviewed within the risk committees in the subsidiaries. The members of said risk committees include the manufacturers' local managers and RCI Banque managers dealing with the network to decide on the action plans and urgent interim measures needed to manage the risk.

### RESULT AT THE END OF DECEMBER 2021 FOR RETAIL BUSINESS WITHOUT DEALER FINANCING

The IFRS9 provisioning standard has been applied since 1st January 2018 in the scope of all entities within the RCI Banque Group. Two distinct methods have been implemented depending on the size of the entity:

- a method based on internal models such as behavior scorecards and loss given default (for France, Germany, Spain, Italy, United Kingdom, South Korea and Brazil), in which the Stage 1/Stage 2 exposures are staged according to the rating from behavior models, and its evolution since the origination. Restructured loans are classified in Stage 2, while Stage 3 corresponds to customers in default. The discounted provision is determined in accordance with point-in-time risk parameters that are subject to a forward-looking adjustment
- for other entities using the standard method, provisions are calculated using transition matrices applied to the portfolio's aged balances. In this context, the Stage 2 corresponds to the receivables with past due more than 30 days at the closing date, or that encountered a past due amount in the last 12 months, and also to restructured loans.

The cost of risk in 2021 is 0,26% of Average Productive Assets, based on 2021 average performing retail assets, versus 0,89% in 2020. The difference comes from:

- An increase of net write-offs at €115 million (vs €106 million in 2020), or 0.30% based on the average outstandings.
- A charge for the assets in default (bucket 3) of €65 million (vs €68 million in 2020)
- A release of provision of €82 million on performing assets (vs a charge of €161 milllion in 2020), of which:
  - A charge of €38 million due to specific adjustments on fragile customers and on frauds
  - A release of provision of €132 million due to an improvement if risk parameters PD and LGD, and lower past due outstanding
  - An allowance in « forward looking » contributing to a charge of solely €3 million.

Entries into Collection, changes in the portfolio development (mix Stage 1/Stage 2/Stage 3) and changes in risk parameters are favorable compared to 2021.

### DEALER BUSINESS RESULTS AT END OF DECEMBER 2021

Dealer network outstanding across the entire scope of operations sank by €2.2bn compared to end-December 2020 and amounted €6.8bn at end-December 2021, this decline is mainly due to the semiconductor crisis, which reduced the availability of vehicles.

The 2021 cost of risk is on net release at €37m, and this evolution is linked to the decrease in outstandings ,to the reduction in forward looking (-14.5m€) as well as to the annual update of the PD and LGD parameters.

Non-performing loans increased slightly from €65.4m at the end of December 2020 to €66.7m at the end of December 2021, and their share in total loans rose from 0.7% to 0.9% in one year.

In 2021, the amount of write-offs net of recoveries is only €2.1m (notably Germany €1.2m, Spain €0.4m and the UK €0.4m), which confirms the good control of the risk on Network financing.

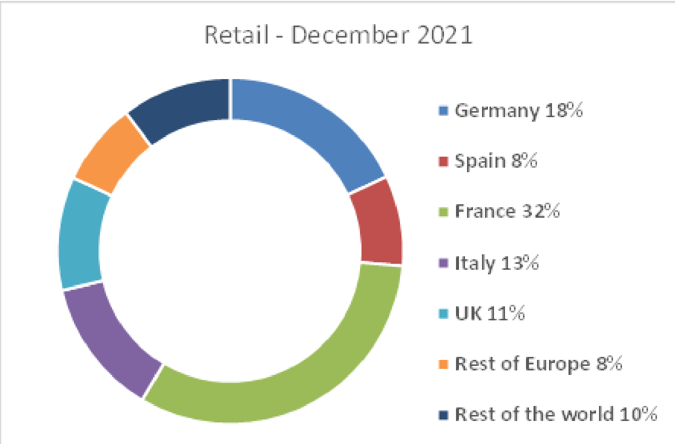
Outstanding restructured loans are limited to €2.1m, a low level and steady on last year (€2.3m at 12/2020).

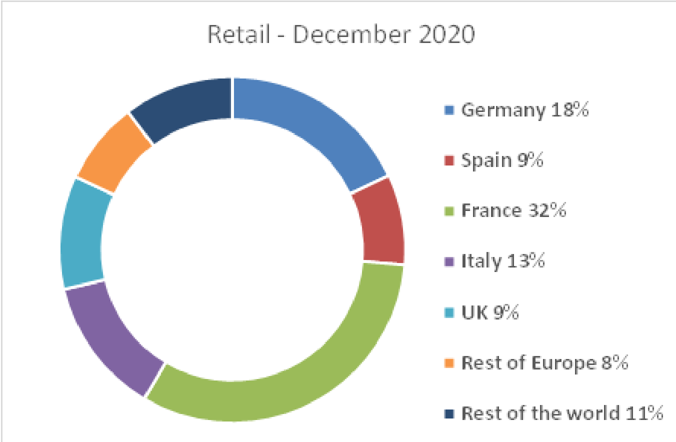
## 3 - DIVERSIFICATION OF CREDIT RISK EXPOSURE

RCI Retail performing assets at end December 2021 are stable at 37.9 billion euros and include a positive currency effect of 0.2 Bn€ in relation with the appreciation of the Sterling pound. They remains in parallel negatively impacted by a level of registrations still under constraints by the semi-conductor shortage. They are spread over 22 countries, with Europe well represented for 90% of the total. A moderate increase is observed in France, Italy and Colombia, while UK and Argentina show a 2-digits increase in parallel. In amount, Spain, Germany, Brazil and Korea show the main decrease by around -713 M€ of Retail performing assets. The weight of G7 countries (IRB approved for France, Italy, Germany, Spain, United Kingdom and South Korea or included in the approval plan for Brazil) remains quite stable at 90% of total RCI in 2021.

In terms of the breakdown of Retail business by product, credits represented 59% of RCI outstandings, financial leases 37%, up 1 point, and operating leases (including battery leases) 4%, stable.

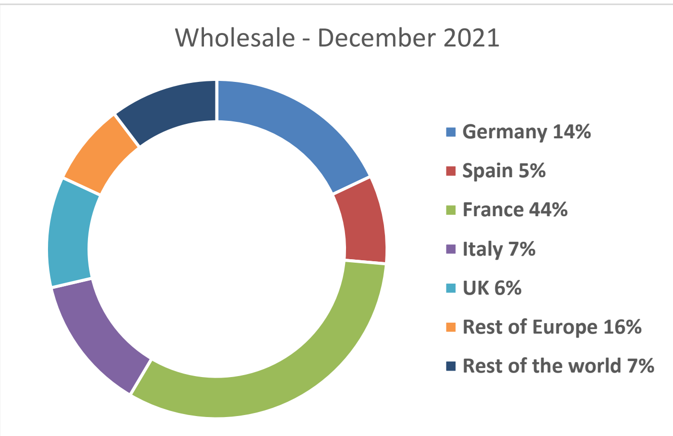
### Retail credit risk exposure

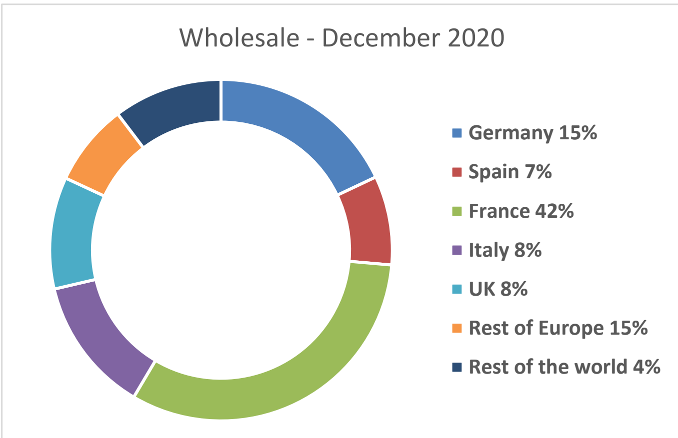



Network outstandings are spread over 25 consolidated countries, with a strong preponderance of Europe. The breakdown of outstandings by country is relatively stable: although France's outstandings fell to €3bn from €3.8bn at the end of 2020, its weighting increased by 2 points (from 42% to 44%), while the other G5 countries (Germany, Italy, UK and Spain) experienced larger falls in outstandings. The share of countries outside Europe also increased from 4% to 7%, due to rising outstandings, particularly in Brazil.

### Wholesale credit risk exposure




## 4 - RISK-WEIGHTED ASSETS

RCI Banque uses the advanced method to measure credit risk for customer outstandings in the following countries: France, Germany, Spain, Italy, South Korea and the United Kingdom. For all other exposures and risks, RCI Banque uses the standardized method.

## 5 - ADVANCED METHOD

RCI Banque has adopted the most advanced methods proposed by the reform known as Basel II/III to measure and monitor its credit risks, all parameters are therefore estimated internally. The values thus measured are applied to calculate exposure risks on the Retail, Corporate and Dealer customers. Six big countries (Germany, Spain, France, Italy, South Korea and United Kingdom[1]) are treated using the advanced approach based on internal ratings.

For all of these scopes, RCI has obtained the following authorizations:

- For France, Germany, Italy and Spain, approved in January 2008;
- For the United Kingdom, approved in January 2010;
- For Korea, approved in June 2011.

The credit risk models applied within RCI Banque are subject to on-site supervisor inspections, giving rise to obligations and/or recommendations and, where applicable, the establishment of temporary additional margins on the parameters estimated by the Bank.

### a) Governance

The credit risk models are part of the Risk management Governance and are managed by a Governance procedure that sets out the roles and responsibilities of each stakeholder and ensures the independence of the various levels of control. This procedure is validated by the Risk Committee, which is the institution's highest decision-making body with regard to internal models.

The first level of control is carried out by the teams of the Credit Division in charge of

- the quality of the data from the subsidiaries
- modelling methodologies
- the development and implementation of models
- operational insertion of models
- monitoring the performance and relevance of models through backtesting and recalibration exercises.

The second level of control is carried out by the Risk Control Department of the Risk and Banking Regulations Department, which independently reviews the elements performed by the Credit Department teams. These reviews are governed by a validation procedure and its conclusions are presented during a Validation Committee meeting and are also summarized in a validation report. During second-level validation missions, the Credit Department teams are required to justify their assumptions and their methodological choices with arguments and audit trails.

Changes made to the models and recurring monitoring exercises are communicated to the Supervisor in line with an internal procedure that complies with the requirements of Delegated Regulation (EU) No. 529/2014 of 20 May 2014 for extensions and changes to the internal rating approach.

This procedure foresees, depending on the materiality of the change made, to communicate to the Supervisor:

- an application package for approval
- a notification prior to the change (ex ante)
- a notification after the change (ex post).

Internal Governance provides prior to each communication with the Supervisor, a validation by the various decision-making bodies, depending on its materiality.

In addition, the Governance provides recurrent reporting to the Management bodies where the risk levels, the conclusions of recurrent exercises as well as independent reviews, the follow-up of internal and external recommendations, etc. are presented.

Finally, the Internal Audit Department provides the third level of control and assesses, through periodic inspections, the efficiency and compliance of the management and governance system for internal models.

### b) Information system

The centralized database of risks (BCR) stores credit risk data coming from acceptance, management and accounting applications, on the three markets and for the most significant countries.

[1] For these 6 countries, some portfolios are in standard approach (examples: Corporates in the United Kingdom, Large Corporates outside France). Furthermore, RCI Korea is not concerned by the dealer financing activity.

This database provides input data for decision-makers to assess risks, and the Risk AuthoritY software package (RAY) calculates the solvency ratio. RAY is also fed by data from the KTP Cristal refinancing operations and consolidation tool.

The data collected and calculated in these information systems is controlled technically and functionally throughout the production line, from gathering information from upstream systems to the end results. These quality controls are monitored monthly at the level of the production chain according to the criticality of the data.

Further to an analysis of these controls, action plans have been put in place.

The information system in place provides the data dimensions needed to analyze the ratio. For instance, monthly statements show the components of weighted assets in respect of the advanced method (probability of default, loss given default, exposures, expected losses, etc.) according to several criteria:

- Sound outstandings and defaulted outstandings broken down by type of financing;
- A separation between balance sheet and off-balance sheet exposures;
- A breakdown by country;
- A breakdown by customer category (individuals, self- employed persons, small companies, medium-sized and large companies according to turnover, very big corporations and the dealership network);
- A distribution according to customer characteristics (age of the customer or company, line of business, etc.), according to the characteristics of the financing plan (initial term, amount paid up front, etc.) and according to the characteristics of the financed good (new or used vehicle, models, etc.).

These data dimensions are also used for the monthly analysis of the management cost of risk.

### c) Segmentation of exposures by the advanced method

All figures relating to credit risk exposures concern gross exposures, i.e. before application of Credit Conversion Factors and Credit Risk Mitigation techniques.

The RWA density (weighted risks/exposures) totals 47% for the Retail portfolio and 62% for the overall Corporate portfolio using the advanced internal rating method and 64% for the foundation internal rating method.

The %CCF (Credit Conversion Factor) is at 100% for off-balane sheet exposures under the advanced method.

## EU CRE – Qualitative disclosure requirements related to IRB approach

| Legal basis | Row number | Qualitative informations | |
|---|---|---|---|
| Article 452(a) CRR | (a) | The competent authority's permission of the approach or approved transition | Part IV- 5 Advanced Method |
| Article 452(c) CRR | (b) | (c) The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on :<br><br>(i) the relationship between the risk management function and the internal audit function ;<br><br>(ii) the rating system review ;<br><br>(iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models ;<br><br>(iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models | i) Part IV-5 a ) Governance<br><br>ii) Part 5-h) Procedures for monitoring internal ratings<br><br>iii) Part IV-5 a) Governance<br><br>iv) Part IV-5 a) Governance |
| Article 452(d) CRR | (c) | The role of the functions involved in the development, approval and subsequent changes of the credit risk models | iv) Part IV-5 a) Governance |
| Article 452(e) CRR | (d) | The scope and main content of the reporting related to credit risk models | iv) Part IV-5 a) Governance |
| Article 452(f) CRR | (e) | A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering: (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables. | i) Part 5-d)i)Description of the internal rating process<br>ii) Part 5-e)Transaction data dimension – Loss given default parameter<br>iii) Part 5-f)Credit conversion factor |

## EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

| In Millions of euros<br>PD scale | On-balance sheet exposures | Off-balance-sheet exposures pre-CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD | Number of obligors | Exposure weighted average LGD | Exposure weighted average maturity ( years) | RWEA after supporting factors | RWEA density amount | Expected loss amount | Value adjustments and provisions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A-IRB Corporate** | | | | | | | | | | | | |
| 0.00 to <0.15 | 50 | 7 | 1,0 | 57 | 0,05% | 16 | 18,77% | 2,0 | 4 | 6,67% | 0 | 0 |
| *0.00 to <0.10* | *50* | *7* | *1,0* | *57* | *0,05%* | *16* | *18,77%* | *2,0* | *4* | *6,67%* | *0* | *0* |
| *0.10 to <0.15* | | | | | | | | | | | | |
| 0.15 to <0.25 | | | | | | | | | | | | |
| 0.25 to <0.50 | 89 | 6 | 1,0 | 95 | 0,41% | 36 | 19,50% | 1,0 | 21 | 22,10% | 0 | 0 |
| 0.50 to <0.75 | 545 | 39 | 1,0 | 584 | 0,62% | 1 303 | 16,47% | 1,0 | 273 | 46,73% | 1 | -1 |
| 0.75 to <2.50 | 3 952 | 366 | 1,0 | 4 319 | 1,51% | 3 623 | 25,81% | 2,0 | 2 876 | 66,60% | 19 | -34 |
| *0.75 to <1.75* | *2 581* | *147* | *1,0* | *2 728* | *1,25%* | *1 917* | *17,24%* | *1,0* | *1 193* | *43,72%* | *6* | *-18* |
| *1.75 to <2.50* | *1 371* | *219* | *1,0* | *1 590* | *1,96%* | *1 706* | *40,52%* | *2,0* | *1 683* | *105,84%* | *13* | *-16* |
| 2.50 to <10.00 | 1 780 | 101 | 1,0 | 1 882 | 3,97% | 1 358 | 21,40% | 1,0 | 1 313 | 69,79% | 16 | -17 |
| *2.50 to <5.00* | *1 470* | *76* | *1,0* | *1 546* | *3,49%* | *1 027* | *23,25%* | *1,0* | *1 052* | *68,03%* | *13* | *-13* |
| *5.00 to <10.00* | *311* | *25* | *1,0* | *336* | *6,18%* | *331* | *12,89%* | *2,0* | *261* | *77,86%* | *3* | *-4* |
| 10.00 to <100.00 | 245 | 12 | 1,0 | 256 | 15,13% | 298 | 21,76% | 1,0 | 300 | 116,99% | 9 | -8 |
| *10.00 to <20.00* | *194* | *10* | *1,0* | *204* | *11,45%* | *258* | *21,46%* | *1,0* | *232* | *113,56%* | *5* | *-5* |
| *20.00 to <30.00* | *33* | *1* | *1,0* | *35* | *26,46%* | *32* | *24,38%* | *1,0* | *48* | *138,30%* | *2* | *-1* |
| *30.00 to <100.00* | *18* | *0* | *1,0* | *18* | *35,64%* | *8* | *20,09%* | *1,0* | *20* | *114,89%* | *1* | *-2* |
| 100.00 (Default) | 52 | 9 | 1,0 | 61 | 100,00% | 237 | 65,55% | 2,0 | 24 | 39,20% | 39 | -13 |
| **Sub-Total A-IRB Corporate** | **6 713** | **540** | **1,0** | **7 254** | **3,36%** | **6 871** | **23,97%** | **1,6** | **4 811** | **66,32%** | **83** | **-73** |
| **A-IRB Corporate SME** | | | | | | | | | | | | |
| 0.00 to <0.15 | 5 | 1 | 1,0 | 6 | 0,04% | 8 | 17,97% | 1,0 | 0 | 2,80% | 0 | 0 |
| *0.00 to <0.10* | *5* | *1* | *1,0* | *6* | *0,04%* | *8* | *17,97%* | *1,0* | *0* | *2,80%* | *0* | *0* |
| *0.10 to <0.15* | | | | | | | | | | | | |
| 0.15 to <0.25 | | | | | | | | | | | | |
| 0.25 to <0.50 | 64 | 0 | 1,0 | 64 | 0,37% | 250 | 22,56% | 1,0 | 10 | 15,56% | 0 | 0 |
| 0.50 to <0.75 | 520 | 59 | 1,0 | 579 | 0,63% | 812 | 15,88% | 2,0 | 262 | 45,30% | 1 | -3 |
| 0.75 to <2.50 | 383 | 31 | 1,0 | 414 | 1,30% | 705 | 16,49% | 1,0 | 226 | 54,58% | 1 | -1 |
| *0.75 to <1.75* | *272* | *28* | *1,0* | *301* | *1,06%* | *312* | *14,93%* | *2,0* | *184* | *61,36%* | *0* | *-1* |
| *1.75 to <2.50* | *111* | *2* | *1,0* | *113* | *1,94%* | *393* | *20,65%* | *1,0* | *41* | *36,54%* | *0* | *0* |
| 2.50 to <10.00 | 296 | 11 | 1,0 | 308 | 4,68% | 542 | 20,06% | 1,0 | 151 | 49,18% | 3 | -3 |
| *2.50 to <5.00* | *180* | *4* | *1,0* | *183* | *3,25%* | *333* | *20,29%* | *1,0* | *72* | *39,23%* | *1* | *-1* |
| *5.00 to <10.00* | *117* | *7* | *1,0* | *124* | *6,80%* | *209* | *19,72%* | *1,0* | *79* | *63,88%* | *2* | *-2* |
| 10.00 to <100.00 | 114 | 5 | 1,0 | 119 | 20,06% | 187 | 18,77% | 1,0 | 84 | 70,38% | 5 | -6 |
| *10.00 to <20.00* | *55* | *2* | *1,0* | *57* | *13,21%* | *119* | *18,32%* | *1,0* | *38* | *67,46%* | *1* | *-3* |
| *20.00 to <30.00* | *47* | *3* | *1,0* | *50* | *24,11%* | *38* | *18,90%* | *1,0* | *36* | *71,73%* | *2* | *-2* |
| *30.00 to <100.00* | *12* | *0* | *1,0* | *12* | *35,76%* | *30* | *20,40%* | *1,0* | *9* | *78,73%* | *1* | *-1* |
| 100.00 (Default) | 50 | 1 | 1,0 | 51 | 100,00% | 54 | 53,85% | 1,0 | 55 | 107,06% | 24 | -21 |
| **Sub-Total A-IRB Corporate SME** | **1 432** | **108** | **1,000** | **1 540** | **6,40%** | **2 558** | **18,65%** | **1,4** | **788** | **51,14%** | **33** | **-35** |

| In Millions of euros<br><br>PD scale | On-balance sheet exposures | Off-balance-sheet exposures pre-CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD | Number of obligors | Exposure weighted average LGD | Exposure weighted average maturity ( years) | RWEA after supporting factors | RWEA density amount | Expected loss amount | Value adjustments and provisions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A-IRB Retail SME** | | | | | | | | | | | | |
| 0.00 to <0.15 | 0 | | | 0 | 0,09% | 23 | 48,00% | | 0 | 10,16% | 0 | 0 |
| *0.00 to <0.10* | *0* | | | *0* | *0,09%* | *23* | *48,00%* | | *0* | *10,16%* | *0* | *0* |
| *0.10 to <0.15* | | | | | | | | | | | | |
| 0.15 to <0.25 | | | | | | | | | | | | |
| 0.25 to <0.50 | 242 | 29 | 1,0 | 270 | 0,48% | 11 023 | 38,67% | | 59 | 21,88% | 0 | 0 |
| 0.50 to <0.75 | | | | | | | | | | | | |
| 0.75 to <2.50 | 986 | 114 | 1,0 | 1 100 | 1,34% | 61 226 | 38,41% | | 387 | 35,15% | 6 | -2 |
| *0.75 to <1.75* | *941* | *112* | *1,0* | *1 053* | *1,30%* | *57 100* | *38,17%* | | *364* | *34,59%* | *5* | *-2* |
| *1.75 to <2.50* | *45* | *1* | *1,0* | *47* | *2,42%* | *4 126* | *43,86%* | | *22* | *47,65%* | *0* | *0* |
| 2.50 to <10.00 | 1 134 | 124 | 1,0 | 1 258 | 4,10% | 65 432 | 39,30% | | 580 | 46,11% | 20 | -8 |
| *2.50 to <5.00* | *876* | *97* | *1,0* | *973* | *3,41%* | *52 494* | *39,37%* | | *443* | *45,47%* | *13* | *-6* |
| *5.00 to <10.00* | *258* | *27* | *1,0* | *285* | *6,46%* | *12 938* | *39,08%* | | *138* | *48,27%* | *7* | *-3* |
| 10.00 to <100.00 | 245 | 21 | 1,0 | 265 | 22,20% | 11 112 | 38,69% | | 181 | 68,18% | 23 | -11 |
| *10.00 to <20.00* | *119* | *12* | *1,0* | *131* | *12,34%* | *5 498* | *38,88%* | | *76* | *58,04%* | *6* | *-4* |
| *20.00 to <30.00* | *105* | *8* | *1,0* | *113* | *27,39%* | *4 363* | *38,34%* | | *87* | *77,63%* | *12* | *-6* |
| *30.00 to <100.00* | *21* | *1* | *1,0* | *22* | *54,58%* | *1 251* | *39,41%* | | *18* | *80,35%* | *5* | *-2* |
| 100.00 (Default) | 85 | 1 | 1,0 | 86 | 100,00% | 5 636 | 75,92% | | 59 | 68,82% | 60 | -50 |
| **Sub-Total A-IRB Retail SME** | **2 692** | **288** | **1,000** | **2 980** | **7,12%** | **154 452** | **39,91%** | | **1 266** | **42,48%** | **110** | **-72** |
| **A-IRB Retail no SME** | | | | | | | | | | | | |
| 0.00 to <0.15 | 696 | 17 | 1,0 | 713 | 0,10% | 107 977 | 38,55% | | 75 | 10,54% | 0 | 0 |
| *0.00 to <0.10* | *352* | *3* | *1,0* | *355* | *0,09%* | *55 261* | *44,79%* | | *44* | *12,45%* | *0* | *0* |
| *0.10 to <0.15* | *345* | *13* | *1,0* | *358* | *0,10%* | *52 716* | *32,37%* | | *31* | *8,66%* | *0* | *0* |
| 0.15 to <0.25 | 1 683 | 256 | 1,0 | 1 938 | 0,20% | 375 177 | 39,38% | | 321 | 16,56% | 1 | -1 |
| 0.25 to <0.50 | 4 005 | 412 | 1,0 | 4 417 | 0,37% | 435 679 | 40,69% | | 1 213 | 27,47% | 7 | -12 |
| 0.50 to <0.75 | 2 597 | 200 | 1,0 | 2 797 | 0,66% | 221 735 | 40,36% | | 1 049 | 37,50% | 7 | -12 |
| 0.75 to <2.50 | 10 605 | 621 | 1,0 | 11 227 | 1,32% | 905 655 | 41,03% | | 5 530 | 49,26% | 61 | -39 |
| *0.75 to <1.75* | *8 518* | *479* | *1,0* | *8 998* | *1,10%* | *729 509* | *41,38%* | | *4 287* | *47,64%* | *42* | *-33* |
| *1.75 to <2.50* | *2 087* | *142* | *1,0* | *2 229* | *2,19%* | *176 146* | *39,63%* | | *1 244* | *55,79%* | *19* | *-6* |
| 2.50 to <10.00 | 3 509 | 129 | 1,0 | 3 639 | 4,87% | 352 966 | 42,35% | | 2 511 | 69,00% | 76 | -82 |
| *2.50 to <5.00* | *2 275* | *90* | *1,0* | *2 365* | *3,49%* | *217 058* | *41,94%* | | *1 565* | *66,18%* | *34* | *-31* |
| *5.00 to <10.00* | *1 234* | *39* | *1,0* | *1 273* | *7,44%* | *135 908* | *43,12%* | | *946* | *74,25%* | *41* | *-51* |
| 10.00 to <100.00 | 1 021 | 19 | 1,0 | 1 041 | 23,87% | 100 079 | 40,12% | | 993 | 95,39% | 102 | -83 |
| *10.00 to <20.00* | *421* | *10* | *1,0* | *430* | *13,30%* | *41 572* | *39,77%* | | *347* | *80,75%* | *23* | *-18* |
| *20.00 to <30.00* | *419* | *8* | *1,0* | *427* | *23,46%* | *38 686* | *39,03%* | | *424* | *99,36%* | *39* | *-33* |
| *30.00 to <100.00* | *181* | *2* | *1,0* | *183* | *49,59%* | *19 821* | *43,48%* | | *221* | *120,49%* | *40* | *-33* |
| 100.00 (Default) | 457 | 1 | 1,0 | 458 | 100,00% | 59 473 | 79,42% | | 257 | 56,04% | 344 | -296 |
| **Sub-Total A-IRB Retail no SME** | **24 573** | **1 656** | **1,0** | **26 228** | **4,08%** | **2 558 741** | **41,53%** | | **11 949** | **45,56%** | **598** | **-524** |
| **Total A-IRB** | **35 411** | **2 591** | **1,0** | **38 003** | **4,28%** | **2 722 622** | **37,12%** | **1,6** | **18 813** | **49,51%** | **823** | **-705** |

| In Millions of euros<br>PD scale | On-balance sheet exposures | Off-balance-sheet exposures pre-CCF | Exposure weighted average CCF | EAD post CRM and post-CCF | Exposure weighted average PD | Number of obligors | Exposure weighted average LGD | Exposure weighted average maturity ( years) | RWEA after supporting factors | RWEA density amount | Expected loss amount | Value adjustments and provisions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **F-IRB Corporate** | | | | | | | | | | | | |
| 0.00 to <0.15 | | | | | | | | | | | | |
| *0.00 to <0.10* | | | | | | | | | | | | |
| *0.10 to <0.15* | | | | | | | | | | | | |
| 0.15 to <0.25 | | | | | | | | | | | | |
| 0.25 to <0.50 | | | | | | | | | | | | |
| 0.50 to <0.75 | | | | | | | | | | | | |
| 0.75 to <2.50 | 30 | | | 30 | 1,85% | 7 | 45,00% | 3,0 | 36 | 119,05% | 0 | 0 |
| *0.75 to <1.75* | | | | | | | | | | | | |
| *1.75 to <2.50* | *30* | | | *30* | *1,85%* | *7* | *45,00%* | *3,0* | *36* | *119,05%* | *0* | *0* |
| 2.50 to <10.00 | 4 | | | 4 | 3,25% | 2 | 45,00% | 3,0 | 5 | 139,26% | 0 | 0 |
| *2.50 to <5.00* | *4* | | | *4* | *3,25%* | *2* | *45,00%* | *3,0* | *5* | *139,26%* | *0* | *0* |
| *5.00 to <10.00* | | | | | | | | | | | | |
| 10.00 to <100.00 | | | | | | | | | | | | |
| *10.00 to <20.00* | | | | | | | | | | | | |
| *20.00 to <30.00* | | | | | | | | | | | | |
| *30.00 to <100.00* | | | | | | | | | | | | |
| 100.00 (Default) | | | | | | | | | | | | |
| **Total F-IRB Corporate** | **34** | | | **34** | **2,01%** | **9** | **45,00%** | **3,0** | **41** | **121,38%** | **0** | **-1** |

## EU CR6-A – Scope of the use of IRB and SA approaches

| In Millions of euros | Exposure value art 166 CRR for exposures subject to IRB approach | Exposures subject to the Standardised and to the IRB approach | % of exposure value subject to the permanent partial use of the SA | % of total exposure value subject to a roll-out plan | % of total exposure in IRB Approach |
|---|---|---|---|---|---|
| Central governments and central banks | | 7 789 | 1,27% | 98,73% | |
| Of which Regional governments or local authorities | | | | | |
| Of which Public sector entities | | | | | |
| Institutions | | 1 784 | 2,57% | 97,43% | |
| Corporates | 8 828 | 12 107 | 4,51% | 22,57% | 72,92% |
| *Of which Corporates - Specialised lending, excluding slotting approach* | | | | | |
| *Of which Corporates - Specialised lending under slotting approach* | | | | | |
| Retail | 29 209 | 36 282 | 0,59% | 18,91% | 80,51% |
| *of which Retail – Secured by real estate SMEs* | | | | | |
| *of which Retail – Secured by real estate non-SMEs* | | | | | |
| *of which Retail – Qualifying revolving* | | | | | |
| *of which Retail – Other SMEs* | | *4 879* | *3,71%* | *35,21%* | *61,08%* |
| *of which Retail – Other non-SMEs* | | *31 403* | *0,10%* | *16,37%* | *83,52%* |
| Equity | | 288 | | 100,00% | |
| Other non credit obligation assets | | 1 956 | | 100,00% | |
| **Total** | **38 037** | **60 205** | **1,55%** | **36,82%** | **63,18%** |

### d) Borrower data dimension - Probability of Default (PD) parameter

Monthly revaluation of customer risks is based on:

- A model for ranking the risk of default;
- A method for quantifying the related probability of default.

### *i) Description of the internal ratings process*

The table below provides a description of the internal rating process for each exposure types.

| Exposure class | Country | Scope | Définition | PD estimation method | Data | Validation | Adequacy between PD and defautl rate |
|---|---|---|---|---|---|---|---|
| Retail | Germany | Retail Individuals | The definition of default conforms to Guidelines EBA GL 2016 07 Final Report on Guideline on default definition. | The estimation is based on a long run average of default rate at 12 months, added of conservatism margins of type A, B, C which based on historic data reflecting the likely range of variability of default rates, contains an adequat mix of better or worst years. | Since 2008 | Models have been approved by the ECB within the scope of the 2020 inspection on the new definition of default. | Conservative PD with respect to long-term observed default rates. |
| | Germany | Retail SME | | | Since 2008 | | |
| | Spain | Retail Individuals | | | Since 2008 | | |
| | Spain | Retail SME | | | Since 2008 | | |
| | Italy | Retail Individuals | | | Since 2008 | | |
| | Italy | Retail SME | | | Since 2008 | | |
| | UK | Retail Individuals | | | Since 2010 | | |
| | Korea | Retail | | | Since 2011 | | |
| | France | Retail Individuals | | | Since 2008 | | |
| | France | Retail SME | | | Since 2008 | | |
| Wholesale | Germany | Wholesale R1 | | | Since 2010 | | |
| | Germany | Wholesale R2 | | | | | |
| | Spain | Wholesale R1 | | | | | |
| | Italy | Wholesale R1 | | | | | |
| | UK | Wholesale R1 | | | | | |
| | France | Wholesale R1 | | | | | |
| Corporate | France | Very large corporate | | | Since 2008 | | |
| | France | Corporate other | | | Since 2008 | | |

### *ii) Risk ranking model*

The ranking of counterparty risk results from a score that includes both the customer's characteristics and the latter's payment record. The methodology is adjusted to each customer typology to factor in the nature of the available information generally used by business experts to assess the risks.

The table in paragraph iii) below shows the mapping of the models developed.

### *iii) Allocation to a class of risk and quantification of the PD related to each class*

The rating scales feature a number of classes adjusted to the granularity of the portfolio. Retail customers are divided into ten classes for the sound portfolio and one default class; Corporate and Dealer portfolios are divided into seven classes.

The required degree of reliability for internal rating has nonetheless meant that each “country/customer segment” portfolio has been broken down in a specific manner: for a given segment, the risk attached to a particular class in France, measured by its representative PD, is different from the risk attached to the same class in Spain.

The PD associated with each class is calculated by factoring in historically observed default rates.

It is specified that new PD Retail models for all countries were put into production in 2020, following their validation by the ECB. Pd’s of this new models have been recalibrated following the new definition of default (conforms to EBA Guideline : EBA GL 2016 07 Final Report on Guideline on default definition) and this PD were put into production in 2021 December.

## Segmentation of exposures by the advanced method and average PD by country

| Category of exposure | IRBA countries | Average sound portfolio PD at 31/12/2021 |
|---|---|---|
| **Retail customers** | Germany | 1,40% |
| | Spain | 2,42% |
| | France | 2,92% |
| | Italy | 2,10% |
| | United Kingdom | 2,96% |
| | South Korea | 1,24% |
| **Small and medium-sized companies** | Germany | 2,35% |
| | Spain | 4,52% |
| | France | 4,71% |
| | Italy | 4,60% |
| | United Kingdom | 3,24% |
| | South Korea | 1,90% |
| **Large corporations** | Germany | 2,14% |
| | Spain | 8,49% |
| | France | 2,24% |
| | Italy | 5,62% |
| | United Kingdom | 2,90% |

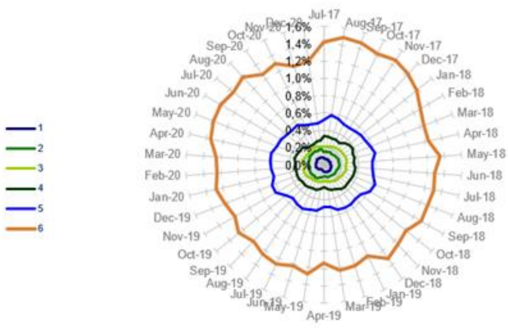
### *iv) Testing PD models*

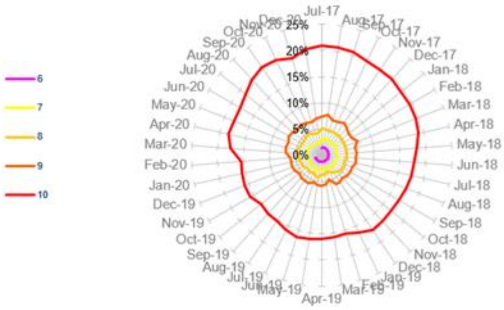
The figures disclosed in this section come from the backtesting databases, which are in line with the modeling databases. The figures given in the previous sections correspond to the use of parameters, and so there may be differences in management rules. For example, the default rates and PDs derived from the backtesting are based solely on the performing portfolio. In addition, in backtesting, if a counterparty belongs to a consolidation group whose annual sales exceed 50 million euros, the exposure class for the group's components will not be impacted, which can cause volume and allocation differences.

In many countries, backtesting of PD models has underlined that the models can effectively prioritize risks but that they also overestimate PDs per class. It should be noted that the internal backtesting procedures focus on calibrations by class of risk over time and not by class of exposure with PD averages in numbers and not in outstandings.

This is illustrated in the following graphs.

## History of default rates per class

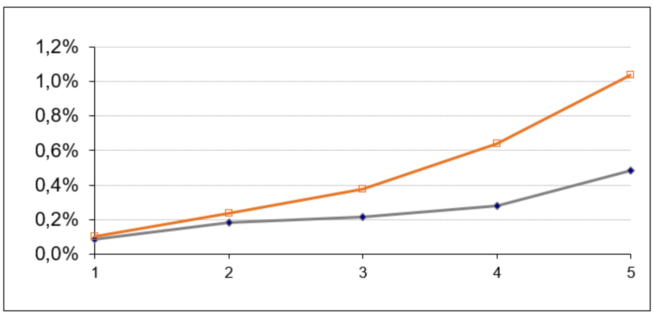


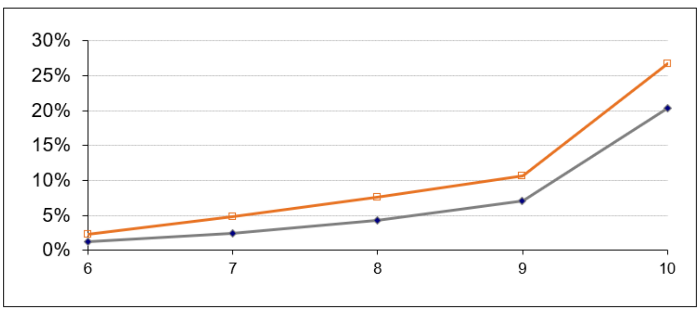

Since the curves by rating class are concentric, the two graphs above enable to conclude that the model is discriminant.

## Backtesting of Consumer PD model for Germany at end-December 2021

**Class 1 to 5**




**Class 6 to 10**




Observed default rate at 2021/12    Estimated PD at 2020/12

The amber curve of calibrated PDs for the range of ratings under consideration is strictly above the actual default rate observed. The German Consumer PD model for the December 2020 portfolio, with defaults observed at the end of December 2021, therefore appears to be well calibrated.

When external ratings are available (i.e. for the very big French corporations), a migration matrix between internal and external ratings is calculated for backtesting exercises. An annual match rate is calculated according to the following two scenarios: without a rating difference and with a rating difference in absolute value (nearly 99%).

## EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)

A-IRB

| Exposure class | PD range | Number of obligors at the end of previous year | Of which number of obligors which defaulted in the year | Observed average default rate (%) | Exposures weighted average PD (%) | Average PD (%) | Average historical annual default rate (%) |
|---|---|---|---|---|---|---|---|
| a | b | c | d | e | f | g | h |
| COCOR | 0.00 to <0.15 | 292 | 10 | 3,42% | 0,04% | 0,04% | 3,01% |
| | 0.00 to <0.10 | 292 | 10 | 3,42% | 0,04% | 0,04% | 3,01% |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | 5 | 0 | 0,00% | | | 0,00% |
| | 0.25 to <0.50 | 357 | 8 | 2,24% | 0,41% | 0,41% | 2,40% |
| | 0.50 to <0.75 | 370 | 4 | 1,08% | 0,64% | 0,64% | 0,83% |
| | 0.75 to <2.50 | 2923 | 51 | 1,74% | 1,48% | 1,51% | 1,67% |
| | 0.75 to <1.75 | 2811 | 45 | 1,60% | 1,26% | 1,11% | 1,68% |
| | 1.75 to <2.5 | 112 | 6 | 5,36% | 1,93% | 1,97% | 1,07% |
| | 2.50 to <10.00 | 1642 | 32 | 1,95% | 3,88% | 4,17% | 2,46% |
| | 2.5 to <5 | 1200 | 16 | 1,33% | 3,51% | 3,53% | 1,86% |
| | 5 to <10 | 442 | 16 | 3,62% | 6,04% | 6,04% | 4,30% |
| | 10.00 to <100.00 | 366 | 36 | 9,84% | 12,07% | 12,00% | 10,20% |
| | 10 to <20 | 207 | 15 | 7,25% | 11,61% | 11,47% | 7,00% |
| | 20 to <30 | | | | 20,34% | 20,34% | |
| | 30.00 to <100.00 | 159 | 21 | 13,21% | | | 18,41% |
| | 100.00 (Default) | 297 | 297 | 97,31% | 100,00% | 100,00% | 100,00% |
| COSME | 0.00 to <0.15 | 3 | 0 | 0,00% | 0,04% | 0,04% | 0,00% |
| | 0.00 to <0.10 | 3 | 0 | 0,00% | 0,04% | 0,04% | 0,00% |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | 11 | 0 | 0,00% | | | 0,00% |
| | 0.25 to <0.50 | | | | 0,41% | 0,41% | 0,00% |
| | 0.50 to <0.75 | 40 | 0 | 0,00% | 0,64% | 0,64% | 0,00% |
| | 0.75 to <2.50 | 615 | 7 | 1,14% | 1,10% | 1,09% | 3,71% |
| | 0.75 to <1.75 | 612 | 7 | 1,14% | 1,06% | 1,02% | 3,79% |
| | 1.75 to <2.5 | 3 | 0 | 0,00% | 2,13% | 2,13% | 0,00% |
| | 2.50 to <10.00 | 157 | 4 | 2,55% | 5,15% | 5,01% | 5,94% |
| | 2.5 to <5 | 148 | 4 | 2,70% | 3,93% | 3,50% | 6,31% |
| | 5 to <10 | 9 | 0 | 0,00% | 6,04% | 6,04% | 3,53% |
| | 10.00 to <100.00 | 24 | 1 | 4,17% | 12,04% | 11,74% | 20,88% |
| | 10 to <20 | 8 | 0 | 0,00% | 12,04% | 11,74% | 16,00% |
| | 20 to <30 | | | | | | |
| | 30.00 to <100.00 | 16 | 1 | 6,25% | | | 31,25% |
| | 100.00 (Default) | 40 | 40 | 100,00% | 100,00% | 100,00% | 100,00% |
| RESME | 0.00 to <0.15 | 31 | 0 | 0,00% | 0,09% | 0,09% | 0,05% |
| | 0.00 to <0.10 | 31 | 0 | 0,00% | 0,09% | 0,09% | 0,05% |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | | | | | | 0,15% |
| | 0.25 to <0.50 | 16786 | 33 | 0,20% | 0,34% | 0,47% | 0,28% |
| | 0.50 to <0.75 | 9746 | 28 | 0,29% | | | 1,07% |
| | 0.75 to <2.50 | 76161 | 582 | 0,76% | 1,33% | 1,34% | 1,12% |
| | 0.75 to <1.75 | 44576 | 268 | 0,60% | 1,33% | 1,26% | 0,93% |
| | 1.75 to <2.5 | 31585 | 314 | 0,99% | 2,42% | 2,42% | 1,63% |
| | 2.50 to <10.00 | 34390 | 746 | 2,17% | 3,48% | 4,06% | 3,16% |
| | 2.5 to <5 | 24083 | 412 | 1,71% | 3,35% | 3,43% | 2,52% |
| | 5 to <10 | 10307 | 334 | 3,24% | 6,46% | 6,63% | 6,20% |
| | 10.00 to <100.00 | 10549 | 1543 | 14,63% | 20,96% | 22,83% | 20,32% |
| | 10 to <20 | 5848 | 476 | 8,14% | 12,13% | 12,60% | 12,84% |
| | 20 to <30 | 3071 | 501 | 16,31% | 27,36% | 26,63% | 33,25% |
| | 30.00 to <100.00 | 1630 | 566 | 34,72% | 47,08% | 54,78% | 35,52% |
| | 100.00 (Default) | 6051 | 6051 | 94,68% | 100,00% | 100,00% | 100,00% |
| REIND | 0.00 to <0.15 | 318140 | 147 | 0,05% | 0,09% | 0,10% | 0,17% |
| | 0.00 to <0.10 | 229036 | 91 | 0,04% | 0,09% | 0,09% | 0,11% |
| | 0.10 to <0.15 | 89104 | 56 | 0,06% | 0,10% | 0,10% | 0,18% |
| | 0.15 to <0.25 | 360983 | 602 | 0,17% | 0,20% | 0,19% | 0,20% |
| | 0.25 to <0.50 | 580905 | 1487 | 0,26% | 0,34% | 0,38% | 0,31% |
| | 0.50 to <0.75 | 254317 | 710 | 0,28% | 0,65% | 0,64% | 0,48% |
| | 0.75 to <2.50 | 685827 | 5157 | 0,75% | 1,27% | 1,32% | 1,00% |
| | 0.75 to <1.75 | 493134 | 2765 | 0,56% | 1,27% | 1,11% | 0,87% |
| | 1.75 to <2.5 | 192693 | 2392 | 1,24% | 2,19% | 2,17% | 1,71% |
| | 2.50 to <10.00 | 241539 | 7645 | 3,16% | 3,38% | 5,03% | 4,22% |
| | 2.5 to <5 | 160799 | 3281 | 2,04% | 3,34% | 3,49% | 2,99% |
| | 5 to <10 | 80740 | 4364 | 5,41% | 7,41% | 7,52% | 7,01% |
| | 10.00 to <100.00 | 65691 | 11915 | 18,14% | 18,00% | 24,29% | 22,14% |
| | 10 to <20 | 28687 | 2920 | 10,18% | 12,12% | 13,68% | 14,86% |
| | 20 to <30 | 18343 | 3718 | 20,27% | 23,48% | 22,86% | 29,15% |
| | 30.00 to <100.00 | 18661 | 5277 | 28,28% | 46,76% | 49,40% | 36,15% |
| | 100.00 (Default) | 60403 | 60403 | 96,06% | 100,00% | 100,00% | 100,00% |

F-IRB

| Exposure class | PD range | Number of obligors in the end of previous year | Of which number of obligors which defaulted in the year | Observed average default rate (%) | Exposure weighted average PD (%) | Average PD (%) | Average historical annual default rate (%) |
|---|---|---|---|---|---|---|---|
| a | b | c | d | e | f | g | h |
| COCOR | 0.00 to <0.15 | 1 | 0 | 0,00% | | | 4,84% |
| | 0.00 to <0.10 | 1 | 0 | 0,00% | | | 4,84% |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | | | | | | |
| | 0.25 to <0.50 | 2 | 0 | 0,00% | | | 1,11% |
| | 0.50 to <0.75 | | | | 0,64% | 0,64% | |
| | 0.75 to <2.50 | 6 | 0 | 0,00% | 1,85% | 1,85% | 0,78% |
| | 0.75 to <1.75 | 6 | 0 | 0,00% | | | 0,79% |
| | 1.75 to <2.5 | | | | 1,85% | 1,85% | 0,00% |
| | 2.50 to <10.00 | | | | 3,43% | 4,18% | 3,87% |
| | 2.5 to <5 | | | | 3,25% | 3,25% | 2,78% |
| | 5 to <10 | | | | 6,04% | 6,04% | 5,00% |
| | 10.00 to <100.00 | | | | | | 12,50% |
| | 10 to <20 | | | | | | 12,50% |
| | 20 to <30 | | | | | | |
| | 30.00 to <100.00 | | | | | | |
| | 100.00 (Default) | 1 | 1 | 100,00% | | | 100,00% |
| COSME | 0.00 to <0.15 | | | | | | |
| | 0.00 to <0.10 | | | | | | |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | | | | | | |
| | 0.25 to <0.50 | | | | | | |
| | 0.50 to <0.75 | | | | 0,64% | 0,64% | |
| | 0.75 to <2.50 | 2 | 1 | 50,00% | 1,17% | 1,17% | 10,00% |
| | 0.75 to <1.75 | 2 | 1 | 50,00% | 1,17% | 1,17% | 10,00% |
| | 1.75 to <2.5 | | | | | | |
| | 2.50 to <10.00 | | | | | | |
| | 2.5 to <5 | | | | | | |
| | 5 to <10 | | | | | | |
| | 10.00 to <100.00 | | | | | | |
| | 10 to <20 | | | | | | |
| | 20 to <30 | | | | | | |
| | 30.00 to <100.00 | | | | | | |
| | 100.00 (Default) | | | | | | |
| RESME | 0.00 to <0.15 | | | | | | |
| | 0.00 to <0.10 | | | | | | |
| | 0.10 to <0.15 | | | | | | |
| | 0.15 to <0.25 | | | | | | |
| | 0.25 to <0.50 | | | | | | |
| | 0.50 to <0.75 | | | | | | |
| | 0.75 to <2.50 | | | | | | 0,00% |
| | 0.75 to <1.75 | | | | | | 0,00% |
| | 1.75 to <2.5 | | | | | | |
| | 2.50 to <10.00 | | | | 2,79% | 2,79% | 0,00% |
| | 2.5 to <5 | | | | 2,79% | 2,79% | 0,00% |
| | 5 to <10 | | | | | | |
| | 10.00 to <100.00 | | | | | | 0,00% |
| | 10 to <20 | | | | | | 0,00% |
| | 20 to <30 | | | | | | |
| | 30.00 to <100.00 | | | | | | |
| | 100.00 (Default) | | | | | | |

In accordance with RCI practice, the historical average captures maximum historical depth and is therefore not restricted solely to the last five years.

Across all exposure class, PDs are globally greater than the default rate except for some PD range with few obligors. Moreover, quarterly backtesting of PD models, enables to ensure internal models performance: conservatism, discriminatory power and stability.

## CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

No RCI models associates or maps its internal grades to the scale used by an ECAI to calibrate its PD.

## e) Transaction data dimension – Loss given default (LGD) parameter

Economic losses are estimated using discounted recovery flows for Retail Customers and Corporates, or debt write- offs for the car dealers, on the basis of historical data generally going back at least 7 years. Recovery costs are factored in according to the management phases involved. After analysis, transactions have been grouped into segments representing homogeneous loss levels.

The quantifying of these losses per segment results from a statistical model the main vectors of which are a generational analysis of recoveries and the speed of collection.

The table below provides a description of the estimation of the loss for each exposure types.

| Exposure class | Country | Scope | Définition | LGD estimation method | LGD downturn estimation method | Time to work out | Data | Validation |
|---|---|---|---|---|---|---|---|---|
| Retail | Germany | LGD | The definition of default conforms to Guidelines EBA GL 2016 07 Final Report on Guideline on default definition. | The estimation is based on a long run average of the net discounted loss rates, added of the conservatism margins of type A, B, C and downturn. | LGD downturn is estimated in accordance with the LGD Downturn Guideline EBA/GL/2019/03 | - 84 months for Credit's buket on the France Retail model<br>- 60 months for model Spain Retail<br>- 48 months for others models | Since 2008 | Models have been approved by the ECB within the scope of the 2020 inspection on the new definition of default. |
| | Germany | LGD in default | | | | | Since 2008 | |
| | Germany | ELBE | | | | | Since 2008 | |
| | Spain | LGD | | | | | Since 2008 | |
| | Spain | LGD in default | | | | | Since 2008 | |
| | Spain | ELBE | | | | | Since 2008 | |
| | Italy | LGD | | | | | Since 2008 | |
| | Italy | LGD in default | | | | | Since 2008 | |
| | Italy | ELBE | | | | | Since 2008 | |
| | France | LGD | | | | | Since 2008 | |
| | France | LGD in default | | | | | Since 2008 | |
| | France | ELBE | | | | | Since 2008 | |
| | UK | LGD | | | | | Since 2010 | |
| | UK | LGD in default | | | | | Since 2010 | |
| | UK | ELBE | | | | | Since 2010 | |
| | Korea | LGD | | | | | Since 2011 | |
| | Korea | LGD in default | | | | | Since 2011 | |
| | Korea | ELBE | | | | | Since 2011 | |
| Wholesale | DE-ES-IT-FR-UK | LGD | | | | | Since 2010 | |
| | DE-ES-IT-FR-UK | LGD in default | | | | | | |
| | DE-ES-IT-FR-UK | ELBE | | | | | | |
| Corporate | France | LGD | | | | | Since 2008 | |
| | France | LGD in default | | | | | Since 2008 | |
| | France | ELBE | | | | | Since 2008 | |

## Segmentation of exposures by the advanced method and average LGD by country

| Category of exposure | IRBA countries | Population group segmentation | Average sound portfolio LGD | Average loss computed at the last backtesting |
|---|---|---|---|---|
| Retail individuals SME | France | credit with ratio Maturity[1]/Forecast duration<=0.377 | 52,42% | 42,16% |
| | | credit with ratio Maturity[1]/Forecast duration>0.377 | 40,35% | 30,91% |
| | | leasing with ratio Maturity[1]/Forecast duration<=0.432 | 37,91% | 26,78% |
| | | leasing with ratio Maturity[1]/Forecast duration>0.432 | 32,42% | 22,88% |
| | Germany | Credit | 31,90% | 29,61% |
| | | Leasing | 39,57% | 38,73% |
| | Spain | Duration before funding ends <=9 months | 27,92% | 15,36% |
| | | 9 mois< Duration before funding ends <=30 months | 38,81% | 24,98% |
| | | Duration before funding ends >30 months | 53,80% | 37,78% |
| | Italy | Credit VN | 42,95% | 30,22% |
| | | Credit VO | 51,56% | 39,45% |
| | United Kingdom | Credit VN | 46,36% | 31,60% |
| | | Credit VO | 46,84% | 37,40% |
| | South Korea | Maturity[1] <=10 months | 48,68% | 36,36% |
| | | 10< Maturity[1] <=34 months | 41,78% | 28,64% |
| | | Maturity[1] >34 months | 36,30% | 26,10% |
| Corporate | France | Credit | 18,56% | 11,23% |
| | | Leasing | 30,24% | 3,77% |
| Dealers | G5(*) | R1 VN | 16,30% | 9,36% |
| | | R1 others | 26,22% | 16,28% |

(*) G5 : France, Germany, Spain, Italy, United Kingdom

[1] This is the difference between the default date and the management date

The LGDs are updated yearly to factor in the most recent information when estimating the parameter. The principle of LGD backtesting is to compare the long run average of loss rate and the LGD calibrated in the previous year. The LGDs observed are conservative overall, despite an overshoot observed in one of the segments of German Retail, SME and Corporate Customers portfolio. Due to ECB approval new models of LGD for Retail/SME and dealers' customers portfolio for all countries were put into production in 2020. LGD's of this new models have been recalibrated following the new definition of default (conforms to EBA Guideline : EBA GL 2016 07 Final Report on Guideline on default definition) and this LGD were put into production in 2021 December.

The average loss given defaults on the sound portfolio is 40.86% for Retail Customers and 27.76% for the Corporate segment, the latter breaking down as 33.71% for non-Dealer companies and 19.65% for the Dealers.

**Individuals and Corporate customers** expected loss (EL) increased by +2.9% compared to December 2020 (+€22 million), as a result of an increase of the EL Default by +€53 million, driven by the rise of exposure in default (+€128 million) with the application of the EBA Guidelines on the definition of default under Article 178 of Regulation (EU) No 575/2013. This increase is partially offset by a decrease of EL on performing portfolio by -€31 million.

EL for the Dealers decreased by -36.5 M (-43.5%) compared to December 2020, under the effect of the decrease in net exposures (-€1,704.6M of which -€65.1M in default), corresponding to a decrease in defaulted -€20.7M (-52%) and non-defaulted -€15.8M (-36%) EL.

## f) Credit conversion factor

Credit conversion factor are set to 100% for the whole RCI advanced method portfolio.

## g) Operational use of internal ratings

### *i) Customers*

- Granting policy

Customers applying for financing plans are systematically rated by acceptance specific scoring; this situation, which pre-dated the "Basel" ratings, allow to set the initial direction of the application in the decision-making process, the study process concentrating on "intermediary and high" risks. Consistency between the acceptance rating and the "Basel" rating is ensured both in the construction of the rating models and in backtesting exercises. Beyond the operational process, the acceptance policy is regularly adjusted according to default rates and a break-even analysis by level of probability of default and loss given default.

- Debt collection

The statistical models used to calculate weighted risks and expected loss enable probability of default determined at the time of granting to be updated monthly by factoring in the customer's payment record. This updating, which provides a clear vision of expected loss of the portfolio as part of the "budget process" is also a tool used to forward plan the activity of out-of-court and disputed debt collection platforms. On the basis of the same customer information, "recovery scores" have been deployed in Spain and South Korea to make the process more efficient.

### *ii) Dealers*

In the Dealers segment, all counterparties are systematically rated. All the rating components, or the rating itself, are included in the key operational processes of acceptance, management and monitoring of the activity and the risks.

Provisioning for the Wholesale financing activity is based on a categorization of the counterparties, individually, and on the basis of an examination of objective impairment indicators. The internal rating is the basis for this differentiation.

## h) Procedures for monitoring internal ratings

The results of the internal rating process, the performance of the models and the main data items making it up are monitored quarterly by the modeling teams. At least once a year, observed changes lead to a formal analysis according to a standard protocol described in a procedure. Differences between the models' forecasts and the actual figures are analyzed and summarized in a formal report that also includes a quantification of the impact on the capital requirement. Elements of the performance of the rating models are also reported twice a year to the Executive Committee during a dedicated presentation and to the Risk Committee of the Executive Board.

Regulatory changes with a significant impact on the models are monitored and analyzes in detail by the modeling teams. This is notably the case for the EBA Regulatory Technical Standards (RTS) on the new definition of default for which two packages was sent to the ECB in 2020 and for which RCI has obtained the ECB's approval. Furthermore in 2021 three new packages was sent to the supervisor on the following perimeters : Corporate (in 2021 March), Retail (in 2021 June) and Wholesale (in 2021 December).

The different elements of internal models and the first level of controls produced by Credit Division are reviewed in a second level of control by the validation team of Risk Control Unit.

These independent controls are governed by a procedure and reported to dedicated validation committees. The resulting points for improvement are the subject of action plans proposed by the teams and validated and monitored by the validation unit.

As part of its periodic controls, the Internal Audit reviews the process of internal models and the first and second levels of controls to assess their adequacy and conformity.

Eventually, the whole process including first, second and third level of controls is regularly controlled by ECB inspections.

## EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The purpose of this section is to depict the root cause of RWA variation by quarterly step.

| In Millions of euros | Risk weighted exposure amount | Risk weighted exposure amount |
|---|---|---|
| | 12/2021 | 09/2021 |
| **Risk weighted exposure amount as at the end of the previous reporting period** | **17 708** | **18 519** |
| Asset size (+/-) | 800 | -813 |
| Asset quality (+/-) | 55 | 24 |
| Model updates (+/-) | 354 | |
| Methodology and policy (+/-) | | |
| Acquisitions and disposals (+/-) | | |
| Foreign exchange movements (+/-) | 65 | -22 |
| Other (+/-) | -129 | |
| **Risk weighted exposure amount as at the end of the reporting period** | **18 854** | **17 708** |

Changes in asset size are mainly due to the cyclicality of dealer financing activity, which peak in June and December.

The models were updated in December following the implementation of the new definition of default for +354M€. The Corporate portfolios (excluding dealers) in Italy, Germany and Spain were transferred to the standard method for -€129 million ("Other (+/-)" line).

## 6 - STANDARDIZED METHOD

### EU CRD – Qualitative disclosure requirements related to standardised model

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Article 444 (a) CRR | (a) | Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period; | RCI Banque uses Moody's as external rating agency |
| Article 444 (b) CRR | (b) | The exposure classes for which each ECAI or ECA is used; | RCU uses ECAI ratings for sovereign, international organization, institutions and corporate investments |
| Article 444 (c) CRR | (c ) | A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book; | RCI Banque complies with the standard association published by the EBA |
| Article 444 (d) CRR | (d) | The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA). | RCI Banque complies with the standard association published by the EBA |

The credit risk exposures treated using the standardized method comprise financed sales outstandings of subsidiaries not treated using the advanced method, debts to credit institutions and central banks, and all other consolidated assets that are not credit obligations.

In order to calculate the capital requirement for credit risk under the standardized method, RCI Banque uses Moody’s, the external credit rating agency, for sovereigns, international organizations, institutions and corporate investments. Reconciliation of these ratings with the credit quality steps provided for under the regulations complies with the supervisor's requirements. Beyond this framework, there is no use of any external rating that cannot be applied directly. As regards unrated exposures, the RCI Banque group applies the regulatory weightings in accordance with the CRR.

For hedge transactions, the values of counterparty credit risk exposures on interest-rate or forex derivatives are determined by the market price method, adding, to the current replacement cost, the potential future credit exposure based on the remaining term. Such transactions still concern countries not covered by EMIR regulations.

## EU CR4 – standardised approach – Credit risk exposure and CRM effects

| In Millions of euros | Exposures before CCF and CRM | | Exposures post CCF and CRM | | RWA and RWA density | |
|---|---|---|---|---|---|---|
| | On-Balance-sheet exposures | Off-balance sheet exposures | On-Balance-sheet exposures | Off-balance sheet exposures | RWEA | RWEA density |
| Central governments or central banks | 7 773 | 6 | 7 773 | 3 | 303 | 3,89% |
| Regional government or local authorities | 33 | 4 | 33 | 2 | 7 | 20,08% |
| Public sector entities | | | | | | |
| Multilateral development banks | | | | | | |
| International organisations | | | | | | |
| Institutions | 1 147 | 26 | 1 147 | 12 | 235 | 20,30% |
| Corporates | 3 181 | 386 | 3 054 | 33 | 2 889 | 93,60% |
| Retail | 6 467 | 366 | 6 466 | 144 | 4 660 | 70,50% |
| Secured by mortgages on immovable property | | | | | | |
| Exposures in default | 213 | 5 | 208 | 1 | 226 | 108,14% |
| Exposures associated with particularly high risk | | | | | | |
| Covered bonds | | | | | | |
| Institutions and corporates with a short-term credit assessment | 58 | | 58 | | 42 | 73,21% |
| Collective investment undertakings | 70 | | 70 | | 99 | 140,16% |
| Equity | 288 | | 288 | | 667 | 231,44% |
| Other items | 1 781 | 19 | 1 781 | 19 | 1 553 | 86,33% |
| **Total** | **21 012** | **812** | **20 877** | **214** | **10 681** | **50,64%** |

CRM: Credit Risk Mitigation

CCF: Credit Conversion Factor

The %CCF applied is 0% on most of the off-balance sheet exposures towards companies, the credit lines being unconditionally cancellable at any time without notice in case of a deterioration of the borrower's creditworthiness.

## EU CR5 – Standardised approach

**In Millions of euros** — **Risk weight**

| Exposure classes | 0% | 2% | 4% | 10% | 20% | 35% | 50% | 70% | 75% | 100% | 150% | 250% | 370% | 1250% | Others | Total | of which unrated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Central governments or central banks | 7 641 | | | | 0 | | 3 | | | 10 | 14 | 108 | | | | 7 776 | |
| Regional government or local authorities | | | | | 35 | | | | | 0 | | | | | | 35 | 35 |
| Public sector entities | | | | | | | | | | | | | | | | | |
| Multilateral development banks | | | | | | | | | | | | | | | | | |
| International organisations | | | | | | | | | | | | | | | | | |
| Institutions | | | | | 1 151 | | 8 | | | 0 | 1 | | | | | 1 159 | 1 147 |
| Corporates | | | | | | | | | | 3 043 | 44 | | | | | 3 087 | 3 087 |
| Retail exposures | | | | | | | | | 6 610 | | | | | | | 6 610 | 6 610 |
| Exposures secured by mortgages on immovable | | | | | | | | | | | | | | | | | |
| Exposures in default | | | | | | | | | | 175 | 34 | | | | | 209 | 199 |
| Exposures associated with particularly high risk | | | | | | | | | | | | | | | | | |
| Covered bonds | | | | | | | | | | | | | | | | | |
| Exposures to institutions and corporates with a short-term | | | | | 34 | | | | | | 24 | | | | | 58 | 24 |
| Units or shares in collective investment undertakings | | | | | | | | | | | | | | 1 | 69 | 70 | 1 |
| Equity exposures | | | | | | | | | | 36 | | 252 | | | | 288 | 288 |
| Other items | 0 | | | | 307 | | | | | 1 492 | | | | | | 1 799 | 1 799 |
| **TOTAL** | **7 641** | | | | **1 527** | | **11** | | **6 610** | **4 755** | **117** | **360** | | **1** | **69** | **21 092** | **13 191** |

## 7 - CREDIT RISK MITIGATION TECHNIQUES

RCI Banque group does not use netting agreements to reduce the commercial credit risk.
Mitigation techniques are allowed only in the form of cash and used solely according to the two agreements below in order to hedge the credit risk specific to the manufacturers' distribution network.

For exposures treated by the internal rating method, the capital requirements in respect of credit risk take into account financial collateral (in the form of a cash pledge agreement) amounting to €700m granted by manufacturer Renault and protecting RCI Banque against the risk of the Renault subsidiaries defaulting on inventory financing. This protection is spread evenly over each exposure in the relevant scope by RAY's data processing. After application of the discount relating to the asymmetry of currencies, the residual exposure is €452 €m.

With the standardized method, capital requirements in respect of credit risk include financial collateral (in the form of Letras de Cambio and guarantee funds ) protecting Brazilian subsidiary Banco RCI Brasil against the risk of default of its network of dealerships, for a total of €134m, reducing exposures to €95m for SMEs. This protection is allocated individually to each exposure concerned.

### EU CRC – Qualitative disclosure requirements related to CRM techniques

| Legal basis | Row number | Qualitative informations | |
|---|---|---|---|
| Article 453 (a) CRR | (a) | A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting; | For Retail and Corporate financing activities, including Wholesale financing activity, RCI Banque do not use balance sheet netting. |
| Article 453 (b) CRR | (b) | The core features of policies and processes for eligible collateral evaluation and management; | For Corporate financing activities, RCI Banque do not take collaterals to mitigate credit risk.<br>For its Network business, RCI Banque has a framework procedure for taking out guarantees and signed agreements allowing for the evaluation and management of eligible collateral. |
| Article 453 (c) CRR | (c) | A description of the main types of collateral taken by the institution to mitigate credit risk; | For Corporate financing activities, RCI Banque do not take collaterals to mitigate credit risk.<br>For its Network business, RCI uses collaterals such as a cash pledge (to reduce exposure to dealerships owned by the Renault Group) and a guarantee fund and the pledge of letras de cambio (to reduce exposure to independent dealerships in Brazil). |
| Article 453 (d) CRR | (d) | For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures; | For Retail and Corporate financing activities, RCI Banque do not use credit protection, such as guarantors and credit derivative, in order to reduce capital requirements. |
| Article 453 (e) CRR | (e) | Information about market or credit risk concentrations within the credit mitigation taken; | For Retail and Corporate financing activities, RCI Banque do not use such credit risk mitigation techniques. |

## EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

| In millions of euros | Unsecured carrying amount | Secured carrying amount | *Of which secured by collateral* | *Of which secured by financial guarantees* | *ow secured by credit derivatives* |
|---|---|---|---|---|---|
| Loans and advances | 35 386 | 17 879 | *834* | *17 044* | |
| Debt securities | 762 | | | | |
| **Total** | **36 148** | **17 879** | ***834*** | ***17 044*** | |
| *Of which Non-performing exposures* | *793* | *258* | | *258* | |
| *Of which defaulted* | *793* | *258* | | *258* | |

## EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

| In Millions of euros | Pre-credit derivatives RWEA | Actual RWEA |
|---|---|---|
| **Exposures under FIRB** | | |
| Central governments and central banks | | |
| Institutions | | |
| Corporates | 41 | 41 |
| *of which Corporates - SMEs* | | |
| *of which Corporates - Specialised lending* | | |
| **Exposures under AIRB** | | |
| Central governments and central banks | | |
| Institutions | | |
| Corporates | 5 599 | 5 599 |
| *of which Corporates - SMEs* | *788* | *788* |
| *of which Corporates - Specialised lending* | | |
| Retail | 13 215 | 13 215 |
| *of which Retail – SMEs - Secured by immovable property collateral* | | |
| *of which Retail – non-SMEs - Secured by immovable property collateral* | | |
| *of which Retail – Qualifying revolving* | | |
| *of which Retail – SMEs - Other* | *1 266* | *1 266* |
| *of which Retail – Non-SMEs- Other* | *11 949* | *11 949* |
| Equity IRB | | |
| Other non credit obligation assets | | |
| **TOTAL (including F-IRB exposures and A-IRB exposures)** | **18 854** | **18 854** |

## EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

| In Millions of euros | Total exposures | Credit risk Mitigation techniques | | | | | | | | | | | Credit risk Mitigation methods in the calculation of RWEAs | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Funded credit Protection (FCP) | | | | | | | | | Unfunded credit Protection (UFCP) | | | |
| | | % of exposures covered by Financial Collaterals | % of exposures covered by Other eligible collaterals | % of exposures covered by Immovable property Collaterals | % of exposures covered by Receivables | % of exposures covered by Other physical collateral | % of exposures covered by Other funded credit protection | % of exposures covered by Cash on deposit | % of exposures covered by Life insurance policies | % of exposures covered by Instruments held by a third party | % of exposures covered by Guarantees | % of exposures covered by Credit derivatives | RWEA without substitution effects (reduction effects only) | RWEA with substitution effects (both reduction and sustitution effects) |
| **Exposures under AIRB** | | | | | | | | | | | | | | |
| Central governments and central banks | | | | | | | | | | | | | | |
| Institutions | | | | | | | | | | | | | | |
| Corporates | 8 794 | 5,14% | | | | | | | | | | | 5 599 | 5 599 |
| Of which Corporates – SMEs | 1 540 | | | | | | | | | | | | 788 | 788 |
| Of which Corporates – Specialised lending | | | | | | | | | | | | | | |
| Of which Corporates – Other | 7 254 | 6,23% | | | | | | | | | | | 4 811 | 4 811 |
| Retail | 29 209 | | | | | | | | | | | | 13 215 | 13 215 |
| Of which Retail – Immovable property SMEs | | | | | | | | | | | | | | |
| Of which Retail – Immovable property non-SMEs | | | | | | | | | | | | | | |
| Of which Retail – Qualifying revolving | | | | | | | | | | | | | | |
| Of which Retail – Other SMEs | 2 980 | | | | | | | | | | | | 1 266 | 1 266 |
| Of which Retail – Other non-SMEs | 26 228 | | | | | | | | | | | | 11 949 | 11 949 |
| **Total** | **38 003** | **1,19%** | | | | | | | | | | | **18 813** | **18 813** |
| **Exposures under FIRB** | | | | | | | | | | | | | | |
| Central governments and central banks | | | | | | | | | | | | | | |
| Institutions | | | | | | | | | | | | | | |
| Corporates | 34 | | | | | | | | | | | | 41 | 41 |
| Of which Corporates – SMEs | | | | | | | | | | | | | | |
| Of which Corporates – Specialised lending | | | | | | | | | | | | | | |
| Of which Corporates – Other | 34 | | | | | | | | | | | | 41 | 41 |
| **Total** | **34** | | | | | | | | | | | | **41** | **41** |

## 8 - COUNTERPARTY CREDIT RISK

### EU CCRA – Qualitative disclosure related to CCR

| | | Flexible format disclosure |
|---|---|---|
| (a) | **Article 439 (a) CRR**<br><br>Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties | Counterparty risk is managed by a limit system set by RCI Banque, in line with counterparty risk appetite. Calibration of RCI Banque's limits is based in particular on the level of own equity, results, external rating and internal assessement of the quality of the counterparty taking into account ownership, market position, franchise diversification. Limits with central counterparties are assigned based the credit quality of the host country (central banks) or stressed margin requirement on cleared derivatives (clearing house). Compliance with limits is monitored daily, and all control results are notified monthly to the RCI Banque's financial committee. Exposure on banks is included in Groupe Renault consolidated counterparty risk monitoring. |
| (b) | **Article 439 (b) CRR**<br><br>Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves | RCI Banque uses interest rate and forex derivatives to hedge financial risks. For a large portion of its portfolio, it has implemented risk mitigation techniques to protect the company against the risks of counterparty default.<br><br>Derivative transactions are executed under ISDA agreement or equivalent and thereby provide RCI with a a legally enforceable right in case of default of the counterparty (see Note 20 to the consolidated financial statements: Netting agreements and other similar commitments). In 2012 the EMIR (European Market Infrastructure Regulation) regulation published a series of standards designed to improve the stability and transparency of the derivatives market. The main measure concerns the use of clearing houses or bilateral exchange of collateral between counterparties. In Europe, RCI Banque books interest-rate swap transactions in clearing houses and posts cash as collateral as initial margin and regular exchanges cash collateral (that can be paid or received) in respect of variation margins. Foreign exchange derivatives uncollateralized are subject to bilateral margin call. Outside Europe interest rate swaps are subject to bilateral exchanges of collateral in Brazil. |
| (c) | **Article 439 (c) CRR**<br><br>Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR | RCI Banque has no particular mechanism for managing correlation risk. |
| (d) | **Article 431 (3) and (4) CRR**<br><br>Any other risk management objectives and relevant policies related to CCR | Not applicable |
| (e) | **Article 439 (d) CRR**<br><br>The amount of collateral the institution would have to provide if its credit rating was downgraded | On 31 December 2021, the cash outflows required to fund additional securitization reserves in case of a 3 notch rating downgrade totaled €160 million. |

## EXPOSURE TO COUNTERPARTY CREDIT RISK

### EU CCR1 – Analysis of CCR exposure by approach

| In Millions of euros | Replacement cost (RC) | Potential future exposure (PFE) | EEPE | Alpha used for computing regulatory exposure | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWEA |
|---|---|---|---|---|---|---|---|---|
| EU - Original Exposure Method (for derivatives) | | | | 1,4 | | | | |
| EU - Simplified SA-CCR (for derivatives) | | | | 1,4 | | | | |
| SA-CCR (for derivatives) | 38 | 24 | | 1,4 | 87 | 87 | 87 | 53 |
| IMM (for derivatives and SFTs) | | | | | | | | |
| *Of which securities financing transactions netting sets* | | | | | | | | |
| *Of which derivatives and long settlement transactions netting sets* | | | | | | | | |
| *Of which from contractual cross-product netting sets* | | | | | | | | |
| Financial collateral simple method (for SFTs) | | | | | | | | |
| Financial collateral comprehensive method (for SFTs) | | | | | | | | |
| VaR for SFTs | | | | | | | | |
| **Total** | | | | | | | | **53** |

CCR1 – this table only includes derivative exposures that do not go through CCPs.

RWAs on counterparty credit risk are based on exposure on derivatives, to which an add-on is allocated. The exposure is then weighted by risk in accordance with the standard method – based on counterparties' credit quality.

## EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

| In Millions of euros | Risk weight | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Others | Total |
| Central governments or central banks | | | | | | | | | | | | |
| Regional government or local authorities | | | | | | | | | | | | |
| Public sector entities | | | | | | | | | | | | |
| Multilateral development banks | | | | | | | | | | | | |
| International organisations | | | | | | | | | | | | |
| Institutions | | | | | 374 | 21 | | | 35 | | | 430 |
| Corporates | | | | | | | | | | | | |
| Retail | | | | | | | | | | | | |
| Institutions and corporates with a short-term credit assessment | | | | | 20 | | | | | 0 | | 21 |
| Other items | | | | | | | | | | | | |
| **Total exposure value** | | | | | **394** | **21** | | | **35** | **0** | | **451** |

## EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

| In Millions of euros<br>PD scale | Exposure value | Exposure weighted average PD (%) | Number of obligors | Exposure weighted average LGD (%) | EW average maturity (years) | RWEA | Density of RWEA |
|---|---|---|---|---|---|---|---|
| **Exposure class X** | | | | | | | |
| 0.00 to <0.15 | | | | | | | |
| 0.15 to <0.25 | | | | | | | |
| 0.25 to <0.50 | | | | | | | |
| 0.50 to <0.75 | | | | | | | |
| 0.75 to <2.50 | | | | | | | |
| 2.50 to <10.00 | | | | | | | |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (Default) | | | | | | | |
| **Sub-Total exposure class X** | | | | | | | |
| **Exposure class Y** | | | | | | | |
| 0.00 to <0.15 | | | | | | | |
| 0.15 to <0.25 | | | | | | | |
| 0.25 to <0.50 | | | | | | | |
| 0.50 to <0.75 | | | | | | | |
| 0.75 to <2.50 | | | | | | | |
| 2.50 to <10.00 | | | | | | | |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (Default) | | | | | | | |
| **Sub-Total exposure class Y** | | | | | | | |
| **Total (all CCR relevant exposure classes)** | | | | | | | |

## EU CCR5 – Composition of collateral for CCR exposures

| In Millions of euros | Collateral used in derivative transactions | | | | Collateral used in SFTs | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair value of collateral received | | Fair value of posted collateral | | Fair value of collateral received | | Fair value of posted collateral | |
| | Segregated | Unsegregated | Segregated | Unsegregated | Segregated | Unsegregated | Segregated | Unsegregated |
| Cash – domestic currency | | | | | | | | |
| Cash – other currencies | | | | | | | | |
| Domestic sovereign debt | | | | | | | | |
| Other sovereign debt | | | | | | | | |
| Government agency debt | | | | | | | | |
| Corporate bonds | | | | | | | | |
| Equity securities | | | | | | | | |
| Other collateral | | | | | | | | |
| **Total** | | | | | | | | |

RCI Banque undertakes transactions towards Central Counterparties in line with the EMIR regulation. Collateral is obtained and paid in the form of cash.

However, these transactions do not enter into the calculation of the exposure to counterparty credit risk because the netting agreements have not yet been recognized by the competent authorities in accordance with Article 296 of the CRR

## EU CCR6 – Credit derivatives exposures

| In Millions of euros | Protection bought | Protection sold |
|---|---|---|
| **Notionals** | | |
| Single-name credit default swaps | | |
| Index credit default swaps | | |
| Total return swaps | | |
| Credit options | | |
| Other credit derivatives | | |
| **Total notionals** | | |
| **Fair values** | | |
| Positive fair value (asset) | | |
| Negative fair value (liability) | | |

RCI Banque has no credit derivatives.

## EU CCR7 – RWEA flow statements of CCR exposures under the IMM

| | RWEA |
|---|---|
| **RWEA as at the end of the previous reporting period** | |
| Asset size | |
| Credit quality of counterparties | |
| Model updates (IMM only) | |
| Methodology and policy (IMM only) | |
| Acquisitions and disposals | |
| Foreign exchange movements | |
| Other | |
| **RWEA as at the end of the current reporting period** | |

## EU CCR8 – Exposures to CCPs

| **In Millions of euros** | **Exposure value** | **RWEA** |
|---|---|---|
| **Exposures to QCCPs (total)** | | **73** |
| Exposures for trades at QCCPs (excluding initial margin and default fund contributions); ow | 364 | 73 |
| *(i) OTC derivatives* | *364* | *73* |
| *(ii) Exchange-traded derivatives* | | |
| *(iii) SFTs* | | |
| *(iv) Netting sets where cross-product netting has been approved* | | |
| Segregated initial margin | | |
| Non-segregated initial margin | | |
| Prefunded default fund contributions | | |
| Unfunded default fund contributions | | |
| **Exposures to non-QCCPs (total)** | | **53** |
| Exposures for trades at non-QCCPs (ex initial margin and default fund contributions) ow | 87 | 53 |
| *(i) OTC derivatives* | *87* | *53* |
| *(ii) Exchange-traded derivatives* | | |
| *(iii) SFTs* | | |
| *(iv) Netting sets where cross-product netting has been approved* | | |
| Segregated initial margin | | |
| Non-segregated initial margin | | |
| Prefunded default fund contributions | | |
| Unfunded default fund contributions | | |

# V - CREDIT VALUATION ADJUSTMENT RISK

For all over-the-counter derivatives, if derivatives recognized as credit protection are not used, the RCI Banque group determines a capital requirement for “Credit valuation adjustment” (CVA) risk.

This capital charge is designed to cover losses in the event of downgraded quality of the counterparty, entailing a decrease in the value of the derivatives.

The requirement is calculated by the standardized method defined in Article 384 of regulation (EU) 575/2013.

## EU CCR2 – Transactions subject to own funds requirements for CVA risk

| **In Millions of euros** | **Exposure value** | **RWEA** |
|---|---|---|
| Total transactions subject to the Advanced method | | |
| (i) VaR component (including the 3×multiplier) | | |
| (ii) Stressed VaR component (including the 3×multiplier) | | |
| Transactions subject to the Standardised method | 451 | 254 |
| Transactions subject to the Alternative approach (Based on the Original Exposure I | | |
| **Total transactions subject to own funds requirements for CVA risk** | **451** | **254** |

# VI - SECURITIZATION

## EU-SECA - Qualitative disclosure requirements related to securitisation exposures

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Article 449(a) CRR | (a) | Description of securitisation and re-securitisation activities; including institutions' risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions whether they use the Simple Transparent and Standardised (STS) securitisation framework and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy | RCI Banque uses securitization as a funding instrument. All securitized assets remain in the consolidated balance sheet. RCI Banque does not invest in special purpose vehicles whose underlying obligations are originated by non-group companies.<br>The group securitizes pools of receivables granted to individual customers or companies. Securities created from such transactions are sold to third party investors or self-subscribed to generate eligible collateral used for Central bank funding or liquidity reserve. |
| Article 449(b) CRR | (b) | The type of risk that institutions are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions, providing a distinction between STS and non-STS positions and:<br>i) risk retained in own-originated transactions;<br>ii) risk incurred in relation to transactions originated by third parties | RCI has not used securitization to transfer risk. Special Purpose vehicles carrying securitized assets are consolidated by the Group that remain exposed to most of the risks and benefits attached to securitized receivables.<br><br>The group's securitization transactions all meet the economic capital retention requirement of not less than 5% mentioned in Article 405 of European Directive (EU) 575/2013.<br><br>RCI Banque does not invest in special purpose vehicles backed by receivables originated by non-group companies. |
| Article 449(c) CRR | (c) | Institutions' approaches to calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies with a distinction between STS and non-STS positions | RCI Banque does not invest on securitisation positions as described in Article 2, 1) of (EU) 2017/2402 of 12 December 2017. Therefore, RCI Banque does not have any exposure linked to such position.<br>The receivables securitised by RCI Banque are prudentially consolidated and the risk-weighted assets are calculated as if assets had not been securitized. |
| Article 449(d) CRR | (d) | A list of SSPEs falling into any of the following categories, with a description of types of institution's exposures to those SSPEs, including derivatives contracts:<br>(i) SSPEs which acquire exposures originated by the institutions;<br>(ii) SSPEs sponsored by the institutions;<br>(iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services;<br>(iv) SSPEs included in the institutions' regulatory scope of consolidation | RCI acts as an originator / servicer for the following SSPEs. (Swap) indicates RCI also acts as a swap counterparty.<br><br>- *FCT Cars Alliance Auto Loans France Master*<br>- *FCT Cars Alliance Auto Loans France V2018-1 (swap)*<br>- *FCT Cars Alliance Auto Leases France Master*<br>- *FCT Cars Alliance Auto Leases France Master Residual Value*<br>- *FCT Cars Alliance Auto Leases France V2020-1 (swap)*<br>- *FCT Cars Alliance DFP France*<br>- *FCT Cars Alliance Auto Loans Germany Master*<br>- *FCT Cars Alliance Auto Loans Germany V2019-1 (swap)*<br>- *FCT Cars Alliance Auto Loans Germany V2021-1 (swap)*<br>- *FCT Cars Alliance Auto Lease Germany (swap)*<br>- *Cars Alliance DFP Germany 2017*<br>- *Cars Alliance Auto Loans Italy 2015 SRL*<br>- *Cars Alliance UK 2015 Ltd*<br>- *Cars Alliance UK 2021 Ltd* |
| Article 449(e) CRR | (e) | A list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three CRR | The group does not provide support (as defined in CRR article 248) to securitization transactions. RCI Banque group acts as originator, asset servicer for all SSPEs listed in point (e) and swap provider for some of these SSPEs. |
| Article 449(f) CRR | (f) | | RCI does not invest in securitizations for which capital requirement is calculated based on the securitization |

| | | | |
|---|---|---|---|
| | | A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions | position and always accounts for the underlying receivables when assessing own funds requirements.<br><br>The group retains the most junior tranches of the securitization in which it acts as originator to meet its economic capital retention requirements.<br><br>RCI Banque SA has invested in the senior pieces of securitizations in which one of its subsidiary or branch acts as originator. Such assets can be used as collateral for Central Bank Funding. Similar scheme also exists in the UK where RCI Bank UK has subscribed ABS notes backed by receivables originated by RCI FS UK. |
| Article 449(g) CRR | (g) | A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions | RCI has not used securitization to transfer risk. Special Purpose vehicles carrying securitized assets are consolidated by the Group that remain exposed to most of the risks and benefits attached to securitized receivables that remain in the consolidated balance sheet. |
| Article 449(h) CRR | (h) | The names of the ECAIs used for securitisations and the types of exposure for which each agency is used | Auto-ABS: Moody's (EUR) , S&P (EUR & GBP), DBRS (EUR), Fitch (GBP)<br>SME (Dealer Floor Plan): Moody's, DBRS |
| Article 449(i) CRR | (i) | Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three CRR including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels | Not applicable no investment (exposure) in ABCP program. |

The sales refinancing receivables retained in the balance sheet totaled €12,590m on 31 December 2021 (€11,790m on 31 December 2020), namely:

- for securitizations placed on the market: €2,686m
- for self-subscribed securitizations: €8,271m
- for private securitizations: €1,633m

The stock of securitized assets is itemized in Note 13 of the consolidated financial statements. At 31 December 2021, funding secured through private securitizations totaled €984m, and funding secured through public securitizations placed on the markets totaled €2,514m.

## EU-SEC1 - Securitisation exposures in the non-trading book

| En millions d'euros | Institution acts as originator | | | | | | | Institution acts as sponsor | | | | Institution acts as investor | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Traditional | | | | Synthetic | | Sub-total | Traditional | | Synthetic | Sub-total | Traditional | | Synthetic | Sub-total |
| | STS | *of which SRT* | Non-STS | *of which SRT* | | *of which SRT* | | STS | Non-STS | | | STS | Non-STS | | |
| **Total exposures** | **1 134** | | **1 183** | | | | **2 317** | | | | | | | | |
| **Retail (total)** | **1 134** | | **795** | | | | **1 929** | | | | | | | | |
| residential mortgage | | | | | | | | | | | | | | | |
| credit card | | | | | | | | | | | | | | | |
| other retail exposures | 1 134 | | 795 | | | | **1 929** | | | | | | | | |
| re-securitisation | | | | | | | | | | | | | | | |
| **Wholesale (total)** | | | **388** | | | | **388** | | | | | | | | |
| loans to corporates | | | | | | | | | | | | | | | |
| commercial mortgage | | | | | | | | | | | | | | | |
| lease and receivables | | | | | | | | | | | | | | | |
| other wholesale | | | 388 | | | | **388** | | | | | | | | |
| re-securitisation | | | | | | | | | | | | | | | |

RCI Banque has no securitization exposure in the trading book. Table EU-SEC2 - Securitisation exposures in the trading book is therefore not applicable.

Furthermore, as indicated in table EU-SEC1, RCI Banque does not act as an originator, sponsor or investor in securitization transactions involving risk transfer (SRT) and therefore does not have any associated exposure in the non-trading book.

Therefore, templates EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor and EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor are not applicable.

## EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

| In millions of euros | Institution acts as originator or as sponsor | | |
|---|---|---|---|
| | Total outstanding nominal amount | | Specific credit risk adjustments made during the period |
| | | *Of which exposures in default* | |
| **Total exposures** | **12 974** | ***17*** | |
| **Retail (total)** | **11 186** | ***17*** | |
| residential mortgage | | | |
| credit card | | | |
| other retail exposures | 11 186 | 17 | |
| re-securitisation | | | |
| **Wholesale (total)** | **1 788** | | |
| loans to corporates | | | |
| commercial mortgage | | | |
| lease and receivables | | | |
| other wholesale | 1 788 | | |
| re-securitisation | | | |

# VII - MARKET RISK

## EU MRA: Qualitative disclosure requirements related to market risk

| | Flexible format disclosure |
|---|---|
| **Points (a) and (d) of Article 435 (1) CRR**<br><br>A description of the institution's strategies and processes to manage market risk, including:<br>- An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks<br>- A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges | In the absence of a trading book, all the market risk arises from the group's foreign exchange position.<br>The risk on exchange position can be broken down into:<br>- Structural currency position, which results from the Group's long-term investments in the equity of its foreign subsidiaries.<br>- Since May 2009 and until December 2021, RCI Banque has been authorized by the French Prudential Supervision and Resolution Authority to exclude long-term and structural assets from its foreign exchange position. Accordingly, as the foreign exchange position is under the 2% threshold of own funds as defined in Article 351 of Regulation (EU) 575/2013, RCI Banque does not calculate capital requirements in respect of foreign exchange risk.<br>- Starting 2022, RCI will apply EBA Guidelines on structural FX risk. We have received a waiver for the 5 largest currencies in our balance sheet, for which we will calculate market risk only if our capital ratio in that currency exceeds our consolidated CET1 ratio. RCI plans to implement hedging strategies intending to reduce CET1 ratio sensitivity to FX variations for those currencies.<br>- Transactional foreign exchange position, which arises from cash flows denominated in currencies other than the patrimonial currency is bound by limits. Sum of Absolut values of positions expressed in different currency pairs amounted to €4.2 million as of December end 2021<br>The goals and strategies pursued by RCI Banque in connection with market risk are described in the part entitled "Consolidated financial statements – financial risks" – Appendix 2. |
| **Point (b) of Article 435 (1) CRR**<br><br>A description of the structure and organization of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management. | The supervision of transactional FX risk and the compliance with limits is placed under the supervision of RCI Banque's Financing and Group Treasury division that run the funding center positions and oversees the management of subsidiaries.<br>Group limits are approved by the Board of Directors and periodically updated.<br>The Financial Risks Team, reporting to the Risk and Banking Regulation Department (Risk Division), issues a daily report and monitors the group's exposure to market risks.<br>A list of authorized products, approved by RCI Banque's Financial Committee, specifies the foreign exchange instruments and currencies that can be used for market risk management purposes and the authorized currencies. |
| **Point (c) of Article 435 (1) CRR**<br><br>Scope and nature of risk reporting and measurement systems | At RCI Banque group level, the foreign exchange position is calculated using an asset and liability approach which consist in computing the foreign exchange position from the accounting balance sheet and off-balance sheet balances by currency. This is referred to as the "accounting foreign exchange position".<br>The monitoring perimeter for transactional foreign exchange risk has been validated, distinguishing two categories of subsidiaries:<br>- Multi-currency subsidiaries whose transactional foreign exchange risk must be monitored by the entity on a daily basis. The entity must report to the Financial Risk Department the daily position in case of breach. The Financial Risk Team is responsible for ensuring compliance with limits<br>- Other subsidiaries whose transactional foreign exchange risk is monitored on a monthly basis. The Financial Risk team is responsible for ensuring compliance with limits<br><br>The consolidated transactional FX position and compliance with limits are reported to the Financial Committee on a monthly basis. |

Taking into account the elements mentioned in the above EU-MRA table in response to Article 435(1)(a) and (d) of the CRR, the following tables are not applicable:

- Template EU MR1 - Market risk under the standardised approach
- Table EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models
- Template EU MR2-A - Market risk under the internal Model Approach (IMA)
- Template EU MR2-B - RWA flow statements of market risk exposures under the IMA
- Template EU MR3 - IMA values for trading portfolios
- Template EU MR4 - Comparison of VaR estimates with gains/losses.

# VIII - INTEREST-RATE RISK FOR PORTFOLIO POSITIONS

## EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities

| Qualitative information - free format | | Legal basis |
|---|---|---|
| A description of how the institution defines IRRBB for purposes of risk control and measurement | Interest rate risk in the banking book (IRRBB) refers to the risk to the bank’s capital and earnings arising from adverse movements in interest rates that affect the bank’s banking book positions<br>The objective of the RCI Banque group is to mitigate this risk as far as possible. The specific interest rate risk control process is part of the RCI Banque group's overall internal control process and uses sensitivity indicators to measure impacts from adverse rate shocks (yield curve translation or rotation for example) on future earnings for which limits are associated. | Article 448(1), point (e) |
| A description of the institution's overall IRRBB management and mitigation strategies | The Finance and Group Treasury Division refinances group entities that are eligible for centralized refinancing. It borrows the funds needed to ensure the continuity of business (bond and negotiable debt instrument issues, securitizations, interbank loans, etc.), balances assets and liabilities and adjusts the cash position of group companies, while managing and minimizing exposure to portfolio interest rate risk by using appropriate hedging instruments (interest rate swaps, cross-currency swaps and spot and forward exchange transactions).<br>The principles of financial policy extend to all RCI Banque group consolidated subsidiaries and are adapted in locally refinanced subsidiaries. The latter are subject to the same financial risk monitoring requirements as the group's other subsidiaries.<br><br>In order account for the difficulty of precisely adjusting the structure of assets and liabilities limited flexibility is accepted in interest rate risk management for each entity, to which sensitivity limits are assigned by the Financial Committee. Consolidated IRRBB position measured as the sum of the absolute value of sensitivities of sensitivity position in all currencies is bound by limits set by RCI Banque's Board of Directors. A group management system performs a daily calculation of each entity's balance sheet sensitivity to variations in yield curve.<br>The Financial Risks Team controls group exposure as measured by this system and observance of the sensitivity limits assigned to each entity. | Article 448(1), point (f) |
| The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB | Interest rate risk is monitored on a daily basis: a sensitivity calculation per currency, per management entity and per asset portfolio verifies that each entity complies with the individual limits assigned to it. This sensitivity to interest rate risk is measured using an earning-based methodology common to the entire RCI Banque group. The process keeps overall group exposure and the exposure of each entity at a low level. | Article 448(1), points (e) (i) and (v); Article 448(2) |
| A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable) | **INTERNAL INDICATORS**<br>Two indicators are monitored internally for interest rate risk:<br>- EV sensitivity (Economic Value) measures at a given point in time (t) the impact of a change in interest rates on the present value of future earnings. The economic value is determined by discounting future cash flows at market rates.<br>This measurement is used to set the limits that apply to the group's entities. Two scenarios are embedded with this indicator.<br>• A parallel up scenario<br>• A rotation scenario: below 1y down by rotation shocks, linearly interpolated until 2y, 2y rates unchanged, linearly interpolated until 3y, above 3y up by rotation shocks.<br><br>- Net Interest Income sensitivity measures the impact of a change in interest rates on undiscounted future earnings.<br>It is calculated over a 12-month time-horizon and on a lifetime time-horizon with limits associated to those two indicators. | Article 448(1), point (e) (iii); Article 448(2) |

Currency adjusted shocks used to calculate Interest rate risk indicators are summarized in the table below and subject to periodic review.

| Currency | Parallel up (bp) | Rotation (bp) |
|---|---|---|
| EUR | 100 | 25 |
| GBP | 100 | 25 |
| KRW | 100 | 25 |
| BRL | 300 | 75 |
| CHF | 100 | 25 |
| PLN | 100 | 25 |
| MAD | 100 | 25 |
| RON | 200 | 50 |
| SEK | 150 | 37,5 |
| ARS | 500 | 125 |
| COP | 150 | 37,5 |
| HUF | 100 | 25 |
| DKK | 150 | 37.5 |
| CZK | 200 | 50 |
| JPY | 100 | 25 |
| USD | 100 | 25 |
| RUB | 500 | 125 |
| SGD | 100 | 25 |
| SKK | 100 | 25 |
| NOK | 100 | 25 |

Consolidated Interest Rate Risk Sensitivity is calculated as the sum of the absolute value of the sensitivity to currency adjusted shocks described above and is bound by a limit set at €70m by the Board of Directors.

**REGULATORY INDICATORS**

Changes in Economic Value of Equity (EVE) and Net Interest Margin (NII) in case of interest rates shocks are the two regulatory IRRBB indicators defined in EBA Guidelines. They are computed quarterly on a consolidated regulatory perimeter based on scenarios displayed in the EBA Guidelines on IRRBB (2018).

Both indicators are bound by internal limits validated by the Board Risk Committee.

| | | |
|---|---|---|
| A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable) | Calculations are based on average monthly asset and liability gaps (gap excluding interest amounts) which incorporate fixed-rate transactions and floating rate transactions until their next review date.<br><br>Maturities of outstanding are determined by taking into account the contractual characteristics of operations and the results of the modeling of historical customer behavior patterns (early repayments) for which the Group has defined a common methodology. This methodology use is based on constant prepayment rate assumptions based on moving averages.<br><br>Deposits are modeled as 6 successive fixed-rate resources with an initial maturity of 3 months. The instantaneous duration is therefore approximately 1.5 months. | Article 448(1), point (e) (ii); Article 448(2) |

| | | |
|---|---|---|
| | Measurements of NII sensitivity to calculate internal indicators, also take into account an allocation of entity own funds (equity + stable working capital requirement) to the financing of the longest-term commercial assets for low-rate volatility currencies or 50 % long term 50 % short term for currencies with high-rate volatility. | |
| A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment (if applicable) | There is no proprietary trading within RCI Banque Group. All transactions in financial instruments carried out by RCI Banque SA, acting as central treasury, or its locally funded subsidiaries aim at refinancing its activity and investing temporary excess of cash while maintaining financial risks below internal limits in order to protect its commercial margin.<br><br>Sensitivity to interest rate fluctuations is managed with interest rate swaps.<br><br>Fixed rate receiving swaps are executed when the Bank issues fixed rate debt and wants to reduce its exposure to interest rate going down. Fixed rate paying swaps are executed from time to time to hedge the origination of fixed rate assets.<br><br>RCI uses principles of IFRS 9 accounting to classify derivatives that hedge Interest Risk.<br><br>- Fair value hedge (FVH) hedging relationship intends to hedge changes in value of all or part of a recognized asset or liability, attributable to a particular risk (e.g. risk of rate on fixed rate debt). The hedged item and then the hedging derivative are valued at their fair value. Changes in the fair value of the derivative and the hedged item are recorded in the income statement. RCI swaps booked as fair value hedge are made of fixed receiver swaps hedging issuance of fixed rate liabilities. Valuations of the hedging instrument are calculated by discounting future cash flows. As hedging derivatives do not hedge the entire rate but only the risk-free part, only the part of the debt relating to the risk-free rate will have to be valued. Debt valuation excludes the effect of the credit spread (including the accrued interest portion of the “credit spread” effect). The variation in derivative fair value and the variation in hedged debt fair value are recorded in the Income Statement. The FVH test is realized on a monthly basis in order to measure the effectiveness of the micro-hedging.<br><br>- Cash Flow Hedge (CFH) hedging relationship intends to hedge the changes in future cash flows associated with a recognized or future asset or liability and attributable to a particular risk (e.g. future interest payments on floating rate). RCI swaps booked as fair cash flow hedge are fixed paying swaps hedging floating rate liabilities or the floating rate leg of a swap booked in FVH. To be recognized as CFH, the floating rate of the hedging instrument should show high correlation with the floating rate of the hedged item. Changes in the fair value of the derivative are accounted in a special equity account (balance sheet / equity impact). Restatement in income is realized at the same frequency as the item covered through accrued interest. This relation between variable-rate debt / fair value hedged debts and cash flow hedge swaps is tracked at least quarterly via a macro-hedging test. The test aims at ensuring that the nominal value of CFH swaps does not exceed the total amount of variable-rate liabilities at any time. In practice, two tests are carried out separately: the first one for floating rate debt, and the second one for fixed rate debts that were initially hedged with a fixed rate receiving swap booked in FVH.<br><br>- Trading portfolio: financial instruments that do not meet IFRS9 hedge accounting criteria cannot be considered as hedges and despite their hedging intention are classified as trading instruments / Trading portfolio. The change in the fair value of these instruments is recognized in the income statement. A portion of the fixed rate paying swaps intends to hedge non-maturity deposits, that are modelled as floating rate liabilities repricing within 3 months. As correlation between customer deposit rate and market risk free rate is low, such hedges do not qualify as hedge accounting and are booked as trading instruments. | Article 448(1), point (e) (iv); Article 448(2) |
| A description of key modelling and parametric assumptions used for the IRRBB measures | Key modelling assumptions used for IRRBB measured in template EU IRRBB1 are similar to internal assumptions described above for prepayment and modelling of non-maturity deposits. Parametric assumptions are derived from article 115 of the IRRBB | Article 448(1), point (c); Article 448(2) |

| | | |
|---|---|---|
| in template EU IRRBB1 (if applicable) | Guidelines (cap on positive sensitivity values, floor on IR curves...) and appendices (Annex III) for IR shocks. RCI calculates EVE sensitivity to changes in interest rates on a perimeter including EUR and GBP (significant currencies) as well as BRL and KRW. Altogether, assets in those currencies exceed the 90 % of Group total assets threshold set in article 115(l) of the IRRBB Guidelines. | |
| Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures | **INTERNAL INDICATORS**<br><br>*Indicators*<br>Two monitoring indicators are used internally for interest rate risk:<br>(1) Sensitivity (economic value - EV), which consists in measuring at a point in time t the impact of a change in interest rates on the market value of an entity's balance sheet flows. The market value is determined by discounting future flows at market rates at time t. This measure is used to set limits for the group's management entities.<br><br>(2) Net Interest Income (NII) is a measure of a gain or loss from an income statement perspective. It is presented as the difference in future interest income over a defined horizon. The particularity of sensitivity in the NII view, compared to the actuarial view of sensitivity, is the linearization of the impact of new operations. This measure is both tracked over a 12-month horizon and a full horizon<br><br>*Results*<br>Over the year 2021, RCI Banque's consolidated Interest Rate Risk Sensitivity and NII (calculated as described above) remained below the limit set by the group at €70m<br><br>(1) Consolidated Interest Rate Risk Sensitivity (EV) based on internal IRR perimeter, calculated as the sum of the absolute values of sensitivities to currency-adjusted shocks in all currencies amounted to €8.6m as of December end 2021, compared to €9.3m at the end of 2020.<br><br>(2) Consolidated Interest Rate risk of the sensitivity to NII based on internal IRR perimeter, calculated as the sum of the absolute values of sensitivities to currency-adjusted shocks in all currencies amounted to €8.3m as of December end 2021, compared to €9.1 m at the end of 2020.<br><br>Breakdown by main currencies of the sensitivity to NII following a currency differentiated rise in rates (in MEUR) at December end, 2021, in relative value:<br>• €-0.9m€ in EUR,<br>• €-0,8m€ in BRL,<br>• €+0.8m in KRW,<br>• €+0.3m in GBP,<br>• €-1.7m€ in PLN,<br>• €+0.3m in CHF<br><br>**REGULATORY INDICATORS**<br>*EVE result*<br>Changes in Economic Value of Equity ("EVE") calculated according to EBA IRRBB Guidelines represent 6.97% of Own Funds in the context of Standard shock and 8.97% of CET1 in the context of differentiated shocks per currency, below regulatory limits.<br>The most biting scenario is the parallel up of the currency differentiated shock with an impact of €– 442 m at December 2021 end<br>Compared to previous period (End of December 2020), higher sensitivity to changes in EVE is linked with the increase in duration of commercial assets deriving from a lower mix of short-dated dealer financing assets in our balance sheet. As a consequence, equity is allocated to longer tenors with a higher impact from rates hikes on economic value of equity<br>*NII result*<br>In the absence of detailed instructions on methodology to calculate consolidated NII indicator in the IRRBB Guidelines, and after liaising with EBA and its JST, RCI chose to | Article 448(1), point (d) |

| | | |
|---|---|---|
| | use its internal consolidated NII calculated on the consolidated banking perimeter for regulatory purpose.<br><br>Consolidated Interest Rate Risk Sensitivity of the NII calculated as the sum of the absolute values of sensitivities to currency-adjusted shocks in all currencies amounted to €7.4 m (*see EU IRRBB 1 table – Changes of the Net Interest Income*) as of December end 2021, compared to €8.7 m at the end of 2020.Sum of absolute value expresses the worst case as the interest rate risk position per currency is not compensated. | |
| Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional) | None | |
| Disclosure of the average and longest repricing maturity assigned to non-maturity deposits | To calculate interest rate risk measurement indicators, deposits are modeled as successive fixed-rate liabilities with an initial maturity of 3 months. Longest repricing maturity is therefore 3 months while average repricing duration is approximately 1.5 month. | Article 448(1), point (g) |

## EU IRRBB1 - Interest rate risks of non-trading book activities

| | Supervisory shock scenarios (in K€) | a | b | c | d |
|---|---|---|---|---|---|
| | | Changes of the economic value of equity | | Change of the net interest income | |
| | | Current period 31/12/2021 | Last period 31/12/2020 | Current period 31/12/2021 | Last period 31/12/2020 |
| 1 | Parallel up | -442 340 | -426 986 | 7 387 | 8 738 |
| 2 | Parallel down | 94 900 | 91 416 | | |
| 3 | Steepener | 52 558 | 61 188 | | |
| 4 | Flattener | -156 762 | -157 926 | | |
| 5 | Short rates up | -282 549 | -279 294 | | |
| 6 | Short rates down | 102 241 | 88 992 | | |

The above calculations are based on the standardized assumptions published by the EBA (EBA/GL/2018/02). Pursuant to the methodology, the positive impacts of each interest rate scenario are weighted 50% and the negative impacts taken at 100%.

The impact of an adverse interest rate movement on the total net interest margin is low, in line with the company's prudent management objectives. It is as a result significant for the Economic Value of Equity or EVE, an indicator which by definition does not take own funds into account, unlike the daily operational asset-liability management of interest rate risk.

# IX - LIQUIDITY RISK

## EU LIQA - Liquidity risk management

| Row number | Qualitative information - Free format | |
|---|---|---|
| (a) | Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding, | The Liquidity Risk Management function is responsible to ensure liquidity risk is understood, monitored, and reported. RCI's ILAAP and associated limits intend to:<br>• Ensure the bank meets its regulatory liquidity ratio with an appropriate buffer<br>• Ensure the bank funds its business with diversified sources of funding,<br>• Ensure the bank maintains liabilities with adequate duration to support its business,<br>• Ensure the bank liquidity reserve is sufficient to face various stress scenario assuming impaired access to market funding and stress deposit runoff during a certain period of time. |
| (b) | Structure and organisation of the liquidity risk management function (authority, statute, other arrangements). | RCI liquidity risk management is under the responsibility of the Finance and Treasury (« F&T ») Direction. F&T proposes liquidity indicators and associated limits, that are challenged by the CRO and its team, validated by the Group Financial Committee, reviewed by the Risk Committee before final approval by the Board of Directors.<br>Internal liquidity indicators are calculated by the F&T team, regulatory liquidity ratios are calculated by the Regulatory Reporting unit. Those liquidity indicators are controlled by the Financial Risk Control Unit (part of the Risk Control Division), reported monthly to the Financial Committee and quarterly (immediately if an alert threshold is breached) to the Board Risk Committee. |
| (c) | A description of the degree of centralisation of liquidity management and interaction between the group's units | RCI Banque SA acts as a Central Treasury center for group entities belonging to the « Central Funding Perimeter », that includes most of the European entities. Entities in this perimeter borrow the liabilities they need to support their business to the Central Treasury or deposit their liquidity surplus.<br>RCI Banque SA and Centrally Funded entities liquidity position is managed as a pool. There is no subsidiary-to-subsidiary lending or borrowing.<br><br>Other entities are locally funded. Their liquidity position is managed by the local CFOs under the operational supervision of the F&T Direction.<br>Indicators used for liquidity monitoring are controlled by the Risk Control Unit.<br><br>Some locally funded entities may benefit from partial and limited liquidity support from central treasury. In such situation, Central Treasury accounts for subsidiary liquidity shortfall in its stress scenario. |
| (d) | Scope and nature of liquidity risk reporting and measurement systems. | RCI liquidity risk measurement system is based on two types of indicators. Business continuity indicators measure the time during which the bank can support its business in various stress scenarios while maintaining appropriate matching between asset and liabilities duration.<br><br>Liquidity Reserve indicators measure the bank secured sources of funding that can be used to counter-balance outflows.<br><br>Liquidity risk indicators are calculated on an aggregated basis for RCI Banque SA and its subsidiaries and branches included in the « Central Refinancing perimeter » or on a stand-alone basis for « Locally Funded entities ».<br><br>The bank also monitors funding concentration, asset encumbrance, as well as regulatory ratios LCR and NSFR |
| (e) | Policies for hedging and mitigating the liquidity risk and strategies and processes for | RCI main policies for mitigating liquidity risk use static and dynamic indicators. |

| | | |
|---|---|---|
| | monitoring the continuing effectiveness of hedges and mitigants. | Static liquidity position, representing the difference between remaining liabilities and remaining assets on a given time bucket. It shall always be positive, meaning that current assets in balance sheet are funded with liabilities with similar or higher duration.<br><br>Dynamic liquidity indicators measure the time during which the bank would survive using its liquidity reserve to balance outflows generated by non-renewal of market debt, stressed outflows on deposits. Dynamic liquidity indicators are bound by a set of limits and early warning indicators. |
| (f) | An outline of the bank`s contingency funding plans. | RCI Liquidity Contingency Plan is part of its ILAAP. It includes contingency funding plans as well as business contingency plans. Contingency funding plan includes various options that can be broken down in two categories:<br>- Monetizing components of the liquidity reserve, by drawing on committed credit lines, increasing central bank funding and selling financial assets<br>- Raising liquidity from alternative funding sources, like securitizing a new portfolio or increasing the size of an existing securitization, launching a syndicated bank loan, issuing debt issuance in USD, deploying our deposit business in a new country in partnership with a deposit fintech to accelerate time to market. |
| (g) | An explanation of how stress testing is used. | RCI business continuity indicators are calculated under various stress scenarios. Scenarios with the highest probability are associated with limits. Alternative scenarios intend to inform management on consequences of certain events and are not associated with limits. A reverse stress test completes those scenarios. |
| (h) | A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy. | RCI board of directors has approved RCI liquidity risk management framework and its associated procedures. It believes indicators monitored provide a good overview of the bank funding and liquidity risk and that associated limits are conservative and appropriate given the risk appetite for liquidity risk. |
| (i) | A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS ) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.<br><br>These ratios may include:<br>· Concentration limits on collateral pools and sources of funding (both products and counterparties)<br>· Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank<br>· Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity | RCI funding and liquidity risk management is described in ILAAP procedures that are reviewed by the board risk committee and validated by the board of directors. ILAAP and associated limits, calibrated according to the risk appetite for liquidity risk, intend to:<br>• Ensure the bank meets its regulatory liquidity ratio with an appropriate buffer<br>• Ensure the bank funds its business with diversified sources of funding<br>• Ensure the bank maintains liabilities with adequate duration to support its business<br>• Ensure the bank liquidity reserve is sufficient to face various stress scenario (market-wide and idiosyncratic) assuming impaired access to market funding and stressed deposit runoff during a certain period of time.<br><br>As of 31/12/2021 RCI main sources of funds where deposits (45%), bonds (31%), secured funding (15%) and loans from commercial banks (4%).<br><br>RCI manages liquidity on an aggregated basis for RCI Banque SA (acting as a Central Treasury Center) and the branches and subsidiaries entities included in the Central Funding Perimeter (most of European countries), and on a stand-alone basis for other entities. On the Central Funding perimeter, the €14,4bn Liquidity reserve allows to maintain business continuity during 13 months in a scenario assuming stable commercial assets, no access to new market funds and a stressed runoff of its deposits. All locally funded entities business continuity were above early warning indicators. In 2021 the Central Funding perimeter and our locally funded entities maintained positive liquidity gaps, demonstrating that assets were funded with longer dated liabilities. The |

| | | |
|---|---|---|
| | · Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps | bank has a strong mix of stable funding, highlighted by a NSFR at 132% and a high HQLA buffer (average LCR at 525 % % on the 12 months ending 31/12/2021). Its low asset encumbrance at 13 % allows flexibility in funding options. |

## REGULATORY RATIOS AND CHARGES ON ASSETS

### EU LIQB on qualitative information on LCR, which complements template EU LIQ1

| Qualitative information - Free format | |
|---|---|
| Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time | See Liquidity Coverage Ratio (LCR) section below |
| Explanations on the changes in the LCR over time | See Liquidity Coverage Ratio (LCR) section below |
| Explanations on the actual concentration of funding sources | RCI has a diversified funding structure made of deposits (45 % of financial indebtedness as of 31/12/2021 vs 42% as of 31/12/2020), bonds (31% as of 31/12/2021 vs 38% as of 31/12/2020), secured funding (15% as of 31/12/2021 vs 12% as of 31/12/2020) and commercial banks (4% as of 31/12/2021 vs 5% as of 31/12/2020). RCI's balance sheet contracted due to a low dealer inventory, mostly explained by the global electronic components shortage. As a result, RCI did not issue on the bond market, while deposits continued to grow moderately, explaining the change in funding mix. |
| High-level description of the composition of the institution`s liquidity buffer. | During the 12-month period ending on 31 December 2021, RCI Banque's HQLA liquidity buffer stood at €6.6 billion in average. The share of HQLA in EUR represented 86.1% and mostly consisted of deposits with the European Central Bank. HQLA in GBP represented 12.0% (deposits with the Bank of England and UK Treasury Bills) |
| Derivative exposures and potential collateral calls | RCI uses EBA Historical Look Back Approach ("HLBA") to assess stressed outflows from collateral calls deriving from changes in derivative market value. RCI's derivative exposures are made of Interest Rate Swaps (mainly on EUR and GBP) and FX or Cross-currency swaps. The liquidity requirement linked to derivative transactions is limited and represents non-material amounts (less than 100M€). |
| Currency mismatch in the LCR | EUR and GBP HQLA represent respectively 86 % and 12 % of total HQLA while GBP mix in Net Cash Outflows was 18 %. As EUR is the reporting currency of our central treasury, we tend to hold our liquidity reserve exceeding the level required for LCR compliance in this currency. |
| Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile | NA |

Control of the group's liquidity also aims to meet regulatory liquidity coverage ratios (LCRs) and charges on assets (encumbered and unencumbered assets).

### Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) sets a minimum standard for bank liquidity. It is intended to ensure that a bank has an adequate level of unencumbered High Quality Liquid Assets (HQLA), which can be converted into cash to enable it to meet its liquidity needs for 30 calendar days in a stress scenario. The LCR is thus defined as the ratio of HQLAs to net cash outflows over the next 30 days. Net outflows represent the expected outflows less expected inflows or 75% of expected outflows, whichever is the lower.

RCI Banque's liquidity is managed by the Finance and Treasury Division that centralizes funding for European entities and oversees balance sheet management for all group entities throughout the world.

For each quarter, the table EU LIQ1 (see below) shows the average values of HQLAs, Inflows and Outflows calculated as the simple average of month-end observations over the twelve months preceding the end of each quarter.

The bank's average HQLA during the 12-month period ending on 31 December 2021 was €6,603m. It amounted to €6,217m on average during the 12-month period ending on 30 September 2021. They mainly consisted of deposits with the European Central Bank, the Bank of England and securities issued by governments or supranationals. On 31 December 2021, the average duration of the bond portfolio was below 1 year.

In addition, RCI Banque also invested in a fund whose assets are made of debt securities issued by European agencies, sovereigns and supranational issuers. Its average exposure to credit risk is six years with a limit at nine years. The fund is aiming a very low exposure to the interest rate risk with a maximum of two years.

Over the 12-month period ending on 31 December 2021, EUR and GBP denominated HQLA represented on average 86.1% and 12.0% of total HQLA respectively. The weight of EUR denominated HQLA remained stable compared to the averages of the 12-month period ending on September 2021, which were 87.8% for EUR and 10.5% for GBP.

RCI Banque Inflows mainly come from commercial and financial assets, while Outflows are mostly explained by debt repayment and the deposit run-off factor.

The liquidity requirement linked to derivative transactions is limited and represents non-material amounts.

The average LCR over the 12-month period ending on 31 December 2021 came at 525%, compared to 536% on average over the 12-month period ending on 30 September 2021.

## EU LIQ1 - Quantitative information of LCR

| In millions of euros | Total unweighted value (average) | | | | Total weighted value (average) | | | |
|---|---|---|---|---|---|---|---|---|
| **Quarter ending on (DD Month YYY)** | **31/03/2021** | **30/06/2021** | **30/09/2021** | **31/12/2021** | **31/03/2021** | **30/06/2021** | **30/09/2021** | **31/12/2021** |
| Number of data points used in the calculation of averages | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **HIGH-QUALITY LIQUID ASSETS** | | | | | | | | |
| **Total high-quality liquid assets (HQLA)** | | | | | **5 204** | **5 457** | **6 217** | **6 603** |
| **CASH - OUTFLOWS** | | | | | | | | |
| Retail deposits and deposits from small business customers, of which: | 14 473 | 15 100 | 15 663 | 15 997 | 1 555 | 1 620 | 1 678 | 1 713 |
| *Stable deposits* | | | | | | | | |
| *Less stable deposits* | *14 469* | *15 096* | *15 660* | *15 996* | *1 550* | *1 615* | *1 675* | *1 712* |
| Unsecured wholesale funding | 910 | 903 | 1 005 | 963 | 732 | 712 | 815 | 772 |
| Operational deposits (all counterparties) and deposits in networks of cooperative banks | | | | | | | | |
| Non-operational deposits (all counterparties) | *416* | *445* | *430* | *433* | *238* | *254* | *240* | *243* |
| Unsecured debt | *494* | *458* | *575* | *529* | *494* | *458* | *575* | *529* |
| Secured wholesale funding | | | | | 59 | 98 | 96 | 86 |
| Additional requirements | 925 | 946 | 908 | 868 | 327 | 337 | 331 | 308 |
| *Outflows related to derivative exposures and other collateral requirements* | *266* | *275* | *272* | *251* | *266* | *275* | *272* | *251* |
| *Outflows related to loss of funding on debt products* | *2* | *2* | *2* | *2* | *2* | *2* | *2* | *2* |
| *Credit and liquidity facilities* | *657* | *669* | *634* | *616* | *60* | *61* | *57* | *56* |
| Other contractual funding obligations | 1 096 | 1 115 | 1 184 | 1 130 | 447 | 475 | 547 | 510 |
| Other contingent funding obligations | 2 188 | 2 211 | 2 259 | 2 509 | 489 | 488 | 497 | 541 |
| **TOTAL CASH OUTFLOWS** | | | | | **3 609** | **3 731** | **3 964** | **3 930** |
| **CASH - INFLOWS** | | | | | | | | |
| Secured lending (e.g. reverse repos) | | | | | | | | |
| Inflows from fully performing exposures | 4 415 | 4 357 | 4 024 | 3 690 | 2 735 | 2 694 | 2 466 | 2 227 |
| Other cash inflows | 1 969 | 2 371 | 1 918 | 1 482 | 688 | 770 | 663 | 568 |
| (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | | | | |
| (Excess inflows from a related specialised credit institution) | | | | | | | | |
| **TOTAL CASH INFLOWS** | **6 384** | **6 727** | **5 941** | **5 172** | **3 423** | **3 464** | **3 129** | **2 795** |
| *Fully exempt inflows* | | | | | | | | |
| *Inflows Subject to 90% Cap* | | | | | | | | |
| *Inflows Subject to 75% Cap* | *6 384* | *6 727* | *5 941* | *5 172* | *3 423* | *3 464* | *3 129* | *2 795* |
| **TOTAL ADJUSTED VALUE** | | | | | | | | |
| LIQUIDITY BUFFER | | | | | 5 204 | 5 457 | 6 217 | 6 603 |
| TOTAL NET CASH OUTFLOWS | | | | | 928 | 1 004 | 1 295 | 1 384 |
| **LIQUIDITY COVERAGE RATIO** | | | | | **567%** | **566%** | **536%** | **525%** |

## EU LIQ2: Net Stable Funding Ratio

| In millions of euros | Unweighted value by residual maturity | | | | Weighted value |
|---|---|---|---|---|---|
| | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | |
| **Available stable funding (ASF) Items** | | | | | |
| Capital items and instruments | 5 377 | | | 864 | 6 240 |
| *Own funds* | *5 377* | | | *864* | *6 240* |
| *Other capital instruments* | | | | | |
| Retail deposits | | 17 447 | 942 | 2 631 | 19 181 |
| *Stable deposits* | | | | | |
| *Less stable deposits* | | *17 447* | *942* | *2 631* | *19 181* |
| Wholesale funding: | | 4 454 | 2 712 | 18 020 | 19 520 |
| *Operational deposits* | | | | | |
| *Other wholesale funding* | | *4 454* | *2 712* | *18 020* | *19 520* |
| Interdependent liabilities | | | | | |
| Other liabilities: | | 1 105 | 401 | 1 875 | 2 076 |
| *NSFR derivative liabilities* | | | | | |
| *All other liabilities and capital instruments not included in the above categories* | | *1 105* | *401* | *1 875* | *2 076* |
| **Total available stable funding (ASF)** | **5 377** | **23 007** | **4 056** | **23 389** | **47 017** |
| **Required stable funding (RSF) Items** | | | | | |
| Total high-quality liquid assets (HQLA) | | | | | 3 |
| Assets encumbered for a residual maturity of one year or more in a cover pool | | | | | |
| Deposits held at other financial institutions for operational purposes | | | | | |
| Performing loans and securities: | | 14 563 | 8 203 | 22 858 | 32 619 |
| *Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut* | | | | | |
| *Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions* | | *1 273* | *9* | *20* | *152* |
| *Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which :* | | *12 775* | *8 193* | *22 631* | *31 764* |
| *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | | | | |
| *Performing residential mortgages, of which:* | | | | | |
| *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | | | | |
| *Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products* | | *515* | *0* | *206* | *703* |
| Interdependent assets | | | | | |
| Other assets: | | 1 181 | 75 | 2 019 | 2 819 |
| *Physical traded commodities* | | | | | |
| *Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs* | | | | | |
| *NSFR derivative assets* | | *102* | | | *102* |
| *NSFR derivative liabilities before deduction of variation margin posted* | | *45* | | | *2* |
| *All other assets not included in the above categories* | | *1 034* | *75* | *2 019* | *2 715* |
| Off-balance sheet items | | 3 440 | 13 | 33 | 174 |
| **Total RSF** | | **19 435** | **8 291** | **24 910** | **35 616** |
| **Net Stable Funding Ratio (%)** | | | | | **132%** |

## (Un) encumbered assets

### EU AE4 - Accompanying narrative information

| Qualitative information - Free format | |
|---|---|
| General narrative information on asset encumbrance | See (Un) encumbered assets section below |
| Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2. | See (Un) encumbered assets section below |

An asset is deemed "encumbered" if it serves as a guarantee or is used to securitize, collateralize or improve a transaction from which it cannot be separated. In contrast, an "unencumbered" asset is not subject to any legal, regulatory or contractual restriction limiting the institution's ability to do what it wants with it.

By way of example, the following types of contracts match the definition of encumbered assets:

- Assets sold to securitization vehicles when the said assets have not been derecognized by the company. The assets underlying self-subscribed securitizations are not considered encumbered, unless the securities are used as security or to guarantee another transaction in any manner (financing in its dealings with the central bank for instance),
- The collateral designed to reduce the counterparty risk on derivatives registered in a clearing house or bilaterally negotiated,
- Secured financing.

Disclosure on encumbered and unencumbered assets in the following three tables is calculated in accordance with regulation 2021/637. Reported figures are the median values of quarterly data on a rolling basis over the previous twelve months. Over the period ending on 31 December 2021, the median amount of assets encumbered in the form of disposals to a securitization vehicle or guarantee given is €7,475m, making up 13% of total assets.

## EU AE1 - Encumbered and unencumbered assets

| In millions of euros | Carrying amount of encumbered assets | ow notionally elligible EHQLA and HQLA | Fair value of encumbered assets | ow notionally elligible EHQLA and HQLA | Carrying amount of unencumbered assets | ow notionally elligible EHQLA and HQLA | Fair value of unencumbered assets | ow notionally elligible EHQLA and HQLA |
|---|---|---|---|---|---|---|---|---|
| **Assets of the disclosing institution** | **7 475** | | | | **49 200** | **6 336** | | |
| Equity instruments | 25 | | 25 | | 21 | | 21 | |
| Debt securities | 163 | | 163 | | 327 | 268 | 327 | 268 |
| *ow: covered bonds* | | | | | | | | |
| *ow: securitisations* | | | | | | | | |
| *ow: issued by general governments* | *148* | | *148* | | *112* | 112 | *112* | *112* |
| *ow: issued by financial corporations* | *2* | | *2* | | *99* | 99 | *99* | *99* |
| *ow: issued by non-financial corporations* | *7* | | *7* | | *17* | | *17* | |
| Other assets | 7 287 | | | | 48 159 | 6 082 | | |

## EU AE2 - Collateral received and own debt securities issued

| In millions of euros | FV of encumbered collateral received or own debt securities issued | ow notionally elligible EHQLA and HQLA | FV of collateral received or own debt securities issued available for encumbrance | ow notionally elligible EHQLA and HQLA |
|---|---|---|---|---|
| **Collateral received by the disclosing institution** | | | **954** | |
| Loans on demand | | | 822 | |
| Equity instruments | | | | |
| Debt securities | | | | |
| *ow: covered bonds* | | | | |
| *ow: securitisations* | | | | |
| *ow: issued by general governments* | | | | |
| *ow: issued by financial corporations* | | | | |
| *ow: issued by non-financial corporations* | | | | |
| Loans and advances other than loans on demand | | | | |
| Other collateral received | | | 128 | |
| **Own debt securities issued other than own covered bonds or securitisations** | | | | |
| **Own covered bonds and securitisations issued and not yet pledged** | | | | |
| **Total assets, collateral received and own debt securities issued** | **7 475** | | | |

Collateral received reported as “on demand” as the guarantee can be activated immediately after default.

## EU AE3 - Sources of encumbrance

| In millions of euros | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered |
|---|---|---|
| Carrying amount of selected financial liabilities | 5 161 | 7 475 |

# X - OPERATIONAL AND NON-COMPLIANCE RISKS

## EU ORA - Qualitative information on operational risk

| Legal basis | Row number | Qualitative information - Free format | |
|---|---|---|---|
| Points (a), (b), (c) and(d) of Article 435(1) CRR | (a) | Disclosure of the risk management objectives and policies | -strategies and processes: II-1 Risk governance policy – Risk appetite framework<br>-structure and organisation of risk management function for operational risk: Part II-2Organization of risk control<br>-risk measurements and control : Part X-2 Measurement of operational risks and monitoring process and Part X-3 Exposure to the risk and calculation<br>-operational risk reporting: Part X-2 Measurement of operational risks and monitoring process<br>-policies for hedging and mitigating operational risk: Part X-4 Insurance of operational risks |
| Article 446 CRR | (b) | Disclosure of the approaches for the assessment of minimum own funds requirements | Part X-3 Exposure to the risk and calculation<br>Part I-1 Exposure by exposure class |
| Article 446 CRR | (c) | Description of the AMA methodology approach used *(if applicable)* | N/A |
| Article 454 CRRR | (d) | Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach *(if applicable)* | N/A |

## 1 - OPERATIONAL AND NON-COMPLIANCE RISK MANAGEMENT

RCI Banque is exposed to risks of loss ensuing either from external events or from inadequacies and shortcomings in its internal processes, staff or systems. The operational risk to which RCI Banque is exposed includes among other things the risks relating to events that are very unlikely to occur but that have a high impact, such as the risk of business interruption due to the unavailability of premises, staff or information systems.

The main operational risks are business interruption, potential losses or damage related to IT systems - technological infrastructure or use of a technology - internal and external fraud, , damage to reputation, , inadequate human resources, and mismanagement of pension schemes and purchases.

The main non-compliance risks are related to failure to protect personal data as well as, failure to adhere to:

- banking and financial transactionsregulations,
- regulations and standards in matters of law, tax andaccounting,
- anti-money laundering and combating the financing of terrorism laws,
- anti-corruption and unethical conduct laws,
- regulatory framework regarding bank recovery and resolution (BRRD).

Six risk families are given below: legal and contractual risks, tax risks, money laundering and terrorism financing related risks, IT risks, personal data protection related risks and reputational risks.

### LEGAL AND CONTRACTUAL RISKS

#### Risk factors

The RCI Banque group's activity can be affected by any changes in legislation impacting on the marketing of credit and insurance at the point of sale, as well as by any changes in regulatory requirements governing banking and insurance. Additionally, misinterpretation of the law or any inappropriate behavior by staff or agents could also influence RCI Banque group’s business.

### Management principles and processes

RCI Banque carries out legal analyses of new products marketed and regularly monitors the regulations governing it to ensure it complies with them. The Group has also implemented an internal control system designed in particular to ensure the compliance of transactions made by staff and agents.

## TAX RISKS

### Risk factors

Through its international exposure, the RCI Banque group is subject to numerous sets of national tax laws, all of which are liable to amendments and uncertainties in interpretation that might affect its operations, financial position and earnings.

### Management principles and processes

RCI Banque has put in place a monitoring system designed to list and address all tax issues affecting it.

Any tax disputes with which RCI Banque may be faced as a result of tax inspections are closely monitored and where appropriate, provisions are booked to cover the estimated risk.

## RISKS RELATING TO MONEY LAUNDERING AND FINANCING TERRORISM

### Risk factors

RCI Banque is subject to international, European and French regulations as regards combating money laundering and financing terrorism. This regulation can expose to penalties, both criminal and disciplinary.

### Management principles and systems

RCI Banque has implemented a Group policy set out in a general procedure and Corporate business procedures which are transposed in Group entities. An indicator for monitoring the level of compliance with the AML/CFT risk management system is used for all entities over which RCI has effective control.

## IT RISKS

### Risk factors

The RCI Banque group's activity is partly dependent on the serviceability of its IT systems. RCI Banque's IT Division, through their governance, security policy, technical architectures and processes, play a part in the fight against threats (cybercrime, frauds …) in order to reduce IT-related risks (systems shutdown, data loss etc.).

The years 2020 and 2021, through the COVID-19 crisis, demonstrated the resilience of the RCI IS systems in place (teleworking, security, ...) which allowed the business to continue without any technical impact.

### Management principles and processes

Oversight of RCI IS risks takes into account good management of and control over main potential IS risks: governance, business continuity, IT security, change and operations management, data integrity and data processing.

These risks are managed and controlled by:

- the integration of IT risk management into the overall RCI risk management system at all levels of the company, in accordance with best practices and the guidelines of the EBA (European Banking Authority) and the ACPR;
- the degree of protection of the IT system across the Group;
- everyday control, oversight and management of the Group’s “Information Management Policy”;
- security awareness and training actions for all personnel (e-learning, information, etc.);
- actions, support and checks performed by the RCI IT Risk, Standards, Compliance and Security Department, which are based on a network of IT Security Officers in every DSI subsidiary, and also on a network of internal auditors;
- a Group IT security policy, incorporating the regulatory requirements (banking, GDPR / personal data, etc.), an overall management approach and ongoing adapting of IT security;
- a policy of the most demanding intrusion and surveillance tests, covering both external risks (examples: websites, mobile applications) and internal risks;
- a Disaster Recovery Plan in place and regular tests of the plan, including the issue of cyber-risks;

- a device and the animation and training on IS risks and processes of method correspondents, business lines and IT managers, rolled-out throughout the Group;
- a Group process for managing and registering outsourced services, including the various dimensions related to this risk (governance, security, etc.);
- a complete IS process control system covering all IS risks for the entire scope of RCI's IS (internal and outsourced).

### Focus on IT security

RCI Banque implements the Renault Group IS Security policy, taking into account the specific requirements of its banking activity,, and placing particular emphasis to the management of access to its applications, protection of personal and sensitive data and business continuity.
Many security tools are in place and are being strengthened as risks evolve (for network and application monitoring, avoiding data leaks, monitoring the cloud and the Internet, etc.).
As part of the RCI Banque group's emergency and business continuity plan, IS business resumption plans are operational for all of its applications. They are tested at least once a year.

These plans are part of the RCI crisis management process, which ensures coordination with the various business lines (including IS), subsidiaries and branches, RCI partners and regulators (ACPR/ECB, CNIL, etc.).

Users of the information system are contractually bound to observe the rules of use of the IT tool. RCI Banque ensures it preserves the same level of protection when developing new lines of business (electric vehicles, deployment in new territories…).

Hosting the best part of the IT operations of the Group in the "C2" (main) data center and the "C3" (backup**)** data center enables to guarantee the highest level of protection and uptime for our systems and applications. The requirement for a backup site is also applied to cloud hosting.

Security requirements and controls are managed on both internal and outsourced information systems, starting with calls for tenders and contracts for outsourced services (for all services and all subsidiaries/branches).

## PERSONAL DATA PROTECTION RELATED RISKS

### Risk factors

The EU General Data Protection Regulation (GDPR) which came into effect on 25 May 2018 apples to RCI Banque. Since then, many countries have implemented similar regulations on the protection of personal data. Non-compliance could have serious effects in its business and reputation of the group.

### Management principles and systems

A Data Protection Officer (DPO), is responsible for ensuring the governance and implementation of all measures necessary to comply with these regulations, in order to ensure the protection of customer data, as well as that of employees throughout the Group.
Risks relating to personal data protection are managed in particular by the implementation of a personal data processing policy, monitoring all data processing as from the design stage, the implementation of appropriate organizational and technical resources and regularly making the company's staff aware of the issue.

## REPUTATIONAL RISKS

### Risk factors

RCI Banque is exposed to a risk of worsening perception by its customers, counterparties, investors or supervisors, which could adversely affect the group.

### Management principles and processes

RCI Banque has put in place corporate governance ensuring efficient management of compliance risks. Through the development and analysis of indicators, the monitoring of this risk enables the bank where appropriate to take corrective actions.

## 2 - MEASUREMENT OF OPERATIONAL RISKS AND MONITORING PROCESS

Dedicated committees such as internal control, operational risk and compliance committees of entities and of the group convene every quarter and monitor changes in the mapping and its assessment, the indicators, the alerts and the related action plans.

## 3 - EXPOSURE TO THE RISK AND CALCULATION OF REQUIREMENTS

Operational risk is treated with the standard method.

The capital requirement calculation is based on restated average net banking income observed over the last 3 years and gross of other operating charges, broken down into two business segments (retail banking and commercial banking), the regulatory coefficients of which are 12% and 15% respectively. The retail banking business line includes loans to individuals and to SMEs that match the definition given in Article 123 of the CRR. The commercial banking business line includes all other RCI Banque activities.

The weighted risk exposure decreased by -€498m due to the entry of 2021 and the exit of 2018 in the calculation of the 3-year average (impact -€86m) and the integration of the charges on the operational lease activity, as provided for by an amendment made by CRR2 (REG 2019/876 Art1, §88) to article 316.1 (impact -€413m).

### EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

| In Millions of euros | Relevant indicator | | | Own funds requirements | Risk weighted exposure amount |
|---|---|---|---|---|---|
| | Year-3 | Year-2 | Last year | | |
| Banking activities subject to basic indicator approach (BIA) | | | | | |
| Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | 2 262 | 2 087 | 1 963 | 280 | 3 505 |
| Subject to TSA: | 2 262 | 2 087 | 1 963 | | |
| Subject to ASA: | | | | | |
| Banking activities subject to advanced measurement approaches AMA | | | | | |

## 4 - INSURANCE OF OPERATIONAL RISKS

### DAMAGE TO PROPERTY AND BUSINESS INTERRUPTION

The French and British companies of the RCI Banque group are affiliated to the world property/business interruption insurance program taken out by Nissan Motor Co. Ltd and Renault S.A.S.

The risk prevention policy is characterized by:

• Installation of efficient and regularly audited security systems;

• Installation of backups in the event of business interruption, as group production is highly dependent on the serviceability of its computer systems.

RCI Banque aims to include all its subsidiaries in the Group's program to guarantee for each entity the same degree of coverage in terms of damage to property and business interruption.

### THIRD-PARTY LIABILITY

The operational liability (the company's liability for damages caused to a third party while conducting its business, in any place, through the fault of the insured person, the staff, buildings and equipment used for the business) of the French subsidiaries has since January 2010 been covered by the Renault Group world program.

Only third-party liability after delivery and/or errors and omissions liability (damage or loss resulting from mismanagement or non-observance of a contractual obligation vis-à-vis third parties) specific to the RCI Banque group's lines of business is still covered by contracts specific to the RCI Banque group:

- one contract covers the third-party liability after delivery and/or errors and omissions liability of the Diac and Diac Location subsidiaries, more particularly concerning long-term rental and car fleet management services;
- one contract insures the Diac and Diac Location subsidiaries against the financial consequences of any third-party liability they may incur as owner or lessor of motor vehicles and equipment by virtue of the activities covered by this contract, namely lease purchasing, leasing with purchase option and long-term leasing, on the understanding that this contract is a second Tier insurance policy that is invoked if the lessee's insurance defaults;
- in matters of insurance intermediation, RCI Banque and the Diac and Diac Location subsidiaries are insured with specific Errors & Omission liability contracts together with a financial guarantee in accordance with Articles L.512-6, L.512-7, R.512-14 and A.512-4 of the Insurance Code, regulations resulting from transposing of European Directives on the sale of insurance.

For RCI Banque's foreign subsidiaries and branches, the operational and errors & omissions liability contracts, including Errors & Omission liability of the insurance intermediary, are negotiated with local insurers in accordance with local regulations resulting from the transposition of the European directive of 9 December 2002 for European countries or an equivalent regulation for countries outside the EC. The Insurance department oversees the consistency of the programs with group policies.

Since 1st January 2015, a program of professional liability insurance for the RCI Banque group has been taken out, supplementing local policies (with the exception of Turkey and Russia).

In respect of this program, the insurer will meet the cost of the financial consequences (civil defense costs) of any claim filed by a third party on the grounds of malpractice committed exclusively within the framework of the insured activities, as described below, implicating the Errors & Omission liability of one or more insured parties (RCI Banque group subsidiaries).

The program covers the following two areas:

- so-called "regulated" activities (those for which Errors & Omission liability insurance is a legal obligation): insurance intermediation activities and, for certain countries, banking operations, defined as an "activity consisting in presenting, offering or helping to conclude insurance contracts, respectively, banking operations or payment services, or carrying out works and providing advice prior to their execution";

- so-called "unregulated" activities (those for which no Errors & Omission liability insurance is imposed by regulations): activities in the banking, stock market, financial, real estate, insurance and reinsurance industries.

**CYBER INSURANCE**

Since January 1st, 2018, Renault SAS has taken out a Cyber Risks insurance policy for itself and on behalf of its subsidiaries.

# XI - OTHER RISKS

## 1 - RESIDUAL VALUES RISK

### RISK FACTORS

Residual value is the estimated value of the vehicle when its financing plan ends. Changes on the used vehicle market can entail a risk for the holder of these residual values, who undertakes to buy back the vehicles at the end of their financing plans at a price fixed at the outset. This risk can be assumed by RCI Banque, by the manufacturer or by a third party (in particular the Dealers). In the specific case of the United Kingdom, RCI Banque bears residual values risk on financing contracts with the commitment to take back the vehicle. As part of its strategic plan, RCI Banque plans to increase progressively its exposure to residual value risk in certain countries and through certain channels.

### Management principles and processes

Changes in the used car market have been monitored in depth in line with the range policy, sales channel mix and manufacturer's price positioning in order to best reduce such risk, in particular in instances where RCI Banque takes back vehicles itself. Prudent provisions are made on the loan portfolio when market values become less than the level of RCI Banque's return commitments, or if specific future risks are identified on the used vehicle market.

### Breakdown of residual values risk carried by the RCI Banque group

| (in millions of euros) | Residual values | | | | | Residual Value Provision | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2021 | 2020 | 2019 | 2018 | 2017 |
| **Corporate segment:** | 330 | 227 | 208 | 216 | 263 | 6 | 9 | 19 | 17 | 26 |
| France | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| European Union (excluding France) | 63 | 46 | 205 | 211 | 256 | 4 | 3 | 19 | 17 | 26 |
| Europe excluding European union | 267 | 179 | - | - | - | 3 | 6 | - | - | - |
| **Retail segment:** | 1 780 | 1 583 | 1 727 | 1 728 | 1 719 | 41 | 36 | 40 | 44 | 41 |
| European Union (excluding France) | 0 | - | 1 681 | 1 679 | 1 682 | - | - | 36 | 40 | 38 |
| Europe excluding European union | 1 765 | 1 558 | - | - | - | 39 | 35 | - | - | - |
| **Total risk on residual values** | 2 110 | 1 810 | 1 935 | 1 944 | 1 981 | 47 | 45 | 59 | 61 | 67 |

### Voluntary termination risk

In the UK and in Ireland, based on a specific regulation allowing the customer to stop his financing under certain conditions, RCI faces a risk on "voluntary termination". The provision covers the potential gap between the net book value when the voluntary termination occurs and the resale value.

| (in millions of euros) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total net book value | | | | | Voluntary termination provision | | | | |
| 2021 | 2020 | 2019 | 2018 | 2017 | 2021 | 2020 | 2019 | 2018 | 2017 |
| 4 035 | 3 629 | 4 002 | 3 983 | 3 961 | 63 | 53 | 40 | 33 | 29 |

## Residual values risk not carried by the RCI Banque group

| IN MILLIONS EUROS | Residual Values | | | | |
|---|---|---|---|---|---|
| | 2 021 | 2 020 | 2 019 | 2 018 | 2 017 |
| Corporate and Retail segments : | | | | | |
| Commitments receveid from the Renault Groupe | 5 025 | 4 827 | 4 678 | 3 998 | 3 503 |
| Commitments Receveid from others (Dealers and Customers) | 5 812 | 5 303 | 4 666 | 3 732 | 2 953 |
| **Total risk on residual values** | **10 837** | **10 130** | **9 344** | **7 730** | **6 456** |

## 2 - CLIMATE AND ENVIRONMENTAL RISK

Climate and environmental risks have been added to the list of Group risks since 2020. They have been classified as critical in 2021, meaning that they are reviewed by the Board Risks Committee. The cartography of climate and environmental risks, presenting expected impacts of physical and transition risks, has been established. It gives a first view of the materiality of those impacts on other existing risks. This analysis will lead in 2022 to the development of the complete risk management framework for climate and environmental risks

Governance of climate and environmental risks is managed through a dedicated organization:

- A Climate and Environmental's center has been created in the Risk Control Division, in order to develop a global vision of these risks and their impact on the other existing risks within the Group, being strategic, financial, credit or operational.
- The Chief Transformation Officer has been appointed Chief Sustainability Officer with a goal to develop the ESG strategy for RCI Banque, in collaboration with the Marketing and Strategy Division in charge of including it in the global strategy.

Beginning of 2022, the governance of climate and environmental risks is supported by a dedicated committee gathering all divisions from the Group.

## 3 . INSURANCE RISK

The main risks for insurance intermediation activity are the risk of a defective partnership not identified, the non-compliance of the products distribution and the inadequacy of the products.

For insurance and reinsurance activities of RCI Group's insurance companies, the main risks are linked to the subscription, the technical balance of the products (claims increase, early redemptions, lack of provisioning …) and the investment policy (liquidity risk, counterparty risk …).

These risks are managed, followed and steered in Solvency II regulatory framework. They are subject to a yearly ORSA report (Own Risk and Solvency Assessment).

The group makes a strict selection of contracts and has underwriting guides.

## 4 - RISKS RELATING TO COMMERCIAL DEPLOYMENT

The RCI Banque group operates in the personal and businesses car finance and services sector. Consequently, there is a risk of sectorial concentration inherent in the Group's business which is managed by the diversification of brands financed, and products and services deployed.

Additionally, in a changing environment, the RCI Banque group strives to adapt its strategy to new demand and new market trends in line with new mobilities.

RCI Banque conducts business internationally and the geographic choices of the Group's sites are determined in accordance with its growth strategy as well as in support of manufacturers. As a result, RCI Banque can be subject, in all areas in which it operates, to a risk of geographic concentration, local economic and financial instability, and changes in government, social and central bank policies. One or more of these factors can have an unfavorable effect on the Group's future results, as exposure to the risk of geographic concentration is partly mitigated by its presence on various markets.

In a complex economic environment, RCI Banque puts in place systems and procedures that meet statutory and regulatory obligations corresponding to its banking status, and that enable it to comprehensively apprehend all the risks associated with its activities and sites, by strengthening its management and control processes.

## 5 - RISK RELATING TO SHARES

The RCI Banque group's exposure from shares not held for transactional purposes represent equity securities of entities owned but not consolidated, valued at fair value through P&L as well as entities accounted for using the equity method within the regulatory scope of consolidation. These are weighted at 100% and at 250% if they are financial sector entities.

### EU INS1 — Insurance participations

| | Exposure value | Risk exposure amount |
|---|---|---|
| Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds | 121 | 302 |

# CROSS-REFERENCE TABLE

| CRD IV | Purpose | Consistency |
|---|---|---|
| **Article 90** | Public disclosure of return on assets | Introduction |
| **CRR** | **Purpose** | **Consistency** |
| **Article 431** | Disclosure requirements and policies | Introduction |
| **Article 432** | Non-material, proprietary or confidential information | Introduction |
| **Article 433** | Frequency and scope of disclosures | Introduction |
| **Article 435** | Disclosure of risk management objectives and policies | |
| **1a** | | Part II-1 |
| **1b** | | Part II-2 |
| **1c** | | Part II-1+3 |
| **1d** | | Part IV-2+7 + V + X-4 |
| **1e** | | Part II-1 |
| **1f** | | Part II-3 |
| **2a-d** | | Part II-1+2 |
| **2e** | | Part II-1+2+3 |
| **Article 436** | Disclosure of the scope of application | Part III-1+3 |
| **Article 437** | Disclosure of own funds | Part III-3 |
| **Article 437a** | Disclosure of own funds and eligible liabilities | Part III-2 |
| **Article 438** | Disclosure of own funds requirements and risk-weighted exposure amounts | |
| **a** | | Part III-5 |
| **b** | | Part I-1 |
| **c** | | Part III-5 |
| **d** | | Part III-5 |
| **e** | | NA |
| **f-g** | | Part XI-5 |
| **h** | | Part IV-5-g |
| **Article 439** | Disclosure of exposures to counterparty credit risk | Part IV-B |
| **Article 440** | Disclosure of countercyclical capital buffers | Part III-2 |
| **Article 441** | Disclosure of indicators of global systemic importance | Part III-2 |
| **Article 442** | Disclosure of exposures to credit risk and dilution risk | Part IV-1 |
| **Article 443** | Disclosure of encumbered and unencumbered assets | Part IX-4 |
| **Article 444** | Disclosure of the use of the Standardised Approach | Part IV-6 |
| **Article 445** | Disclosure of exposure to market risk | Part VII |
| **Article 446** | Disclosure of operational risk management | Part X-3 |
| **Article 447** | Disclosure of key metrics | Part I-1 |
| **Article 448** | Disclosure of exposures to interest rate risk on positions not held in the trading book | Part VIII |
| **Article 449** | Exposure to securitization positions | Part VI |

| | | |
|---|---|---|
| **Article 449a** | Disclosure of environmental, social and governance risks (ESG risks) | Part II-3<br>Part XI-2 |
| **Article 450** | Disclosure of remuneration policy | Part II-5 |
| **Article 451** | Disclosure of the leverage ratio | |
| **1a-c** | | Part III-6 |
| **1d-e** | | Part III-7 |
| **Article 451a** | Disclosure of liquidity requirements | Part IX |
| **Article 452** | Disclosure of the use of the IRB Approach to credit risk | |
| **a** | | Part IV-5 |
| **b.** | | Part IV-5g |
| **c** | | Part IV-5 (a+g+h) |
| **d-f** | | Part IV-5 (a+c+d+e+f) |
| **g-h** | | Part IV-5 (d) |
| **Article 453** | Disclosure of the use of credit risk mitigation techniques | Part IV-1+7 |
| **Article 454** | Disclosure of the use of the Advanced Measurement Approaches to operational risk | NA Advanced Measurement Approaches not used |
| **Article 455** | Use of Internal Market Risk Models | NA internal models not used |
| **Article 492** | Disclosure of own funds | Part III-3 |

# TABLES

| PART | REF | Title |
|---|---|---|
| **I-1** | EU KM1 | Key metrics template |
| **II-1** | EU OVA | Institution risk management approach |
| **II-1** | EU OVB | Disclosure on governance arrangements |
| **II-2** | | Positions held by the members of the Board of Directors |
| **II-5** | EU REMA | Remuneration policy |
| **II-5** | EU REM1 | Remuneration awarded for the financial year |
| **II-5** | EU REM2 | Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) |
| **II-5** | EU REM3 | Deferred remuneration |
| **II-5** | EU REM4 | Remuneration of 1 million EUR or more per year |
| **II-5** | EU REM5 | Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) |
| **III-1** | EU LI1 | Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories |
| **III-1** | EU LI2 | Main sources of differences between regulatory exposure amounts and carrying values in financial statements |
| **III-1** | EU LI3 | LI3 - Outline of the differences in the scopes of consolidation (entity by entity) |
| **III-1** | EU LIA | Explanations of differences between accounting and regulatory exposure amounts |
| **III-1** | EU LIB | Other qualitative information on the scope of application |
| **III-2** | EU CCYB1 | Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer |
| **III-2** | EU CCYB2 | Amount of institution-specific countercyclical capital buffer |
| **III-3** | EU CCA | Main features of regulatory own funds instruments and eligible liabilities instruments |
| **III-3** | EU CC1 | Composition of regulatory own funds |
| **III-3** | EU CC2 | Reconciliation of regulatory own funds to balance sheet in the audited financial statements |
| **III-3** | EU PV1 | Prudent valuation adjustments (PVA) |
| **III-4** | EU OV1 | Overview of total risk exposure amount |
| **III-5** | EU OVC | ICAAP information |
| **III-6** | EU LR1-LRSum | Summary reconciliation of accounting assets and leverage ratio exposures |
| **III-6** | EU LR2- LRCom | Leverage ratio common disclosure |
| **III-6** | EU LR3-LRSpl | Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) |
| **III-6** | EU LRA | Disclosure of LR qualitative information |

| | | |
|---|---|---|
| **IV** | EU CRA | General qualitative information about credit risk |
| **IV** | EU CRB | Additional disclosure related to the credit quality of assets |
| **IV-1** | EU CR1 | Performing and non-performing exposures and related provisions |
| **IV-1** | EU CR1-A | Maturity of exposures |
| **IV-1** | EU CR2 | Changes in the stock of non-performing loans and advances |
| **IV-1** | EU CR2-A | Changes in the stock of non-performing loans and advances and related net accumulated recoveries |
| **IV-1** | EU CQ1 | Credit quality of forborne exposures |
| **IV-1** | EU CQ2 | Quality of forbearance |
| **IV-1** | EU CQ3 | Credit quality of performing and non-performing exposures by past due days |
| **IV-1** | EU CQ4 | Quality of non-performing exposures by geography |
| **IV-1** | EU CQ5 | Credit quality of loans and advances to non-financial corporations by industry |
| **IV-1** | EU CQ6 | Collateral valuation - loans and advances |
| **IV-1** | EU CQ7 | Collateral obtained by taking possession and execution processes |
| **IV-1** | EU CQ8 | Collateral obtained by taking possession and execution processes – vintage breakdown |
| **IV-I** | | Information on loans and advances subject to legislative and non-legislative moratoria |
| **IV-I** | | Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria |
| **IV-I** | | Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis |
| **IV-5** | EU CRE | Qualitative disclosure requirements related to IRB approach |
| **IV-5-c** | EU CR6 | IRB approach – Credit risk exposures by exposure class and PD range |
| **IV-5-c** | EU CR6-A | Scope of the use of IRB and SA approaches |
| **IV-5-d** | | Segmentation of exposures by the advanced method and average PD by country |
| **IV-5-d** | | History of default rates per class |
| **IV-5-d** | | The Consumer PD model for Germany end December 2017 |
| **IV-5-d** | EU CR9 | IRB approach – Back-testing of PD per exposure class (fixed PD scale) |
| **IV-5-d** | EU CR9-1 | IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR) |
| **IV-5-e** | | Segmentation of exposures by the advanced method and average LGD by country |
| **IV-5-g** | EU CR8 | RWEA flow statements of credit risk exposures under the IRB approach |
| **IV-6** | EU CRD | Qualitative disclosure requirements related to standardised model |
| **IV-6** | EU CR4 | Standardised approach – Credit risk exposure and CRM effects |

| | | |
|---|---|---|
| **XI-1** | | Breakdown of residual values risk carried by the RCI Banque group |
| **XI-I** | | Voluntary termination risk |
| **XI-1** | | Residual values risk not carried by the RCI Banque group |
| **XI-4** | EU INS1 | Insurance participations |